APD LIMITED

Financial Statements
For the year ended June 30, 2019

Independent auditors' report

To the Shareholders of APD Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of APD Limited (the Company) as of June 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

APD Limited's financial statements comprise:

- the statement of financial position as of June 30, 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

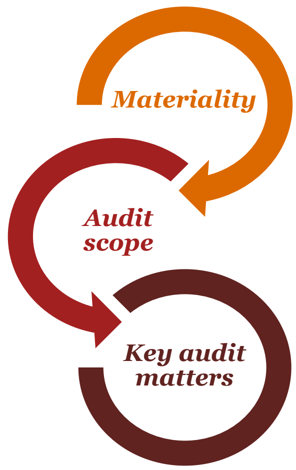
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Our audit approach

Overview



- Overall materiality: $401,500, which represents approximately 5% of profit from continuing operations

- In addition to determining materiality, we also assessed, amongst other factors, the following in designing our audit:
  - the risk of material misstatement in the financial statements
  - significant accounting estimates
  - the risk of management override of internal controls

- Valuation of property, plant and equipment

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

Materiality

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

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

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

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $40,150, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of property, plant and equipment *Refer to notes 2 (g), 2 (h) and 9 to the financial statements for disclosures of related accounting policies and balances.*	
As of June 30, 2019, property, plant and equipment represented $82,800,651 or 80% of total assets of the Company. There were no impairment losses on property, plant and equipment recognised during the year. We focused on valuation of property, plant and equipment due to materiality of the balance and because the factors in determining whether impairment exists involves significant judgement by management. In determining whether circumstances indicating impairment exist, management, at a minimum, considers the following factors: - A decline in the asset's market value that is significantly greater than would be expected as a result of the passage of time or normal use;	We evaluated and assessed the reasonableness of accounting policies related to property, plant and equipment and useful lives. For a sample of assets, we examined if the useful life over which depreciation is calculated was in accordance with the Company's policy. We also reperformed calculations of depreciation expense for a sample of assets. Additionally, we tested management's impairment assessment, which included an analysis of all of the Company's assets by asset class. We agreed the financial information in the analysis to the fixed asset register, which was reconciled to the general ledger and financial statements. We evaluated the reasonableness of management's assumptions used in determining whether an asset is impaired and challenged management's process by examining a sample of assets which had not been identified by management as

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

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

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

Other information

Management is responsible for the other information. The other information comprises the 2019 APD Limited Annual Report (but does not include the financial statements and our auditors' report thereon), which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the 2019 APD Limited Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Myra Lundy-Mortimer.

PricewaterhouseCoopers

Chartered Accountants
Nassau, Bahamas

October 24, 2019

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

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

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

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

Director

S. E.

Director

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

APD LIMITED

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

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

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

APD LIMITED

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

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

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

APD LIMITED

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

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

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

APD LIMITED

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

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

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

APD LIMITED

Notes to Financial Statements
June 30, 2019

1. General information

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

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

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

2. Summary of significant accounting policies

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

(a) Basis of preparation

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

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

(i) Critical accounting estimates and assumptions

Useful lives of property, plant and equipment

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (continued)

(i) Critical accounting estimates and assumptions (continued)

Impairment of non-financial assets

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

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

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, 2019
(Continued)

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (continued)

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

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

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

(iii) Alternative performance measures

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

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

(b) Changes in applicable accounting policy and disclosures

(i) New and amended standards adopted by the Company

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

IFRS 9, addresses the classification, measurement and recognition of financial assets and financial liabilities, and replaces the guidance in IAS 39, '*Financial instruments: Recognition and measurement'* (IAS 39) that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income.

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

2. Summary of significant accounting policies (Continued)

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

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

The determination is made at initial recognition, and the classification depends on the Company's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. In addition, IFRS 9 requires the impairment of financial assets to be calculated using an expected credit loss model that replaces the incurred loss impairment model required by IAS 39. IFRS 9 also significantly amended other standards dealing with financial instruments such as IFRS 7, '*Financial instruments: Disclosures'* (IFRS 7).

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

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

Classification and measurement of financial assets and liabilities

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

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

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

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

2. Summary of significant accounting policies (Continued)

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

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

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

For financial liabilities, there were no changes to classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income for financial liabilities designated at fair value through profit or loss.

