ARAWAK
PORT DEVELOPMENT

SURFING A RISING ECONOMIC TIDE

TOWARDS CONTINUOUS SERVICE EXCELLENCE
AND NEW GROWTH

Annual Report
2022

ARAWAK PORT DEVELOPMENT

MISSION

"CONSISTENTLY DELIVERING OPERATIONAL EXCELLENCE"

VISION

"OPERATIONAL EXCELLENCE TO MAXIMIZE VALUE THROUGH PEOPLE DEVELOPMENT AND TECHNOLOGY"

SURFING A RISING ECONOMIC TIDE

TOWARDS CONTINUOUS SERVICE EXCELLENCE AND NEW GROWTH

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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 International Ship and Port Facility Security (ISPS) code 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 several 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 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.

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The Maritime Centre 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
- MEDITERRANEAN SHIPPING COMPANY (MSC)
- RORO COMPANY
- TROPICAL SHIPPING
- BAHAMAS FERRIES
- MCKINNEY STEVEDORING SERVICES
- DOCKSIDE SERVICES

BULK CAR CARRIERS

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

GLADSTONE FREIGHT TERMINAL (GFT)

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

GFT is extensively monitored by surveillance cameras and is supported by the Royal Bahamas Police Force. The facility is outfitted with back up 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 online.

FINANCIAL HIGHLIGHTS

Income Statement	2023 Budget	2022	2021	2020	2019	2018	2017
	$	$	$	$	$	$	$
Total Revenue	30,619,125	29,960,128	28,774,831	31,159,891	30,912,558	31,531,519	32,551,428
Total Operating Expenses	15,140,368	14,866,912	14,235,255	15,702,805	17,786,636	17,615,839	15,925,129
Depreciation & Financing Costs	7,252,298	7,675,228	7,867,998	8,227,178	5,095,574	5,310,406	5,455,095
Total income for the period attributable to the equity shareholders	8,226,458	7,417,988	6,671,578	7,229,908	8,030,347	8,605,274	11,171,204
Basic and diluted earnings per share	1.65	1.48	1.34	1.45	1.61	1.72	2.24

Balance Sheet	2022	2021	2020	2019	2018	2017
Assets						
Total Current Assets	25,440,556	22,088,505	22,605,098	20,692,048	23,557,761	17,928,670
Net PP&E	78,451,796	81,523,145	80,691,189	82,800,651	84,693,943	86,736,933
Right-of-Use Asset	45,023,241	45,586,032	46,148,822			
Financail Assets at fair value through profit or loss	425,000					
Total Assets	**149,340,593**	**149,197,682**	**149,445,109**	**103,492,699**	**108,251,704**	**104,665,603**
Liabilities and Shareholders' Equity						
Total Current liabilities	4,987,166	33,253,178	4,118,538	5,244,150	10,169,124	6,258,592
Non-current liabilities	73,743,838	47,256,297	78,313,027	32,717,730	34,285,995	37,569,186
Total Liabilities	**78,731,004**	**80,509,475**	**82,431,565**	**37,961,880**	**44,455,119**	**43,827,778**
Total equity	**70,609,589**	**68,688,207**	**67,013,544**	**65,530,819**	**63,796,585**	**60,837,825**

Cash Flow	2022	2021	2020	2019	2018	2017
Net Cash Provided by Operating Activities	14,815,384	14,770,463	15,327,837	12,459,994	13,914,388	16,916,881
Net Cash (Used) by Investing Activities	(1,660,109)	(4,448,157)	(1,662,309)	(1,199,588)	(1,103,411)	(1,199,070)
Net Cash Provided (Used) by Financing Activities	(10,945,145)	(11,042,446)	(12,138,999)	(14,224,811)	(6,876,906)	(7,576,595)

BOARD OF DIRECTORS

MICHAEL J MAURA, JR

Chairman, Appointed ACPDHL and confirmed by the Prime Minister

Michael J Maura Jr. was named chairman of the APD Limited Board on 1 November 2018. In July 2019, he was appointed regional director for the Caribbean and Americas of Global Ports Holding (GPH), the world's largest independent cruise port operator. GPH, the Bahamian Investment Fund ("BIF") and the YES Foundation form Nassau Cruise Port Ltd 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, 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". In 2021, the American Caribbean Maritime Foundation (ACMF) honoured Michael Maura with its Anchor Award as "trailblazer and legend" in the maritime industry.

He is 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.

ROGER MINNIS

Deputy Chairman, Appointed by Government

An attorney-at-law by profession, Roger Minnis is a Nassauvian, born in historic Bain Town but spent his earliest years at Calabash Bay, Andros. A 1971 graduate of St. Augustine College, Mr Minnis went on to complete tertiary-level studies in Canada, beginning at Toronto's Meisterschaft College. He graduated from York University in 1980 with a Bachelor of Arts degree in Economics.

In 1982, following a brief stint as a management trainee in the employ of Canadian Imperial Bank of Commerce, Mr Minnis entered law school at the University of Buckingham. He obtained a Bachelor of Laws (LLB) degree in 1985 and, in the same year, began Articling under Hubert Ingraham, a partner at Christie, Ingraham & Co. He was called to The Bahamas Bar in October of 1990, his petition presented by Phillip "Brave" Davis Q.C, a partner at Christie, Ingraham & Co (later Davis & Co). He entered private practice on 1 June 1991 and continues to present.

Roger Minnis is a former member of the Board of the Bank of The Bahamas, serving as Chairman of the Credit Risk Committee for about two years. He is a member of the Anglican Community and a Freemason affiliated with Lodge St. David of the Scottish Constitution since June of 2000.

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.

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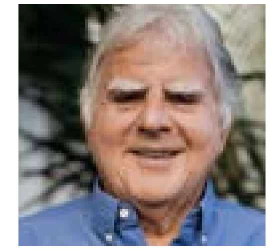

JAMES MOSKO

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 several government ministries in various capacities since 1980, most recently 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 Corporation, 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 Industrial Security Integration & Application (ISIA) of the US Defense Counterintelligence and Security Agency.

PATRICK DAVIS

Appointed by Government

Currently National Coordinator for Information Technology/Programme Coordinator, Patrick Davis is a retired Chartered Accountant with extensive experience in his field of expertise. Since starting his professional career at Coopers & Lybrand Accounting Firm, he held various staff and executive positions in the private sector, which focused on managing corporate IT, finance and accounting departments as well as affording knowledge and experience in utilities, transportation, land development and local government municipalities operations. Mr. Davis is a passionate Bahamian entrepreneur and small business advocate with past and present holdings in restaurant franchises, petroleum, retail and the delivery of financial and accounting management and advisory services.

Mr. Davis is a lifelong learner, and his educational journey has taken him many places and ultimately granted him access to the achievements he now enjoys. He began his college career at home attending the College of The Bahamas, where he received an Associate of Arts in Accounting in 1985. Later, he graduated Magna Cum Laude from Temple University in Philadelphia, USA, with a Bachelor of Science in Accounting. Subsequently, he completed the unified certified public accountancy examination and qualification through the State of Colorado. An early member of the Bahamas Institute of Chartered Accountants. Mr. Davis credits his faith and work ethic as fundamental to his life's journey. He now serves as the National Coordinator for Information Technology with the Bahamas Government in the Ministry of Economic Affairs.

Mr. Davis' civic involvements are many as he has served on Boards such as The Anglican Central Education Authority, The National Insurance Board, the Grand Bahama Chamber of Commerce. His love for working with our youth is evident as he served as a Junior Achievement Advisor, Sunday School Teacher and Basketball Coach of the Bishop Michael Eldon School. However, accomplishments and civic duties aside, Mr. Davis' greatest joy is being a father to his son Navah.

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MIKE MAURA JR >>
Chairman

CHAIRMAN'S STATEMENT

The world is awakening from the worst economic contraction seen in over a hundred years. First reported in The Bahamas in March 2020, the COVID-19 pandemic occasioned a significant contraction in the country's Gross Domestic Product (GDP), rising to 14.8% by 2020. Of deep concern has been the $11.8 billion national debt reported in June 2022. As concerning was the Bloomberg News Report in the same month that The Bahamas was among 19 "emerging markets", which may eventually encounter debt-repayment issues. In September however, in his remarks at the Nassau Conference, John A. Rolle, Governor of Central Bank stated that the economy's rebound was "already having significant improving effects in the public sector. With revenue recovery, the deficit is shrinking, and the Government is fine-tuning its fiscal consolidation strategy."

Very positively, as 2021 moved on the picture grew increasingly brighter in the tourism industry, which is the country's principal income earner. the International Monetary Fund's 2022 Country Report, The Bahamas experienced a tourism-led rebound, and real GDP growth in 2021 was close to 14%. By 4 May 2022 IMF was predicting a real GDP growth of 8%.

This is encouraging news. From the beginning of its rise in the 1950s, tourism's impact on the economy of The Bahamas has been continuously in the ascendent. According to the Ministry of Tourism, Investments & Aviation, tourism represents about 60% of our GDP with 45, 982 direct jobs and 72,932 direct and indirect jobs combined benefiting from the sector. As early as 2012, tourism's value-added contribution to Bahamas GDP was $1.6 billion.

Pertinent to the 2021/2022 fiscal year, Central Bank and Ministry of Tourism data revealed Tourism output sustained its recovery momentum during the second quarter of 2022, as COVID-19 pandemic related-restrictions further eased in some of the major source markets. Total visitor arrivals for the three-months to June amounted to 1.7 million relative to 297,759 visitors in the same period last year, representing 87.5% of 2019 levels. Underlying this outcome, the high value-added air component advanced to 413,551 arrivals, vis-à-vis 254,6624 in the previous year.

News out the hospitality sector was as positive. By June 2021, two years into the pandemic, Atlantis's president and managing director reported that the mega resort, with the property all open, except for Beach Tower, was operating at 75-percent plus occupancies and expecting to run close to 90% occupancy in a few weeks' time. This performance seemed to underscore what was being termed "pent-up" for travel with the relaxing of COVID restrictions. In 2022, continuing recovery was reflected in the solid performance of both Atlantis and Baha Mar, with the latter posting spring occupancies of 79%. Cruise arrivals have recovered as well with vessel occupancies climbing to over 100% in June 2022 from 45% at the start of the year. Tourists generate significant economic benefits to households, businesses and government and is expected to remain a critical driver of The Bahamas's economy in the foreseeable future.

In counterpoint, the impacts of the war in Ukraine on the supply chain added considerable uncertainty in 2022, as the reporting year ended. That conflict is likely to affect The Bahamas' economic outlook primarily through higher commodity prices. It was expected that average inflation would increase to 6¾ percent and to only gradually decrease as supply chain constraints were mitigated or decreased. IMF October 2022 report noted: "The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weighed heavily on the outlook. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic."

In any review of The Bahamas economic outlook for the 2022/2023 fiscal year, account must also be taken of conditions obtaining among the country's principal trade partners—USA, Euro Area and China. According to IMF's World Economic Outlook Growth Projections, those economies are forecasted to grow at 1.0%, 0.5% and 4.4%, respectively in 2023—China obviously taking the lead.

Of considerable import to the business and earning potential of APD Limited are the downstream effects of visitor spending, which are particularly evident in supply chain spending, where each directly affected sector also purchases goods and services as inputs (e.g., food wholesalers, utilities) into production. Container import volumes in fiscal 2019 reached 65,867 and today serve as a trade import recovery benchmark. APD's TEU imports reached 64,497 at year end 2% under 2019 same period, with fiscal Q4 being 2% under same period of Q4 2019.

As we look ahead the news is positive, notwithstanding the residual national debt challenges left by COVID. Construction activity is always a good indicator of economic health contributing to improved jobs in the labour market, according to The Central Bank of The Bahamas. Department of Statistics reveals that construction permits in 2021 shot up more than 60 percent over 2020, during the same period, more than those issued before the pandemic in 2019. In total, there were 856 construction permits issued between January and June of 2021, with a total value of $416 million, the majority of which were for private/residential projects on New Providence. Major projects progressing well by the end of the fiscal year were Albany, Goldwynn, Nassau Cruise Port, and Atlantis redevelopment of the Beach Tower.

Our Bahamas will expand its use of renewables while replacing historical fuel oil and diesel with cleaner LNG. Much of the world has recommitted itself to environmental stewardship and the Bahamas offers blue carbon opportunities to transitioning sectors. These initiatives and more will help in the economic recovery of our country and contribute to improved trade figures at APD and ports throughout our archipelago.

