ANNUAL REPORT 2010-2011

AIRPORTS AUTHORITY OF JAMAICA

CORPORATE DATA

BOARD OF DIRECTORS

MARK HART - *Chairman*
CHARLES HEHOLT - *Vice-Chairman*
EARL RICHARDS - *President*
MARCUS JAMES - *Director*
VALERIE SIMPSON - *Director*
WILLIAM SHAGOURY- *Director*
DENNIS P. MORGAN - *Director*
FAY HUTCHINSON - *Director*
RANSFORD BRAHAM - *Director*

COMPANY SECRETARY

LISA-KAYE ALLEN HENRY

COMPANY SECRETARY

LISA-KAYE ALLEN HENRY

SUBSIDIARY COMPANY

NMIA AIRPORTS LIMITED

ATTORNEYS-AT-LAW

MYERS FLETCHER & GORDON

AUDITORS

PRICEWATERHOUSECOOPERS

BANKERS

BANK OF NOVA SCOTIA JAMAICA LIMITED
NATIONAL COMMERCIAL BANK JAMAICA LIMITED
RBTT BANK JAMAICA LIMITED

CORPORATE OFFICE

AIRPORTS AUTHORITY OF JAMAICA
NORMAN MANLEY INTERNATIONAL AIRPORT
ADMINISTRATION BUILDING
PALISADOES, JAMAICA

COMMUNICATIONS

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AIRPORTS AUTHORITY OF JAMAICA

Annual Report
2010-2011


WESTJET

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AIRPORT HISTORY

The Airports Authority of Jamaica (AAJ) was established in 1974, under the Airports Authority Act as an independent statutory body to manage and operate both the Norman Manley International (KIN) and Sangster International (SIA) Airports. In 1990 the AAJ was given the operational responsibility for the four domestic aerodromes namely; Tinson Pen in Kingston, Ken Jones in Portland, Boscobel in St. Mary and Negril in Westmoreland.

Sangster International Airport was privatised in April 2003 and is now operated by MBJ Airports Limited (a private consortium) under a thirty-year concession agreement with the AAJ. NMIA Airport Ltd, a wholly owned subsidiary of AAJ, was established in October 2003, as the airport operator for the Norman Manley International Airport under a thirty-year concession agreement with the AAJ.

VISION STATEMENT

"To build and sustain a world-class airport system, which facilitates private investment and partnership and positions Jamaica's airports as the gateway to the Caribbean and the Americas".

MISSION STATEMENT

"To develop a modern, safe and profitable airport system that is environmentally responsible, provides world-class service, and contributes substantially to the national economy while promoting the expansion of air transportation and its related industries."

CORPORATE CORE VALUES

In an atmosphere of honesty, fairness, and integrity, we commit to our core organizational values – People, Customer Focus, Integrity, Financial Management, Regulatory and Statutory Requirements, Safety and Security and Environment. These values are detailed below:

PEOPLE

We will treat each person fairly with respect and dignity, while encouraging employee competence, motivation and productivity.

CUSTOMER FOCUS

We are customer-driven, will demonstrate a sense of urgency, and provide quality service to both internal and external customers

INTEGRITY

We will keep our promises, deliver on our commitments, be open, honest and engage in continuous communication and direct dialogue with our stakeholders.

FINANCIAL MANAGEMENT

We are committed to prudent financial management, which ensures value for expenditure and a reasonable return for our shareholders.

REGULATORY AND STATUTORY REQUIREMENTS

We will ensure that the airports conform to the agreed standards established by regulatory and statutory bodies and lending agencies.

SAFETY AND SECURITY

We will ensure that the airports establish and maintain the highest level of safety and security for all users.

ENVIRONMENT

We will ensure that the airports are committed to sustainable environmental practices that facilitate compliance with established standards, laws and regulations.

AAJ CHAIRMAN, MARK HART (RIGHT) PRESENTS A PLAQUE TO AIRPORT PROTECTION SERVICE (APS) OFFICER JOSEPH DALRYMPLE FOR MERITORIOUS SERVICE DURING THE AA 331 INCIDENT WHICH OCCURRED IN 2009 DECEMBER.

CHAIRMAN'S MESSAGE

Mark Hart - *Chairman AAJ*

The past year was a challenging one for the local air transport sector as the impact of the slow economic recovery of our main trading partners and our local economy, restrained growth in airport traffic. Notwithstanding this fact, the Directors, Management and staff of the AAJ Group, in partnership with our stakeholders, forged ahead with the process of building the airport infrastructure and service quality of our airports and aerodromes to world class standards.

One major achievement for the fiscal year was the launch of Jamaica's new international port of entry; the Ian Fleming International Airport (IFIA), which received its name form the author of the famous James Bond novels. This airport, which is an upgrade of the former Boscobel aerodrome in St. Mary, is adjacent to the North Coast highway and is strategically situated to serve tourism clientele from St. Ann to Portland. It is in close proximity to several high-end tourism properties and will easily facilitate owners and operators of a wide range of general aviation aircraft, thereby providing a boon to the tourism industry.

RIBBON CUTTING EXERCISE LED BY PRIME MINISTER HONOURABLE ORRETTE BRUCE GOLDING (4TH RIGHT) AT THE LAUNCH OF THE IAN FLEMING INTERNATIONAL AIRPORT ON 2011 JANUARY 12.

We were delighted to have the prime minister delivering the main address at the official opening of this new facility on 2011 January 12 and we anticipate a steady growth in general aviation traffic as we partner with tourism interests to market this new friendly gateway into the country.

For the fiscal year, 2010 April to 2011 March, passenger traffic showed a slight reduction of 0.75% against the previous year moving from 4,871,173 in 2009/10 to 4,834,791. However, cargo traffic and aircraft movements have seen improvements of 2.76% and 4.33% respectively. Cargo volumes moved from 15,198,740 in 2009/10 to 15,617,929 and aircraft movements from 60,350 to 62,965. No doubt, issues such as rising oil prices, the 2010 April Volcanic eruption in Iceland and the 2010 May civil unrest in West Kingston impacted traffic outturns. We anticipate further improvements in these numbers, however, as the economies of our main destinations continue to recover. We also continue to anticipate a favourable outcome and transition process from the sale of Air Jamaica to the expanded operations of Caribbean Airlines.

The AAJ Group continues to achieve an operating surplus. For the period 2010 April - 2011 March 31 a surplus of $605.2m was realised, compared with a budgeted surplus of $277.8m. Operating revenue was above budget by $455.8m, to give a total of $3,326.1m (2009/10: $3,104.3m), while operating expenses amounted to $2,720.9m (2009/10: $2,502.5m), an increase of $128.4m over the budgeted sum. Two major factors that adversely affected the expected revenue performance were the non-realisation of the additional concession fee income from MBJ and the delayed implementation of the Ian Fleming International Airport from which revenues were budgeted. With regard to operating expenses; staff, security and maintenance costs are the principal drivers of additional expenditure and these are among the areas targeted for special attention under the organisation's cost management programme.

The Sangster International Airport (SIA), operated by MBJ Airports Limited, welcomed a new CEO, Mr. Eduardo Canelas in 2011 January. Mr. Canelas, who hails from Bolivia, takes over the reigns from Mr. Fernando Bosque to whom we express thanks for his contribution to the development of the airport.

