

Readiness, Reevaluation, Re-invention:

3 Rs of Retaining & Increasing Value Post-Pandemic



Annual
Report
20
21

ARAWAK
PORT DEVELOPMENT

MISSION

**“CONSISTENTLY DELIVERING
OPERATIONAL EXCELLENCE”**

VISION

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

Readiness
Reevaluation
Re-invention

3 Rs of Retaining & Increasing Value Post-Pandemic

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

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

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



NASSAU CONTAINER PORT (NCP)

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

OTHER FACILITIES

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

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



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

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

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

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

BULK CAR CARRIERS

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



GLADSTONE FREIGHT TERMINAL (GFT)

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

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



FINANCIAL HIGHLIGHTS

Income Statement	2022 Budget	2021	2020	2019	2018
	\$	\$	\$	\$	\$
Total Revenue	28,618,228	28,774,831	31,159,891	30,912,558	31,531,519
Total Operating Expenses	15,634,877	14,235,255	15,702,805	17,786,636	17,615,839
Depreciation & Financing Costs	6,775,782	7,867,998	8,227,178	5,095,574	5,310,406
Total income for the period attributable to the equity shareholders	6,207,569	6,671,578	7,229,908	8,030,347	8,605,274
Basic and diluted earnings per share	1.24	1.34	1.45	1.61	1.72

Balance Sheet	2021	2020	2019	2018
Assets				
Total Current Assets	22,088,505	22,605,098	20,692,048	23,557,761
Net PP&E	81,523,145	80,691,189	82,800,651	84,693,943
Right-of-Use Asset	45,586,032	46,148,822		
Investment Property				
Total Assets	149,197,682	149,445,109	103,492,699	108,251,704
Liabilities and Shareholders' Equity				
Total Current liabilities	33,253,178	4,118,538	5,244,150	10,169,124
Non-current liabilities	47,256,297	78,313,027	32,717,730	34,285,995
Total Liabilities	80,509,475	82,431,565	37,961,880	44,455,119
Total equity	68,688,207	67,013,544	65,530,819	63,796,585

Cash Flow	2021	2020	2019	2018
Net Cash Provided by Operating Activities	14,770,463	15,327,837	12,459,994	13,914,388
Net Cash (Used) by Investing Activities	(4,448,157)	(1,662,309)	(1,199,588)	(1,103,411)
Net Cash Provided (Used) by Financing Activities	(11,042,446)	(12,138,999)	(14,224,811)	(6,876,906)



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 Caribbean and Americas of Global Ports Holding (GPH), the world's largest independent cruise port operator. GPH, the Bahamian Investment Fund ("BIF") and the Yes Foundation form Nassau Cruise Port Ltd a consortium, which was awarded the tender for a 25-year concession for the Prince George Wharf and related areas at Nassau cruise port.

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

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

Mr. Maura is a former director of the Bahamas Trade Commission. At home and abroad, including such countries as Korea, Jamaica and the U.S. He has served as a panelist in various forums addressing "Efficient Port Infrastructure, and "Public Private Partnerships".

A graduate of Rollins College in Winter Park, Florida with a B.A. degree in Economics and a minor in Business Administration, 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.



SAMUEL CAMPBELL

Deputy Chairman, Appointed by Government

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

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

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



FRANKLYN A BUTLER II

Secretary, 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.

JAMES MOSKO

Appointed by ACPDHL

James Mosko returned to the Board of Directors in June 2021 after a hiatus of seven years. Mr Mosko served as Chairman of the Board from the inception of APD in 2009 until February of 2014 when he retired from the post. He led the company through the construction of Nassau Container Port and Gladstone Freight Terminal, a challenging yet exciting undertaking.

A seasoned civil engineer and the President of the Mosko Group of Companies, he brought over decades of professional experience, which has included demanding projects throughout the islands of The Bahamas. Among the ventures to which he contributed his expertise were Phase II & III of the Atlantis Resort on Paradise Island.



R. CRAIG SYMONETTE

Appointed by ACPDHL

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



DAVID DAVIS

Appointed by Government

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

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

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



HARVEY TYNES, Q.C.

Appointed by Government

Harvey Oscar Tynes, QC has been engaged in the practice of law in The Bahamas for over four decades, 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

No assessment of the 2020/2021 fiscal year of APD Limited or of any local business can give any depth of insight without a discussion of the impact of the COVID-19 pandemic on countries worldwide since 2019. The greatest impacts on life and business came in the first half of 2020 arising from the protocols and economic decisions made by countries large and small to stem the tides of infection. In reporting to shareholders, it must be made clear that, inevitably, these and other shocks scrambled expectations of profits, bottom lines and forecasts for future profitability. In The Bahamas where revenues from tourism represent as much as 60 percent of GDP, travel restrictions imposed internationally and locally, brought about a sharp decline in visitor arrivals.

The effects of COVID were furthered by decisions worldwide to keep economic engines from stalling. Significantly, trade disruptions from the Trump administration's increase in tariffs on foreign imports to the United States revealed cracks in the supply chain and US manufacturing struggled to meet the surge in demand, including that of The Bahamas. During the second half of 2020, owing to the distribution of massive stimulus checks in USA, economic demand has been exceeding the capability of supply chains.

Here in The Bahamas, we have seen business closures, both temporary and permanent as well the extended furloughs in tourism and hospitality here and abroad. A deeply concerning domino effect of the crisis has been the growth in unemployment and underemployment. I am pleased to note that, notwithstanding the material fall off in imports, APD continued its pledge of putting people first, with no furloughs, terminations or reduction in benefits.

The pandemic has skewed budgets and forced unplanned expenditure, which has led to revenue shortfalls and deficit spending to boost the social network and health provisions to save lives. It was revealed just recently that the budget deficit of the United States, The Bahamas's nearest neighbour, trade partner and influencer has soared to a record \$3.1 trillion. For financial year 20/21, the Bahamas Government has reported an economic contraction of 5.8% and a deficit of \$951.8 million.



MIKE MAURA JR >>

Chairman

These have been trying times, indeed. Ultimately, bottom lines, including that of APD, reflect these impacts. Nassau Container Port sits at the top of the supply chain for about three quarters of the Bahamian population. This means that the company's health, growth and, ultimately, its ability to satisfy the just expectations of our shareholders and Bahamians in general, demand our keenest attention. It demands from the Board, Executive, Management and Staff ingenuity, planning, creativity and flexibility to survive shocks such as hurricanes and COVID-19. Although it is hard to believe, the pandemic has given rise to a few positives. First, it has forced a deeper than usual "building inspection". I can report that the APD building has held. As the details of the President's Report will demonstrate, our company rests on a strong foundation, its concrete and strength composed of planned and executed SOPs, ongoing staff training and quality and interpersonal synergy, combined with quality and well maintained equipment and communication systems.

Secondly, the pandemic has proven to be a transformative experience. With safety of staff, tenants, affiliates and customers in mind and it provided the opportunity to explore new ways of operating. While overall cargo volumes have been down, the company was well-positioned to innovate and continue functions of a quality to protect the safety of company personnel, tenants and customers as well as secure company and client assets, to continue work without stoppages, to support continued employment and, above all, secure the supply chain. The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) reinforces this way of thinking, noting that "continued and efficient shipping and port operations are, therefore, crucial both for short term policy response to the Pandemic and for speedy and sustainable recovery." The agency also emphasizes "a multi-sectoral response... to protect people and enhance resilience, support economic recovery and restore supply chains and support SMEs."

We have witnessed the positive effects of a multi-sectoral response in climbing out of the trough to the benefit of many sectors of the economy, including the port—the masterful fight to reenergize major construction projects such as the Nassau Cruise Port Redevelopment, The Pointe, Goldwynn and Albany. We are grateful also for several promising startups.

A major element of APD's contribution to amelioration of the crisis arises out of the joint human resources policy of the Executive and the Board to not furlough or make redundant any staff member in order to protect a source of income to the families of our 100 team members. Despite the additional draw on the company's financial resources already severely challenged by the prevailing economic climate, the policy, supported by astute staff deployment, was steadfastly applied throughout the period reported.

I note further the preparedness, forward thinking and grit it took to maintain the company's admirable level of service to customers in these challenging times, which was essential to the reawakening. I wish to acknowledge the great work of Dion Bethell the company's President and CFO, and Richard McCombe AVP. Their passion and commitment to the business served as a powerful mitigant to the opposing fiscal forces facing APD during the year under review. I thank you gentlemen. I also thank the APD board of directors for their leadership and guidance during these times and the support provided to the APD team.

Doubtless, going forward, the challenge for APD is the need to fast track to normalcy and exceeding it. The theme for this 2020/2021 report is well chosen and defines the way forward to seizing new opportunities and positioning to confront future shocks: "Readiness, Reevaluation, Re-invention: 3 Rs of Retaining & Increasing Value Post-Pandemic". It is my hope that all stakeholders will collaborate in and flesh out this thought to become a blueprint for the future development of APD and its Nassau Container port and inland freight terminal, GFT.

Cautiously, I say that the sea of fortune seems to be offering tides of promise and hope. Our tourism sector reports robust hotel occupancy, strong airlift, and cruise is roaring back. Signs of commerce are all around, our children are in school, and employment numbers are significantly improved. These are all indicators of positive future fiscal prosperity for APD and our communities.

I look forward to the continued commitment of all who have contributed to building APD Limited—Members of the Board, APD leaders and staff as well as our partners and those entities in the public and private sectors on whose quality collaboration and cooperation, which are essential to our operations. Continuing together in mutual respect and helpfulness, we can further enhance the productivity of APD Limited, the Port and its inland terminal, a corporate aggregate already locally and internationally recognized for its effectiveness and quality, and thereby create value for employees, over 11,000 shareholders and the national economy.

A portrait of Christopher Lightbourn, a middle-aged man with short brown hair, wearing a dark blue suit, white shirt, and a dark tie with small white polka dots. He is smiling slightly and looking towards the camera. The background is a blurred image of a construction site with cranes.

APD EXPRESSES DEEP GRATITUDE TO CHRISTOPHER LIGHTBOURN

Serving as Secretary to the Board of Directors of APD Limited from its inception to June 2021, Christopher Lightbourn brought great value to the company's governance. A licensed C.P.A. and holder of a Bachelor of Science degree in Commerce from the University of Virginia, U.S.A., Christopher Lightbourn has been involved in construction, development, and shipping in The Bahamas for more than 25 years. He is President and Director of both Cavalier Development Ltd. and Cavalier Shipping Ltd; Managing Director of Arawak Stevedoring Ltd; Chairman & Founding Developer of the Paradise Island Beach Club; Director of Capital Union Bank; Director and Founder of Ultimate Door & Window.

"The history of his time with the Board will show that Chris Lightbourn was foundational to the creation of APD Limited and the strong cargo port that NCP has become, giving 15 years of service as Secretary from the permutations and challenges in the formative period through the establishment of APD through the present year to the point of his retirement. Bringing a wealth of maritime industry knowledge with him, he 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, allowing for the development of a modern, efficient facility. On behalf of the APD Executive, Management and Staff, I wish Mr Lightbourn good health and success in his ventures."

—Dion Bethell,
President & CFO, APD Limited.

A portrait of Mike Maura, Jr., a middle-aged man with short brown hair and glasses, wearing a dark suit, white shirt, and a blue and yellow striped tie. He is looking directly at the camera with a neutral expression. The background is a blurred industrial setting with a crane and a forklift.

APD CONGRATULATES MIKE MAURA, JR

More and more, APD Board Chairman Mike Maura, Jr's expertise in the international maritime industry is being recognized. In June 2021 the American Caribbean Maritime Foundation (ACMF) announced in a news release headlined "**The ACMF Annual Anchor Awards Honors a Trailblazer and a Legend Mike Maura, CEO, Nassau Cruise Ports, Ltd at the helm this year.**" The Anchor Awards Gala is scheduled to take place 5 November, 2021 in Fort Lauderdale. Until this year, the event has been staged each year at the historic and prestigious New York Yacht Club in Manhattan.

The American Caribbean Maritime Foundation is a 501(c)(3) non-profit organization based in New York, U.S. that supports Caribbean students studying maritime in the region, including The Bahamas. Its activities driven by the motto, "Alleviating poverty and transforming lives in the Caribbean through maritime education and community development", the Foundation exists to support the work of the **Caribbean Maritime University (Jamaica), University of Trinidad and Tobago, and LJM Maritime Academy (Bahamas)**. Activities are focused on raising funds for scholarships, equipment, facilities and infrastructure, including classrooms, physical amenities, and to support the development of the maritime communities in which these institutions are located.