APD is fortunate to have strong regional and global partners in Tropical Shipping, MSC, CMA/CGA, Mail-Boat, and the Betty K which embraced the company's strategic pivot during the worst of the pandemic. The APD Board is to be commended for the leadership and support provided during this difficult time. In the boardroom we are truly fortunate to have shipping industry professionals serving alongside successful grocery, communications, and construction professionals, with proven legal minds influencing the corporate agenda and a respected senior government representative supporting the national interests. A special thank you is due for Mr. Samuel Campbell and Mr. Harvey Tynes, both of whom retired from the Board last year. These legal giants worked tirelessly in support of the company and the more than 11,000 shareholders. Fortunately, the company has been blessed by the addition of Mr. Roger Minnis a legal professional and Mr. Patrick Davis a CPA. These gentlemen have wasted no time in getting to work as part of the APD Board of Directors.

The past year has been a challenge for all, regardless of one's profession or circumstance. The Board wishes to acknowledge the commitment, dedication and leadership of the management team who persevered during these difficult times and ensured the port company-maintained trade channels to the many economic and social sectors within New Providence and our dependent Family Islands. We must also applaud the work of the company's President and CFO Mr. Dion Bethell. Dion has kept the ship steady and on course during these unprecedented, turbulent times. As volumes declined during the pandemic, Dion successfully realigned operations and costs to mitigate reduction in shareholder earnings, while maintaining services. The Board has great confidence in Dion, knowing that he has control of the bridge and is closely aligned with the Board. Big thank you to Dion for a job well done.

The Board also wishes to acknowledge the many unsung heroes of commercial trade. First and foremost on the list is Bahamas Customs that brings a high level of professionalism to the port, ensuring that the Government's revenues are collected while policing trade flows to combat contraband. Special thank-you to the men and women that continue to work to enhance the country's E-Clearance processes which are a strategic pillar in national trade and GDP growth. The government agencies of Environmental Health, Agriculture, Immigration, and the Royal Bahamas Police Force continue to provide necessary national safeguards in support of legal trade and immigration.

The Board wishes to express its gratitude to Mr. Richard McCombe AVP of Operations and Facilities who retired in November of 2021. Richard joined APD in 2012 and brought with him a strong background in operations and a commitment to excellence. During his tenure the company acquired Liebherr Mobile Harbour Cranes, built the Nassau Container Port Administrative Building, and Richard was instrumental in APD achieving its ISO 9001 and 14001 certifications. In 2015 the Caribbean Development Bank undertook a regional port infrastructure study with the Nassau Container Port one of 12 ports evaluated. In October of that year, the Nassau Container Port was ranked as the most efficient commercial port in the bank's study. Richard's 24/7 commitment to APD directly contributed to APD's success then and in the years that followed. We thank you Richard. Shareholders should take comfort in knowing that the company's H.R. & Compensation Board Committee, supported by executive management, successfully recruited, and hired Richard's replacement. Mr. Rudolph Tener-Knowles. Welcome aboard Rudy!

As we look ahead the company will transition once again, building upon the great work of the past and advancing new Environmental, Social and Governance (ESG) initiatives. The board has retained KPMG Bahamas to assist in the design and implementation of this new corporate framework. The objective is to further enshrine and align necessary environmental, social and governance practices within the company's internal and external engagements with employees, customers, shareholders, our community, and our environment. The commitment to the ESG framework ensures that APD's future continues to be bright. Lenders, shareholders, supply chain partners, regulators, and more consider ESG adoption and implementation as a measure in a company's risk profile.

On behalf of the Board, I wish to thank our shareholders for their unwavering support and confidence.

We wish all good health and happiness for this upcoming year.

Michael Maura, Jr
Chairman

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APD EXPRESSES DEEP GRATITUDE TO RETIRING BOARD MEMBERS

In 2021/2022, attorneys Sam Campbell, who served as Deputy Chairman and Harvey Tynes, QC retired from the Board of APD Limited, after giving much appreciated service and collegial input to our many and sometimes long deliberations. On behalf of the Board, I thank both men and wish them more years of productivity and success in their future initiatives.

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.

RUDOLPH TENER-KNOWLES
Asst. Vice President, Operations & Facilities

Rudolph C. Tener-Knowles is APD's Assistant Vice President/ Sr. Manager of Operations & Facilities, having amassed more than two decades of expertise in the business, including stints at the Freeport Harbour, Freeport Container Port, and Grand Bahama Airport Company in Grand Bahama.

Mr. Tener-Knowles is skilled at managing client relationships, formulating corporate strategy, and ensuring operational efficiency. He holds a Bachelor's degree in business from Valdosta State University, Georgia as well as credentials in finance and entrepreneurship and has attended industry trade fairs both locally and globally.

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PRICEWATERHOUSECOOPERS
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LEGAL COUNSEL
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REGISTERED OFFICE
HIGGS & JOHNSON CORPORATE SERVICES
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Support Unit of the Royal Bahamas Police Force Reserves.

MANAGEMENT TEAM

ANTHONY COOKE

Financial Accounting Manager – Operations

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

Mr. Cooke holds a Bachelor of Science Degree in Accounting and Finance from Florida State University in Tallahassee, Florida and 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, 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 Information Security and Risk Management. He currently holds the Certified Information Systems Security Professional (CISSP) certification and a Master of Science degree in Information Assurance from Norwich University, Vermont, USA.

BRANDO GLINTON

Gate Interchange Manager

Before taking on the role of Gate, Interchange & Berthing Manager at APD, Brando 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 Mo-bile Container Scanner and the Smiths-Heimann 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.

WILLIAM 'BILLY' HALL
Heavy Equipment Operations Manager

Grand Bahamian William Hall is a seasoned and well-trained professional in the field of mechanics and heavy equipment management. He brings a wealth of experience from years of contribution to some of the largest operations in Freeport, primarily in the maritime industry.

He worked for a time with Tropical, then started at Freeport Container Port Ltd, as a part of the Hutchison Port Holdings group as an engineering mechanic and advanced up the ladder to become a manager, a post in which he spent eight years.

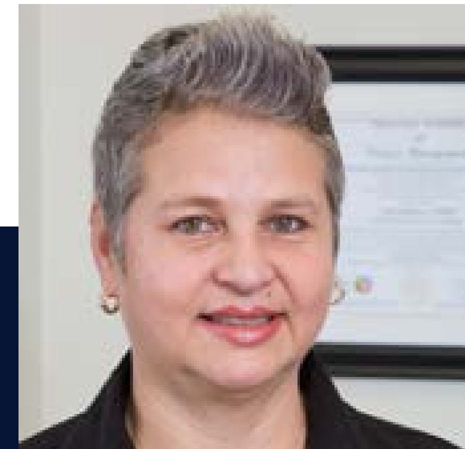
Mr. Hall has taken advantage of many education and training opportunities in related fields. He pursued a programme in West Palm Beach, Florida learning to operate and maintain semi rigs. He also attended a school in Germany focusing on crane mechanics. His management knowledge and skills were boosted through training in the United States, notably in Ohio and Florida.

At APD, as Heavy Equipment Operations Manager, Mr. Hall is responsible for the maintenance of all machinery and equipment at Nassau Container Port and Gladstone Freight Terminal overseeing an eight-person team, consisting of three mechanics, a welder and four crane operators. Additionally, he considers most important the promotion of training for his team.

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 for keeping 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.

CRISPIN SEYMOUR
Operations Manager

Crispin Seymour has over 24 years of experience in international shipping, previously working at the Freeport Container Port and Tropical Shipping, most recently as the Heavy Equipment Maintenance Manager.

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

CLORAN WATCHORN
Financial Controller

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

Mrs. Watchorn holds a Bachelor of Science degree in Accounting from Nova Southeastern University in Fort Lauderdale, Florida. Recently, she completed her master's degree in finance.

IN PROFOUND GRATITUDE...

Retirement of RICHARD MCCOMBE

In a well-deserved retirement, Richard McCombe left the employ of APD Limited on 25 November 2021, having served from the company started in 2009. I am sure that the entire team at APD, especially those with whom he worked most closely join me in honouring and thanking him for the quality of his leadership, personal performance, collegiality, and loyalty. I am as certain that the Board of Directors will agree that Mr. McCombe contributed substantially to the achievement of APD's goals.

Few can claim to have as comprehensive a grasp on the plant and operations of APD facilities as Dick had. McCombe was with us at the very beginning of Nassau Container Port operations, having been appointed as Stevedoring and Heavy Equipment Manager in 2012 and moving rapidly up the hierarchy. He brought to the task a wealth of training, certification and experience in heavy duty mechanics and maritime operations.

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. Equally important, Dick was valued not only for his high-level professional skills, but also for his contributions to building the skills of the individuals and teams he supervised.

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.

With his family, Dick has moved to Norman's Cay, the island his wife hails from. Never idle, he will be actively engaged in a major project there. I count myself fortunate to have had access to his practical wisdom and know-how. I am equally fortunate to have his friendship and look forward to its continuance for years to come. Dick will be carrying my best wishes for success and rewards in all his future endeavours. As is said in maritime circles, I wish him fair winds and following seas.

Dion Bethell, President & CFO, APD Limited.

IN COMMENDATION…

I highly commend Jemington Johnson, Environmental, Health & Safety Coordinator who has been called a 'superstar' or 'shining star'. This accolade has come readily from the Executive and managers with whom Mr. Johnson has interacted and is based on three main positives. He has proved to be highly intelligent. This personal endowment has allowed him to not only fit in extremely well into APD's safety and quality culture but also to contribute significantly to the APD vision and mission. Secondly, he has convincingly demonstrated an ability to grasp and internalize the concepts and training fundamental to APD's manpower hybridization drive. Thirdly, he exemplifies daily a willingness to work hard, with team spirit, honesty and dedication.

Dion Bethell, President & CFO

ABOUT JEMINGTON JOHNSON

Jemington Johnson previously served in APD's Gate Department as an Interchange & Berthing Inspector and Supervisor for more than 9 years. He was the company's premier designate for the operational hybrid programme that encompassed key roles in Security, Planning, Shipside Checking & Operations Coordination. Currently, he is co-captain of APD's First Responder & Emergency Preparedness teams. Before joining the company, he had contributed more than nine years to the hospitality services sector, not only as a Destination Manager but also working in both commercial and private safety and security firms.

Jemington: "I fell in love with the Nassau Container Port and the opportunity it offers. I hold myself to very high standards. A lot of my personal values came out of the times I spent with family in the rural settings of Andros. I love to do things in decency and order. Sincerity is there when I deal with both external and internal customers. I try to put out as much positivity to adjust to the right frequency for each person. I try to be that mediator at NCP. Your delivery is key. Heart is important. You can't teach it but you can ingratiate, emphasize and encourage team members to count their blessings."

BIANCA ARANHA
Executive Assistant

Bianca has led the way in demonstrating the benefits of APD's policy of upskilling, hybridization and promoting from within when an opportunity presents and an employee with the right fit has exemplified a progressive spirit and willingness to learn and explore new avenues. She began as a gate inspector and now contributes as an excellent Executive Assistant to the President and CFO.

PRESIDENT'S **REPORT**

Dion Bethell, President & CFO

The Maritime Industry in a Continuing Global COVID Environment: Disruptions in Access & Increased Costs

At the time of this writing, we are still operating in a COVID-19 environment, although with greatly reduced containment constraints. We greeted the opening of the new fiscal year with cautious optimism. Globally, there is evidence of increased opening up and lessening of pandemic protocols. Of great importance to our country's economy is the ongoing recovery in the shipping industry, which is the foundation of the business of APD Limited. Also encouraging is the significant recovery in our Bahamas tourism industry with an uptick in hotel occupancy, increasing airlift, and steady cruise arrivals.

Construction Industry Performance

The construction industry is accelerating to completion of several major projects. It seems that a more positive economic tide is on the rise, and APD is eagerly surfing its waves to see how far it can energize quality growth.

The US Government trade site recognized several highly promising construction projects in The Bahamas as opportunities. The report noted:

There are several-million-dollar projects under development throughout the archipelago, including a $250 million Nassau Cruise Port redevelopment project, a $400 million Disney Cruise Line Lighthouse Point development, a $200 million Carnival Cruise port on Grand Bahama, a $200 million Ritz Carlton development, a $100 million Half Moon Cay development, and Sterling Global Financials' $250 million Hurricane Hole mega-yacht facility on Paradise Island. In addition to these significant investments, there are also efforts to diversify the tourism product away from mega-resorts and cruises by promoting boutique hotels and Air BnB-style accommodations and homestays on smaller islands. There are also efforts to promote niche tourism such as medical, health and wellness, religious, culinary, and environmental tourism. The government is supportive of new entrants that contribute to the diversification. Opportunities exist for firms that provide construction-related materials, hotel and restaurant equipment and furnishings, and goods and services for the marine and yachting industry. Port development remains a government focus.