EDUARDO CANELAS, CEO-MBJ AIRPORT LIMITED

As Jamaica continues to be a strong tourist destination in the Caribbean, the Sangster International Airport also benefited from the growth of new airlines, new routes and increased capacity. During the period under review, a number of new airlines commenced service into Sangster and increased the frequency or capacity of strong routes. Canada remains the fastest growing inbound market for the airport.

With construction of the main terminal finished, MBJ Airports Limited is now focused on improving the customer experience through the facility, working with community and airport partners to improve access to Jamaica through Sangster International Airport and developing the look and appearance of the facility towards developing the "Sense of Place".

GREETING ARRIVING PASSENGERS (SIA)

Partnerships forged with Immigration, Customs and the Concessionaires are essential to the continued improvement of service levels at SIA. This partnership has earned SIA the recognition of being awarded the Caribbean's Leading Airport for 2010 by the World Travel Award.

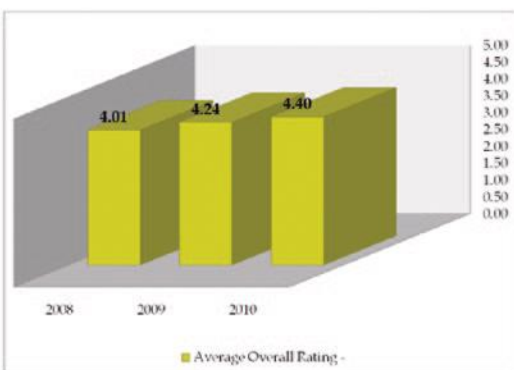
MBJ unveiled the first major commissioned piece of artwork in the arrivals immigration hall. Commissioned in 2009, after receiving over 50 proposals from artists living in Jamaica and Jamaican artists living aboard, Irish born artist Fiona Godfrey completed a mural depicting scenes from all over Jamaica. Impressive in its size, the artwork spans the entire length of the entrance to the Immigration hall and is almost sixty-five feet (65') long and twelve feet (12') high. Drawing on over 20 years of living in Jamaica, Ms. Godfrey created a piece that demonstrates the beauty of the land and people of Jamaica.

MURAL BY FIONA GODFREY DEPICTING SCENES FROM ALL OVER JAMAICA (SIA)

PINEAPPLE LOUNGE (NMIA)

With regard to the Norman Manley International Airport (NMIA) our subsidiary, NMIA Airports Limited, continued its drive to build the commercial offerings of the airport having completed the expansion of the Departures Terminal and practically completed the new-look Arrivals Forecourt.

The new Forecourt has been designed to accommodate additional "out turned shops" to facilitate the commercial needs of all airport users. Already the Mini-mart, has been a welcome feature for airport staff, travellers and visitors, and efforts continue to identify suitable retailers (food and personal care) for the commercial spaces now available. The Pineapple Lounge, operated by NMIA Airports Limited in the Transportation Hall, caters to our corporate clients and special groups. The Lounge is also available for press conferences as well as business meetings, and has added a classy flavour to the already stylish Hotel Lounges which are available for visitors and returning Jamaicans to enjoy.



NMIA also continued its drive to improve in its service quality delivery, as evidenced in the passenger's overall rating of our services for the past three calendar years 2008 – 2010 (Table 1). These ratings, which were derived from our monthly survey of customer perceptions, are monitored closely to ensure that customer needs are addressed. Moreover, additional equipment, such as a second ambulance and a Mobile Water Tank have been acquired to facilitate our clients. The airport also anticipates delivery of a new Rescue Boat and an Aircraft Rescue and Fire Fighting Unit in the first quarter of the 2011/12 fiscal year.

The Privatisation agenda for NMIA continued during the period, with work done by the government appointed enterprise team to identify a lead consulting firm. Limited progress was made on the pending relocation of the Tinson pen Aerodrome and the occupation of aerodrome lands by the Port Authority of Jamaica, in keeping with their planned operational expansion. Dialogue will continue during the new fiscal year to advance this Cabinet decision.

AIR TRAN AIRWAYS (SIA)

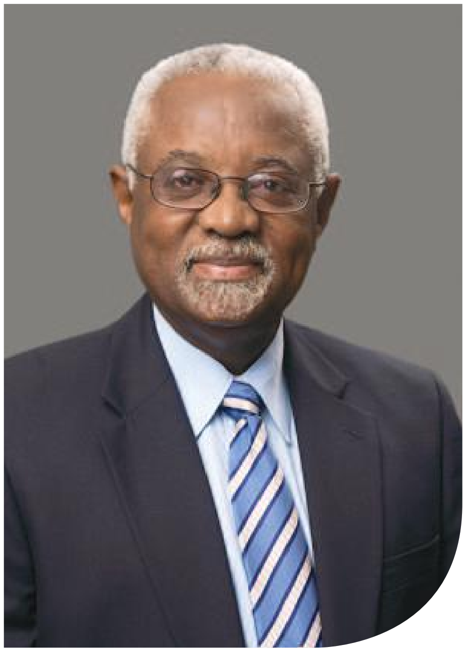
Major capital works which are to commence in the medium term include: the implementation of Runway End Safety Area (RESA) and Runway Extension projects at both international airports (guided by revised Master Plans); the construction of new Air Traffic Control Towers (ATC) by the Jamaica Civil Aviation Authority (JCAA) and the development of NMIA's east airfield to facilitate the expansion of its cargo operation and the growing demand for General Aviation Hangars.

The AAJ is undaunted by the challenges which face the global and local aviation sector and we are committed to positioning Jamaica's airports as the gateway to the Caribbean and the Americas. In keeping with National Outcome #9 of Vision 2030 Jamaica, we remain steadfast in the pursuit to "Expand domestic and international air transport infrastructure and services and Develop Jamaica as a regional hub with multimodal transport linkages".

I would like to recognise the work of the JCAA in its initiative to stimulate additional air traffic into the island by the waiver of navigational fees for general aviation aircraft, as well as its development plans at the airports. I also commend the management and staff of the AAJ, NMIAL and MBJ for another year of dedicated service, and thank my colleagues on the Board, as well as our airport stakeholders, for the growing partnership in expanding the quality and diversity of air transportation services in our island home.

Mark Hart
Chairman

PRESIDENT'S MESSAGE



Earl Richards -*President/CEO*
AAJ & NMIA Airports Limited

Overview

The rebound of the air transport business became more evident over the past year as signs of recovery from the global economic crisis continue to emerge. Preliminary world airport traffic reports published on the Airport Council International (ACI) website indicate that a record 5 billion passengers travelled in the 2010 calendar year which represents a 6.3% increase over the previous year. This growth was robust in the Middle East, Asia Pacific and some Latin American-Caribbean countries, but less evident in North America and Europe.

North America, our primary travel market, experienced modest passenger traffic growth of 2.4% in 2010. Jamaica, however, recorded a 1% reduction in international passenger traffic. Notwithstanding this, it is anticipated that Jamaica's air transport industry will return to a growth path provided that global expansion trends continue.