EXECUTIVE TEAM



DION BETHELL, CPA, C.Dir
President & Chief Financial Officer (CFO)

Mr. Bethell is President and Chief Financial Officer of APD with over 15 years' experience in international shipping, having served as CFO at Container Terminals Ltd; a subsidiary of Tropical Shipping Ltd. Prior to this, Mr. Bethell spent over 16 years working in the financial services industry with his last role being that of Director, Vice President and CFO at W&P Fund Services Ltd. /The St. James Bank & Trust Company Ltd. Mr. Bethell is also Chairman of the Bahamasair Employees Provident Fund.

Mr. Bethell has a Bachelor of Business Administration degree in Accounting from Tiffin University in Ohio, U.S.A. and is a licensed Chartered Accountant with the Bahamas Institute of Chartered Accountants.

RICHARD MCCOMBE
Asst. Vice President, Operations & Facilities

Richard McCombe has amassed many successful years in the maritime industry. His career experiences include a period of time working previously with Tropical Shipping as its Operations Manager. In 1987, he moved to the Bahamas where he became the Managing Director for Jacharic Holdings, which operated Blue Lagoon Island, Sting Ray City, Divers Haven, Holland America's Half Moon Cay, and Splash.

In 2002, Mr. McCombe left Jacharic to start his own businesses — Gussie Mae Ltd., Richard has always been involved in Community Service and has led many local initiatives to advance the quality of life and Bahamian Business. He has been a Rotarian since 1988, and is currently an honorary member of the Rotary Club of Southeast Nassau. He is a Past District Governor of Rotary International (2007-2008), in while post he represented the 14 countries and territories in the Northern Caribbean and led numerous other local community initiatives such as of the Bahamas 100-Day Challenge Committee (Founder and Chairman), and Chairman of the Nassau Tourism & Development Board. He is currently chair of Rotary's Disaster Recovery Committee for the Caribbean districts 7020 7030 and 7000.

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



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KPMG CORPORATE FINANCE**

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ROYAL FIDELITY LTD**

51 Frederick Street
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**REGISTRAR & TRANSFER
AGENTS**

**BAHAMAS CENTRAL
SECURITIES DEPOSITORY**

2nd Floor, Fort Nassau Centre
Suite 202, British Colonial Hilton
P.O. Box N-9307
Nassau, The Bahamas

AUDITORS

PRICEWATERHOUSECOOPERS

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West Bay Street and Blake Road
P.O. Box N-3910
Nassau, The Bahamas

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**RBC ROYAL BANK
(BAHAMAS) LIMITED**

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Nassau, The Bahamas
Support Unit of the Royal Bahamas
Police Force Reserves.



MANAGEMENT TEAM



ANTHONY COOKE
Financial Accounting Manager –
Operations

Mr. Cooke has over 19 years of experience in the financial services sector, serving as Accounts Manager at Cooke-Mclver & Co and Operations Manager and Money Laundering Reporting Officer at The St. James Bank & Trust Company.

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



SHELDON DUCKIE
IT Manager

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

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



BRANDO GLINTON
Gate Interchange Manager

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

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



CLEMENT LIGHTBOURNE
Security & Surveillance
Manager/
Port Facility Security Officer

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

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



RITA RAMSAY, MBA, CHRM
Human Resources Manager

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

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

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



FELIX ROLLE
Facilities Maintenance
Manager

Felix Rolle brings to his position as the Port's Facilities Maintenance Manager an extensive background as a contractor, building single and multifamily dwellings, commercial buildings and schools. For years, Mr. Rolle owned a 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.



CLORAN WATCHORN
Financial Controller

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

Cloran Watchorn holds a Bachelor of Science degree in Accounting from Nova Southeastern University in Fort Lauderdale, Florida. Currently, she is pursuing her master's degree in finance.



IN GRATITUDE...

RICHARD MCCOMBE, Assistant Vice President Operations & Facilities Retires

Richard McCombe will retire from APD Limited on 25 November 2021. It is a passage that I mark with much regret. Better known as Dick, Mr McCombe entered at the very beginning of APD's operations at Nassau Container Port, having been hired as Stevedoring and Heavy Equipment Manager in 2012 and moving fairly rapidly up the hierarchy. He brought to the company a wealth of training, certification and experience in heavy duty mechanics and maritime operations. In that year, he played a central role in NCP's logistics for landing six new 80 ton, 134ft long and 11ft in diameter storage tanks and transporting them from the Port to Sun Oil's facility at Clifton Pier. It was a mammoth task, beautifully executed. This success was to become the hallmark of Dick's valuable contribution to APD and, over time, led to his elevation to Assistant Vice President Operations & Facilities in 2016.

His multi-sector participation in community service nationally and internationally added further, not only to his acclaim, but also to APD's credit. He was active in disaster relief, chairperson of the Maritime Sector Skills Council of the Bahamas Government/IDB skills-building initiative. A longtime Rotarian, he has been awarded at the highest levels.

Equally important, Dick was valued not only for his high-level professional skills, but also for his contributions to building the skills of the teams he supervised, especially in crane operations. He will be missed from the daily work and for his collegiality. I, personally, will feel the loss of our daily confabs on Port processes and deployments. I also count myself fortunate to have his friendship. When he leaves APD service, Dick will be carrying my best wishes for success and rewards in all his future endeavours.

Dion Bethell, President & CFO, APD Limited.

A portrait of Ethel Thurston, a woman with long dark hair, smiling. She is wearing a white collared shirt. The background is an office setting with various papers and notices on a wall.

IN COMMENDATION...

ETHEL THURSTON

"I love my job! It's a joy to come to work each day." This statement is so characteristic of Ethel Thurston and the can-do and willing spirit she manifests daily as APD's representative at Gladstone Freight Terminal (GFT). She had worked previously at Old Fort Bay with HR and security.

Mrs Thurston joined APD on 28 August 2015. Her duties at GFT cover a wide range of activities, relating primary to the security and smooth running of the facility as well as the satisfaction of the tenants. All this speaks to the need for a deep level of trust in the employee so assigned.

Ethel is responsible for checking that all is well and all services are up and running properly at the facility. She receives tenant comments and concerns. Where there are complaints, she works to have them resolved quickly and successfully. In her security function, she selects vendors, instructs them as to the work to be done, records their entries and exits, requiring a signature in each case and makes sure that the work assigned has been carried out as requested. She monitors the computer system connecting GFT with the Maritime House headquarters of APD. At closing, she checks to make sure that all of the facility is secure and security officers are in place, as per APD required standard operating procedures.

She is expected to submit to headquarters daily and monthly reports. In this regard, she takes photographs and creates a record of movements, conditions at the facility, interactions with tenants and vendors and the quality and outcomes of those relations. These records are sent to Facilities Maintenance Manager Felix Rolle and copied to Richard McCombe, Assistant Vice President, Operations & Facilities.

"Nothing goes on at GFT that my bosses don't know about," Ethel says. Those bosses agree and have commended her highly. A cheerful ambassador for APD, she expresses pride in having greeted the country's Prime Minister at the launch of the Small Business Development Centre offices sited at GFT. Appreciating the importance of smooth integration with the surrounding community is to security, she has welcomed the top officers of the Western Police Station.




IN
ACHIEVEMENT...

Also to be commended are those members of our teams who eagerly embraced the APD's hybridization training programme to extend their skills portfolios, contributions to the company, salaries and marketability.

JAMINGTON JOHNSON,
KENT REID,
ROCHELLE SWANN &
KERRY BAKER
Gate Department

These staffers underwent extensive training to add planning and/or shipside checking functions to their resumes. Mr Johnson and Mr Reid are already acting in those new capacities.



A photograph of two men standing together indoors, smiling. The man on the left is Black, wearing a light blue button-down shirt, and holding a clear plastic cup with a drink and a straw. The man on the right is white, wearing glasses and a blue zip-up sweater over a pink shirt, also holding a clear plastic cup. They are in a dimly lit room with wooden paneling and windows in the background.

IN MEMORY... RANDOLPH MILLER

“Sadly, the APD family had to bid goodbye to Randolph Miller. He lost his battle with cancer on 1 May 2021. Mr Miller was a giant of a man who, as a member of the Security team, had served the company faithfully for nine years.

“Well-respected and liked, Randolph got along well with everyone. He was full of humour and could be counted on to be the life of the party at company gatherings. We are deeply grateful for the unstinting service that he gave to the company and for his friendship. On behalf of the company, I extend heartfelt sympathy to his family, friends and colleagues.”

Dion Bethell, President & CFO, APD Limited.



PRESIDENT'S REPORT

Dion Bethell, President & CFO

For the past two years, we have lived and worked through a world-changing phenomenon—the COVID-19 pandemic. We have watched how the pervasiveness and persistence of the virus has redrawn the map of the socioeconomic landscape, delivering strong shocks to business. The maritime industry, vital partner of over 85% of the world's goods, was particularly hard hit. However, during the pandemic, hundreds of thousands of ship crews were stranded at sea, unable to return to their homes because their vessels were not allowed to dock at ports around the world.

As part of the industry, APD Limited also felt the blow. Nevertheless, we can claim proudly that, through it all, there has not been any diminution in the quality of the port's services to our country and, of vital importance, no shortage of supplies for food stores throughout the pandemic.

At the foundational level, the emergent crisis has been revelatory, normative and transformative, bringing about needful reflection with an eye to what currently exists and what changes the future is likely to demand.

Managing Change Beneficially

Notably, the novel coronavirus pandemic has drastically changed work dynamics and organizations need to be savvy enough to adapt. Giant companies such as Salesforce, Amazon and Google, with tens of thousands of employees, were able to convert their entire teams to remote working right at the beginning of the crisis and maintain their levels service and efficiency, seemingly without missing a beat.

Although on a far smaller scale, APD responded similarly. We went entirely digital in banking and making transactions with vendors and clients. This helped us to make great gains towards the goal of going paperless as part of the company's commitment to environmental protection. It is also a matter of pride that several sectors of the APD workforce proved abundantly able to convert to remote working successfully, owing, in large measure, to the fact that the APD business model demands a modern, flexible, highly integrated and secure ICT system, which was paramount to effecting remote work for Accounts, Human Resources and nearly all of the Administration team.

Team Support: Employee Retention

This is one of the matters on which the Executive and the Board of Directors took a firm stand. Despite the budgetary challenges imposed by the prevailing economic conditions, every effort would be made to keep all staff members gainfully employed. It was fully appreciated that many on APD staff are the sole breadwinners of their family; many would be called upon to deal with sickness and even deaths in their immediate circle, which could unravel even the best laid financial plans. With the exception of security, health & safety, mechanics, HR and accounts personnel, all staff continued on an hours-worked basis with a minimum of 20 hours guaranteed. At the onset of the pandemic, ship calls were significantly reduced owing to added burden the COVID-19 placed on the maritime industry, ship calls at the Nassau Container Port. In turn, this reduction forced a decrease in hours worked for crane operators, shipside checkers, planners and the gate team. Understandably, a few staff members opted to seek employment elsewhere and we wished them well.

Our response to the challenge was to assure those who remained the best opportunity for income protection. At NCP and GFT, every effort has been made to close the gap on the average working hours from 20 to the standard 40 hours, by engaging the following two strategies.

Staff were offered the opportunity to augment income by using accrued vacation time or third-party security work, or a combination of both. Secondly, a training initiative was instituted whereby staff would be paid for attending the sessions. In addition to the monetary incentive, the programme has been

the opening initiative of a plan to increase hybridization of the workforce to minimize interruptions to the work of any single departments and, thereby, mitigate future shocks to our business and service

Standards Development/ Compliance

What proved invaluable over the past two years was a foundation of documented the standard operating procedures (SOPs) guiding APD's operations. Both factors have assisted us to continue delivering the quality of operations and services for which the company has won regional and international kudos. It has stood us in good stead that, since APD's establishment, the ICT infrastructure and SOPs have been constantly reevaluated and upgraded in response to new goals and a desire for maintaining the highest degree of quality of service, efficiency and effectiveness.

Moreover, APD's operations meet the highest international standards. As of 12 June 2019, as certified by ABS Quality Evaluation, Inc., APD met the requirements set forth by ISO 9001:2015 and ISO 14001:2015, the standards of quality management systems and environmental stewardship established and promoted by world-renowned ISO (International Organization for Standardization).