To this listing must be added, New Providence projects that were progressing rapidly by the end of the reporting period. Residences at Goldwynn and Aquafina on Cable Beach; Albany enhancements in southwest New Providence; the Sterling Group project at Hurricane Hole on Paradise Island and Atlantis upgrades are on the way. In the heart of downtown Nassau, the US Embassy construction is booming.

Promising sub-sectors named included hurricane-sustainable construction materials for new hotel and second home construction; hotel equipment; restaurant equipment; airport and infrastructure development; and goods and services for the marine and yachting industry. Most of the equipment, construction materials, and furnishings for resort hotels are sourced in the United States.

Nevertheless, in interpreting the record and yield of fiscal year 2021/2022, readers must appreciate the impact of the pandemic on manufacturing and transportation of goods linking countries great distances removed from each other. Where there is a disruption in major production areas and shipping ports, the effects will accumulate offshore, especially in The Bahamas, which manufactures few of the products that we consider essential. We import about 95% of goods and food items from the United States, China, Canada and elsewhere. Consequently, we keep a close watch on cargo volumes, which are a reliable indicator of progress or downturn in the construction sector, in consumer spending and hotel industry activity. Consequently, cargo volumes can reflect the overall economic health of the country.

We certainly felt the impact of the critical shipping backlog that developed at the major ports of California, where Los Angeles and Long Beach serve as the main seaborne gateway to the US, particularly for imports from China. On a Saturday in September of 2021, a record 73 ships were stuck at sea, lacking berths at which to dock. Some cargo ships had to be diverted, preventing thousands of containers from being unloaded.

In its Review of Maritime Transport 2021 published on 18 November, the United Nations Conference on Trade and Development (UNCTAD) noted that maritime trade had contracted by 3.8% in 2020, reflecting an initial shock, but it rebounded later in the year and is projected to increase by 4.3% in 2021. The medium-term outlook for maritime trade remains positive but subject to "mounting risks and uncertainties".

As early as April of 2020, the second year of COVID-19's infiltration of The Bahamas, bulk volumes throughput at Nassau Container Port had fallen by 88%. A month later, container volumes were at 40 percent lower than the prior year. Even then, in the face of the many disruptions in the supply chain, I did not think it rash to declare that APD would close that yawning revenue gap in two years. It was a confidence based on our ability over the years to bring to bear on various challenges encountered the high-quality training and skills of company teams across Port sectors, undergirded by the knowledge and expertise residing in the Board, Executive and Management to bring about positive outcomes.

Inflation

An inflationary climate became an inevitable element of the prevailing instability, owing to the global cargo crunch and further exacerbated by the war in the Ukraine. Doubtless, it was widely thought that this conflict would be of short duration, but it has persisted with increasing impacts on the supply chain.

Towards the end of the 2021/2022 reporting period, oil prices continued to rise on world markets, ranging between $110.7 and $114.1 per barrel according to important indices. For New Providence, gas prices ranged from $6.97 per gallon at Shell to $7.33 at Esso, while diesel prices hovered between $6.24 per gallon and $6.68. These are price levels never encountered before.

These surging gas prices and transportation costs have eroded both consumer income and business revenues. The hardest hit have been the needy, disabled, unemployed and underemployed. Additionally, inflation impacted and continues to impact the availability of consumer products and construction materials all along the supply chain. This has been visible in the supermarkets where management has had to depend more and more on generic brands as production of many better-known ones have slowed or failed.

Increased Shipping Costs

There are a lot of moving parts contributing to increased shipping costs. Contributing greatly to the crisis, as the blog of the International Monetary Fund (IMF) has noted: "Ports lacked workers who were home sick. Truck drivers and ship crews couldn't cross borders because of public health restrictions. Pent-up demand from huge stimulus programs during extended lockdowns overwhelmed the capacity of supply chains. Besides causing delays in getting goods to customers, the cost of getting them there surged." The same blog noted that the cost of shipping a container on the world's transoceanic trade routes increased seven-fold in the 18 months following March 2020, while the cost of shipping bulk commodities spiked even more.

In a letter from the Office of the Prime Minister, shippers serving The Bahamas were asked to explain cost increases. It came as no surprise that justifications referred to the cost of fuel for all aspects of the movement of goods shipped on sea and trucking inland.

No Rise in Port Tariffs

However, to mitigate the foregoing pressures, APD took the decision to not raise its tariffs to bring relief to people and sectors most impacted, although a rise would have been eminently justifiable. I am pleased to report also that our company has played an essential role in keeping food and other goods on store shelves, medical and health-related products in hospital dispensaries and private pharmacies. Equally important, we have done yeoman service in contributing to the availability of materials for fueling construction and various other vital endeavours.

Taxation

Expectedly, the announcement of the National Budget for the new fiscal year is always of importance to our operations, planning and investments. It was hoped that the new provisions would harmonize with our desire to balance cost factors and expenditure, effecting, if not savings, at least price containment and increased stability for the wider population. In this regard, there are several points worth mentioning, the most notable regarding tax enforcement. Budget announcement revealed that VAT was lowered on some consumer items, along with an intensification of efforts to collect Value Added Tax (VAT) payments. As it relates to the maritime industry and shipping, we learned that Bahamas Customs was forming a Special Collections Unit for ensuring that importers pay relevant taxes on goods they bring in.

There will be a full exploration of our volume and revenue performance during the 2021/2022 fiscal year in the Management Discussion & Analysis.

HIGHLIGHTS OF APD DEPARTMENTS & INITIATIVES

As regards the progress of the departments at NCP, the focal points were increased hybridization and novel deployments of the workforce, increasing digital technologies and virtual collaboration, diversifying supply chains, and building a competitive advantage with sustainability. Climate change is now undeniable and increasing in rapidity with vast concerning implications for the maritime industry. Over the past year, reduction of the carbon footprint of the Port and inland terminal continued to be a priority, all with people's health and safety uppermost in our planning and pivoting.

ACCOUNTS

Accounts was one of the NCP departments that exemplified the protective and generative value of remote working, not only in combatting the transmission of a viral plague but also in the benefits accruing to staff and APD. In the latter instance, the programme affords staff an excellent opportunity to balance work and home and the company derives value in terms of more efficient and cost-effective space and equipment management.

The people of the department worked offsite for two years after the outbreak of COVID-19 in The Bahamas. During this period when the infection rates in the general population had reached lows and the country was gradually opening, Accounts personnel began moving back to the Maritime Centre. However, with the appearance of new strains of the coronavirus with an accompanying rise in infections, the staff returned to working remotely.

PROJECTS UNDER ACTIVE CONSIDERATION

Breakwater Repair

APD remained committed to repairing the breakwater at the western entrance to Nassau Harbour. I cannot overstate the immense and critical value to the business of Nassau Container Port and nearby shoreline businesses and tourist attractions. It is essential to the safety of vessels entering the harbour to dock, discharge and load cargo. Above all, the breakwater goes a long way to protecting the northern coast of the country's capital from inundation in times of storm and other environmental mishaps that can endanger lives and disrupt economic activity.

As reported in 2021 Annual Report, we committed significant resources to achieving this goal in terms of securing world-class expertise to assess the state of the breakwater, identifying a highly reputable firm to carry out the necessary rebuilding. Success is highly dependent upon Government approval and partnership, which we continue to pursue.

Customs Freight Station

The construction of a dedicated Customs freight station at the port to facilitate at the port the inspection and clearance of flagged cargo has been under discussion at APD for several years in keeping with the company's growth strategy and national mandate. However, previous Government administrations were not minded to engage in this project. The good news is that there has been a clear indication that Government is ready to move forward on our proposal.

Formerly, the sticking point was repayment to APD for the funds that would be expended to bring this project to fruition. Now, the idea is to authorize importers to pay certain Customs fees directly to APD to amortize the costs.

Road Traffic One-Stop Shop

When APD acquired the franchise to land imported vehicles at NCP, almost immediately the notion arose to create a building for the Road Traffic Department that would facilitate vehicle inspection, licensing and insurance providers. The idea is to allow importers to drive vehicles off the dock fully up to code in all respects. There is also indication that Government is ready to move on this proposal as well.

Expression of Interest in Family Island Port Development

During the past year, Government invited qualified entities to submit expressions of interest in development of ports at two locations in Abaco, Marsh Harbour and Cooperstown. Documents containing a formal expression of APD's interest as well as pricing were forwarded, as directed by Government request.

CARGO VOLUMES

From the beginning of 2022 with the steady lifting of COVID-related restrictions, construction experienced a reenergizing that gathered pace as the year rolled onward. The pleasing result for the Port was that throughput and cargo volumes of related materials increased as building projects which had slowed or shut down altogether revived/sped up. At the Bulk Terminal, the demand for rock, sand and aggregates grew concomitantly. Towards the end of the fiscal year, volumes were reading at pre-COVID levels. This subject will be explored fully in the Management Discussion & Analysis.

Environmental, Social and Governance (ESG)

APD has been making an essential contribution to the economic development of The Bahamas through our daily operations and the services we have provided for over 10 years. We operate at a high level of efficiency, with a strong and positive economic impact for all our stakeholders. As an organization, we are committed and continue to evolve how we manage risks and opportunities and create long term value around sustainability issues. Further, as a member of the community, APD is continuously looking for more effective ways to support the users of the port, local businesses, APD employees and the public.

It became clear that the standard procedures we adopted regarding the environment, employee, customer and port users' experiences and company governance in our operations were fast becoming a non-negotiable factor in financial reporting. Analyses of these non-financial focal points—environmental, social and governance (ESG)—have become a significant influencer in investor confidence and decision-making, serving to identify material risks and growth opportunities in the marketplace.

The Center for Audit Quality (CAQ) has noted: "We're witnessing a watershed moment for environmental, social, and governance reporting (ESG). Global events like climate emergencies and social unrest have resulted in growing investor interest in company prepared ESG information. The building blocks of reliable, comparable, and relevant ESG information begin with a foundation of quality reporting by company management. Public company auditors are uniquely qualified to enhance the reliability of company prepared ESG information."

ESG Enhancement Strategy

We first engaged SEV Consulting to guide us through the parameters and a formal adoption of ESG. They are a team of professional engineers, sustainability consultants and financial experts who specialise in sustainability, carbon, and climate risk consulting. This profile fitted well with APD's environmental commitment. Stacey Moultrie, who has an impressive history in accounting, ecosystems, and sustainability, leads the SEV team, who have been among the expert contractors contributing to Nassau Cruise Port Development.

In 2022, we commenced work on strengthening our ESG approach and the governance thereof. We start from a solid basis as we have long had programs and initiatives in place to minimize our environmental impacts and provide minimum social safeguards, while contributing to the communities we operate in.

Examples of some of our existing ESG initiatives are described below.

Environment:

- Decarbonization – Specific initiatives include the use of solar energy and upgrades of light fixtures to LED to reduce APD's greenhouse gas (GHG) emissions footprint.
- Port Modernization – Specific initiatives include the Crane fleet upgrade, as well as continuous Information and Communication Technology (ICT) infrastructure upgrades to maintain the highest quality service.

Social:

- Staff professional development – There is a Training Policy in place to ensure adequate training is provided to all APD staff. The Policy covers on-the job training, local training and overseas training. Each staff member is entitled to 30 hours of training time per year.
- Health & Safety – There is also a robust health & safety management system in place. APD has one of the best health & safety ratings in The Bahamas.
- Security and Cybersecurity – We are fully compliant with the International Ship and Port Facility Security (ISPS) Code. We run an effective cybersecurity program with regular routing testing and checks.
- Corporate Social Responsibility (CSR) – We continue to provide significant support to a variety of organizations and charities in The Bahamas.
- Diversity, Equity & Inclusion – We exercise a no-bias policy and strive to achieve gender equality within our organization by providing male and female staff with equal opportunities.

Governance:

- Governance & Ethics – We implement a zero-tolerance policy for bribery and fraud. Every employee also receives Code of Conduct training on commencement of their employment.
- Digitalization of processes – We are currently working on moving some of our manual processes to digital processes to reduce cost, improve our employee productivity, and enhance port user experience.