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

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

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

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

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

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

2. Summary of significant accounting policies (Continued)

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

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

The Company has two types of financial assets that are subject to IFRS 9's new expected credit loss model:

- Cash and cash equivalents
- Accounts receivable

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

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

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

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

IFRS 15, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with its customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

2. Summary of significant accounting policies (Continued)

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

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

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

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after July 1, 2018, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 16, *'Leases'* results in lessees accounting for most leases within the scope of the standard in a manner similar to the way in which finance leases are currently accounted for under IAS 17 *'Leases'*.

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

The Company will apply the standard from July 1, 2019. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The Company is currently assessing the full impact of adopting IFRS 16.

(c) Foreign currency translation

(i) Functional and presentation currency

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

2. Summary of significant accounting policies (Continued)

(c) Foreign currency translation (continued)

(ii) Transactions and balances

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

(d) Cash and cash equivalents

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

(e) Accounts receivable

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

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

(f) Inventory

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

(g) Property, plant and equipment

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

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

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

2. Summary of significant accounting policies (Continued)

(g) Property, plant and equipment (continued)

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

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

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

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

(h) Impairment of non-financial assets

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

(i) Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one (1) year or less. If not, they are presented as non-current liabilities.

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

(j) Borrowings

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

2. Summary of significant accounting policies (Continued)

(j) Borrowings (continued)

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

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

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

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

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

(k) Borrowing costs

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

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

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

(l) Share capital and share premium

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

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

2. Summary of significant accounting policies (Continued)

(m) Revenue and expense recognition

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

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

Revenue from services

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

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

Interest income and expense

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

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

(n) Leases

Accounting as lessee

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

Accounting as lessor

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

(o) Financial instruments

i) Financial assets

Initial recognition and measurement

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

2. Summary of significant accounting policies (Continued)

(o) Financial instruments (continued)

i) Financial assets (continued)

Initial recognition and measurement (continued)

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

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

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

Subsequent measurement

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

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

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

2. Summary of significant accounting policies (Continued)

(o) Financial instruments (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

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

Financial assets at amortised cost

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

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Derecognition

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

- The rights to receive cash flows from the asset have expired; or

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

2. Summary of significant accounting policies (Continued)

(o) Financial instruments (continued)

i) Financial assets (continued)

Impairment of financial assets

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

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

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

ii) Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost.

Derecognition

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

iii) Pre-IFRS 9 accounting policy:

Classification

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

2. Summary of significant accounting policies (Continued)

(o) Financial instruments (continued)

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

Classification (continued)

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

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

Recognition

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

Measurement

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

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

Derecognition

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

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

2. Summary of significant accounting policies (Continued)

(o) Financial instruments (continued)

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

Impairment

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

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

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

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

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

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

Offsetting financial instruments

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

2. Summary of significant accounting policies (Continued)

(p) Retirement benefit costs

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

(q) Segment reporting

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

(r) Taxation

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

(s) Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing:

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

2. Summary of significant accounting policies (Continued)

(s) Earnings per share (continued)

(b) Diluted

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

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

(t) Dividend distribution

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

(u) Corresponding figures

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

3. Cash and cash equivalents

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

4. Accounts receivable

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

4. Accounts receivable (Continued)

There were no movements in the allowance for expected credit losses during the year. The full balance of the receivables is considered by management to be collectible.

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

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

	Total $	Current $	1-30 days $	31-60 days $	61-90 days $	More than 90 days $
2019	1,539,297	1,342,779	182,873	12,328	1,317	-
2018	1,615,954	1,428,211	56,116	15,068	14,736	101,823

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

5. Related party balances and transactions

A party is related to the Company if:

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

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

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

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

5. Related party balances and transactions (Continued)

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

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

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

(b) Amounts due to related parties comprise:

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

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

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

(c) Sales and purchases of services:

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

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(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 75% (2018: 77%) of total revenues during the year, amounting to $11,424,527 (2018: $11,988,123) and $11,712,557 (2018: $12,163,364) respectively.