ISO Audit 2021

In 2019, APD was ISO 9001:2015 and ISO 14001:2015 certified. These are standards of quality management systems and environmental stewardship established and promoted by the world-renowned ISO (International Organization for Standardization). Having received the certification, APD continued measurement and compliance along value chains with the cooperation of partners from the public and private sectors. It is a matter of pride that, in 2020/2021, the Port underwent an ISO audit and passed. Owing to the restrictions imposed by the pandemic, it proved difficult for inspectors from Canada to reach Nassau. We are grateful that they persisted and conducted an audit, which yielded highly positive results.

AVP Richard McCombe commented in the ISO inspection process in which APD's state-of-the-art technology featured heavily:

“APD’s second ISO audit went extremely well. It was a two-day affair conducted via 8:00am to 5:00pm Zoom virtual meetings. The live survey of our facilities took the form of a video derived from a drive-around recorded and transmitted by mobile phone. The ISO auditor was satisfied with the quality of our recordkeeping facilities, property and operations is reflected in the fact that no blemishes were found in any of our departments. Kudos to all contributing staff members.”

ISPS Compliance

NCP remains fully compliant with the International Ship and

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

The Port Authority continues to be a valued partner of Nassau Container Port. During the year, we embraced the opportunity to participate in exercises offered by the Surveillance Unit of the Authority.

Health and Safety Prioritized: Mitigating the Impacts of the Pandemic

APD continued its trend of containing the spread of COVID-19. The record of positive cases/readings among employees have been few (below ten) and, for the most part, asymptomatic, owing primarily to the company's rapid, well-developed response aligned with scientific, research-based advice of such entities as the Bahamas Ministry of Health, the Pan American Health Organization and the World Health Organization.

We were ever conscious of our ongoing aim to support the well-being of all connected with the APD system and the wider community. We were well aware also of vaccination hesitancy in some circles and challenges that could arise from unvaccinated staff, so the company developed a vaccination incentive programme, which was launched in September 2021. Staff who complied received \$75 after the first jab and \$75 for the second. As a significant added benefit, it was decided that if any fully vaccinated staff fell ill with COVID, they would still be paid their salaries for a designated two-week period. Even those who were vaccinated before the start of the incentive programme received payment. The programme was scheduled to end in the month of December.

Transformation became an imperative as regards deployment of staff, scheduling, use and condition of facilities and the general environs of the Port. The health and wellbeing of APD personnel, our tenants, clients and all port users were, and continued to be a priority for us. For the most part, the Maritime Centre, the administrative centre of the company was emptied. Where possible, for the staffs of our Accounts, Administration and ICT departments, remote working was instituted.

However, a portion of our workforce as well as those of tenants, such as Bahamas Customs, who are located in the Maritime Centre had to be physically present at the Port to perform their duties. It was necessary to make our facilities a part of our protective strategy.

In areas where working remotely was not possible, as with the departments of Security, Facilities, Gate Interchange, Shipside

Checkers, Heavy Equipment Mechanics, and Crane Operators, teams were split into discrete pods to avoid cross-contamination. In this way, if any member on a team contracted COVID-19, our operations would not come to a halt.

Environmental Stewardship/ Contribution to Managing Climate Change

Facilities Department looked at ways to further reduce the carbon footprint of APD's plant and operations via upgrades to light fixtures and extended the use of solar power. At GFT, the process of changing out 1000-watt halide metal bulbs for 300 watt LEDs and 400-watt lighting to 150-watt. Plans are underway to further extend the use of solar power.

Impacts on Productivity/ Financial Performance

As the International Monetary Fund assessed it in 2019, the world economy went through what the organization termed a "synchronized slowdown". In the 2020/2021 fiscal year, COVID-19 continued to rule the day in terms of human life and health and business. In the latter case, the impact was pervasive as to supply and demand in goods and services and, consequently, on shipping and port industries where the business of APD Limited resides.

Inevitably, there were aspects of this scenario that were beyond our control, such as the number of ship calls, as the shipping lines arranged their schedules to suit their own business challenges and imperatives. During the period under review, longtime shipping partners Betty K and Mediterranean Shipping Company (MSC) reduced the number of their vessel calls at NCP.

On the demand side of business in The Bahamas, that of APD most definitely, the tourism industry and construction have long played dominant roles in import levels. This is so because tourism/hospitality must provide for a consumer base that tends to be several times larger than the resident population at any point in the year. In the same way, major construction projects are significant to our bottom line as most of the primary building materials and specialized items are imported.

Fighting the spread of the coronavirus forced furloughs and lockdowns throughout several industries, most notably the tourism and hospitality industry, where the giant resorts of Atlantis and Baha Mar suffered the greatest declines in business. Additionally, opening times and formats seriously impacted restaurant trade. In a domino effect, such changes greatly influenced import-related demand. Bulk importers such as Bahamas Food Services and members of the Bahamas Wholesalers Association were obliged to reduce imports concomitantly. The pandemic brought about similar reductions in the construction industry owing to a long

period of work stoppage of all but essential but smaller construction projects.

The much-reduced demand from these industries took a significant toll on the utilization of container space on ships, especially in comparison to the carrying capacity of the largest ships and, hence, had a significant impact on volumes and revenues coming into NCP.

Financial Performance

(explored fully under Management Discussion & Analysis)

Owing to the spillover effect from the prior year's performance, March 2020 was only partially affected by pandemic-related lockdowns. However, TEU import volumes fell by almost 38 percent year-over-year in April 2020, as the number of imported containers dropped by more than 2,000 - from 5,815 in 2019 to 3,620. The Nassau Container Port's monthly TEU volumes have been down by between 900-1,000 year-over-year for each of the three months in the calendar year's first quarter. Up to the last quarter of 2020/2021, TEU and other volumes continued to track below pre-COVID-19 performance. During the first half year of the arrival of COVID-19 in The Bahamas, Nassau Container Port suffered a 65 percent or \$3m year-over-year slump in profits.

Throughout the year, as is its habitual stance, the company exercised abundant prudence in managing its expenses, ever alert to any evidence of ongoing economic fallout.

**Mask must be worn
or**

NO ENTRY

APD HIGHLIGHTS

New Ship Calling

Nassau Container Port welcomed a powerful entry to its roster of scheduled ship calls. CMA CGM S.A. is a French container transportation and shipping company, Part of a worldwide shipping group, it covers 257 shipping routes between 420 ports in 160 different countries. The company is headquartered at Marseille, France. Among its subsidiaries are American President Lines and CEVA Logistics. There was no significant disruption as safety rules and regulations are standard and strictly observed for all boats that slip the berth at NCP.

Accounts

The Accounts Department was converted to remote and paperless working almost immediately. It is to the joint credit of the Accounts team and ICT that they were able to do so while maintaining efficiencies. The advent of a new ship calling at NCP added work for the Container Terminal Operator (CTO) and additional invoicing from the Accounting Department. Among the departmental management's challenges was keeping in constant contact with the team, coaching and discussing any issues whether professional or personal. Management expressed pride in having the ability to continue to work in the new environment, while positivity remained high and efficiencies were maintained.

Environmental Health and Safety/Facilities Maintenance

Following are some of the provisions which were put in place at significant cost to safeguard the health of those working or seeking service in port facilities:

- o Installation of plexiglass barriers and hand sanitizer stations
- o Frequent plant sanitization
- o Remote work for certain departments
- o Staggered shifts
- o Provision of face masks
- o Inspection of air conditioning systems
- o Social distancing signage
- o Virtual meetings replacing face-to-face meetings for the most part
- o Imposition of occupancy limits in APD facilities
- o Additional security guards to enforce protocols.

Gate Interchange

In keeping with the new plan to create hybrid teams through cross training, two members of the Gate team were trained as planners and two others as shipside checkers.

Heavy Equipment Operations

Cranes are essential to the operation of a port, a vital piece of equipment to move cargo from ship to shore where top loaders and reach stackers transfer them to stacks in the yard. Ensuring that NCP's crane fleet was up-to-date, efficient and safe would always be a priority investment. By 2020, our cranes, although from one of the finest names in the production of such equipment, had been bought used and were ageing. In a world where the maritime industry is requiring advanced technology to increase lift efficiency, accuracy and safety, it became necessary to begin an upgrade of the fleet. In 2021, the Board approved the purchase of another crane and the decision was taken to acquire a brand new Liebherr model.

Consequently, a new, state-of-the-art Liebherr LHM-420 model was purchased from the company in Germany. According to Liebherr specifications, the Liebherr mobile harbour crane series is faster, stronger and raises and lowers loads at up to 120 metres per minute. The LHM 420 has a maximum load capacity of 124 tonnes and handles up to 38 containers per hour with its hybrid drive. The crane incorporates precautionary measures for increased safety and is also suitable for the efficient handling of bulk cargoes, as well as the safe transportation of general cargoes. It promises the operating company benefits from reduced fuel consumption.



The New Liebherr Crane

With the pandemic-imposed international border closures and restrictions on travel, it was challenging to bring to Nassau the new crane and Liebherr representatives to assemble and train APD personal on its operation and maintenance. Richard McCombe, Asst. Vice President Operations & Facilities described some of the issues, which required ingenuity and patience to solve and get the vital piece of equipment safely operational. At the same time, he noted the significant value of the new crane to the quality of APD operations:

“Port operations have become even more efficient because of the new crane. We are moving cargo faster and more cost effective because we’re using less fuel. We are definitely managing our KPI and achieving more of our goals in this respect.”

ICT (Information Communication Technology)

The company had to rely heavily on the ICT Department to enable the most vital and sensitive aspects of our operations to segue smoothly into the “new normal. The ICT team had first to create the capability, on short notice, to facilitate remote work and communication. The team built virtual desktops for the remote users; that is, Planning, HR and accounting teams, to continue working across our secure VPN connection. The 3CX IP-based phone system—implemented months before the pandemic—allowed each team member access to their desk extension number from their laptops at home. It was as if they were right here in the building.

The recent call of CMA-CGM to NCP did not affect any major change to our long-term IT operations. However, some initial configurations had to be completed. Along with some minor changes in our system, UAT testing had to be carried out to get the new carrier adjusted to stopping here.

Among the year’s accomplishments of which ICT was proudest was conducting the completely virtual AGM, implementation of a OnGuard Access Control System and continuing to support the technology needs of the organization with reduced resources in man hours with no appreciable reduction in quality of service.

Gate & Interchange

Manpower at the Gate was reduced in respect of COVID-19 protocols. For the greater comfort of port users, permission was granted to install a canopy at the discharge gate to afford more protection against the weather.

Human Resources: Fast-tracked into a new world order

Human resource functions played a big role in the management of changes propelled by the pandemic.

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

The greatest challenges came with the decision to retain all staff who wanted to stay with the company rather than seek other employment. The decline in imports brought about a concomitant decline in hours rostered for staff in certain areas such as crane operations.

A process was developed to bridge the income gap by use of accrued vacation and engaging staff in increased training, most particularly cross-training with the goal of creating a hybridized workforce—person able to not only work in their specialized areas but be able to contribute successfully to other teams.

Another response to the COVID crisis was to adopt remote working for teams best suited in this regard. Instituting this change called for fashioning new ways of managing and caring for employees working in a non-office environment (primarily their homes). With team members being physically separated from each other, the HR manager and those of affected teams had to devise ways of maintaining synergy.

While acquitting job demands, APD staffers working from home had to balance those obligations against the care of children furloughed from now-closed daycare centres and physical classrooms. This undoubtedly added further duties and pressures to the normal work hours. There was concern that these changed circumstances could lead to mentally exhaustion, depression and various other psychological issues arising from employees' personal COVID-19-imposed burdens. Among them new financial challenges, including lowered income, difficulties in maintaining mortgage payments.

With such developments, it became clear early on that empathy and compassion would play a key role in HR practice. The HR response took the form of activities such as assistance in dealing with banking issues and insurance claims, to stay motivated and focused while working away from the office.

As might be expected, the security force was kept on full-hours. The need for boosting the teams in this work, provided staff from other departments a further opportunity to add to their pay.

Light at the End of the Tunnel

The New Year brought a piece of good news, however. I'm happy to report that French shippers CMA/CGM, one of the largest carriers in the world began to call at Nassau. It is a promising new entrant. Added competition in the cargo market could help to ease import-related cost pressures, which Tropical Shipping and Mediterranean Shipping Company (MSC) have traditionally dominated. We will be monitoring closely how this relationship develops. APD is committed to being an able and responsive partner for the benefit of all stakeholders—maritime and land-based.

As April approached, the gradual opening and increase in tourism and construction activity especially gave a reason for cautious optimism. Buoyant reawakening of projects such as Goldwyn and The Pointe and the active engagement of Global Port Holdings in the redevelopment of Nassau Cruise Port. The Albany project continued and the spring saw a number of promising starts of mixed use properties.