To continue APD's progress on this journey, we made the decision to broaden and deepen our ESG approach. The decision was informed by an extensive analysis that has been undertaken to identify stakeholder needs and prioritize ESG themes. With the support of our ESG advisors, KPMG Advisory Services Ltd., this analysis included a benchmarking exercise, a review of relevant international standards, and an assessment of award-winning ESG practices by world leading and regional ports. We also reviewed the UN sustainable development agenda, with a particular focus on the recent UN Sustainable Development Goals (UN SDG) progress report for The Bahamas and the wider region. This analysis has provided us with insight on priority ESG themes at a regional and national level.

We confirmed the following ESG themes:

Environmental	Social	Governance
Climate & Decarbonization	Staff professional development	Responsible business
Port Modernization – Clean Energy	Health & safety	Digitalization of processes
Climate resilience	Well-being	Digitalization of port operations
Environmental care	Cybersecurity	Transparency & stakeholder engagement, including shareholder education
Waste management	Investing in the local community - education Local business support Safeguard for families - education Diversity, Equity & Inclusion	Executive incentives

Currently, we are working on baseline assessments and implementation plans associated with the above themes. ESG Key Performance Indicators (KPIs) are being introduced to monitor our performance alongside current financial and operational KPIs. Our senior management performance assessments will be informed by our ESG performance once the KPIs are introduced. These ESG KPIs will be developed and shared with APD stakeholders in the coming year.

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Further details on selected ESG themes are as follows:

Environmental:

» Climate & Decarbonization: Reduce GHG emissions footprint of the port and its tenants, with initial focus on Scope 1 & 2 emissions.

» Port Modernization – Clean Energy: Enhance the ability to provide clean energy to customers, with an initial focus on reducing our reliance on fossil fuels for our own operations.

» Climate resilience: Protect the port from the adverse physical impacts of climate change.

» Environmental care: Minimize the port's impact on the environment (air, water, soil, acoustic environment, biodiversity).

» Waste management: Reduce the amount of port waste that ends up in the landfill. Contribute to and support national waste management initiatives.

Social:

» Staff professional development: Build a skilled work force for the future and remain an attractive employer.

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» Health & safety: Protect staff, contractors and customers from health & safety hazards.
» Well-being: Support and improve the well-being of employees.
» Cybersecurity: Reduce exposure to cyber risk.
» Investing in the local community – education: Create lasting improvements in the quality of life for local communities through education.
» Local business support: Foster a healthy local business environment.
» Safeguard for families – education: Support local working families by providing school children with maritime interest access to scholarships.
» Diversity, Equity & Inclusion: Promote diversity and inclusion in APD.

Governance:

» Responsible business: Promote an ethical work culture.
» Digitalization of processes: Improve agility, productivity value to the community, and the supply chain while also reducing costs and increasing employee productivity by moving to digital processes.
» Digitalization of port operations: Improve visibility into port call planning to decrease the environmental impact, as well as increase economic productivity and customer satisfaction.
» Transparency & stakeholder engagement, including shareholder education: Promote transparency.
» Executive incentives: Manage ESG-related business risks and pursue opportunities.

FACILITIES

In terms of capital expenditure items, the water tank was changed out for one with a longer lasting polyurethane plastic base. Also replaced were the water pump and the fire-suppressant component at NCP and GFT.

Pandemic Defence

The Facilities Department continued to play an essential role in preventive measures to inhibit the spread of the virus, specific to sanitization and interaction of personnel, particularly in support of departments and units requiring on-site-in-housework at one time. These were Security & Surveillance, Facilities, Gate Interchange, Shipside Checkers, Heavy Equipment Mechanics, and Crane Operations. In addition to using reduced number teams, rostering rotations of staff for weekends, night work and holidays to increase safety and ensure equal time for dealing with their personal matters. Another containment tactic was limiting the number of passengers in the golf carts used to move about the property.

Environmental Stewardship

Facilities Department has continued efforts to reduce the carbon footprint of APD's plant and operations via upgrades to light fixtures and extending the use of solar power. At GFT, all of the high-mast 1000-watt metal halide bulbs have been replaced by 300-watt LEDs and 400-watt lighting to 150-watt. These changes have resulted in savings in electricity costs.

Planning to extend the use of solar power continued. All golf carts in use are now fueled by the sun and making configuration changes to our roof solar array at NCP continued as a priority in our planning. In this regard, we are in communication with URCA to justify the upgrade that we seek.

With the goal of extending the solar array at Maritime Centre, dialogue has been engaged with URCA to which agency we will advance an adjusted plan aimed at satisfying both the Port's needs for more green power and the country's legal framework and regulations. The plan is to have the system handle up to 40 percent of the plant's needs.

The successful completion of the ISO 9001:2015 and ISO 14001:2015 audits let us know that we are meeting environmental and customer service expectations.

GATE & INTERCHANGE

Gate & Interchange has been an integral partner, one of three departments contributing to the manpower hybridization programme. The Gate has sent forward several well-trained personnel, who have fit readily and successfully into the initiative. As will be described in other sections of this report, the wisdom of the manager's choice in proposing these staff members was evident.

The protocol of inspecting trucks continued to ensure roadworthiness and fitness to move about the port without compromising the safety of APD personnel and all port users. Here the challenge was to detect and defeat attempts of drivers who try to defraud the system.

HUMAN RESOURCES

Staffing

A term indicating a great flux in workforce movements, the 'Great Resignation' is a trend that took off in 2020, continuing throughout 2021 and is still a factor, with 4.3 million people quitting their jobs in January 2022, according to U.S. Bureau of Labor Statistics (BLS) data regarding the American workforce. We are told further that most workers are moving to other jobs rather than exiting the labor force.

The pattern has been similar in our country and at the port. APD experienced staff losses during the pandemic lockdowns, requiring HR to focus on rebuilding manpower capacity. There have also been new hiring challenges. Many job seekers present with extraordinary expectations in terms of salaries and perks that are not consistent with their skills and experience profiles. However, the manpower complement is now nearing pre-COVID levels.

Team Building

Owing to the need to follow strict pandemic-related protocols for safety, group interactions for team and collegiality building had to be set aside. Gradually, with the continuing need for caution, HR began to restart several programmes in this regard. For example, a Christmas party was held respecting safety and sanitation rules without diminishing the festive spirit of the season.

Workforce Hybridization

Training and retraining for increased hybridization of staff accelerated as 2022 approached. The focus was particularly on the operational triangle of Gate, Planning and Shipside and has shown benefits for the company and the participating staff members. Hybridization has contributed meaningfully to departments to quickly fill gaps when shortages arise, while affording trainees the opportunity to diversify their skills and increase their marketability.

Health and Safety Prioritized

As in previous years, the COVID-19 pandemic occasioned great vigilance to reduce the occurrence of mass exposure to the virus, especially during the peaks in viral spread of December/January. The defense strategy relied on remote working where feasible. Where not possible, teams were split into discrete pods to reduce opportunities of cross-infections through direct contact.

Vaccination Incentives

Of necessity over the past two years, the health and safety of APD employees, tenants, other port users and the visiting public continued as a company priority. By the end of the fiscal year, the vaccination rate among APD employees had reached a pleasing 80 percent owing to a generous programme of incentives.

Staff opted to be vaccinated received $75 after the first jab and $75 for the second. Those taking a single dose of the Johnson & Johnson vaccine, received the total $150 in one go. 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.

In the case of illness, unvaccinated staff must use vacation time to cover the time away from work, whereas those fully vaccinated receive full pay during time off.

Respectful of the contribution the Port must make to the government's move to reopen the economy, we have reduced restrictions on numbers accessing Maritime Centre and other areas of the property. However, we continued to adhere strictly to official protocols, while maintaining our own extensive pandemic-related measures and standard operating procedures that are heavily focused on safety.

HEAVY EQUIPMENT OPERATIONS

Cranes are the workhorses of Port operations. In the interest of keeping the fleet's contribution safe, sustainable, and profitable, a new Liebherr LHM-420 mobile harbour crane was purchased directly from the company in Germany and the oldest was decommissioned. The crane fleet now comprises the Liebherr 420 and 320s creating a highly efficient array. The specialized raining

of crane operators is ongoing.

INFORMATION TECHNOLOGY (IT)

As UNCTAD has noted, globally and certainly in the maritime industry, the pandemic "has catalysed digitalization and automation, which should deliver efficiency and cost savings." This accords well with the thinking and planning of APD and as in previous years, we have focused on upgrading technology in pursuit of greater security and efficiency.

Among pleasing achievements, the OnGuard Access Control System was installed and is in service. Similarly, the Multifactor Authentication or two-factor authentication is in operation. Some team members use cellphones to authenticate while others use a hardware token.

The past fiscal year brought staff losses to IT. Challenging was the loss of two key team members, one of whom went on to start his own business and the other moved on for better opportunities elsewhere. On the positive side, 2021 saw the hire of Noah Hanna, a new technician and Giovanni Moncur rose from IT Technician to IT System Administrator. The department still needs to hire another technician to achieve its full complement of four team members.

ISO (International Organization for Standardization): International Certification for Port Service, Environmental Management & Security Systems

Eagerly awaited each year is Nassau Container Port's ISO's nod of the Port's Code compliance. In June 2022, APD was notified of having met the requirements and has received the prestigious ISO 9001:2015 and ISO 14001:2015 certification for Nassau Container Port for the new year. Such certification assures the industry that our practice and facilities adhere to the standards of service, quality management systems and environmental stewardship established and promoted by the world-renowned ISO (International Organization for Standardization). On 12 June 2019 APD was awarded the ISO certification following its very first audit. It is an achievement that fills us with great pride, as it signals that we continue to operate to the best standards of the international maritime industry.

ISPS (International Ship and Port Facility Security) Certification

As a result of a recertification exercise In March 2022, ISPS identified APD as part of key security and emergency facilities in The Bahamas. In this connection, the Ministry of Transport and Housing/ International Ship and Port Facility Security (ISPS) Compliance Unit held an emergency drill at Nassau Container Port in New Providence. It was a part of The Bahamas due diligence to remain in compliance with the International Ship and Port Facility (ISPS) Code. In this connection, the US Chargé d'Affaires, Usha Pitts visited NCP. She expressed renewed commitment on the part of US administration as regards port safety.

ISPS drills are necessary for protecting human health and safety and preventing Nassau's international ports from being coded "unsecured". Such a designation would discourage most cargo and cruise ships out of ISPS Code Ports from calling. This national exercise involved Inagua, Eleuthera, Bimini, Abaco, and Grand Bahama to test the response time of first responders in the event of an emergency.

The participating emergency teams included the Fire Department, Royal Bahamas Police Force, the Royal Bahamas Defence Force, the Bomb Experts Squad, EMTs (emergency medical technicians) drawn from the National Emergency Medical team and APD's Health & Safety staff, Road Traffic Department, Ministry of Tourism, Ministry of Foreign Affairs, Ministry of Health, Public Hospitals Authority, and the National Emergency Management Agency (NEMA).

In this major multi-agency exercise, local and foreign evaluators and observers sought to:

- Identify all deficiencies and attributes of the existing Port plan.
- Evaluate the response time and capabilities of all agencies involved.
- Evaluate the efficiency of the communication system.
- Evaluate the co-ordination and co-operation of all participating agencies.

OPERATIONS

The goal was, as is standard, to maximize value to APD, partners, tenants, and customers. Operations acquired four new employees, among them supervisors and an operations inspector, offering multiple capabilities. The department also cooperated fully in the hybridization project by integrating a shipside checker into Planning.