During the past fiscal year, 2010-2011, several route development initiatives were undertaken by both airports to expand the number of carriers and routes serving the island. Several measures were taken to increase non-aeronautical revenues and to curtail operating costs through cost management initiatives to counter the impact of the less than robust business environment which faced the industry. These challenges included the fiscal constraints within the economy under the new IMF Agreement, the rising cost of travel, due to increased fuel price and the Air Passenger Duty (APD) imposed by Britain as well as the adverse travel advisories issued by a number of key territories in response to the 2010 May civil unrest in Kingston. Nonetheless, the Authority pressed ahead with programmes and initiatives to enhance the development of a modern, safe and profitable airport system for Jamaica, consistent with its Mission.

Financial Results for the AAJ group reflected a $221.8m increase in Operating Revenue compared with the previous year, moving from $3,104.3m in 2009/10 to $3,326.1m at the end of 2011 March. This significant increase reflected a positive variance of 15.9% compared with the budget of $2,870.3m. Operating expenses amounted to $2,720.9m, which is an 8.7% increase over the previous year ($2,502.5m) and a 5.0% increase when compared with the budget of $2,592.5m. The Group therefore made an operating surplus of $605.2m ($601.8m – 2009/10), showing a positive variance of $277.8m over the budgeted sum.

AIRCRAFT AT NMIA

Airport Traffic Performance

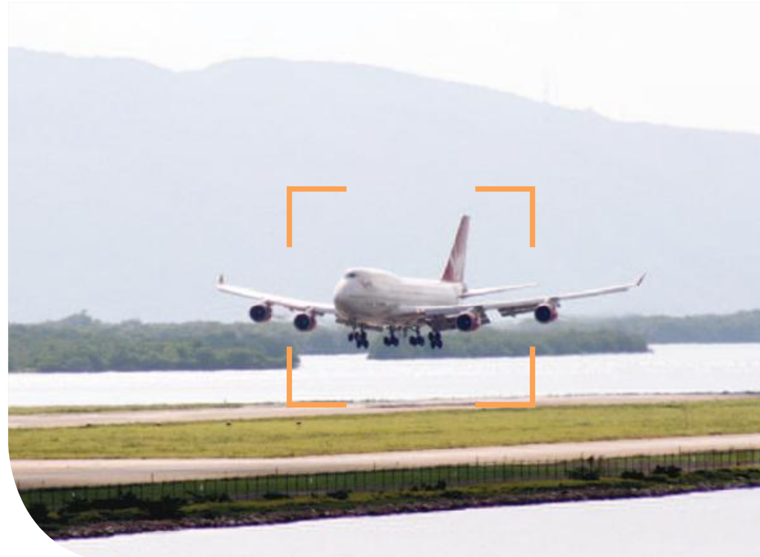
Passenger traffic through our international airports decreased by a marginal 0.75% over that of 2009/10; representing a marginal decline from 4,871,173 passengers in 2009/10 to 4,834,791 in 2010/11. This however indicates a recovery in passenger traffic trend, as the rate of decline continues to decrease, compared with the 2.56% decline in 2009/10 and 6% in 2008/9. This performance was realized despite the downsizing and sale of Air Jamaica to Caribbean Airlines. Other carriers moved to take up the 'fall away' of Air Jamaica seats, but only at the Sangster International Airport (SIA).

SIA, which accounted for approximately 69.08% of total passenger traffic and is the primary gateway to Jamaica for tourists, returned to growth and recorded a 1.44% increase in traffic moving from 3,292,296 passengers in 2009/10 to 3,339,635 in 2010/11. NMIA, however, which caters primarily to business and Jamaican travellers, experienced a marginally lower decline in passenger traffic than the previous year, moving from 1,578,877 passengers in 2009/10 to 1,495,156 passengers in 2010/11 or 5.3% less travellers.

Aircraft movements improved when compared with the previous year and recorded a 4.33% growth in 2010/11 when compared with the previous year. 62,665 movements were recorded in 2010/11 versus 60,350 in 2009/10. SIA, accounting for just over 63%

of total aircraft movements; an improvement of 4.79%, moving from 37,990 flights in 2009/10 to 39,811 in the reporting period. NMIA also showed an increase in aircraft movements of 3.55%, resulting in a total of 23,154 flights in 2010/11 up from 22,360 movements in 2009/10.

Cargo volumes at the international airports returned to growth, in keeping with global trends. Over the period, total cargo volumes increased by 2.76%, from 15,198,740 in 2009/10 to 15,617,929 in 2010/11; this compared with the 17.79% reduction in the previous period. NMIA continues to handle the bulk of air cargo into the country (approximately 69%) and experienced a marginal 1.2% increase in 2010/11 over 2009/10. Cargo volumes at SIA rose by 6.34% over the levels in 2009/10.



AIRCRAFT LANDING AT NMIA

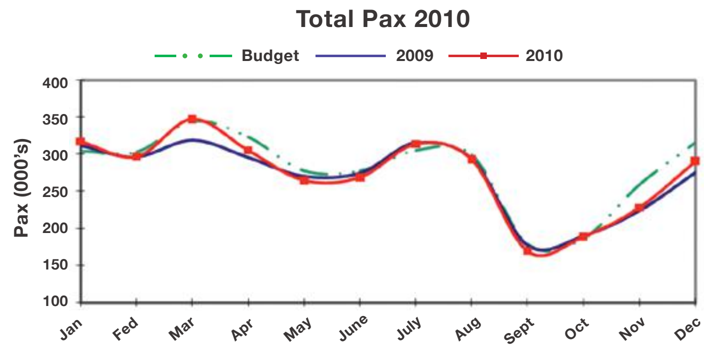
AIR TRAN AIRWAYS AT SIA

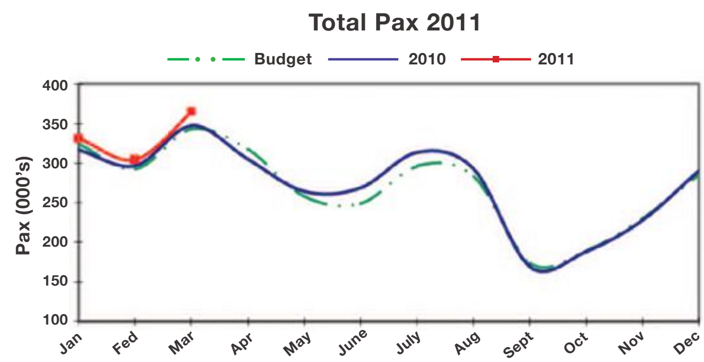
Sangster International Airport (SIA)

Jamaica remains an attractive destination that is relatively close to the United States and Canada, therefore signs of economic recovery in the United States have contributed to modest growth in inbound tourism arrivals through Sangster International Airport (SIA)

New Air Services

- Air Tran Airways, based in Orlando, entered the Montego Bay market with 18 flights per week from Atlanta, Orlando and Baltimore.
- Frontier airlines in an effort to test the market, started a seasonal charter service from St. Louis with an eye to commence scheduled service in 2012 from their main hub in Denver, Colorado.
- Jazz Air, a new airline from Canada, formerly a subsidiary of Air Canada, essentially replaced services lost by the bankrupt airline, Sky Service. Jazz operated flights from Toronto, Halifax and Montreal and intend to continue their growth to Jamaica during winter 2011-12.
- Western Air – commenced service from Nassau, Bahamas three times per week.
- JetBlue – continued to grow services to SIA with increased flights from New York and new flights from Boston and Orlando.
- WestJet commenced 24 weekly flights as of October 31, 2010 operating from virtually every major city in Canada. This contributed significantly to the 12% growth in 2010 from the Canadian market and over 254,998 seats available from Canada.