By May 2021, we were still down in TEU and other volumes as compared to pre-COVID yields. On the plus side, we were beginning see glimmers of light at the end of the long COVID-impact tunnel.

While this improvement gave reason for optimism has improved, hotel occupancy was still significantly down and, concomitantly, the tourism volumes at the port through the first quarter of 2021. Towards the end of the fourth quarter, the APD Board had not taken a decision regarding shareholder dividends for the year 2020/2021, the last payout having taken place in December 2020.

All told, two of the challenges experienced by the various departments during the 2020/2021 year related firstly to keeping abreast of standards as they transitioned into the country from the international health authorities and into the workplace as set by Government and the APD Executive team and, secondly, to creating new benchmark ideas for COVID-19 protocols to effect full coverage for the entire APD Port.

APD continues to enjoy the support of key Port Partners, including the Department of Customs, Arawak Stevedoring Limited, the Port Department and the truckers. The level of their cooperation has played a much-appreciated role in navigating the challenges of the 2020/2021 fiscal year. We thank all and look forward to further cooperation for mutual benefit.

At the end of May, and for the month of June, we saw an increase in the number of vehicles that are now being imported. This indicates that the general national economic situation and APD's vehicle volumes are starting to rise. While not at pre-COVID volumes, vehicle imports are slowly improving. Comparing year-over-year, such trade (vehicle volumes) were down by approximately 41 percent. Year-over-year (FY21 vs FY20), we were also down about by about 8 percent on twenty foot equivalent unit (TEU) container volumes and up by about 8 percent on bulk tonnage volumes.



Community Outreach & Partnership

As the primary cargo port of New Providence, APD has been making an essential contribution to national development. As important, we recognize that our company and its teams are members of a community and, as such, we believe we have an obligation to contribute, whether it be funds, our time, skills or a combination of all three.

In 2020/2021, we took pleasure in making a substantial contribution to assist The Bahamas Feeding Network in carrying out its laudable work in feeding thousands of persons in need. We were also pleased to lend support to LJM Maritime Academy's third Maritime Conference Bahamas, which took place in June 2021. APD has also contributed to the Anchor Awards Gala 2021, slated for November 2021 as well as the Police Association and the Sir Victor Sassoon Heart Ball Committee.

Over the years, has 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

OUTLOOK 2021/2022

Port Productivity

By the end of the fiscal year, it was evident that the wheels of the Bahamian economy had begun to turn and re-opening was picking up speed. If it can maintain this momentum, and if the Budget measures the Government announced in June take effect, we can cautiously anticipate a recovery in APD's import volumes by the end of the calendar year, going into the first quarter of next year.

We are pleased that first quarter FY22 bulk aggregate numbers up by about 18 percent over budget, driven primarily by the project cargo that comes in and tonnage in non-containerised cargo, which included heavy equipment and materials such as sheet piles that are being used for the Nassau Cruise Port's \$250m transformation project.

The hotels have now committed to opening up for the winter season. In all likelihood, this will influence suppliers like Bahamas Food Services (BFS) and members of the Bahamas Wholesalers Association to increase volumes to supply those resorts.

ICT

One of the highly desired goals for 2022 is the attainment of a 50 % reduction in paper usage at APD. Further, by the time the new year rolls around, the introduction of Multifactor Authentication or 2 factor authentication will be complete.

Business Development: Homeporting

Royal Caribbean announced in March 2021 that Adventure of the Seas would start homeporting at Nassau. Its 7-night cruise will begin and end at the country's capital, which means that passengers would have to fly to The Bahamas to board the ship. Michael Bayley, Royal Caribbean International's president and chief executive, Bayley also noted that the economic benefits of homeporting in Nassau would be significant.

"The economic stimulation that comes with homeporting ships is really quite vast. We will also fuel the ship in Freeport. There is a giant economic multiplier," said Bayley.

will entice passengers to extend their vacation with a hotel stay either before or after their trip.

"This means more people will have more time in The Bahamas to enjoy local dining, tours, attractions and excursions, culture and history, shopping. They will have more time for everything from visits to national parks to a fishing trip or a chance to take scuba lessons.

"Homeporting opens up a world of possibilities."

Breakwater Restoration

APD will continue to work with the Government to develop a plan for the restoration of the Breakwater at the entrance of the Nassau Harbour and bordering NCP, which Government will support. Clearly visible, erosion of shorelines and beaches in the vicinity of NCP has continued and will impact a major amenity of shoreline hotels such as The Pointe. For APD, the repair has become an imperative because the disappearing breakwater will have grave bearing on the safety and efficiency of ships docking at the Nassau Container Port and Nassau Cruise Port.

As noted in our 2020 Annual Report, APD has done major due diligence. We engaged two firms widely recognized and respected in marine and industrial construction: Orion Marine Construction, Inc. (Orion) and Bermello Ajamil & Partners to provide proposals for the design of repairs to the breakwater structures located at the Nassau Harbour entrance and adjacent to Arawak Cay.

Port Operations & Productivity

As regards NCP KPIs, it is expected that the new Liebherr crane will continue to play a crucial role, reducing the amount of time individual ships spend at the bulkhead. It will certainly assist in reducing maintenance and repair costs as it lightens the burden on the older cranes.

With planning and sourcing work already completed, the new fiscal year will see the expansion of our capture of environmental-conserving solar energy.

Accounting

In the 2021/2022 fiscal year, the Accounts Department is looking forward to completing the AccPac/Navis Migration interface, which will automate over 90 percent of customer invoices, while increasing accuracy and efficiency, contributing vastly to the desired goal of a paperless environment.

Human Resources: Boosting Team Hybridization and Remote Work

Hybrid work has been defined as adapting to how teams work best and creating experiences that reach everyone. In the past year, we engaged training for hybridization of our workforce and intend to continue the process in 2022 because we have already begun to see some benefits and perceive future benefits that are widely reported internationally:

- Potentially reduced business costs and the negative effects of absenteeism and employee turnover
- Ability to keep employees engaged through assignment rotation
- Increased opportunities for employee advancement
- More ability to promote from within, reducing recruiting costs
- Increased flexibility for scheduling
- Employees better able to collaborate and identify ways to improve processes
- Increased efficiency.

It is clear that, in some form or other, remote work is a wave of the future in corporate human resources management. The pandemic revealed that there are positives in this regard. Remote work can underwrite:

1. Flexi-time for employees, allowing them greater ease in dealing with personal matters, family and work obligations with less stress and benefits on all sides.
2. Greater safety
3. Reduction in space demands, wear and tear on facilities and amenities.

If remote work is to be a permanent adoption, however, there are questions the Board and Executive must work out, while giving voice to present employees in this matter:

1. What new performance norms and new metrics for quantity, quality and transparency will we have to develop?
2. How will we monitor attendance and deal with sick leave entitlements and payment?
3. What more can be done to keep staff motivated and engaged?

4. What policies must we adopt regarding usage of work-related hardware and equipment at home? What are the potential security hazards of the same?
5. Will we place greater reliance on outsourcing some of the work to contractual agencies?
6. Should we continue boosting hybridization? In hiring, should we be looking for evidence of mix of talent and individual flexibility?

Succession Planning and Business Continuity

Begun in earnest during the year under review, the review and application of business continuity plans and measures has been initiated.

Ongoing modernization, carefully balanced against the need to satisfy the confidence of shareholders as to the value of continued investment with APD Limited. One of the key takeaways from the pandemic classroom is the need for APD continue to evolve, assessing vital processes and updating where indicating. It is methodology that is far less costly than enforced spending. The cardinal example is, of course, the crane fleet.

The New Normal and the Future

Of overwhelming importance, the pandemic has served up countless challenges and learning lessons. One of the greatest is that while COVID-19 continues to hang on and evolve, it becomes vital to assess APD's critical operational and business processes now. A few necessary areas of focus follow.

All told, COVID-19 has served up invaluable learning experiences both normative and transformative. It turned the spotlight on the company's quality infrastructure, its standards, standard operating procedures, its teams and management. Happily, the pandemic revealed that APD SOPs and ICT system, like strong hurricane shutters, afforded us a readiness that put us ahead of the game in ability to respond quickly to a major crisis. At the same time, the pandemic opened a window into the future—the need for new norms, especially in health protection, communications and staff deployment. It also helped us also to see what more needed to be done to deal adequately with a new kind of crisis.

As Hays, the recruiting experts note, the changes to the world of work have been monumental and include hybrid working, virtual communication and collaboration tools. Going forward, we must focus on adaptability and resilience as being a part of the new 'normal'. All of these factors have featured heavily in establishing a bulwark to protect health and safety, while maintaining connectivity, efficiency and security.

As one of the rare rewards, many enterprises, including APD Limited, learned that their undertakings could be just as productive as they were in the formal office environment, thanks to video-conferencing, high-speed internet and other technologies. It is expected that many such processes will continue going forward as safety measures and time and cost savings in the long term.

As one who has been entrusted with the leadership of operations and administration of the company, I can say that we are fully cognizant of what the quality of our work and the port's performance mean to the life and health of about three-quarters of the population of The Bahamas and the health of the national economy. I take pleasure in commending all APD managers, departments and teams for their willingness to adapt to changing conditions, collaborate and reinvent during these challenging times.

I consider the second member of the Executive, Richard McCombe, a friend and an invaluable and constant support in the day-to-day operations of the Port and its advancement. I commend him highly. Further, no part of our business would run so smoothly, if it were not for our team of highly qualified and dedicated managers. I thank them all for their cooperation.

I'm deeply grateful to the Chairman and Board members for your responsiveness in the crisis and the fresh perspectives that you have brought during the crisis. I hope that the foregoing report will demonstrate abundantly the advantages afforded the APD Limited and its subsidiaries by the synergy that has developed among the Executive, Management and Board of Directors. It is what has made the company the flexible and profitable entity it has become since its establishment in 2009. I would be remiss not to mention and commend The Counsellors Ltd for the knowledge and professionalism they bring to its services to our company



MANAGEMENT DISCUSSION & 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, 2021, 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 28, 2021.

Overview

APD Limited owns, operates and maintains the commercial port at Arawak Cay known as “Nassau Container Port” (the Port or NCP), an inland terminal on Gladstone Road known as “Gladstone Freight Terminal” (the Depot or GFT) and administrative offices on Arawak Cay known as “NCP Maritime Centre”. The financial year ended June 30, 2021, represents the ninth full year of operations after officially opening in May 2012. Our GFT facility was opened in August 2012.

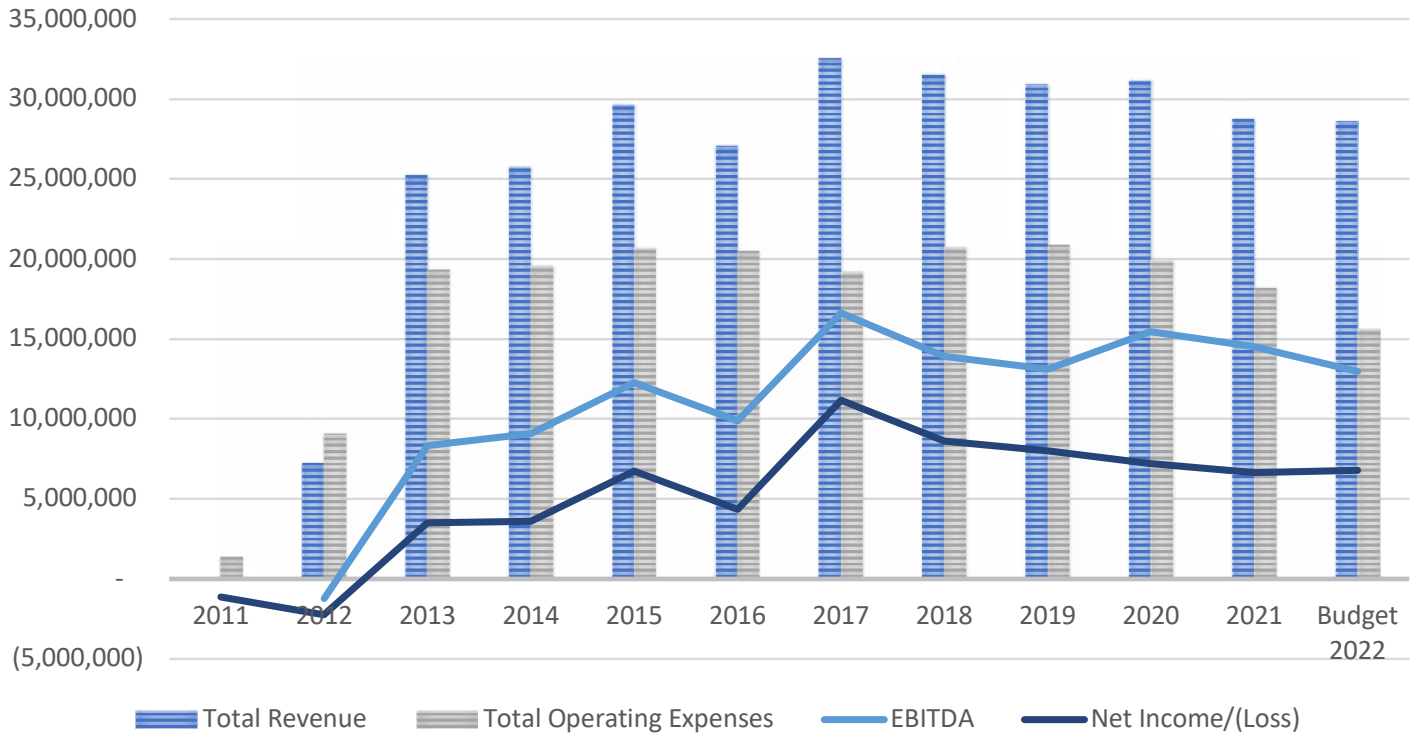
Financial

For the year ended 30 June 2021, NCP processed 118,962 (2020: 129,694) inbound/outbound Twenty-foot Equivalent Units (TEUs). This represents an 8% decline in container volumes under 2020 volumes of 129,694 TEUs. Our volumes are approximately 17% below our 2019 pre COVID-19 volumes of 131,734 TEUs. In the 2021 financial year, APD exceeded budgeted net income projections. Budgeted net income was \$5,830,746 while actual net income for 2021 was \$6,671,578 which is \$840,833 or 14% more than budget.