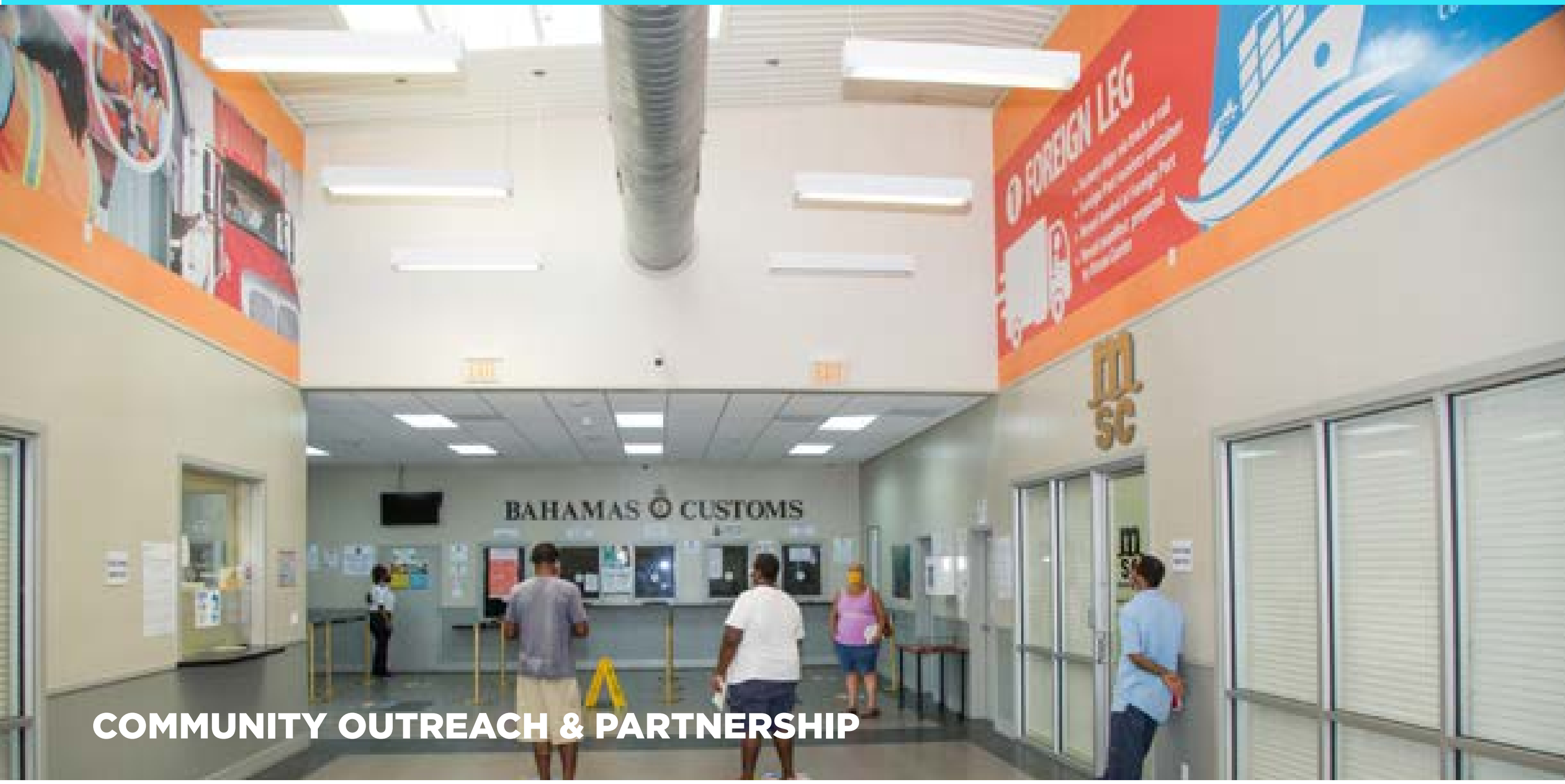
As was the case for all NCP departments, an effort was made to minimize the number of people in house at one time. In this respect, we incorporated a mix of remote working and weekly rotations, especially in respect of weekends, holidays and night operations.

SECURITY & SURVEILLANCE

By the end of the fiscal year the Operations team consisted of 21 members. More than any other department, the challenge was staff hiring and retention in an area where turnover tends to be higher. Of particular concern is the management of the highly sensitive area of Surveillance, which operates on a need-to-know basis and specially trained, technologically adept personnel. Another challenge was getting security staff to adhere to COVID protocols.

Another concern was barring from entering the Port truckers who do not meet safety requirements to pass Gate inspection. There were those who tried to use fraudulent means to bypass this necessary stage that protects port personnel and equipment and contributes to the safety of the public when trucks are in code.

The department also worked on integrating some of its people in the company's hybridization drive, particularly in connection with the Gate. The overall goal was to maintain the highest level of security at the port.



COMMUNITY OUTREACH & PARTNERSHIP

As in previous years, beyond its mandated Port obligations, APD contributed to national development over several important platforms underpinned by our able and willing company teams, skills, knowledge, funds and time.

In 2021/2022, 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 2022/2023

Domestic Sphere

In his address to the Nassau Conference in Sept, John A. Rolle noted that in the public sector, the economy's rebound in 2021/2022 is "already having significant improving effects. With revenue recovery, the deficit is shrinking, and the Government is fine-tuning its fiscal consolidation strategy."

The International Sphere

Trust international reports on the global economy predict a blend of reshoring, diversification, replication, and regionalization, with China still likely to remain a leading manufacturing site. "Hybrid" operating models involving just-in-time and just-in-case supply chain models are likely to emerge. These adjustments could lead to a demand for more flexible shipping services, with implications for vessel types and sizes, ports of call and distances travelled.

Meanwhile e-commerce, accelerated by the pandemic, has transformed consumer shopping habits and spending patterns, and driven the demand for distribution facilities and warehousing that are digitally enabled and value-added services. This could generate new business opportunities for shippers, NCP and affiliated public and private maritime agencies. All the foregoing must be in active discussion to assess the potential challenges and opportunities to discover how this evolution can be exploited for the benefit of APD and the country at large.

Staff Retention & Development

The pandemic brought many changes in perspectives on the part of employees and employers in human resources management. Among the challenges in staffing for 2022/2023 will be retaining top performers, making carefully reflected hires and training replacements where there have been losses. A top concern will be to attract people who will provide the best fit. This will require APD to carefully review our corporate culture, compensation, incentives for competitive performance and operating policies and procedures relating to retention of good employees and attracting new ones.

ESG Investing

In FY 2022/2023, it will become clear that, under the mandate of the Board, the Executive will be leading an enthusiastic charge in engaging ESG investing and accounting.

Breakwater Restoration

For the new fiscal year and beyond, the restoration of the Nassau Harbour western breakwater will remain on the front burner for APD, owing to the threat this vital barrier's ongoing degradation poses to the safety of ships entering the harbour to do business with Nassau Container Port and Nassau Cruise Port. Furthermore, this situation impacts the efficiency of and profitability of both entities as well as that of the tourism/hospitality plant and other coastal business ventures. Moreover, if erosion of this essential barrier continues, as science and observation have shown us, failure to rebuild could result in immense damage to the city itself and threaten life. We take it as an obligation to continue to work with Government to see the project launched in 2022/2023.

Customs Freight Station & Road Traffic One-Stop Shop

In the areas where Government has indicated appreciable interest, as with the Custom Freight Station and Road Traffic installation, APD will be doing all due diligence to put tires on the road at the earliest possible time, preferably before mid-year.

Information Technology (IT)

Support for ESG

IT is looking forward to more big data innovations that will, in a timely manner, provide actionable information to allow company leadership to respond to events more quickly and beneficially as they manage the business and movement in the direction of ESG.

IT is also due for a NAVIS upgrade. As might be expected in a world where destructive cybercrimes prevail, security must remain at the forefront to prevent breaches to our vital internal information network and connection with suppliers and clients. Bolstering hardware and software that enables the detection of virtual intrusions and countering them effectively is an imperative to protect APD assets and value. The department also aims to complete in the short term and launch our new mobile friendly website.

A major goal towards ever-increasing accountability, efficiency, and international compliance for the department in FY 2022/2023 is to attain ISO 27001 certification, which is defined as an internationally recognised specification for an Information Security Management System, or ISMS. It is credited with being the only auditable standard that deals with the overall management of information security, rather than just indicating which technical controls to implement.

Upping the Ante on Profitability

We will continue to prioritize hybrid manpower development tailored to the demands of the age for technologically savvy, multiskilled and proactive staff. All told, COVID-19, in its continued evolutions, has changed the face of the maritime industry fundamentally across all economic and social strata. It turned the spotlight on the company's quality infrastructure, its standards, standard operating procedures, its teams, and management. Continued profitability will hinge largely on our timely response to changing circumstances and the company's ability to pivot and adopt new norms, especially in health protection, communications, and staff deployment. This is a global challenge and the ones who are quickest off the blocks and into the race will reap the greater rewards.

What we have managed to protect, achieve, and even enhance over the course of FY 2021/2022 must stand as a tribute to smart collaboration based on common, worthwhile goals. APD has managed admirably in this regard and, for the successes recorded, the contributions of our team of competitively qualified and dedicated managers and staff were essential. I commend and thank them individually and as a highly cooperative unit.

Appreciation for Port Partners/Service Providers

I'm deeply grateful to the Chairman and the Board of Directors for your responsiveness in the pandemic crisis and for the fresh and broadly experienced perspectives the group contributes annually. Well-chosen since the inception of APD, Board members are among the primary and necessary company builders who forge the essential links between the Port and the wider economy and society. I leave it to the Board, the quality of operations and service and, importantly, the financial reports to commend the Executive, which I am privileged to lead. Promoting continuing synergy on all fronts will be a primary and achievable goal for the FY 2022/2023.

APD has continued 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 APD's navigation through the challenges of the 2021/2022 fiscal year, and we look forward to further cooperation for mutual benefit.

The Counsellors Ltd has functioned as the company's public relations agency since APD's establishment in 2009. I commend the group for their foresight and successful effort in learning the company and our maritime industry as a necessary foundation for meeting the company's needs. I thank them heartily for the knowledge and professionalism they bring to our company.

With our entire personnel complement and all associated agencies, we look eagerly forward to further excellent cooperation for mutual benefit.

DION BETHELL,
President & CEO

APD ANNUAL REPORT 2022

MANAGEMENT DISCUSSION & ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

This management discussion and analysis (MD&A) should be read in conjunction with the audited financial statements of APD Limited (the Company or APD) for the year ended June 30, 2022, 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, 2022.

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, 2022, represents the tenth full year of operations after officially opening in May 2012. Our GFT facility was opened in August 2012.

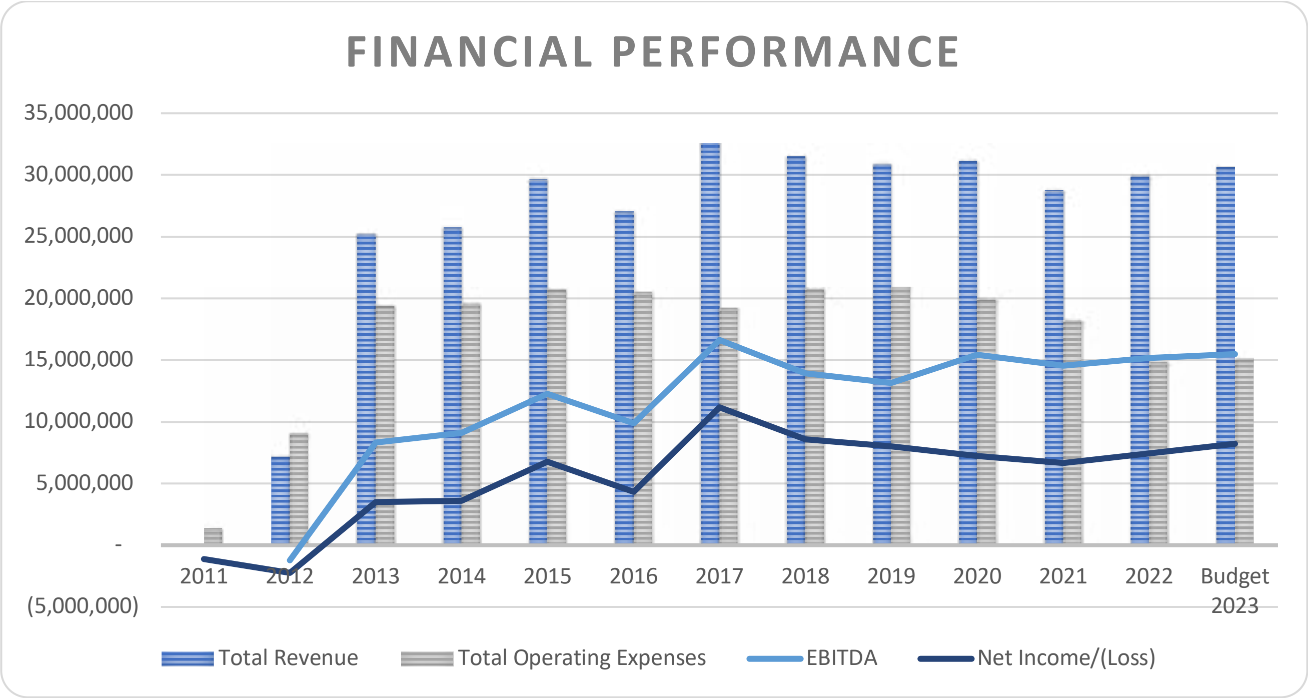
FINANCIAL PERFORMANCE

For the year ended June 30, 2022, NCP had processed 128,995 (2021: 118,962) inbound/outbound Twenty-foot Equivalent Units (TEUs). This represents an 8% increase in container volumes over 2021 volumes of 118,962 TEUs.