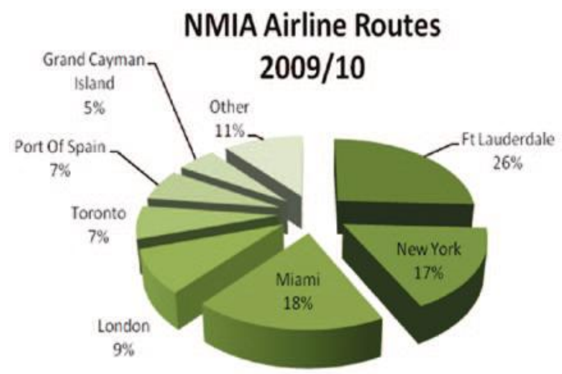


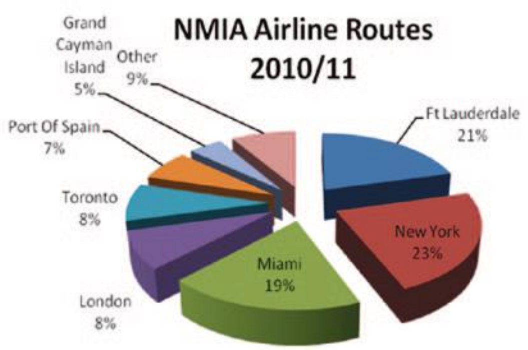
International scheduled passengers grew 5.85% over 2009 and Charter grew 2.96%. However, domestic traffic continued to decline largely due to the continued contraction of Air Jamaica services which fell by 8.54% below 2009 levels.

The first three months of 2011 were positive, a trend which it is hoped will continue throughout the calendar year.

ARRIVALS EXIT (NMIA)

Norman Manley International Airport (NMIA)





For the 2010/11 fiscal year, New York emerged as the leading route for travellers to and from Kingston, with 23% of total traffic at NMIA. This performance indicates a change from the previously dominant Fort Lauderdale route, which held the lead position in the previous year (26% of total traffic) and ended the year at second place with 21%.

Miami is now ranked third, down from second place, followed by Toronto and London.

Air Jamaica continued to be the major carrier for NMIA in 2010/11 with approximately 46% of total traffic, compared with 38% the previous year. American Airlines and Caribbean Airlines remained at second and third place respectively at 17.7% and 6.6% during the year under review.

Airport Operations

NMIA continues to improve its service quality and offerings in a friendly, yet professional and cost efficient manner. Our customer service staff has benefited from enhanced training and we have been communicating passenger surveys results to key government and non-government operators at the airport to sensitize them of passenger feedback.

In addition, close collaboration is maintained with various airport stakeholders to enable cost reduction and management. This includes the management of energy consumption and a new fourth Quarter initiative to "ramp down" airport operations soon after the arrival/departure of the final flight.

Financial Highlights - NMIA Airports Limited

Revenue passengers for the fiscal year under review amounted to 725,189, that is, 2.59% below the budget of 744,459 and 3.28% below the previous year's number of 749,762.

However, operating revenue for NMIA Airports Limited for the period was US$29,201k compared with US$24,580k for the previous year, representing a 19% increase over the previous year. This result was US$7,389k above the budgeted US$21,812k for the year. Operating expenses, for the period (excluding concession fees) was US$25,930k compared with US$22,829k for the previous year, and the budgeted US$24,118k.

NMIAL recorded an operating profit of US$1,363k for the year against a budgeted surplus of US$4,221k and compared with a loss of US$184k for the previous year.

Aviation Safety

Significant investment was made to boost NMIA's aviation safety and response capabilities. A second ambulance was acquired in Quarter 2 of 2010/11 and arrangements were far advanced in procuring a new Aircraft Rescue and Fire Fighting Vehicle (ARFFV) as well as a Rescue Boat. Delivery of the ARFFV and Boat are expected in the new financial year. Adjustments are being made to the Fire Station to accommodate the new safety equipment and Airport Protection Service (APS) employees are being provided with the requisite training.

Safety training has been ongoing at the airport including staff of Jamaica Customs and Immigration officers.

Aviation Security

The Airport Security (AVSEC) systems continue to be improved with the addition of CCTV coverage at NMIA, the domestic aerodromes and the Ian Fleming International Airport.

NMIA Capital Development Programme

Budget & Financing

Phase 1A of the three phase Capital Development Programme (CDP) for NMIA is progressing towards completion of outstanding components by the end of the financial year. This phase is budgeted at US$120m of the total programme of US$161.09m. Total expenditure to date is US$113.63m.

Construction Works

With the Departures Terminal complete, with only alterations and defects remediation outstanding, the erection of a new NMIA Terminal sign and completion of the Arrivals Forecourt (including new shopping facilities), new walkway canopies and a tour bus shed, are among other projects being pursued. Works commenced in 2010 May on a project to reposition a number of fuel hydrants on the airside apron. It is anticipated that this project will be completed by Quarter 2 in the new financial year.

On the horizon are projects to:

- Increase the water storage capacity on the airport to provide an additional 40K gals of potable water,
- Enhance fire detection capabilities through the terminal facilities
- Explore the implementation of Runway End Safety Area (RESA). The environmental assessment of this project is well underway with a public consultation due to take place in the first quarter of the new fiscal year.

Commercial Development

Commercial activity continued to be in focus during the reporting period with work done to implement a new ground handling contract for the general aviation facility at NMIA. Additionally, NMIA welcomed a new international cambio operator in the final quarter, which is improving and expanding the services offered at the airport.

A contract was also awarded for the development of a new Executive Lounge for departing passengers; this lounge will incorporate all existing airline lounges on a pay-per-use basis. The successful bidder has secured spaces previously operated by Air Jamaica, American Airlines and British Airways and is completing its build out to provide a first class service to the discerning passenger who wishes to take full advantage of the NMIA airport experience.

COMMERCIAL ACTIVITY AT NMIA

Additional retail concessions, including coconut vending, which has received good patronage and a Mini-Mart located in the Arrivals forecourt, has also become popular among airport users. However, plans to outfit the new concession area created in the Arrivals Forecourt has slowed as fast food, non-food and personal care entrepreneurs failed to respond to invitations to tender, no doubt as a result of the slow recovery in passenger traffic and the prevailing economic /investment climate. We are anticipating that innovative entrepreneurs will emerge to create a niche for themselves during the new financial year and in anticipation of the future upswing in airport traffic.

New initiatives for the airport include:

- Implementation of an Arrivals Duty Free concession, in keeping with the recent passage of the relevant legislation.

- The development of private hangars, under Build-Own-Operate and Transfer (BOOT) arrangements; and new drainage and taxiway enhancements in the east airfield to facilitate cargo operations and additional hangars.
- Planning for phase 2 of the NMIA Cargo and Logistic Centre
- Attracting non-travelling patrons to the airport for entertainment, dining and other activities.

NMIA will continue its effort to increase traffic through continued participation at Routes Conferences and targeted discussions with both existing and prospective airlines. Our efforts to forge stronger linkages with tourism stakeholders of "Destination Kingston" as well as to lobby for additional incentives which will attract more airlines to fly into the capital city, will continue.