The Company's total revenues for 2021 were \$28,774,831 (2020: \$31,159,991), which is \$2,385,060 or 8% lower than the prior year. Net income for 2021 totaled \$6,671,578 (2020: \$7,229,908) or 8% lower than the prior year. This was largely attributable to the on-going impact of COVID-19 on our local economy.

Our Direct Operating Margin (DOM) for 2021 was 51% (2020: 50%). Our budgeted DOM for 2021 was 49%. For the period ended 30 September 2021, our DOM is 56% which is 11% more than our budgeted DOM for the same period. During the year, APD declared and paid dividends to ordinary shareholders of \$4,996,915 (2020: \$6,495,989) representing \$1.00 (2020: \$1.30) per share. As of 30 June 2021, basic and diluted earnings per share were \$1.34 (2020: \$1.45).

FINANCIAL PERFORMANCE



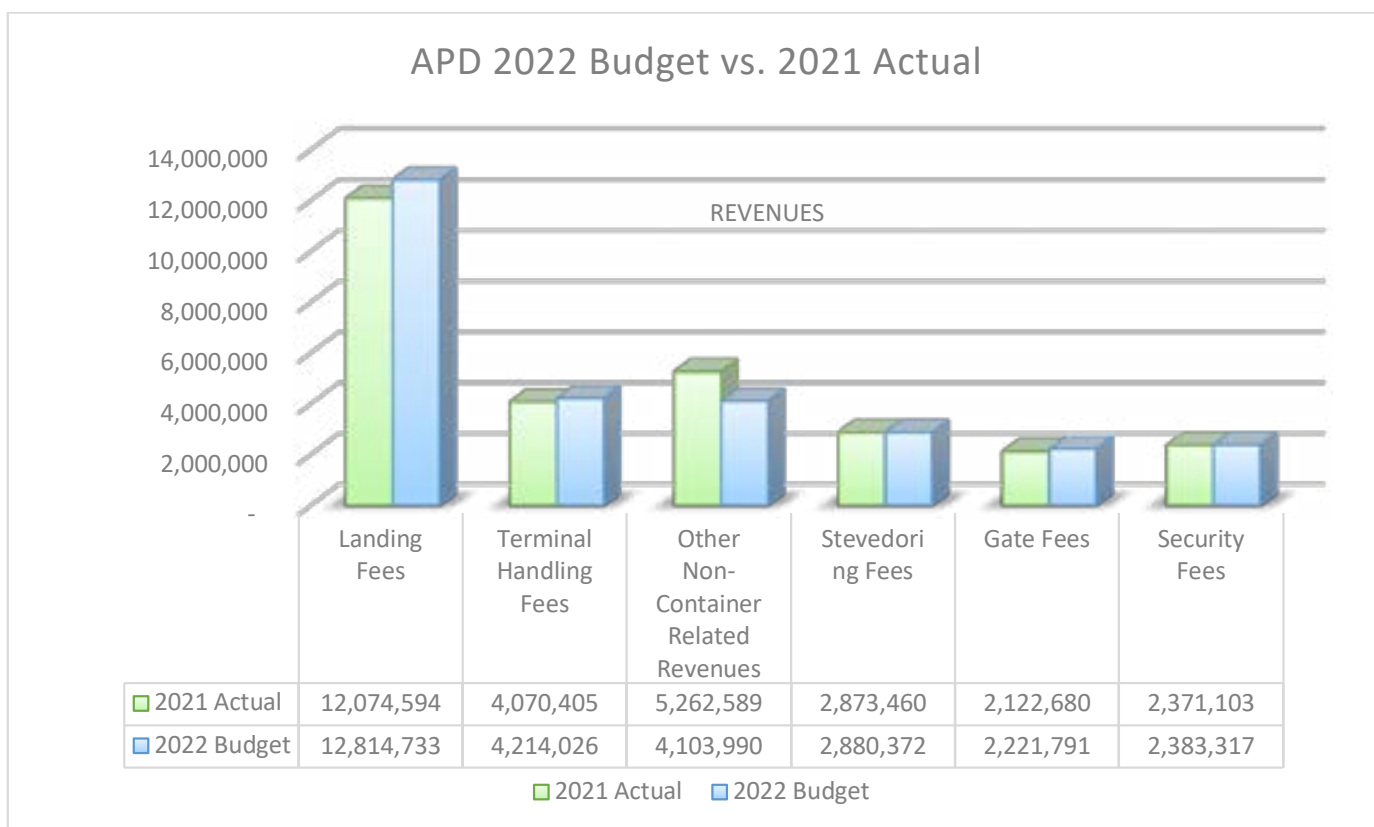
For the 2022 fiscal year, we are budgeting gross revenue of \$28,618,228 (2021 Actual: \$28,774,831) or 1% less than the prior year’s actual gross revenue. Net income is projected to be approximately \$6,207,570 or approximately \$464,008 less than the 2021 actual net income of \$6,671,578. The decline in revenues, net income and volumes are solely attributable to the negative impact of COVID-19 on our local economy, especially our tourism sector. Our 2022 fiscal year budget assumes that volumes would start to recover to pre COVID-19 levels in the first quarter (Jan – Mar) of 2022.

Our net income is currently 56% or \$741,664 over budget as of 30 September 2021. This is mainly attributed to an increase in terminal handling fees and stevedoring fee associated with cargo projects during the year.

Ongoing projects currently include Nassau Cruise Port & Downtown Redevelopment, The US Embassy, GoldWynn Condo-Hotel and Residences, The Pointe Hotel (substantially complete), Sandals Resort renovations, Albany Resort and Hurricane Hole Marina. All these projects are in progress. Management remains extremely conservative and yet optimistic on the Atlantis Royal Towers renovations, South Ocean Resort and the Palm Cay project. Due to COVID-19 our FY22 budget assumed the containers would trend below the pre COVID-19 volumes, until at least first quarter 2022.

Total market volumes have decreased because of COVID-19 and are estimated to be around 127,000 TEUs for 2022 or 1,066 TEUs under the 2021 budgeted volumes of 125,934 TEUs. Our total revenues for the period ended 30 September 2021, are over budget by approximately \$689,059 or 10%. Total expenses for the period ended 30 September 2021, were under budget by \$465,588. The total revenue increase was largely attributable to an increase in terminal handling and stevedoring fees associated with cargo projects. Total expense decrease was mainly attributed to a reduction in actual spending versus budget for the period.

Operating expenses including depreciation and amortization of \$18,207,782 for the year ended 30 June 2021, were \$63,009 lower than our 2021 budgeted operating expenses of \$18,270,791.



Actual TEU volumes for 2021 of 118,962 were under budget by 3,486 TEUs or -6% compared to our budgeted 2021 volumes of 125,934 TEUs. Additionally, bulk car volumes of 8,694 were 173 or 2% more than 2021 budgeted car volumes of 8,521. This resulted in revenues of approximately \$1,649,400 from landing and security fees for vehicles. Additionally, revenues from storage fees were approximately 49% over budget during FY21. Stevedoring revenue was over budget by \$206,596 during FY21, mainly attributable to project related cargo.

Total current assets decreased from \$22,605,098 (2020) to \$22,088,505 (2021) or a decrease of -2%. Cash and cash equivalents decreased by \$720,140. During the year, the spare parts inventory decreased by \$32,452.

Gross accounts receivable increased by \$197,869 during FY21. Property plant & equipment was \$81,523,145 (2020: \$80,691,189) as of 30 June 2021, and the Right-of-use asset (leased land from Government of The Bahamas) was \$45,586,032 (2020: \$46,148,822). Current liabilities increased by \$29,134,640 from \$4,118,538 (2020) to \$33,253,178 (2021) as the full balance of redeemable preference shares was reclassified from non-current liabilities to current liabilities, as repayment was expected within 12 months of the statement of financial position date.

Non-current liabilities decreased by \$31,056,730 from \$78,313,027 (2020) to \$47,256,297 (2021), which is mainly attributable to the repayment of principal and interest on the long-term debt, the reclassification of the current portion of the preference shares which became due at the end of FY21. Deposits held increased by 13,067 from \$261,596 (2020) to \$274,663 (2021). 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 of 30 September 2021, are tracking 2% over budget. Total revenues as of 30 September 2021, are tracking about 10% over budget.

Financial Performance				
	2021	2020	2019	2018
Income Statement				
	\$	\$	\$	\$
Total Revenue	28,774,831	31,159,891	30,912,558	31,531,519
Total Operating Expenses	18,207,783	19,929,969	20,910,619	20,771,385
Total income for the period attributable to equity shareholders	6,671,578	7,229,908	8,030,347	8,605,274
Basic and diluted earnings (loss) per share	1.34	1.45	1.61	1.72
Balance Sheet				
Assets				
Total Current Assets	22,088,505	22,605,098	20,692,048	23,557,761
Net PP&E and Right-of-use assets	127,109,177	126,840,011	82,800,651	84,693,943
Total Assets	149,197,682	149,445,109	103,492,699	108,251,704
Liabilities and Shareholder's Equity				
Total Current liabilities	33,253,178	4,118,538	5,244,150	10,169,124
Non-current liabilities	47,256,297	78,313,027	32,717,730	34,285,995
Total Liabilities	80,509,475	82,431,565	37,961,880	44,455,119
Total Equity	68,688,207	67,013,544	65,530,819	63,796,585

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%.

As of 30 June 2021, APD's financing needs are well supported by the \$3,000,000 available line of credit and cash flows from operations.

APD's principal uses of cash are to fund planned operating expenditures, capital expenditures, dividend payments on ordinary and preference shares, interest and principal payments on the long-term debt and any mandatory quarterly lease payments on port lands to the Government.

With the cash and cash equivalents on our statement of financial position and our ability to generate cash from operations over the course of a year, we believe we have sufficient liquidity to meet our ongoing needs for at least the next 12 months.

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

We believe an important measure of APD's liquidity is unleveraged free cash flow. This measure is a useful indicator of our ability to generate cash to meet our liquidity demands. We believe unleveraged free cash flow provides investors with a better understanding of how the Company is performing and measures management's effectiveness in managing cash. We define unleveraged free cash flow as net cash, which is provided by/ (used in) operating activities from continuing operations, adjusted to remove the impact of interest payments and deducting the impact of capital expenditures on property and equipment additions. It is our well-considered opinion that 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. Most of the revenues of the Company are derived from the services to companies that have some ownership stake in ACPDHL.

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

For the fiscal year 2021, the minimal annual rent of 50,000 TEUs at \$44.77 (2020: \$43.68) will be no less than \$2,184,000 (2020: \$2,184,000).

Critical Accounting Estimates

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

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:

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

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 de-

faulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring the ECLs, such as:

- o Definition of default
- o Determining the criteria for significant increase in credit risk
- o Choosing appropriate models and assumptions for the measurement of ECLs
- o 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.