In the 2022 financial year, APD exceeded budgeted net income projections. Budgeted net income was $6,207,570 while actual net income for 2022 was $7,417,988 which is $1,210,418 or 19% more than budget. The Company’s total revenues for 2022 were $29,960,128 (2021: $28,774,831), which is $1,185,297 or 4% higher than the prior year. Net income for 2022 totaled $7,417,988 (2021: $6,671,578) which is 11% higher than the prior year. This was largely attributable to the rebound of economic activities from COVID-19 on our local economy and project related cargo.

Our Direct Operating Margin (DOM) for 2022 was 50% (2021: 51%). Our budgeted DOM for 2022 was 48%. For the period ended September 30th, 2022, our DOM is 53% which is 2% more than our budgeted DOM for the same period.

During the year, APD declared and paid dividends to ordinary shareholders of $5,496,607 (2021: $4,996,915) representing $1.11 (2021: $1.00) per share. As of June 30, 2022, basic and diluted earnings per share were $1.48 (2021: $1.34).



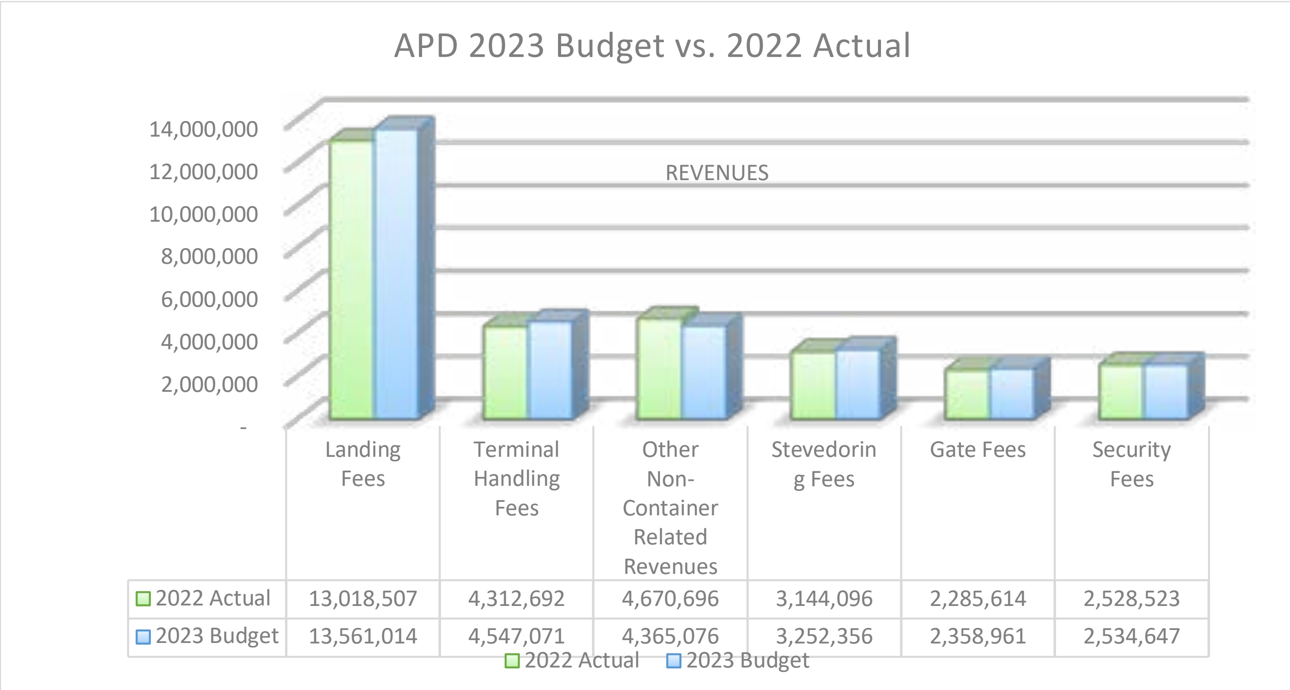
For the 2023 fiscal year, we are budgeting gross revenue of $30,619,125 (2022 Actual: $29,960,128) or 2.2% more than the prior year’s actual gross revenue. Net income is projected to be approximately $8,226,458 or approximately $808K more than the 2022 actual net income of $7,417,988.

Our net income is currently 56% or $1,197,265 over budget as of September 30th, 2022. This is attributable to the increase in storage fees and TEU and vehicle volumes being over budget.

Ongoing projects currently include Global Port Holdings & Downtown Redevelopment, The US Embassy, Goldwynn Condo-Hotel and Residences and South Ocean Resort. All these projects are in progress. Management remains extremely conservative and does not foresee any significant project volumes during FY23.

Total market volumes are estimated to be around 136,000 TEUs for 2023 or 9,000 TEU under the 2022 budgeted volumes of 127,000 TEUs. Our total revenues as of September 30th, 2022, are over budget by approximately $1,727,970 or 23%. Total expenses as of September 30th, 2022, were over budget by $665,625 driven mainly by increase in terminal handling fees related to import volumes and storage.

Operating expenses including depreciation and amortization of $19,334,863 for the period ended June 30, 2022, were $202,907 higher than our 2022 budgeted operating expenses of $19,131,956.



	Landing Fees	Terminal Handling Fees	Other Non-Container Related Revenues	Stevedoring Fees	Gate Fees	Security Fees
2022 Actual	13,018,507	4,312,692	4,670,696	3,144,096	2,285,614	2,528,523
2023 Budget	13,561,014	4,547,071	4,365,076	3,252,356	2,358,961	2,534,647

Actual TEU volumes for 2022 of 128,995 were over budget by 1,995 TEUs or 2% compared to our budgeted 2022 volumes of 127,000 TEUs. Additionally, bulk car volumes of 10,056 were 456 or 5% more than 2022 budgeted car volumes of 9,600. This resulted in revenues of approximately $1,910,640 from landing and security fees for vehicles.

Additionally, revenues from Reefer fees were approximately 56% over budget during FY22. Stevedoring revenue was over budget by $263,724 during FY22.

Total current assets increased from $22,088,505 (2021) to $25,440,556 (2022) or an increase of 15%. Cash and cash equivalents increased by $2,210,134. During the year the spare parts inventory decreased by $49,132.

Gross accounts receivable increased by $970,593 during FY22. Property plant & equipment decreased to $78,451,796 (2021: $81,523,145) as of June 30, 2022, and the value of the leased land from Government of The Bahamas classified as Right of Use Asset as of June 30, 2022 was $45,023,241 (2021: $45,586,032). Current liabilities decreased by $28,266,012 from $33,253,178 (2021) to $4,987,166 (2022). This was attributable to the early repayment of redeemable preference shares in September 2021.

Non-current liabilities increased from $47,256,297 (2021) to $73,743,838 (2022) which is mainly attributable to the early repayment of redeemable preference shares which was replaced by long-term bank debt, the reclassification of the current portion of the preference shares after management made a decision to early redeem the preference shares and replace with the FirstCaribbean International Bank (Bahamas) Limited (FCIBC) long term loan. Deposits held remained the same $274,663 (2021) to $274,663 (2022). 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 September 30th, 2022, are tracking 3.94% over budget. Total revenues as of September 30th, 2022, are tracking about 23% over budget.

Financial Performance

Income Statement	2022	2021	2020	2019
	$	$	$	$
Total Revenue	29,960,128	28,774,831	31,159,891	30,912,558
Total Operating Expenses	19,334,863	18,207,783	19,929,969	20,910,619
Total income for the period attributable to equity shareholders	7,417,988	6,671,578	7,229,908	8,030,347
Basic and diluted earnings (loss) per share	1.48	1.34	1.45	1.61
Balance Sheet	**2022**	**2021**	**2020**	**2019**
Assets				
Total Current Assets	25,440,556	22,088,505	22,605,098	20,692,048
Total Non-Current Assets	123,900,037	127,109,177	126,840,011	82,800,651
Total Assets	149,340,593	149,197,682	149,445,109	103,492,699
Liabilities and Shareholder's Equity				
Total Current liabilities	4,987,166	33,253,178	4,118,538	5,244,150
Non-current liabilities	73,743,838	47,256,297	78,313,027	32,717,730
Total Liabilties	78,731,004	80,509,475	82,431,565	37,961,880
Total Equity	70,609,589	68,688,207	67,013,544	65,530,819

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 $2,150,000 credit facility with FCIBC with an interest rate of BSD prime rate of 4.25% minus a margin of 0.25%, for a total interest rate of 4.0% on the outstanding balance. APD also has a credit facility of $3,000,000 with RBC.

As of June 30, 2022, APD's financing needs are well supported by the available line of credit and cash flows from operations.

APD ANNUAL REPORT 2022

APD's principal uses of cash are to fund planned operating expenditures, capital expenditures, dividend payments on ordinary 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 utilized 850,000 of the $3,000,000 FCIBC credit facility for Bahamas Customs Bonds 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 unlevered free cash flow. This measure is a useful indicator of our ability to generate cash to meet our liquidity demands. We believe unlevered 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 unlevered free cash flow as net cash, which is provided by/ (used in) operating activities from continuing operations, adjusted to remove the impact of interest payments, and deducting the impact of capital expenditures on property and equipment additions. We believe this measure gives management and investors a better understanding of the cash flows generated by our core business, as interest payments will be primarily related to our debt and capital expenditures are primarily related to the development and operation of the port.

TRANSACTIONS WITH RELATED PARTIES

APD is 40% owned by Arawak Cay Port Development Holdings Limited (ACPDHL), a consortium of private companies operating in The Bahamas that are involved in shipping or maritime services. 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 2023 the minimal annual rent of 50,000 TEUs at $46.07 (2022: $43.68) will be no less than $2,303,500 (2022: $2,184,000).

CRITICAL ACCOUNTING ESTIMATES

Management determines the estimated useful lives of the 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 utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets. It is possible that the future results of operations could be materially affected by changes in these estimates brought about by changes in the above-mentioned factors.

LOANS AND LT DEBT

On September 3, 2021 the Company executed a credit agreement with FirstCaribbean International Bank (Bahamas) Limited (the Lender). The Lender extended credit in the form of Facility A loans in an aggregate principal amount not in excess of B$33,856,000 and Facility B loans in an aggregate principal amount not in excess of B$3,000,000. The proceeds from the Facility A loans were used to early redeem the preference shares (Note 8).

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 BSD Prime rate of 4.25% minus a margin of 1.15%, for a total interest rate of 3.1%. Considering possible changes in the BSD prime rate, the credit agreement stipulates a minimum interest rate of 3.1% and a maximum rate of 4.75%.

The principal outstanding as of June 30, 2022 is $26,741,867 (2021: $Nil) and the current portion of long-term debt is $2,057,067 (2021: $Nil).

Facility B: $3,000,000 demand revolving credit facility by way of an overdraft facility at a rate of BSD prime rate of 4.25% minus a margin of 0.25%, for a total interest rate of 4.0% on the outstanding balance. There have been no drawdowns against this facility.

Redeemable preference Shares

The Company previously held 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 totaled $35,377,943. The shares had an issue price of $500 per share, with par value of $0.10 per share. Principal payments were 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 were entitled to dividends at the rate of 5.5% per annum. If insufficient profits were available in a particular financial year, the dividends accumulate and were payable when sufficient profits were available.

Since the shares were mandatorily redeemable on a specified date, they were recognized as liabilities.

On September 6, 2021, the Company exercised its option for the early redemption of all of the redeemable preference shares at the issue price per share of $500.

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

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, 2022, 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, 2022;
- 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: $370,300, which represents approximately 5% of net income*

- 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.

pwc

Overall materiality	$370,300
How we determined it	Approximately 5% of net income
Rationale for the materiality benchmark applied	We chose net income as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within a range of acceptable benchmark thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $37,000, 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, 2022, property, plant and equipment represented $78,451,796 or 53% of total assets of the Company. There were no impairment losses recognised during the year. While the Company continued to be impacted by the COVID-19 pandemic in the current year, and the global supply chain crisis and rising inflation, brought on by the Russia/Ukraine conflict have also adversely affected the Company, there were no changes impacting the manner in which any assets were used or expected to be used. Management, in assessing the entire port operation as a cash-generating unit, determined that there were no indicators of impairment. The impact of these events 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. The Company's volumes during the year were near pre-pandemic levels. 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 existed, management considered 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.	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 rating 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 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 that no impairment indicators exist for the year ended June 30, 2022 was not unreasonable.