Engineering, Maintenance and the Environment

In addition to civil works undertaken at NMIA, significant material and personnel resources went into the project of upgrading the Boscobel Aerodrome into a new international port of entry. This General Aviation Airport was officially opened on 2011 January 12. Other achievements include the acquisition of remote monitoring devices which enables authorised personnel to provide technical oversight of critical airport assets and operations, including generators and air-conditioning systems. Real-time monitoring of vehicular movements has also been implemented.

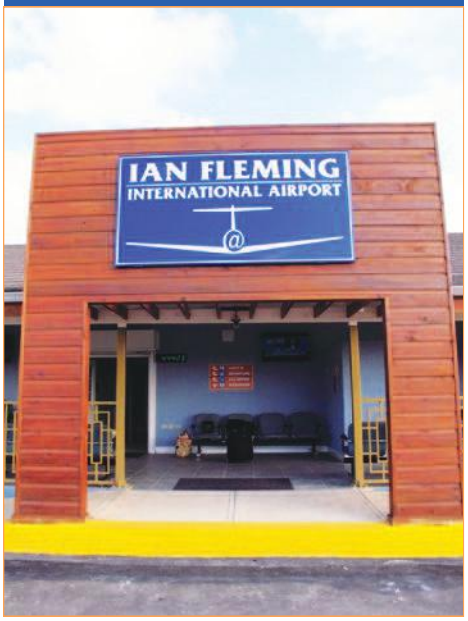
Energy Conservation

Energy management and conservation continues to receive priority attention in view of the high cost to the airport. Energy wardens have been appointed and trained and a programme is being developed to provide incentives for good energy conservation practices.

The Environment

Environmental conditions continue to be monitored on the airport, with the aim of modelling ISO14001 standards in airport operations. Potable and waste water quality are consistently measured in addition to other environmental criteria. The programme of plastic (PET) recycling continues and is being rolled out to the wider airport community, with recycling bins procured for distribution.

AIRCRAFT ON TARAMAC (NMIA)



IAN FLEMING INTERNATIONAL AIRPORT

Ian Fleming International Airport

The project to upgrade the Boscobel Aerodrome into an international port of entry was approved in 2009 October by Cabinet and budgeted at J$310.9m. Works included:

1. Runway Extension of the present runway length from 3000 ft. to 4800 ft.
2. Upgrading and widening of the original 3000 ft. runway strip
3. **New Terminal Building –** as the existing terminal building was grossly inadequate and encroached on the runway strip
4. **Apron construction –** for aircraft parking & taxiway
5. **Fire Truck Garage –** relocation and upgrading
6. **Air-field Lighting –** a new runway lighting system, as per ICAO Annex 14, was to be installed along the extended runway
7. **Airside markings and visual aids –** Provide appropriate visual aids and runway markings
8. **Perimeter Fencing –** installation of extensive new and upgraded perimeter fencing
9. **Standby Generator & Upgrading Electrical Power Supply –** to ensure availability of runway lights during electrical power outage
10. **JPS underground bypass power lines –** to remove a major obstacle to arriving and departing aircraft
11. **Aviation Security (AVSEC) Upgrading –** installation of X-Ray and other security scanning equipment and cameras for remote surveillance
12. Improved Information Communications technology.

In addition to the capital works, plans were implemented for the Introduction of border control services such as Immigration and Customs processing as well as for health and quarantine functions.

The launch event, which took place on 2011 January 12 was very well supported by government officials, led by the prime minister, Honourable Orrette Bruce Golding, along with our portfolio Minister, Honourable Mike Henry; the Fleming family, hotel and tourism officials, community stakeholders and other distinguished guests. As we market the facility at general aviation air shows and within the tourism sector, we project that IFIA will become the preferred gateway for visitors to high end tourism properties.

Aerodromes

Ken Jones Aerodrome

Limited capital work was done during the period at the aerodrome facility. This included the installation of CCTV and a weather station, repairing the roof and ceiling, as well as grilling the administrative office. Traffic volume remains very low.

Tinson Pen Aerodrome

Tinson Pen is the busiest of the three aerodromes and also has the widest range of activities taking place at the facility. Commercial Passenger traffic from Tinson Pen is mainly to Montego Bay (SIA). During the period under review renovation work was done to the restaurant, fire station, and the administrative office. The fuel farm is also being refurbished.

AVIATION DAY ACTIVITIES AT TINSON PEN AERODROME

The aerodrome also hosted a very successful "General Aviation Day" on 2010 May 01 which was well supported by students and the general public.

Negril

Plans to upgrade the Negril Aerodrome were deferred to the new financial year as a comprehensive project is being contemplated for the aerodrome's development

Human Resource Development and Administration

The AAJ group continued its evaluation of operations to improve organisational efficiency and effectiveness. Eight persons separated from the organization through redundancies, early retirement, and resignation. The organization also continued its strategy of redeploying its human capital to fill vacancies created by the separation of staff members.

The following table (table 1) shows the staff count for the AAJ Group at the start and end of the reporting period:

Table 1

	APRIL 31, 2010	MARCH 31, 2011
NMIA	164	156
AAJ	25	22
AERODROME	21	24
TOTAL	210	202

Learning and Development

Over the period 2010 April to 2011 March, approximately one hundred and seventy-two (172) employees participated in learning and development activities across the organization, totalling five hundred and thirty-five (535) man-days, that is an average of 3.11 man-days per person, surpassing the target of 2 man-days per employee. Training programmes included Fundamentals of Air Transport Management, Airport Services and Administration, Aviation Security Management, Air Passenger Targeting and Emergency Response Management.

Staff Development

Over twenty (20) employees were enrolled in the one-year Airport Services and Administration Certificate programme. This Distance Learning Programme offered by Sault College in Ontario, Canada, forms the basis of the organization's succession planning initiative which seeks to ensure a pool of competent employees to assume critical, specialised aviation and leadership positions. To date, ten (10) employees have completed this programme.

Additionally, two members of the executive management team completed the Global Airport Management Professional Accreditation Programme (AMPAP) provided through the Airport Council International. This 7 module international certification programme ensures depth at the senior management level and reduces exposure to the loss of critical talent, thus ensuring business continuity in this specialized industry.

Employee Wellness & Sports

Over the period employees participated in the Health and Wellness Programme which promotes exercise through gym attendance, and wellness knowledge through monthly wellness sessions. Through this intervention our employees have been enlightened and the company has successfully managed to reduce its health insurance costs.

In the area of sports, our footballers were crowned KSAFA 5-a-side champions of the 32 team competition, and our netballers also placed third in the Business House Netball Association Junior League. Members of the domino team were not to be outshone. They were also winners of the Business House Domino League and gained 5 places on the Jamaica Team to the world championship in Costa Rico for June 2011.

Organizational Change

In tandem with the transformation of the Public Sector, a cross-functional Transformation Team was established to guide changes to the operational paradigm of the airport organization. Areas under consideration include: the development of a comprehensive airport performance matrix, and business process mapping and reviews of core processes.

Industrial Relations

The company enjoyed good relations with employees and their trade union representatives.

Corporate Social Responsibility

AAJ and NMIAL Airports Limited remain committed in its support for the Donald Quarrie High School (DQ). Sponsorship was again provided for the school's Teachers' Day function and the Best Class Competition. Airport staff also willingly participated in devotional activities as well as Boy's and Girl's Day events. Two students were awarded tertiary scholarships and plans are to continue to invest in the holistic development of students at DQ. The Authority is supporting educational institutions within its environs and to this end contact has also been made with targeted schools in the Montego Bay and Boscobel Areas where the other international airports are located.