Loans and LT Debt

Facility 1: \$3,000,000 revolving demand operating line of credit payable on demand at a rate of Prime rate plus 0.25% on the outstanding balance. The above facilities are secured by the following:

- | | | |
|---------------------|--------------------------|--|
| Security/Collateral | <input type="checkbox"/> | Loan agreement and associated documentation; |
| | <input type="checkbox"/> | Promissory note for the facility amount. |

Facility 2: USD \$3,000,000 non-revolving reducing term loan. The loan is for a five (5) year period from the date of the first disbursement with interest payable semi-annually at a rate of LIBOR plus 2.25% commencing six months from the date of the first disbursement of the loan. Principal repayments will be payable semi-annually in equal installments. The Company received its first drawdown in December 2017 in the amount of \$1,500,000. The principal outstanding as of June 30, 2021 was \$Nil (2020: \$750,000) and the current portion of long-term debt is \$Nil (2020: \$300,000) as the remaining balance on the loan was fully repaid during the year.

On 3 September 2021 the Company executed a B\$33,856,00 Credit Agreement with FirstCaribbean International Bank (Bahamas) Limited. The proceeds were used to early redeem the preference shares.

Facility A: Long term debt being a \$30,856,000 senior, non-revolving reducing term loan for a fifteen (15) year period, amortized over fifteen (15) years, with principal and interest payable semi-annually in arrears at a rate of Nassau Prime minus 1.15% currently effective 3.1% and the interest payable to an all-in floor of 3.1% and a cap of 4.75%.

Facility B: \$3,000,000 revolving demand operating line of credit payable on demand at a rate of Nassau Prime minus Prime minus 1.15% currently effective 3.1% and the interest payable to an all-in floor of 3.1% and a cap of 4.75% on the outstanding balance.

The above facilities are secured by the following:

- | | |
|--------------------------|--|
| - | Security/Collateral |
| <input type="checkbox"/> | Loan agreement and associated documentation; |
| <input type="checkbox"/> | Promissory note for the facility amount. |

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.

Redeemable preference Shares

On 5 July 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 30 June 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 on the 20th anniversary.

Effective 6 September 2021, the Company exercised its option for the early redemption of any and all its 61,712 issued and outstanding Series A 5.5% fixed rate, non-voting, cumulative redeemable Preference Shares at the issue price per share of B\$500 (par value B\$0.10).

On 3 September 2021 the Company executed a B\$33,856,00 Credit Agreement with FirstCaribbean International Bank (Bahamas) Limited. The proceeds were used to early redeem the preference shares.

Facility A: Long term debt being a \$30,856,000 senior, non-revolving reducing term loan for a fifteen (15) year period, amortized over fifteen (15) years, with principal and interest payable semi-annually in arrears at a rate of Nassau Prime minus 1.15% currently effective 3.1% and the interest payable to an all-in floor of 3.1% and a cap of 4.75%.

Facility B: \$3,000,000 revolving demand operating line of credit payable on demand at a rate of Nassau Prime minus 1.15% currently effective 3.1% and the interest payable to an all-in floor of 3.1% and a cap of 4.75% 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.

Controls and Procedures

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

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

Changes in Internal Controls Over Financial Reporting

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



Dion O. Bethell,
President and CFO

AUDITED FINANCIAL STATEMENTS

AUDITED FINANCIAL STATEMENTS

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Independent auditors' report

To the Shareholders of APD Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of APD Limited (the Company) as at June 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at June 30, 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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



Our audit approach

Overview



- Overall materiality: \$334,500, 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

- Potential impairment 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	\$334,500
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 \$33,450, 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

Potential impairment of property, plant and equipment

Refer to notes 2 (a)(i), 2 (g), 2 (h) and 9 to the financial statements for disclosures of related accounting policies and balances.

As of June 30, 2021, property, plant and equipment represented \$81,523,145 or 55% of total assets of the Company. There were no impairment losses on property, plant and equipment recognised during the year.

While the Company continued to be impacted by the COVID-19 pandemic in the current year, there were no changes impacting the manner in which any assets were used or expected to be used. Management determined that there were no indicators of impairment as a result of the pandemic. The impact on the Company was limited due to the nature of the operations and the critical role the Company plays in the supply chain for essential goods on the island of New Providence.

We focused on potential impairment of property, plant and equipment due to magnitude of the balance and because the factors in determining whether impairment exists involves significant judgement by management. In determining whether circumstances indicating impairment exist, management, at a minimum, considers the following factors:

- A decline in the asset's market value that is significantly greater than would be expected as a result of the passage of time or normal use;

We performed the following procedures, amongst others, over property, plant and equipment:

Assessed the reasonableness of accounting policies related to property, plant and equipment

Obtained and evaluated management's impairment assessment, which included an analysis of all of the Company's assets by asset class and agreed the information in the analysis to the fixed asset register which was reconciled to the general ledger and financial statements.

Performed an analysis of the Company's property, plant and equipment using the external and internal factors outlined in management's accounting policy. This included examining external sources of information such as data published by credit ratings agencies, local news articles and the Company's listing on the Bahamas International Securities Exchange website to obtain evidence of both local and global industry performance as well as movements in the Company's share price. We also examined internal sources of information such as budgets for the purpose of comparing against actual results. This analysis included COVID-19 considerations, which included the procedures performed above.

Evaluated management's assumptions used in determining if an asset is impaired and challenged management's process by examining a sample of assets which had not been identified by management as potentially impaired, forming our own independent



- 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.

conclusion as to whether there were indicators of impairment.

Performed test of details over revenue and expenses, which supported the movement in revenue year on year and did not identify any information that would contradict management's conclusions over their impairment assessment.

The results of our procedures indicated that management's conclusion on no impairment recognised for the year ended June 30, 2021 was not unreasonable.

Other information

Management is responsible for the other information. The other information comprises the 2021 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 2021 APD Limited Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

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

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

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



Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



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

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

PricewaterhouseCoopers
Chartered Accountants
Nassau, Bahamas

October 28, 2021

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

Statement of Financial Position
As at June 30, 2021
(Amounts expressed in Bahamian dollars)

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	17,606,947	18,327,087
Accounts receivable	4	2,088,967	1,891,098
Tax receivable		826,248	615,806
Deposits, prepayments and other assets	6	729,870	875,403
Spare parts inventory		836,473	868,925
Deferred borrowing costs		-	26,779
Total current assets		22,088,505	22,605,098
Non-current assets			
Property, plant and equipment	9	81,523,145	80,691,189
Right-of-use asset	13	45,586,032	46,148,822
Total non-current assets		127,109,177	126,840,011
Total assets		149,197,682	149,445,109
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable		239,021	447,152
Due to related parties	5	1,058,574	992,365
Retention payable		-	16,794
Accrued expenses and other liabilities	10	1,359,183	1,016,666
Current portion of redeemable preference shares	8	30,482,339	1,286,000
Current portion of lease liability	13	114,061	59,561
Current portion of long term debt	7	-	300,000
Total current liabilities		33,253,178	4,118,538
Non-current liabilities			
Redeemable preference shares	8	-	30,451,236
Long term debt	7	-	450,000
Lease liability	13	46,981,634	47,150,195
Deposits held		274,663	261,596
Total non-current liabilities		47,256,297	78,313,027
Total liabilities		80,509,475	82,431,565
Equity			
Share capital	11	49,969	49,969
Share premium		49,192,308	49,192,308
Retained earnings		19,445,930	17,771,267
Total equity		68,688,207	67,013,544
Total liabilities and equity		149,197,682	149,445,109

Approved by the Board of Directors on October 28, 2021 and signed on its behalf by:

Director

Director

APD LIMITED
Statement of Comprehensive Income
For the year ended June 30, 2021
(Amounts expressed in Bahamian dollars)

	Notes	2021 \$	2020 \$
Revenue			
Landing fees	14	12,074,594	13,284,990
Terminal handling fees	14	4,070,405	4,271,995
Stevedoring fees	14	2,873,460	2,944,719
Security	14	2,371,103	2,559,562
Storage fees	14	2,391,658	2,406,077
Gate fees	14	2,122,680	2,279,740
Subleases	13	1,508,694	1,492,182
Reefer line	14	625,050	1,132,900
Hazmat fees	14	331,000	365,000
Dockage	14	284,145	291,990
Line handling fees	14	71,941	73,300
Other income	14	50,101	57,436
		<u>28,774,831</u>	<u>31,159,891</u>
Total revenue			
Expenses			
Salaries, employee benefits, and training		4,550,016	5,104,726
Terminal handling costs		3,906,569	4,135,635
Government fees and taxes		1,485,443	1,491,877
Repairs and maintenance		1,235,374	1,325,789
Utilities		929,747	1,116,408
Government lease	13	424,446	648,405
Security		349,075	388,976
Legal and other professional fees	15	335,539	380,225
Insurance		279,276	339,970
Other operating expenses		302,217	324,320
Office supplies, postage and delivery		123,965	181,947
Company meetings and events		76,022	126,026
Loss on disposal of asset		237,566	138,501
		<u>14,235,255</u>	<u>15,702,805</u>
Total expenses			
Earnings before interest, depreciation and amortisation		<u>14,539,576</u>	<u>15,457,086</u>

APD LIMITED

Statement of Comprehensive Income (Continued)
For the year ended June 30, 2021
(Amounts expressed in Bahamian dollars)

	Notes	2021 \$	2020 \$
Depreciation - property, plant and equipment	9	3,378,634	3,633,270
Depreciation - right-of-use-asset		562,791	562,791
Amortisation of preference share issue cost		<u>31,103</u>	<u>31,103</u>
Total depreciation and amortisation		<u>3,972,528</u>	<u>4,227,164</u>
Earnings before interest		<u>10,567,048</u>	<u>11,229,922</u>
Finance costs			
Preference share dividends		1,767,826	1,838,547
Interest on lease liability		2,124,439	2,127,004
Interest expense		11,336	43,304
Interest income		<u>(8,131)</u>	<u>(8,841)</u>
Total finance costs, net		<u>3,895,470</u>	<u>4,000,014</u>
Total earnings for the year attributable to the equity shareholders		<u>6,671,578</u>	<u>7,229,908</u>
Net income and total comprehensive income		<u>6,671,578</u>	<u>7,229,908</u>
Basic and diluted earnings per share	12	<u>1.34</u>	<u>1.45</u>

APD LIMITED

Statement of Changes in Equity
For the year ended June 30, 2021
 (Amounts expressed in Bahamian dollars)

	Share capital \$	Share premium \$	Retained earnings \$	Total \$
Balance at July 1, 2019	49,969	49,192,308	17,037,348	66,279,625
Total comprehensive income for the year	-	-	7,229,908	7,229,908
Dividends paid (Note 11)	-	-	(6,495,989)	(6,495,989)
Balance at July 1, 2020	49,969	49,192,308	17,771,267	67,013,544
Total comprehensive income for the year	-	-	6,671,578	6,671,578
Dividends paid (Note 11)	-	-	(4,996,915)	(4,996,915)
Balance at June 30, 2021	49,969	49,192,308	19,445,930	68,688,207

APD LIMITED

Statement of Cash Flows For the year ended June 30, 2021 (Amounts expressed in Bahamian dollars)

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Net income for the year		6,671,578	7,229,908
Adjustments for:			
Depreciation - property, plant and equipment	9	3,378,634	3,633,270
Depreciation - right-of-use-asset	13	562,791	562,791
Amortisation of preference share issue cost		31,103	31,103
Loss on disposal of assets		237,566	138,501
Interest income		(8,131)	(8,841)
Preference share dividends		1,767,826	1,838,547
Interest on lease liability	13	2,124,439	2,127,004
Loan interest expense		11,336	43,304
Operating profit before changes in working capital		14,777,142	15,595,587
Decrease/(Increase) in spare parts inventory		32,452	(34,431)
Decrease in deferred borrowing costs		26,779	-
Decrease in deposits, prepayments & other assets		145,533	23,539
Increase in accounts receivable		(197,869)	(351,801)
Increase in tax receivable		(210,442)	(23,828)
Increase in deposits held		13,067	-
(Decrease) / Increase in accounts payable		(208,131)	137,319
Increase/(Decrease) in due to related parties		66,209	(4,565)
Increase/(Decrease) in accrued expense and other liabilities		342,517	(30,777)
(Decrease)/Increase in retention payable		(16,794)	16,794
Net cash provided by operating activities		14,770,463	15,327,837
Cash flows from investing activities			
Acquisition of property, plant and equipment	9	(4,448,157)	(1,662,309)
Net cash used in investing activities		(4,448,157)	(1,662,309)
Cash flows from financing activities			
Loan repayment		(300,000)	-
Principal payment on lease liability		(114,061)	(56,996)
Principal payment on long term debt		(450,000)	(300,000)
Principal payment on preference shares		(1,286,000)	(1,286,000)
Interest expense paid		(11,336)	(43,304)
Interest income received		8,131	8,841
Interest on lease liability		(2,124,439)	(2,127,004)
Dividends paid to ordinary shareholders	11	(4,996,915)	(6,495,989)
Preference share dividends		(1,767,826)	(1,838,547)
Net cash used in financing activities		(11,042,446)	(12,138,999)
(Decrease) / Increase in cash and cash equivalents		(720,140)	1,526,529
Cash and cash equivalents, beginning of year		18,327,087	16,800,558
Cash and cash equivalents, end of year	3	17,606,947	18,327,087

APD LIMITED**Notes to Financial Statements
June 30, 2021****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. Significant accounting policies

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

(a) Basis of preparation

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

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

(i) Critical accounting estimates and assumptions*Useful lives of property, plant and equipment*

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

APD LIMITED

Notes to Financial Statements June 30, 2021 (Continued)

2. 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.