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Other information

Management is responsible for the other information. The other information comprises the 2022 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 2022 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.

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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.

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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, 2022

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

Statement of Financial Position
As at June 30, 2022
(Amounts expressed in Bahamian dollars)

	Notes	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	3	19,817,081	17,606,947
Accounts receivable	4	3,059,560	2,088,967
Tax receivable		752,398	826,248
Deposits, prepayments and other assets	6	1,024,176	729,870
Spare parts inventory		787,341	836,473
Total current assets		**25,440,556**	**22,088,505**
Non-current assets			
Property, plant and equipment	9	78,451,796	81,523,145
Right-of-use asset	13	45,023,241	45,586,032
Financial assets at fair value through profit or loss		425,000	-
Total non-current assets		**123,900,037**	**127,109,177**
Total assets		**149,340,593**	**149,197,682**
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable		468,787	239,021
Due to related parties	5	1,243,372	1,058,574
Accrued expenses and other liabilities	10	1,033,746	1,359,183
Current portion of redeemable preference shares	8	-	30,482,339
Current portion of lease liability	13	184,194	114,061
Current portion of long term debt	7	2,057,067	-
Total current liabilities		**4,987,166**	**33,253,178**
Non-current liabilities			
Long term debt	7	26,741,867	-
Lease liability	13	46,727,308	46,981,634
Deposits held		274,663	274,663
Total non-current liabilities		**73,743,838**	**47,256,297**
Total liabilities		**78,731,004**	**80,509,475**
Equity			
Share capital	11	49,969	49,969
Share premium		49,192,308	49,192,308
Retained earnings		21,367,312	19,445,930
Total equity		**70,609,589**	**68,688,207**
Total liabilities and equity		**149,340,593**	**149,197,682**

Approved by the Board of Directors on October 28, 2022 and signed on its behalf by:

Director

Director

APD LIMITED

Statement of Comprehensive Income
For the year ended June 30, 2022
(Amounts expressed in Bahamian dollars)

	Notes	2022 $	2021 $
Revenue			
Landing fees	14	13,018,507	12,074,594
Terminal handling fees	14	4,312,692	4,070,405
Stevedoring fees	14	3,144,096	2,873,460
Security	14	2,528,523	2,371,103
Storage fees	14	1,586,943	2,391,658
Gate fees	14	2,285,614	2,122,680
Subleases	13	1,420,908	1,508,694
Reefer line	14	764,450	625,050
Hazmat fees	14	349,300	331,000
Dockage	14	293,794	284,145
Line handling fees	14	81,150	71,941
Other income	14	174,151	50,101
Total revenue		**29,960,128**	**28,774,831**
Expenses			
Salaries, employee benefits, and training		4,472,451	4,550,016
Terminal handling costs		3,784,056	3,906,569
Government fees and taxes	13	1,334,153	1,485,443
Repairs and maintenance		1,031,188	1,235,374
Utilities		946,735	929,747
Government lease	13	658,078	424,446
Security		366,421	349,075
Legal and other professional fees	15	625,380	335,539
Insurance		376,838	279,276
Other operating expenses		258,933	302,217
Office supplies, postage and delivery		145,969	123,965
Company meetings and events		91,752	76,022
Loss on disposal of assets		774,958	237,566
Total expenses		**14,866,912**	**14,235,255**
Earnings before interest, depreciation and amortisation		**15,166,716**	**14,539,576**

APD LIMITED

Statement of Comprehensive Income (Continued)
For the year ended June 30, 2022
(Amounts expressed in Bahamian dollars)

	Notes	2022 $	2021 $
Depreciation - property, plant and equipment	9	3,531,500	3,378,634
Depreciation - right-of-use-asset	13	562,791	562,791
Amortisation of preference share issue cost		373,660	31,103
Total depreciation and amortisation		**4,467,951**	**3,972,528**
Earnings before interest		**10,625,265**	**10,567,048**
Finance costs			
Preference share dividends		320,563	1,767,826
Interest on lease liability	13	2,119,306	2,124,439
Interest expense		770,295	11,336
Interest income		(2,887)	(8,131)
Total finance costs, net		**3,207,277**	**3,895,470**
Total earnings for the year attributable to the equity shareholders		**7,417,988**	**6,671,578**
Net income and total comprehensive income		**7,417,988**	**6,671,578**
Basic and diluted earnings per share	12	**1.48**	**1.34**

APD LIMITED

Statement of Changes in Equity
For the year ended June 30, 2022
(Amounts expressed in Bahamian dollars)

	Share capital $	Share premium $	Retained earnings $	Total $
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 July 1, 2021	**49,969**	**49,192,308**	**19,445,930**	**68,688,207**
Total comprehensive income for the year	-	-	7,417,988	7,417,988
Dividends paid (Note 11)	-	-	(5,496,607)	(5,496,607)
Balance at June 30, 2022	**49,969**	**49,192,308**	**21,367,311**	**70,609,588**

APD LIMITED

Statement of Cash Flows
For the year ended June 30, 2022
(Amounts expressed in Bahamian dollars)

	Notes	2022 $	2021 $
Cash flows from operating activities			
Net income for the year		7,417,988	6,671,578
Adjustments for:			
Depreciation - property, plant and equipment	9	3,531,500	3,378,634
Depreciation - right-of-use-asset	13	562,791	562,791
Amortisation of preference share issue cost		373,660	31,103
Loss on disposal of assets		774,958	237,566
Interest income		(2,887)	(8,131)
Preference share dividends		320,563	1,767,826
Interest on lease liability	13	2,119,306	2,124,439
Loan interest expense		770,295	11,336
Operating profit before changes in working capital		**15,868,174**	**14,777,142**
Decrease in spare parts inventory		49,132	32,452
Decrease in deferred borrowing costs		-	26,779
(Increase) / decrease in deposits, prepayments & other assets		(294,306)	145,533
Increase in accounts receivable		(970,593)	(197,869)
Decrease / (increase) in tax receivable		73,850	(210,442)
Increase in deposits held		-	13,067
Increase / (decrease) in accounts payable		229,766	(208,131)
Increase in due to related parties		184,798	66,209
(Decrease) / increase in accrued expense and other liabilities		(325,437)	342,517
Decrease in retention payable		-	(16,794)
Net cash provided by operating activities		**14,815,384**	**14,770,463**
Cash flows from investing activities			
Acquisition of property, plant and equipment	9	(1,235,109)	(4,448,157)
Payments for financial assets at fair value through profit or loss		(425,000)	-
Net cash used in investing activities		**(1,660,109)**	**(4,448,157)**
Cash flows from financing activities			
Loan repayment		-	(300,000)
Principal payments on lease liability		(184,194)	(114,061)
Principal payments on long term debt		(2,057,067)	(450,000)
Principal payment on preference shares		-	(1,286,000)
Interest expense paid		(770,295)	(11,336)
Interest income received		2,887	8,131
Interest on lease liability		(2,119,306)	(2,124,439)
Interest on preference shares		(320,563)	-
Dividends paid to ordinary shareholders	11	(5,496,607)	(4,996,915)
Preference share dividends		-	(1,767,826)
Net cash used in financing activities		**(10,945,145)**	**(11,042,446)**
Increase / (decrease) in cash and cash equivalents		**2,210,134**	**(720,140)**
Cash and cash equivalents, beginning of year		**17,606,947**	**18,327,087**
Cash and cash equivalents, end of year	3	**19,817,081**	**17,606,947**

APD LIMITED

Notes to Financial Statements
June 30, 2022

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, except for certain financial assets which are measured at fair value 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, 2022
(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, 2022
(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:

	2022 **$**	**2021** **$**
Earnings before interest, depreciation and amortisation	15,166,716	14,539,576
Depreciation - property, plant and equipment	(3,531,500)	(3,378,634)
Depreciation - right-of-use-asset	(562,791)	(562,791)
Amortization of preference shares issue expense	(373,660)	(31,103)
Operating profit	**10,698,765**	**10,567,048**

(iv) Impact of COVID-19

The outbreak of COVID-19 continues to have an impact on economies around the world. While travel and border restrictions have been lifted, the disruption on supply chain and consumer demand continues to have an impact.

APD LIMITED

Notes to Financial Statements
June 30, 2022
(Continued)

2. Significant accounting policies (Continued)

(a) Basis of preparation (continued)

(iv) Impact of COVID-19 (continued)

While the pandemic continues to be a challenge for countries around the world, in light of the relaxation of certain travel restrictions and the COVID-19 vaccination roll-out, the local Bahamian economy has seen a steady rebound during the year. With increased visitor traffic, hotel occupancy on the island of New Providence has significantly improved over the prior year, resulting in higher volumes for the Company as wholesalers have increased imports of perishable goods to keep up with the demand from local resorts. Further, as construction of the new U.S. Embassy building, the Goldwynn building and the Nassau Cruise Port have continued during the year, project volumes have been positively impacted. While the global supply chain crisis and rising inflation, brought on not only by the COVID-19 pandemic but also by the Russia/Ukraine conflict, have adversely impacted the overall recovery, the Company's volumes are near pre-pandemic levels.

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, 2021 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, 2022 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, 2022
(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 cash flows, 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, 2022
(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, 2022
(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, 2022
(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, 2022
(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, 2022
(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 statement of financial position based on their nature.

(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, 2022
(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. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. 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

Subsequent measurement depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

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.

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, 2022
(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.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

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:

APD LIMITED

Notes to Financial Statements
June 30, 2022
(Continued)

2. Significant accounting policies (Continued)

(o) Financial instruments (continued)

i) Financial assets (continued)

Derecognition (continued)

- 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.

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, 2022.

Dividends

Dividends are received from financial assets measured at fair value through profit or loss (FVPL) and at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

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, 2022
(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 10% (12% prior to January 1, 2022), and is required to assess VAT on all commercial leases and other services, to be payable to the Government. The Company also incurs VAT on certain goods and services acquired during the normal course of business which are 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, 2022
(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

	2022	**2021**
	$	**$**
Cash on hand	1,935	2,558
Cash held with bank	19,815,146	17,604,389
	19,817,081	**17,606,947**

4. Accounts receivable

	2022	**2021**
	$	**$**
Customers' account - gross:		
Third parties	447,638	441,903
Related parties (Note 5)	2,611,922	1,647,064
	3,059,560	2,088,967
Less: Allowance for expected credit losses	-	-
	3,059,560	**2,088,967**

APD LIMITED

Notes to Financial Statements
June 30, 2022
(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 $
2022	3,059,560	1,447,616	1,392,355	107,946	14,985	96,658
2021	2,088,967	1,592,282	391,012	35,029	37,207	33,437

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, 2022
(Continued)

5. Related party balances and transactions (Continued)

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

	2022 $	2021 $
Due from Shareholder	1	1
Due from other related parties - affiliates	2,611,921	1,647,063
	2,611,922	**1,647,064**

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:

	2022 $	2021 $
Due to Shareholder	1,471,984	1,584,946
Due to other related parties - affiliates	286,923	117,039
	1,758,907	**1,701,985**

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:

	2022 $	2021 $
Sales of services		
Other related parties - affiliates	**24,528,690**	**25,595,780**

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, 2022
(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 70% (2021: 76%) of total revenues during the year, amounting to $12,395,290 (2021: $10,973,372) and $8,530,809 (2021: $10,773,644) respectively.

	2022 $	2021 $
Purchases of services		
Other related parties - affiliates	**4,281,789**	**4,370,803**

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:

	2022 $	2021 $
Salaries	436,032	436,867
Short term employee benefits	339,900	310,109
Retirement benefits	18,666	21,679
	794,598	**768,655**

6. Deposits, prepayments and other assets

	2022 $	2021 $
Security deposits	275,775	275,540
Prepayments	748,401	454,330
	1,024,176	**729,870**

7. Long term debt

On September 3, 2021 the Company executed a credit agreement with FirstCaribbean International Bank (Bahamas) Limited (the Lender). The Lender extended credit in the form of Facility A loans in an aggregate principal amount not in excess of B$33,856,000 and Facility B loans in an aggregate principal amount not in excess of B$3,000,000. The proceeds from the Facility A loans were used to early redeem the preference shares (Note 8).