The organisation continues it landscaping programme at the Rockfort/Windward Road intersection and the Harbour View roundabout.

Acknowledgements

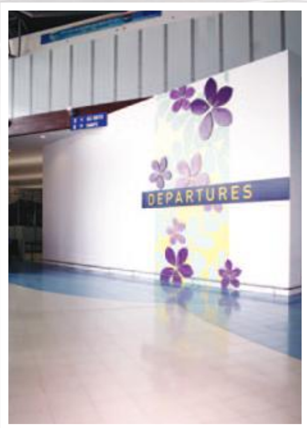
The challenges presented during the past fiscal year were more manageable because of the sterling effort of the members of staff, our business partners, clients and other airport stakeholders. I would like therefore to acknowledge the Board of Directors for its policy guidance as well as all those who contributed to further development of the airport system. I trust that the new fiscal year will provide great opportunities to build the service levels and profitability within the local aviation sub-sector.

Earl Richards

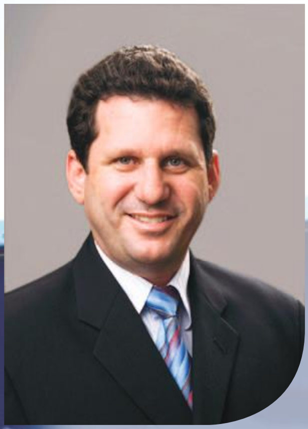
President

AAJ PRESIDENT, EARL RICHARDS, (LEFT) SHARES A MOMENT WITH STAFF MEMBERS AT THE GENERAL AVIATION DAY EVENT ON 2010 MAY 1 AT THE TINSON PEN AERODROME.


NORMAN MANLEY
INTERNATIONAL AIRPORT

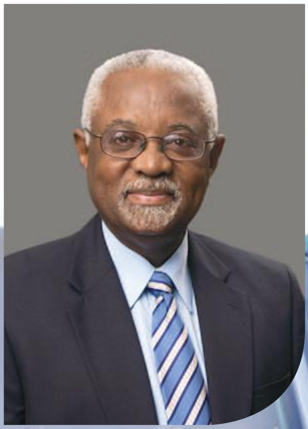

DEPARTURES

BOARD OF DIRECTORS



MARK HART
Chairman

CHARLES HEHOLT
Vice-Chairman



EARL RICHARDS
President

MARCUS JAMES
Director

VALERIE SIMPSON
Director

WILLIAM SHAGOURY
Director

DENNIS P. MORGAN
Director

FAY HUTCHINSON
Director

RANSFORD BRAHAM
Director



SANGSTER
AIRPORT
TEXACO

EXECUTIVE TEAM

FROM LEFT

(Back Row):

PAUL HALL, SVP Operations

NORMAN P. SAULTER, VP Engineering and Projects

CARVELL MCLEARY, Senior Director HRD & A

EARL RICHARDS, President

(Front Row):

MARK WILLIAMS, VP Commercial Development

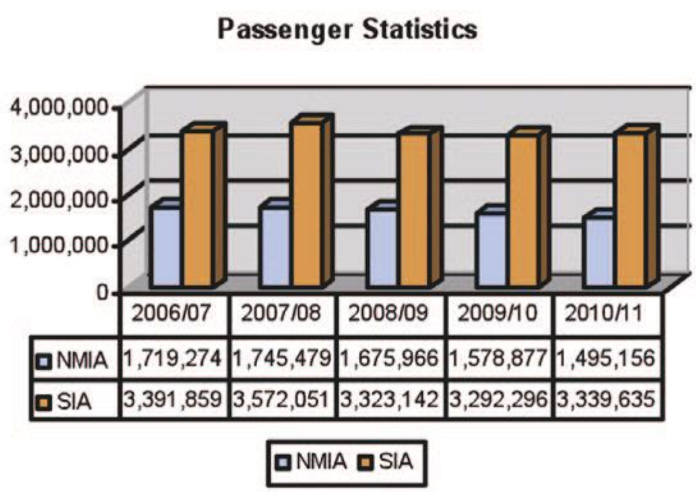
AUDLEY DEIDRICK, VP Finance & ICT

LISA-KAYE HENRY, General Counsel

OPERATIONAL PERFORMANCE

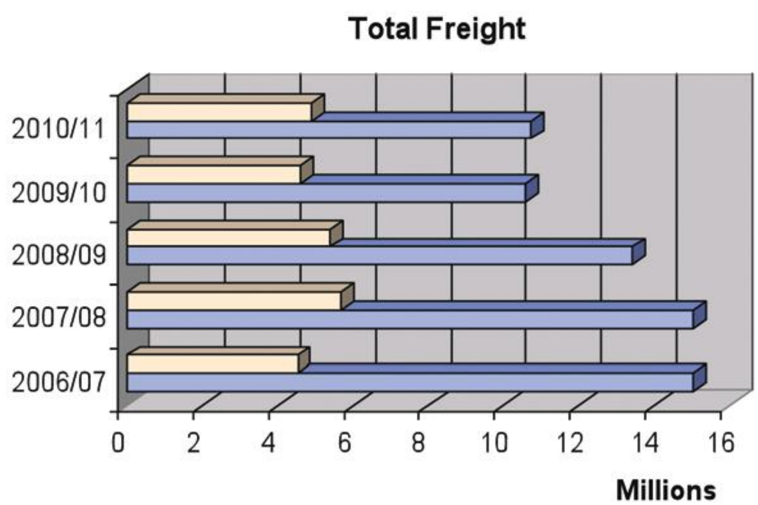
Traffic Performance

FIN. YR.	NMIA	% CHANGE	SIA	% CHANGE	TOTAL	% CHANGE
2006/07	1,719,274		3,391,859		5,111,133	
2007/08	1,745,479	1.52%	3,572,051	5.31%	5,317,530	4.04%
2008/09	1,675,966	-3.98%	3,323,142	-6.97%	4,999,108	-5.99%
2009/10	1,578,877	-5.79%	3,292,296	-0.93%	4,871,173	-2.56%
2010/11	1,495,156	-5.30%	3,339,635	1.44%	4,834,791	-0.75%
Total	**8,214,752**		**16,918,983**		**25,133,735**	