APD LIMITED**Notes to Financial Statements****June 30, 2021****(Continued)****2. 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:

	2021	2020
	\$	\$
Earnings before interest, depreciation and amortisation	14,539,576	15,457,086
Depreciation - property, plant and equipment	(3,378,634)	(3,633,270)
Depreciation - right-of-use-asset	(562,791)	(562,791)
Amortisation of preference share issue cost	(31,103)	(31,103)
Operating profit	<u>10,567,048</u>	<u>11,229,922</u>

(iv) Impact of COVID-19

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

APD LIMITED**Notes to Financial Statements****June 30, 2021****(Continued)****2. Significant accounting policies (Continued)****(a) Basis of preparation (continued)***(iv) Impact of COVID-19 (continued)*

Countries around the world continue to struggle with the effects of the COVID-19 pandemic. Border restrictions remain in place for many countries and The Bahamas remains under the Emergency Orders with impose curfew and travel restrictions. While the pandemic continues to be a challenge for The Bahamas and continues to negatively impact the Bahamian economy, the Company has seen a limited impact in the current year, and subsequent to year-end, has seen a steady increase in volumes comparable to pre-COVID-19 throughput. Construction activity within the country has enabled the volumes to remain high with imports on construction materials for project such as The US Embassy, Nassau Cruise Port, and other investments on the island.

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

(b) Changes in applicable accounting policy and disclosures*(i) New and amended standards adopted by the Company*

Standards, amendments and interpretations to published standards that became effective for the Company's financial year beginning on July 1, 2020 were not relevant or not significant to the Company's operations and accordingly did not have a material impact on the financial statements.

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

Certain new accounting standards and amendments to standards and interpretations have been published that are not mandatory for June 30, 2021 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the financial statements of the Company in the current or future reporting periods and on foreseeable future transactions.

(c) Foreign currency translation*(i) Functional and presentation currency*

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

APD LIMITED**Notes to Financial Statements****June 30, 2021****(Continued)****2. Significant accounting policies (Continued)****(c) Foreign currency translation (continued)***(ii) Transactions and balances*

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

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cashflows, cash and cash equivalents includes cash on hand, cash held with banks and other short-term, highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Accounts receivable

Accounts receivable are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 15 days and are therefore all classified as current. Accounts receivable are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. The Company holds the accounts receivable with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance. Impairment of accounts receivable is discussed in Note 2(o).

(f) Inventory

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

(g) Property, plant and equipment

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

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

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

APD LIMITED

Notes to Financial Statements June 30, 2021 (Continued)

2. 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 represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Accounts payable are classified as current liabilities if payment is due within twelve (12) months after the reporting period. If not, they are presented as non-current liabilities.

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

(j) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

APD LIMITED**Notes to Financial Statements****June 30, 2021****(Continued)****2. 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.

APD LIMITED

Notes to Financial Statements June 30, 2021 (Continued)

2. 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

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

APD LIMITED**Notes to Financial Statements
June 30, 2021
(Continued)****2. Significant accounting policies (Continued)****(n) Leases (continued)***Accounting as lessee (continued)*

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

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

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, e.g. term, country, currency and security.

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

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

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

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

Variable lease payments

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

Extension and termination options

Extension and termination options are included in a number of property leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are exercisable only by the Company and not by the lessor.

APD LIMITED

Notes to Financial Statements June 30, 2021 (Continued)

2. Significant accounting policies (Continued)

(n) Leases (continued)

Accounting as lessee (continued)

Critical judgements in determining the lease term

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

For the Company's leases, the following factors are the most relevant:

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

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

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

Accounting as lessor

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

(o) Financial instruments

i) Financial assets

Initial recognition and measurement

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

APD LIMITED**Notes to Financial Statements
June 30, 2021
(Continued)****2. 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.

APD LIMITED**Notes to Financial Statements
June 30, 2021
(Continued)****2. 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.

APD LIMITED**Notes to Financial Statements
June 30, 2021
(Continued)****2. Significant accounting policies (Continued)****(o) Financial instruments (continued)***i) Financial assets (continued)**Impairment of financial assets*

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

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

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for accounts receivable. This did not result in any change in the loss allowance as of June 30, 2021.

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).

APD LIMITED**Notes to Financial Statements****June 30, 2021****(Continued)****2. 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), assessed at a rate of 12%, 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.

(s) Earnings per share*(a) Basic*

Basic earnings per share is calculated by dividing:

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

APD LIMITED**Notes to Financial Statements
June 30, 2021
(Continued)****2. Significant accounting policies (Continued)****(s) Earnings per share (continued)***(b) Diluted*

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

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

(t) Dividend distribution

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

3. Cash and cash equivalents

	2021	2020
	\$	\$
Cash on hand	2,558	693
Cash held with bank	17,604,389	18,326,394
	<u>17,606,947</u>	<u>18,327,087</u>

4. Accounts receivable

	2021	2020
	\$	\$
Customers' account - gross:		
Third parties	441,903	210,011
Related parties (Note 5)	1,647,064	1,681,087
	<u>2,088,967</u>	<u>1,891,098</u>
Less: Allowance for expected credit losses	-	-
	<u>2,088,967</u>	<u>1,891,098</u>

APD LIMITED
Notes to Financial Statements
June 30, 2021
(Continued)
4. Accounts receivable (Continued)

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

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

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

	Total \$	Current \$	1-30 days \$	31-60 days \$	61-90 days \$	More than 90 days \$
2021	2,088,967	1,592,282	391,012	35,029	37,207	33,437
2020	1,891,098	1,367,042	475,222	38,839	3,723	6,272

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.

APD LIMITED

Notes to Financial Statements
June 30, 2021
(Continued)

5. Related party balances and transactions (Continued)

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

	2021	2020
	\$	\$
Due from Shareholder	1	1
Due from other related parties - affiliates	1,647,063	1,681,086
	<u>1,647,064</u>	<u>1,681,087</u>

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

(b) Amounts due to related parties comprise:

	2021	2020
	\$	\$
Due to Shareholder	1,584,946	1,409,997
Due to other related parties - affiliates	117,039	223,963
	<u>1,701,985</u>	<u>1,633,960</u>

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) and customs security surcharges collected on behalf of the Bahamas Customs & Excise Department. 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:

	2021	2020
	\$	\$
<i>Sales of services</i>		
Other related parties - affiliates	<u>25,595,780</u>	<u>27,400,094</u>

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

APD LIMITED

Notes to Financial Statements June 30, 2021 (Continued)

5. Related party balances and transactions (Continued)

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

Revenue from transactions with two customers amount to 10% or more of the Company's total revenues. Transactions with these two customers included in sales of services account for 76% (2020: 76%) of total revenues during the year, amounting to \$10,973,372 (2020: \$11,748,612) and \$10,773,644 (2020: \$11,801,599) respectively.

	2021	2020
	\$	\$
<i>Purchases of services</i>		
Other related parties - affiliates	<u>4,370,803</u>	<u>4,635,886</u>

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

(d) Key management compensation

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

	2021	2020
	\$	\$
Salaries	436,867	556,842
Short term employee benefits	310,109	435,080
Retirement benefits	21,679	22,402
	<u>768,655</u>	<u>1,014,324</u>

6. Deposits, prepayments and other assets

	2021	2020
	\$	\$
Security deposits	275,540	394,790
Prepayments	454,330	480,613
	<u>729,870</u>	<u>875,403</u>

7. Long term debt

Facility 1: \$3,000,000 revolving demand operating line of credit payable on demand at a rate of Bahamian dollar prime rate plus 0.25% on the outstanding balance. There have been no drawdowns against this facility.

The above facilities are secured by the following:

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

APD LIMITED**Notes to Financial Statements
June 30, 2021
(Continued)****7. Long term debt (Continued)**

Facility 2: USD 3,000,000 non-revolving reducing term loan. The loan is for a five (5) year period from the date of the first disbursement with interest payable semi-annually at a rate of LIBOR plus 2.25% commencing six months from the date of the first disbursement of the loan. Principal repayments will be payable semi-annually in equal instalments. The Company received its first drawdown in December 2017 in the amount of \$1,500,000. The principal outstanding as of June 30, 2021 is \$Nil (2020: \$750,000) and the current portion of long-term debt is \$Nil (2020: \$300,000).

The remaining balance of this loan was fully repaid during the year.

The Company has complied with the financial covenants of its borrowing facilities during the year ended June 30, 2021. While the Company did not meet one of its financial covenants in the prior year, a waiver of this breach was obtained for the fiscal year ended June 30, 2020.

8. Redeemable preference shares

The Company has 150,000 series A 5.5% fixed rate, non-voting redeemable preference shares of which 72,000 shares were issued on July 5, 2013. The net proceeds of the offer totalled \$35,377,943. The shares have an issue price of \$500 per share, with par value of \$0.10 per share. Principal payments are payable annually commencing the last working day of June on the 5th anniversary of the offering as follows: \$1,286,000 due between the 5th and 12th anniversary; \$3,428,000 between the 13th and 19th anniversary, and the residual balance of \$1,716,000 payable on the 20th anniversary. The shares are entitled to dividends at the rate of 5.5% per annum. If insufficient profits are available in a particular financial year, the dividends accumulate and are payable when sufficient profits are available.

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

Subsequent to year-end, the Company exercised its option for the early redemption of the redeemable preference shares (Note 22).

APD LIMITED

**Notes to Financial Statements
June 30, 2021
(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, 2021							
Opening net book value	36,428,293	5,565,528	34,175,445	271,649	1,134,802	3,115,472	80,691,189
Additions	-	-	-	-	-	4,453,641	4,453,641
Transfers	34,071	4,296,449	2,223,209	-	431,179	(6,984,908)	-
Disposals	-	(8,922)	-	(1,457)	(12,774)	(214,413)	(237,566)
Reclassification	-	-	-	-	(5,485)	-	(5,485)
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Depreciation charge for the year	(1,048,513)	(868,935)	(1,005,650)	(92,299)	(363,237)	-	(3,378,634)
Closing net book value	35,413,851	8,984,120	35,393,004	177,893	1,184,485	369,792	81,523,145
At June 30, 2021							
Cost	44,707,374	15,134,979	43,507,976	691,192	5,070,238	369,792	109,481,551
Accumulated impairment	(12,485)	(24,157)	-	-	(152)	-	(36,794)
Accumulated depreciation	(9,281,038)	(6,126,702)	(8,114,972)	(513,299)	(3,885,601)	-	(27,921,612)
Net book value	35,413,851	8,984,120	35,393,004	177,893	1,184,485	369,792	81,523,145

Capital work in progress includes costs incurred as of June 30, 2021 in connection with ongoing construction and special projects at the Port. These projects are expected to be completed during the 2022 fiscal year.