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

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

(d) Key management compensation

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

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

6. Deposits, prepayments and other assets

	2019	2018
	$	$
Security deposits	394,790	394,790
Prepayments	504,152	457,417
	898,942	**852,207**

7. Long term debt

Facility 1: Long term debt being a $5,000,000 non-revolving reducing term loan. As of June 30, 2019, the loan of $Nil (2018: $3,085,106) was for a five (5) year period, amortised over twelve (12) years with interest payable quarterly in arrears at a rate of Bahamian dollar prime rate plus 0.25% commencing December 31, 2013. Principal payments were payable quarterly in instalments of $106,383 with a balloon payment of $2,978,723 due at maturity. The remaining balance on the loan was paid in full on July 18, 2018.

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

7. Long term debt (Continued)

Facility 2: $3,000,000 revolving demand operating line of credit payable on demand at a rate of Bahamian dollar prime rate plus 0.25% on the outstanding balance. There have been no drawdowns against this facility.

The above facilities are secured by the following:

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

Facility 3: USD 3,000,000 non-revolving reducing term loan. The loan is for a five (5) year period from the date of the first disbursement with interest payable semi-annually at a rate of LIBOR plus 2.25% commencing six months from the date of the first disbursement of the loan. Principal repayments will be payable semi-annually in equal instalments. The Company received its first drawdown in December 2017 in the amount of $1,500,000. The principal outstanding as of June 30, 2019 is $1,050,000 (2018: $1,350,000) and the current portion of long-term debt is $300,000 (2018: $300,000).

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

8. Redeemable preference shares

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

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

9. Property, plant and equipment

	Container terminal $	Freight handling equipment $	Buildings, improvements & office trailers $	Motor vehicles $	Furniture & fixtures, communications and office equipment $	Capital work in progress $	Total $
Year ended June 30, 2019							
Opening net book value	37,891,074	6,763,254	36,064,593	288,003	1,474,717	2,212,302	84,693,943
Additions	-	-	-	-	-	1,199,588	1,199,588
Transfers	565,895	105,010	64,972	35,349	195,212	(966,438)	
Reclassifications							
Cost	6,463	-	-	-	(6,463)	-	-
Impairment	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Cost	-	3,282	-	-	1,697	-	4,979
Accumulated depreciation	-	(3,282)	-	-	(1,697)	-	(4,979)
Depreciation charge for the year	(1,023,182)	(660,887)	(968,588)	(86,461)	(353,762)	-	(3,092,880)
Closing net book value	**37,440,250**	**6,207,377**	**35,160,977**	**236,891**	**1,309,704**	**2,445,452**	**82,800,651**
At June 30, 2019							
Cost	44,628,302	10,536,237	41,321,103	654,542	4,705,037	2,445,452	104,290,673
Impairment	-	(24,157)	-	-	(152)	-	(24,309)
Accumulated depreciation	(7,188,052)	(4,304,703)	(6,160,126)	(417,651)	(3,395,181)	-	(21,465,713)
Net book value	**37,440,250**	**6,207,377**	**35,160,977**	**236,891**	**1,309,704**	**2,445,452**	**82,800,651**

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

9. Property, plant and equipment (Continued)

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

10. Accrued expenses and other liabilities

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

11. Share capital

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

As of reporting date, the Company has issued 4,996,915 (2018: 4,996,915) ordinary shares that were fully paid for by the shareholders.

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

12. Basic and diluted earnings per share

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

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

13. Significant agreements

(a) Memorandum of Understanding (MOU)

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

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(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, 2019
(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, 2019
(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, 2019, the total rent expense recognised in the statement of comprehensive income amounted to $2,775,494 (2018: $2,567,262). As of reporting period, lease payable to the Government amounted to $2,047,965 (2018: $2,095,168) which is included in due to related parties in the statement of financial position (Note 5).

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

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

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

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

13. Significant agreements (Continued)

(b) Leases (continued)

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

	2019 $	2018 $
No later than one year	2,000,002	2,000,002
Later than one year and no later than five years	8,000,008	8,000,008
Later than five years	64,000,064	66,000,066
	74,000,074	**76,000,076**

(c) Subleases

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

Income amounting to $1,756,378 (2018: $1,767,119) is shown as subleases income in the statement of comprehensive income. At year end, the analysis of the Company's aggregate future minimum lease payments receivable under the lease is as follows:

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(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	2019 Total	2018 Total
	$	$	$	$
Landing fees	13,651,974	-	13,651,974	13,800,456
Terminal handling fees	4,412,051	-	4,412,051	4,375,092
Stevedoring fees	3,057,399	-	3,057,399	3,214,922
Security	2,652,911	-	2,652,911	2,718,707
Gate fees	2,312,135	-	2,312,135	2,314,667
Storage fees	-	1,543,528	1,543,528	1,680,299
Reefer line	-	755,900	755,900	889,450
Other income	770,282	-	770,282	770,807
Total	**26,856,752**	**2,299,428**	**29,156,180**	**29,764,400**

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

b) Performance obligations

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

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

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

14. Revenue from contracts with customers (Continued)

b) Performance obligations (continued)

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

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

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

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

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

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

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

15. Legal and other professional fees

Legal and other professional fees comprise the following:

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

16. Retirement benefits

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

17. Commitments and contingencies

Outstanding capital commitments as of reporting date were as follows:

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

As of June 30, 2019, the Company is contingently liable to its banker in respect of customs bonds issued to the Bahamas Government and corporate credit cards in the total amount of $680,000 (2018: $580,000). There is an annual bank charge of 1.25% on the face value of each bond.

18. Financial risk management

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

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

18. Financial risk management (Continued)

(a) Market risk

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

(i) Currency risk

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

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

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

(ii) Cash flow and fair value interest rate risk

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

As of June 30, 2019, the Company held variable interest rate financial instruments which could possibly expose it to significant fair value or cash flow interest rate risk. The long term debt is subject to the prevailing market interest rate. In addition, the preference share dividend rate has a fixed yield to maturity. Management does not foresee cash flow and fair value rate risks on the financial liability to be significant.

(b) Credit risk

Credit risk arises from the potential failure of a counterparty to perform according to the terms of the contract. The Company's exposure to credit risk is concentrated in its cash and deposits with bank and accounts receivable. The carrying amount of these financial assets represents the maximum credit exposure to the Company.

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

18. Financial risk management (Continued)

(b) Credit risk (continued)

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

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

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

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

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

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

(c) Liquidity risk

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

APD LIMITED

Notes to Financial Statements
June 30, 2019
(Continued)

18. Financial risk management (Continued)

(c) Liquidity risk (continued)

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

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

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

As of June 30, 2018	Carrying amount $	Contractual cash flows $	0-12 months $	1-5 years $	More than 5 years $
Liabilities					
Accounts payable	488,725	488,725	488,725	-	-
Due to related parties	2,605,808	2,605,808	2,605,808	-	-
Accrued expenses and other liabilities	1,117,485	1,117,485	1,117,485	-	-
Long term debt	4,435,106	4,435,106	3,385,106	1,050,000	-
Redeemable preference shares	35,533,031	53,926,635	4,481,270	12,078,817	37,366,548
Deposits held	274,963	274,963	26,918	191,143	56,902
Total financial liabilities	**44,455,118**	**62,848,722**	**12,105,312**	**13,319,960**	**37,423,450**

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

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

18. Financial risk management (Continued)

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

19. Fair value of financial instruments

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

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

Fair value hierarchy and measurements

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

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

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

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

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

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

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

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June 30, 2019
(Continued)

19. Fair value of financial instruments (Continued)

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

	June 30, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
FINANCIAL ASSETS				
Loans and receivables				
Cash and cash equivalents	19,764,743	-	-	19,764,743
Accounts receivable	-	1,615,954	-	1,615,954
Total financial assets	**19,764,743**	**1,615,954**	**-**	**21,380,697**
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Accounts payable	-	488,725	-	488,725
Due to related parties	-	2,605,808	-	2,605,808
Accrued expenses and other liabilities	-	1,117,485	-	1,117,485
Current portion of preference shares	-	2,572,000	-	2,572,000
Current portion of long term debt	-	3,085,106	-	3,085,106
Redeemable preference shares	-	32,961,031	-	32,961,031
Long term debt	-	1,350,000	-	1,350,000
Deposits held	-	274,963	-	274,963
Total financial liabilities	**-**	**44,455,118**	**-**	**44,455,118**

19. Fair value of financial instruments (Continued)

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

20. Capital management

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

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

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

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

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

Long term debt covenants

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

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

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

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Notes to Financial Statements
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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*.