Freight Performance

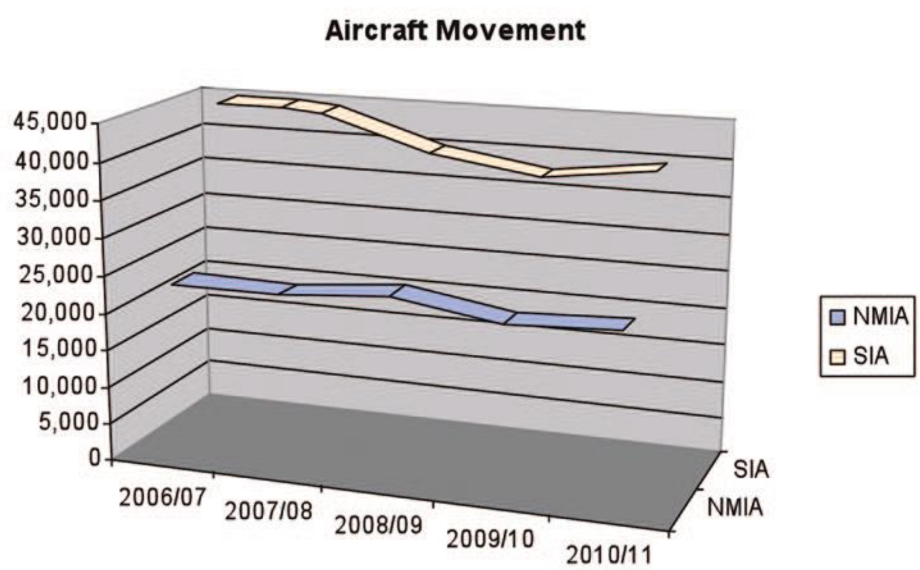
FIN. YR.	NMIA	% CHANGE	SIA	% CHANGE	TOTAL	% CHANGE
2006/07	15,025,358		4,523,105		19,548,463	
2007/08	15,014,385	-0.07%	5,689,752	25.79%	20,704,137	5.91%
2008/09	13,419,671	-10.62%	5,394,901	-5.18%	18,814,572	-9.13%
2009/10	10,582,397	-21.14%	4,616,343	-14.43%	15,198,740	-19.22%
2010/11	10,709,081	1.20%	4,908,848	6.34%	15,617,929	2.76%
Total	**64,750,892**		**25,132,949**		**89,883,841**	



	2006/07	2007/08	2008/09	2009/10	2010/11
SIA	4,523,105	5,689,752	5,394,901	4,616,343	4,908,848
NMIA	15,025,358	15,014,385	13,419,671	10,582,397	10,709,081

Aircraft Movements

FIN. YR.	NMIA	% CHANGE	SIA	% CHANGE	TOTAL	% CHANGE
2006/07	23,535		45,917		69,452	
2007/08	23,382	-0.65%	44,434	-3.23%	67,816	-2.36%
2008/09	24,556	5.02%	39,990	-10.00%	64,546	-4.82%
2009/10	22,360	-8.94%	37,990	-5.00%	60,350	-6.50%
2010/11	23,155	3.56%	39,811	4.79%	62,966	4.33%
Total	**116,988**		**208,142**		**325,130**	



Financial and Operational Projections

Table 1: Actual and Projected Financial Performance for AAJ Consolidated

KEY PERFORMANCE INDICATORS (KPI'S)	ACTUAL 2010/11 (JA$M)	BUDGET 2010/11 (JA$M)	BUDGET 2011/12 (JA$M)
OPERATING INCOME	3,326.1	2,870.3	3,080.3
OPERATING EXPENDITURE	(2,720.9)	(2,592.5)	(2,730.7)
OTHER INCOME (EXPENDITURE)	(221.9)	141.7	81.5
TAXATION	605.7	(232.8)	(201.3)
NET SURPLUS	989.0	186.7	229.8
CAPITAL EXPENDITURE	1,112.0	1,597.9	735.7

Table 2: Actual and Projected Financial Performance for AAJ

KEY PERFORMANCE INDICATORS (KPI'S)	ACTUAL 2010/11 (JA$M)	BUDGET 2010/11 (JA$M)	BUDGET 2011/12 (JA$M)
OPERATING INCOME	1,223.6	1,271.8	1,183.0
OPERATING EXPENDITURE	(538.7)	(421.9)	(492.2)
OTHER INCOME (EXPENDITURE)	(164.1)	(85.5)	(87.7)
TAXATION	605.7	(232.8)	(201.3)
NET SURPLUS	1,126.5	531.6	401.8
CAPITAL EXPENDITURE	239.7	1.3	134.7

Table 3: Actual and Projected Financial Performance for NMIA Airports Limited

KEY PERFORMANCE INDICATORS (KPI'S)	ACTUAL 2010/11 (US$'000)	BUDGET 2010/11 (US$'000)	BUDGET 2011/12 (US$'000)
OPERATING INCOME	29,201	21,812	26,301
OPERATING EXPENDITURE	(27,838)	(26,033)	(28,027)
OTHER INCOME (EXPENDITURE)	(3,677)	549	(275)
NET DEFICIT	(2,314)	(3,672)	(2,001)
CAPITAL EXPENDITURE	10,193	17,741	6,988

Table 4: Summary Financial Indicators for NMIA Limited

DESCRIPTION	2010/11	2011/12
AERONAUTICAL TO TOTAL REVENUE	45%	57%
AERONAUTICAL REVENUE (US$'000)		
PASSENGER SERVICE FEES	5,499	5,938
SECURITY FEES	1,032	3,825
LANDING FEES	2,713	2,740
OTHER	846	986
NON-AERONAUTICAL REVENUE (US$'000)		
CONCESSION FEES	6,169	6,637
CAR PARK	635	602
SPACE RENTAL	991	897
ADVERTISING SPACE RENTALS	758	563
UTILITIES RECOVERY	860	757
OTHER	3,161	825
REVENUE DRIVERS		
PASSENGER THROUGHPUT	725,189	741,884
AIRCRAFT LANDINGS	11,440	11,599
CARGO THROUGHPUT	13,281,921	12,741,500

DIRECTORS' COMPENSATION: April 2010 - March 2011

POSITION OF DIRECTOR	FEES	MOTOR VEHICLE UPKEEP/ TRAVELLING OR VALUE OF ASSIGNMENT OF MOTOR VEHICLE	HONORARIA	ALL OTHER COMPENSATION INCLUDING NON-CASH BENEFITS AS APPLICABLE	TOTAL
	($)	($)	($)	($)	($)
Mark Hart - *Chairman*	192,000.00	156,601.00	0	0	348,601.00
Charles Heholt - *Vice Chairman of the Board & chairman of the Projects Sub-committee*	162,000.00	35,840.00	0	0	197,840.00
Dennis P. Morgan - *Director & member of the finance and audit sub-committee*	118,000.00	20,300.00	0	0	138,300.00
Fay Hutchinson - *Director*	110,500.00	15,120.00	0	0	125,620.00
William Shagoury - *Director & member of the projects sub-committee*	128,500.00	115,360.00	0	0	243,860.00
Marcus James - *Director & chairman of the Finance and Audit Sub-committee*	177,500.00	20,160.00	0	0	197,660.00
Ransford Braham - *Director*	8,500.00	1,680.00	0	0	10,180.00
Valerie Simpson - *Director & member of the Projects Sub-committee and the Finance and Audit sub-committee*	149,500.00	33,600.00	0	0	183,100.00
Earl Richards - *Director/President **					

**** See Executive compensation for the Director/President***

NOTES:

1. Fees are paid as follows:
   - **a. Board Meetings: i.** Board Chairman: $16,000 per meeting; **ii.** Directors: $8,500 per meeting
   - **b. Sub-Committee Meetings: i.** Sub-committee Chairman: $7,000 per meeting; **ii.** Members: $3,500 per meeting

2. Board Chairman's traveling expense relates to invoices for return air travel from his operational base in Montego Bay to Kingston. Other directors receive a traveling allowance of $35.00 per Km for meetings attended.

3. Payments totalling $97,500 to external members of Board Sub-committees who are not Directors are not included in the numbers reported above.