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 BSD Prime rate of 4.25% minus a margin of 1.15%, for a total interest rate of 3.1%. Considering possible changes in the BSD prime rate, the credit agreement stipulates a minimum interest rate of 3.1% and a maximum rate of 4.75%.

APD LIMITED

Notes to Financial Statements
June 30, 2022
(Continued)

7. Long term debt (Continued)

The principal outstanding as of June 30, 2022 is $28,798,934 (2021: $Nil) and the current portion of long-term debt is $2,057,067 (2021: $Nil).

Facility B: $3,000,000 demand revolving credit facility by way of an overdraft facility at a rate of BSD prime rate of 4.25% minus a margin of 0.25%, for a total interest rate of 4.0% on the outstanding balance. There have been no drawdowns against this facility.

The above facilities are unsecured.

8. Redeemable preference shares

The Company previously held 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 had an issue price of $500 per share, with par value of $0.10 per share. Principal payments were 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 were entitled to dividends at the rate of 5.5% per annum. If insufficient profits were available in a particular financial year, the dividends accumulate and were payable when sufficient profits were available.

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

On September 6, 2021, the Company exercised its option for the early redemption of all of the redeemable preference shares at the issue price per share of $500.

APD LIMITED

Notes to Financial Statements
June 30, 2022
(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, 2022							
Opening net book value	35,413,851	8,984,120	35,393,004	177,893	1,184,485	369,792	81,523,145
Additions	-	-	-	-	-	1,251,611	1,251,611
Transfers	25,066	531,028	64,481	101,930	272,231	(994,736)	-
Disposals	-	(744,060)	(28,500)	-	(115)	-	(772,675)
Reclassification:							
Cost	-	-	-	-	-	(19,581)	(19,581)
Accumulated depreciation	-	-	796	-	-	-	796
Depreciation charge for the year	(1,049,746)	(981,043)	(1,019,600)	(82,865)	(398,246)	-	(3,531,500)
Closing net book value	**34,389,171**	**7,790,045**	**34,410,181**	**196,958**	**1,058,355**	**607,086**	**78,451,796**
At June 30, 2022							
Cost	44,732,440	14,921,947	43,543,957	793,122	5,342,354	607,086	109,940,906
Accumulated impairment	(12,485)	(24,157)	-	-	(152)	-	(36,794)
Accumulated depreciation	(10,330,784)	(7,107,745)	(9,133,776)	(596,164)	(4,283,847)	-	(31,452,316)
Net book value	**34,389,171**	**7,790,045**	**34,410,181**	**196,958**	**1,058,355**	**607,086**	**78,451,796**

Capital work in progress includes costs incurred as of June 30, 2022 in connection with ongoing construction and special projects at the Port. These projects are expected to be completed during the 2023 fiscal year.

APD LIMITED

Notes to Financial Statements
June 30, 2022
(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, 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**

APD LIMITED

Notes to Financial Statements
June 30, 2022
(Continued)

10. Accrued expenses and other liabilities

	2022 $	2021 $
Accrued real property tax	515,535	632,608
General accruals	518,211	726,575
	1,033,746	**1,359,183**

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 (2021: 4,996,915) ordinary shares that were fully paid for by the shareholders.

During the year, the Company declared and paid dividends to ordinary shareholders of $5,496,607 (2021: $4,996,915) representing $1.11 (2021: $1.00) per share.

12. Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to the equity shareholders divided by the weighted average number of ordinary shares outstanding during the period.

	2022 $	2021 $
Total earnings for the year attributable to the equity shareholders	7,417,988	6,671,578
Weighted average number of ordinary shares in issue	4,996,915	4,996,915
Basic and diluted earnings per share	**1.48**	**1.34**

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, 2022
(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, 2022
(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, 2022
(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, 2022, the total rent expense recognised in the statement of comprehensive income amounted to $658,078 (2021: $424,446). Interest payments on the lease liability amounted to $2,119,306 (2021: $2,124,439). As of the end of the reporting period, lease payable to the Government amounted to $46,911,502 (2021: $47,095,695) 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, 2022
(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:

	2022 $	2021 $
Right-of-use assets		
Land	45,023,241	45,586,032
Lease liabilities		
Current	184,194	114,061
Non-current	46,727,308	46,981,634
	46,911,502	47,095,695

Amounts recognised in the statement of comprehensive income

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

	2022 $	2021 $
Depreciation charge of right-of-use assets		
Land	562,791	562,791
Interest expense (included in finance costs)	2,119,306	2,124,439

The total cash outflow for leases in 2022 was $2,119,306 (2021: $2,124,439).

APD LIMITED

Notes to Financial Statements
June 30, 2022
(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, 2022 (2021: $274,663). Additionally, during the year the Company executed certain short-term leases, which are on a month-to-month basis.

Income amounting to $1,420,908 (2021: $1,508,694) 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:

	2022 $	2021 $
No later than one year	1,394,579	1,087,878
Later than one year and no later than five years	2,132,605	1,842,761
Later than five years	-	-
	3,527,184	**2,930,639**

APD LIMITED

Notes to Financial Statements
June 30, 2022
(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 $	2022 Total $
Landing fees	13,018,507	-	13,018,507
Terminal handling fees	4,312,692	-	4,312,692
Stevedoring fees	3,144,096	-	3,144,096
Security	2,528,523	-	2,528,523
Gate fees	2,285,614	-	2,285,614
Storage fees	-	1,586,943	1,586,943
Reefer line	-	764,450	764,450
Other income	898,395	-	898,395
Total	**26,187,827**	**2,351,393**	**28,539,220**

	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	**24,249,429**	**3,016,708**	**27,266,137**

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, 2022
(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, 2022
(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:

	2022 **$**	**2021** **$**
Legal and other professional fees	498,308	212,759
Regulatory fees	127,072	122,780
	625,380	**335,539**

16. Retirement benefits

Pension costs for the year which are included in salaries, employee benefits and training in the statement of comprehensive income totalled $105,488 (2021: $107,470). 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:

	2022 **$**	**2021** **$**
Authorised but not contracted	-	-
Contracted but not yet incurred	-	33,108
	-	**33,108**

As of June 30, 2022, the Company is contingently liable to its bankers in respect of customs bonds issued to the Bahamas Government and corporate credit cards in the total amount of $1,030,000 (2021: $920,000). There is an annual bank charge of 1.25% on the face value of each bond.

APD LIMITED

Notes to Financial Statements
June 30, 2022
(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, 2022, 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: the BSD prime rate. This rate has not fluctuated significantly in prior years and the credit agreement stipulates a minimum and maximum interest rate, limiting the exposure to interest rate risk. Management does not foresee cash flow and fair value interest 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, 2022
(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, 2022 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, 2022 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, 2022
(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, 2022. The amounts disclosed in the table are the contractual undiscounted cash flows.

As of June 30, 2022	Carrying amount $	Contractual cash flows $	0-12 months $	1-5 years $	More than 5 years $
Liabilities					
Accounts payable	468,787	468,787	468,787	-	-
Due to related parties	1,243,372	1,243,372	1,243,372	-	-
Accrued expenses and other liabilities	1,033,746	1,033,746	1,033,746	-	-
Lease liabilities	46,911,502	129,910,012	2,303,500	9,214,000	118,392,512
Long term debt	28,798,934	35,272,280	2,933,935	11,098,093	21,240,252
Deposits held	274,663	274,663	21,000	21,701	231,962
Total financial liabilities	**78,731,004**	**168,202,860**	**8,004,340**	**20,333,794**	**139,864,726**

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**

The Company has sufficient cash flows from operations to meet its liquidity needs. In addition, the Company has an undrawn line of credit with FirstCaribbean International Bank (Bahamas) Limited totalling $2,150,000 ($3,000,000 Facility B as described in Note 7 less customs bonds issued to the Bahamas Government of $850,000) and an undrawn line of credit with RBC Royal Bank (Bahamas) Limited totalling $3,000,000.

APD LIMITED

Notes to Financial Statements
June 30, 2022
(Continued)

18. Financial risk management (Continued)

(c) Liquidity risk (continued)

As disclosed in Note 17, the Company has total capital commitments for provision of goods and services in the amount of $Nil (2021: $33,108) 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 liabilities 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.

Financial assets measured at fair value through profit or loss comprise an investment in the Nassau Cruise Port Ltd. equity offering via the Bahamas Investment Fund (BIF). The Company purchased 85,000 Bahamas Investment Fund Class A Investor Shares at $5.00 per share in December 2021. The fund will have an annual net asset value calculated on March 31 of each year. Directors of the fund, along with the Investment Manager, will determine appropriate valuation methods for The Nassau Cruise Port shares which are owned by BIF. Directors intend to use the book value of BIF's ownership stake in Nassau Cruise Port as a base case for the value of the shares. Accordingly, the net asset value will reflect movements in Nassau Cruise Port's equity and primarily be driven by the performance of the company.

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).

APD LIMITED

Notes to Financial Statements
June 30, 2022
(Continued)

19. Fair value of financial instruments (Continued)

Fair value hierarchy and measurements (continued)

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

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

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

	June 30, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
FINANCIAL ASSETS				
Financial assets at amortised cost				
Cash and cash equivalents	19,817,081	-	-	19,817,081
Accounts receivable	-	3,059,560	-	3,059,560
Financial assets at fair value through profit or loss	-	425,000	-	425,000
Total financial assets	**19,817,081**	**3,484,560**	**-**	**23,301,641**
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Accounts payable	-	468,787	-	468,787
Due to related parties	-	1,243,372	-	1,243,372
Accrued expenses and other liabilities	-	1,033,746	-	1,033,746
Current portion of long term debt	-	2,057,067	-	2,057,067
Current portion of lease liability	-	184,194	-	184,194
Long term debt	-	26,741,867	-	26,741,867
Long term lease liability	-	46,727,308	-	46,727,308
Deposits held	-	274,663	-	274,663
Total financial liabilities	**-**	**78,731,004**	**-**	**78,731,004**

APD LIMITED

Notes to Financial Statements
June 30, 2022
(Continued)

19. Fair value of financial instruments (Continued)

Fair value hierarchy and measurements (continued)

	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	**17,606,947**	**2,088,967**	**-**	**19,695,914**
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Accounts payable	-	239,021	-	239,021
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 lease liability	-	114,061	-	114,061
Long term lease liability	-	46,981,634	-	46,981,634
Deposits held	-	274,663	-	274,663
Total financial liabilities	**-**	**80,509,475**	**-**	**80,509,475**

At the reporting date, the initial NAV in the shares of the NCP equity offering has not been calculated. Given the recent acquisition of the shares, management has determined that the transaction price approximates the fair value at June 30, 2022. For a period of 1 year after December 31, 2021 the shareholders of BIF will not be able to transfer, sell, pledge, grant any option to purchase, otherwise dispose of, any shares in the fund and for a period of 3 years after December 31, 2021, the shareholders will not be able to redeem any shares in the fund.

The Company does not have a Level 3 classification at June 30, 2022 and 2021. 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, 2022
(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 covenants:

- to maintain a debt service coverage ratio of at least 2.00:1.00

The Company has complied with this covenant throughout the reporting period. As at June 30, 2022, the debt service coverage ratio was 5.17 (2021: Nil).

- to maintain in the debt service reserve account an amount in cash equal to or exceedng the minimum debt service reserve cash balance

The Company has complied with this covenant throughout the reporting period. As at June 30, 2022, the balance in the debt service reserve account exceeded the minimum debt service reserve cash balance.

- to maintain a debt to EBITDA ratio of less than 3.50:1.00

The Company has complied with this covenant throughout the reporting period. As at June 30, 2022, the debt to EBITDA ratio was 1.90 (2021: Nil).

- to make minimum major maintenance reserve payments equal to 3% of gross annual revenues until the major maintenance reserve account is equal to or exceeds the minimum major maintenance reserve balance, and to maintain the minimum major maintenance reserve balance at any time thereafter.

The Company has complied with this covenant throughout the reporting period. As at June 30, 2022, payments are not yet due.

- to maintain a minimum current ratio of 1.00:1.00

The Company has complied with this covenant throughout the reporting period. As at June 30, 2022, the current ratio was 5.12 (2021: 5.44).

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*.

ARAWAK
PORT DEVELOPMENT

NASSAU CONTAINER PORT

HOURS OF OPERATION

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

CONTACT INFORMATION

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