APD LIMITED

**Notes to Financial Statements
June 30, 2021
(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, 2020							
Opening net book value	37,440,250	6,207,377	35,160,977	236,891	1,309,704	2,445,452	82,800,651
Additions	-	-	-	-	-	1,662,309	1,662,309
Transfers	44,684	567,747	91,063	138,852	149,942	(992,289)	-
Disposals	-	-	-	-	-	-	-
Cost	(12,485)	(1,495)	(103,761)	(7,222)	(13,538)	-	(138,501)
Accumulated depreciation	-	-	-	-	-	-	-
Depreciation charge for the year	(1,044,156)	(1,208,101)	(972,834)	(96,872)	(311,306)	-	(3,633,269)
Closing net book value	36,428,293	5,565,528	34,175,445	271,649	1,134,802	3,115,472	80,691,189
At June 30, 2020							
Cost	44,660,501	11,102,489	41,308,405	786,172	4,841,441	3,115,472	105,814,481
Accumulated impairment	-	(24,157)	-	-	(152)	-	(24,309)
Accumulated depreciation	(8,232,208)	(5,512,804)	(7,132,960)	(514,523)	(3,706,487)	-	(25,098,982)
Net book value	36,428,293	5,565,528	34,175,445	271,649	1,134,802	3,115,472	80,691,189

APD LIMITED

Notes to Financial Statements June 30, 2021 (Continued)

10. Accrued expenses and other liabilities

	2021	2020
	\$	\$
Accrued real property tax	632,608	632,608
General accruals	726,575	384,058
	<u>1,359,183</u>	<u>1,016,666</u>

11. Share capital

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

As of reporting date, the Company has issued 4,996,915 (2020: 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 \$4,996,915 (2020: \$6,495,989) representing \$1.00 (2020: \$1.30) 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.

	2021	2020
Total earnings for the year attributable to the equity shareholders	<u>\$6,671,578</u>	<u>\$7,229,908</u>
Weighted average number of ordinary shares in issue	<u>4,996,915</u>	<u>4,996,915</u>
Basic and diluted earnings per share	<u>\$1.34</u>	<u>\$1.45</u>

13. Significant agreements

(a) Memorandum of Understanding (MOU)

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

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

APD LIMITED**Notes to Financial Statements
June 30, 2021
(Continued)****13. Significant agreements (Continued)***(a) Memorandum of Understanding (MOU) (continued)*

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

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

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

The MOU 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;

APD LIMITED

Notes to Financial Statements June 30, 2021 (Continued)

13. Significant agreements (Continued)

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

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

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

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

APD LIMITED**Notes to Financial Statements****June 30, 2021****(Continued)****13. Significant agreements (Continued)***(b) Leases*

Pursuant to the terms of the MOU, on June 21, 2011 the Company entered into forty-five (45) year lease agreements for 56.55 and 15 acres of the Port Land and the Depot Land, respectively, with the Minister responsible for Lands and Survey. 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, 2021, the total rent expense recognised in the statement of comprehensive income amounted to \$424,446 (2020: \$648,405). Interest payments on the lease liability amounted to \$2,124,439 (2020: \$2,127,004). As of the end of the reporting period, lease payable to the Government amounted to \$47,095,695 (2020: \$47,209,756) which is included in lease liabilities in the statement of financial position.

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

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

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

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

APD LIMITED

Notes to Financial Statements
June 30, 2021
(Continued)

13. Significant agreements (Continued)

(b) Leases (continued)

Amounts recognised in the statement of financial position

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

	2021	2020
	\$	\$
Right-of-use assets		
Land	<u>45,586,032</u>	<u>46,148,822</u>
Lease liabilities		
Current	114,061	59,561
Non-current	<u>46,981,634</u>	<u>47,150,195</u>
	<u>47,095,695</u>	<u>47,209,756</u>

Amounts recognised in the statement of comprehensive income

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

	2021	2020
	\$	\$
Depreciation charge of right-of-use assets		
Land	<u>1,125,582</u>	<u>562,791</u>
Interest expense (included in finance costs)	<u>2,124,439</u>	<u>2,127,004</u>

The total cash outflow for leases in 2021 was \$2,124,439 (2020: \$2,127,004).

APD LIMITED**Notes to Financial Statements**
June 30, 2021
(Continued)**13. Significant agreements (Continued)***(c) Subleases*

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

Although the risks associated with rights the Company retains in the underlying assets are not considered to be significant, the Company employs strategies to further minimize these risks. The Company requires the lessee to submit a cash security deposit upon signing the lease for the majority of its lease contracts. Additionally, although the Company is exposed to changes in the residual value at the end of the current leases, the Company typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Deposits held as per the lease agreements totalled \$274,663 as of June 30, 2021 (2020: \$261,596). Additionally, during the year the Company executed certain short-term leases, which are on a month to month basis.

Income amounting to \$1,508,694 (2020: \$1,492,182) 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:

	2021	2020
	\$	\$
No later than one year	1,087,878	1,179,665
Later than one year and no later than five years	1,842,761	1,512,685
Later than five years	-	62,706
	<u>2,930,639</u>	<u>2,775,056</u>

APD LIMITED

Notes to Financial Statements
 June 30, 2021
 (Continued)

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 \$	2021 Total \$
Landing fees	12,074,594	-	12,074,594
Terminal handling fees	4,070,405	-	4,070,405
Stevedoring fees	2,873,460	-	2,873,460
Security	2,371,103	-	2,371,103
Gate fees	2,122,680	-	2,122,680
Storage fees	-	2,391,658	2,391,658
Reefer line	-	625,050	625,050
Other income	737,187	-	737,187
Total	<u>24,249,429</u>	<u>3,016,708</u>	<u>27,266,137</u>

	At a point in time \$	Over time \$	2020 Total \$
Landing fees	13,284,990	-	13,284,989
Terminal handling fees	4,271,995	-	4,271,995
Stevedoring fees	2,944,719	-	2,944,719
Security	2,559,562	-	2,559,562
Gate fees	2,279,740	-	2,279,740
Storage fees	-	2,406,077	2,406,077
Reefer line	-	1,132,900	1,132,900
Other income	787,771	-	787,771
Total	<u>26,128,777</u>	<u>3,538,977</u>	<u>29,667,753</u>

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.

APD LIMITED**Notes to Financial Statements
June 30, 2021
(Continued)****14. Revenue from contracts with customers (Continued)***b) Performance obligations (continued)*

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

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

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

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

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

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

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

APD LIMITED

Notes to Financial Statements

June 30, 2021

(Continued)

14. Revenue from contracts with customers (Continued)

b) Performance obligations (continued)

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:

	2021	2020
	\$	\$
Legal and other professional fees	212,759	257,307
Regulatory fees	122,780	122,918
	<u>335,539</u>	<u>380,225</u>

16. Retirement benefits

Pension costs for the year which are included in salaries, employee benefits and training in the statement of comprehensive income totalled \$107,470 (2020: \$125,721). 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:

	2021	2020
	\$	\$
Authorised but not contracted	-	-
Contracted but not yet incurred	33,108	-
	<u>33,108</u>	<u>-</u>

As of June 30, 2021, 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 \$920,000 (2020: \$670,000). There is an annual bank charge of 1.25% on the face value of each bond.

APD LIMITED**Notes to Financial Statements****June 30, 2021****(Continued)****18. Financial risk management**

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

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

(a) Market risk

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

(i) Currency risk

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

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

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

(ii) Cash flow and fair value interest rate risk

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

As of June 30, 2021, 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.

APD LIMITED**Notes to Financial Statements****June 30, 2021****(Continued)****18. Financial risk management (Continued)****(b) Credit risk (continued)**

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

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

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

The expected loss rates are based on the payment profiles of sales over a period of 12 months before June 30, 2021 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, 2021 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.

APD LIMITED

Notes to Financial Statements
June 30, 2021
(Continued)

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

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

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

The table below analyses the Company's financial liabilities in relevant maturity groupings based on the remaining period at the contractual maturity date as of June 30, 2021. The amounts disclosed in the table are the contractual undiscounted cash flows.

As of June 30, 2021	Carrying amount \$	Contractual cash flows \$	0-12 months \$	1-5 years \$	More than 5 years \$
Liabilities					
Accounts payable	239,021	239,021	239,021	-	-
Due to related parties	1,058,574	1,058,574	1,058,574	-	-
Accrued expenses and other liabilities	1,359,183	1,359,183	1,359,183	-	-
Lease liabilities	47,095,695	149,161,000	2,238,500	11,192,500	135,730,000
Redeemable preference shares	30,482,339	30,802,899	30,802,899	-	-
Deposits held	274,663	274,663	21,000	49,365	204,298
Total financial liabilities	80,509,475	182,895,340	35,719,177	11,241,865	135,934,298

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

APD LIMITED**Notes to Financial Statements
June 30, 2021
(Continued)****18. Financial risk management (Continued)****(c) Liquidity risk (continued)**

The Company has sufficient cash flows from operations to meet its liquidity needs. In addition, the Company has undrawn lines of credit with the Royal Bank of Canada totalling \$3,000,000 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 \$33,108 (2020: \$Nil) which mainly related to the purchase of operational assets.

19. Fair value of financial instruments

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

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

Fair value hierarchy and measurements

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

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

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

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

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

APD LIMITED**Notes to Financial Statements
June 30, 2021
(Continued)****19. Fair value of financial instruments (Continued)***Fair value hierarchy and measurements (continued)*

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

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

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
FINANCIAL ASSETS				
Financial assets at amortised cost				
Cash and cash equivalents	17,606,947	-	-	17,606,947
Accounts receivable	-	2,088,967	-	2,088,967
Total financial assets	<u>17,606,947</u>	<u>2,088,967</u>	<u>-</u>	<u>19,695,914</u>
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Accounts payable	-	239,021	-	239,021
Retention Payable	-	-	-	-
Due to related parties	-	1,058,574	-	1,058,574
Accrued expenses and other liabilities	-	1,359,183	-	1,359,183
Current portion of preference shares	-	30,482,339	-	30,482,339
Current portion of long term debt	-	-	-	-
Current portion of lease liability	-	114,061	-	114,061
Long term debt	-	-	-	-
Long term lease liability	-	46,981,634	-	46,981,634
Deposits held	-	274,663	-	274,663
Total financial liabilities	<u>-</u>	<u>80,509,475</u>	<u>-</u>	<u>80,509,475</u>

APD LIMITED

Notes to Financial Statements June 30, 2021 (Continued)

19. Fair value of financial instruments (Continued)

Fair value hierarchy and measurements (continued)

	June 30, 2020			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
FINANCIAL ASSETS				
Financial assets at amortised cost				
Cash and cash equivalents	18,327,087	-	-	18,327,087
Accounts receivable	-	1,891,098	-	1,891,098
Total financial assets	18,327,087	1,891,098	-	20,218,185
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Accounts payable	-	447,152	-	447,152
Retention payable	-	16,794	-	16,794
Due to related parties	-	992,365	-	992,365
Accrued expenses and other liabilities	-	1,016,666	-	1,016,666
Current portion of preference shares	-	1,286,000	-	1,286,000
Current portion of long term debt	-	300,000	-	300,000
Current portion of lease liability	-	59,561	-	59,561
Redeemable preference shares	-	30,451,236	-	30,451,236
Long term debt	-	450,000	-	450,000
Long term lease liability	-	47,150,195	-	47,150,195
Deposits held	-	261,596	-	261,596
Total financial liabilities	-	82,431,565	-	82,431,565

The Company does not have a Level 3 classification at June 30, 2021 and 2020. 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.

APD LIMITED**Notes to Financial Statements
June 30, 2021
(Continued)****20. Capital management (Continued)**

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

Long term debt covenants

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

- to maintain a current ratio of at least 1.3

The Company has complied with this covenant throughout the reporting period. As at June 30, 2021, the current ratio was 5.44 (2020: 5.49).

During the year and up to March 29, 2021, which is the date Facility 2 was fully repaid, the Company was also required to comply with the following financial covenants:

- 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).

As there are no outstanding amounts related to this facility, the debt covenants are no longer applicable at the end of the reporting period.

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*.

22. Subsequent events

- a) Effective September 6, 2021, the Company exercised its option for the early redemption of any and all its 61,712 issued and outstanding Series A 5.5% fixed rate, non-voting, cumulative redeemable preference shares at the issue price per share of B\$500 (par value B\$0.10).

APD LIMITED**Notes to Financial Statements****June 30, 2021****(Continued)****22. Subsequent events (Continued)**

- b) On September 3, 2021 the Company executed a B\$33,856,000 credit agreement with FirstCaribbean International Bank (Bahamas) Limited. The proceeds were used to early redeem the preference shares.

Facility A: Long term debt being a \$30,856,000 senior, non-revolving reducing term loan for a fifteen (15) year period, amortized over fifteen (15) years with principal and interest payable semi-annually in arrears at a rate of Nassau Prime minus 1.15% currently effective 3.1% and the interest payable to an all-in floor of 3.1% and a cap of 4.75%

Facility B: \$3,000,000 revolving demand operating line of credit payable on demand at a rate of Nassau Prime minus Prime minus 1.15% currently effective 3.1% and the interest payable to an all-in floor of 3.1% and a cap of 4.75% 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.

NOTES

NOTES



NASSAU CONTAINER PORT
HOURS OF OPERATION

Monday - Friday, 8:00 am - 4:00 pm

CONTACT INFORMATION



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