SENIOR EXECUTIVE COMPENSATION: April 2010 - March 2011

POSITION OF SENIOR EXECUTIVE	YEAR	SALARY	GRATUITY OR PERFORMANCE INCENTIVE	*TRAVELLING ALLOWANCE OR VALUE OF ASSIGNMENT OF MOTOR VEHICLE	PENSION OR OTHER RETIREMENT BENEFITS	OTHER ALLOWANCES	NON-CASH BENEFITS	TOTAL
		($)	($)	($)	($)	($)	($)	($)
President	2009/10	7,267,023	1,816,756	2,250,636	0	912,597.00	146,753	12,393,764.00
Snr VP Operations	2009/10	6,035,920	1,508,980	1,521,936	0	710,875.00	129,468	9,907,179.00
VP Finance	2009/10	5,763,404	1,440,851	1,521,936	0	1,113,111.00	125,642	9,964,944.00
VP Com Dev & Marketing	2009/10	5,763,404	1,440,851	1,521,936	0	619,275.00	125,642	9,471,108.00
VP Engineering & Projects	2009/10	5,763,404	1,440,851	1,521,936	0	489,318.00	125,642	9,341,151.00
General Counsel	2009/10	4,938,480	1,234,620	1,521,936	0	359,361.00	114,060	8,168,458.00
Snr Director HRDA	2009/10	4,938,480	1,234,620	1,521,936	0	701,640.00	114,060	8,366,776.00

NOTES

- All members of the Executive Management are eligible to receive 25% of their annual basic salary as gratuity in lieu of pension benefits.
- Executives are eligible to receive $35.00 per Km for travelling
- Other Allowances is comprised of meal, clothing and laundry allowances
- Non-cash Allowances include Group life & Health Insurance coverage
- An Upkeep allowance is paid and is represented in the column labelled "Travelling Allowance.
- Non-taxable upkeep, totalling $5,575,500 and the non-cash items (health & pension) are not reflected in the audited financial statements, nor are they regarded as management compensation.

AIRPORTS AURTHORITY OF JAMAICA

FINANCIALS

31 MARCH 2011

INDEPENDENT AUDITORS' REPORT

pwc

Independent Auditors' Report

To the Members of
Airports Authority of Jamaica

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Airports Authority of Jamaica and its subsidiary, and the accompanying financial statements of Airports Authority of Jamaica standing alone set out on pages *41 to 84*, which comprise the consolidated and Authority balance sheets as of 31 March 2011 and the consolidated and Authority statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

INDEPENDENT AUDITORS' REPORT

pwc

Members of Airports Authority of Jamaica
Independent Auditors' Report
Page 2

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Authority as of 31 March 2011, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Act, in the manner so required.

PricewaterhouseCoopers
Chartered Accountants

27 September 2011
Kingston, Jamaica

GROUP STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2011

Expressed in Jamaican dollars unless otherwise indicated

	Note	2011 $'000	2010 $'000
Revenue –			
Airports		2,629,005	2,766,810
Aerodromes		16,803	8,326
		2,645,808	2,775,136
Direct expenses –			
Airports		(2,393,915)	(2,208,350)
Aerodromes		(133,490)	(117,716)
		(2,527,405)	(2,326,066)
Gross Profit		118,403	449,070
Other operating income	5	680,330	329,188
Administration expenses		(193,565)	(176,506)
Operating Profit		605,168	601,752
Finance costs	8	(282,344)	(119,398)
Profit before Taxation		322,824	482,354
Taxation	9	605,732	-
Net Profit	10	928,556	482,354
Other Comprehensive Income -			
Foreign currency translation gains and losses		60,484	35,659
TOTAL COMPREHENSIVE INCOME		989,040	518,013

GROUP
BALANCE SHEET

31 March 2011

Expressed in Jamaican dollars unless otherwise indicated

	Note	2011 $'000	2010 $'000
Non-Current Assets			
Property, plant and equipment	11	13,171,223	13,068,639
Investments	12	100	100
Deferred income tax asset	14	775,444	-
		13,946,767	13,068,739
Current Assets			
Inventories	15	25,704	21,794
Receivables	16	973,877	820,197
Cash and short term deposits	17	1,711,396	4,944,481
		2,710,977	5,786,472
Current Liabilities			
Payables	18	373,876	401,551
Borrowings	19	268,308	876,358
Taxation payable		113,678	-
		755,862	1,277,909
Net Current Assets		1,955,115	4,508,563
		15,901,882	17,577,302
Shareholders' Equity			
Share capital	20	20,091	20,091
Unissued capital	21	55,607	55,607
Retained earnings	10	4,659,434	3,730,878
Translation adjustment		(66,852)	(127,336)
		4,668,280	3,679,240
Non-Current Liabilities			
Borrowings	19	9,211,332	11,661,558
Grants	22	1,888,444	2,113,049
Post employment benefit obligations	23	133,826	123,455
		15,901,882	17,577,302

Approved for issue by the Board of Directors on 27 September 2011 and signed on its behalf by:

Mark Hart, Director

Earl Richards, Director

GROUP STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2011

Expressed in Jamaican dollars unless otherwise indicated

	Number of Shares	Share Capital	Unissued Capital	Retained Earnings	Translation Adjustment	Total
	'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 March 2009	20,091	20,091	55,607	3,248,524	(162,995)	3,161,227
Foreign currency translation adjustment	-	-	-	-	35,659	35,659
Net profit	-	-	-	482,354	-	482,354
Total comprehensive income	-	-	-	482,354	35,659	518,013
Balance at 31 March 2010	20,091	20,091	55,607	3,730,878	(127,336)	3,679,240
Foreign currency translation adjustment	-	-	-	-	60,484	60,484
Net profit	-	-	-	928,556	-	928,556
Total comprehensive income	-	-	-	928,556	60,484	989,040
Balance at 31 March 2011	20,091	20,091	55,607	4,659,434	(66,852)	4,668,280

GROUP STATEMENT OF
CASH FLOWS

Year ended 31 March 2011
Expressed in Jamaican dollars unless otherwise indicated

	2011 $'000	2010 $'000
Cash Flows from Operating activities		
Net profit	928,556	482,354
Items not affecting cash resources:		
Depreciation and amortisation	579,411	509,248
Gain on disposal of property, plant and equipment	-	(153)
Property, plant and equipment written off	-	301,671
Interest income	(89,661)	(177,349)
Exchange losses / (gains) on foreign balances	256,388	(162,262)
Grants amortised	(627,763)	(502,798)
Taxation credit	(605,732)	-
Interest expense	410,539	686,978
	851,738	1,137,689
Changes in operating assets and liabilities:		
Inventories	(3,911)	186
Receivables	(153,680)	(111,873)
Payables	(27,675)	(4,219)
Retirement benefit obligation	10,371	5,070
	676,843	1,026,853
Taxation paid	(56,033)	-
Cash provided by operating activities	620,810	1,026,853
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(1,111,903)	(1,147,789)
Proceeds from disposal of property, plant and equipment	-	158
Interest received	88,586	169,807
Cash used in investing activities	(1,023,317)	(977,824)
Cash Flows from Financing Activities		
Short term loans	(608,050)	-
Long term borrowings	(2,450,226)	2,897,386
Interest paid	(354,625)	(879,746)
Grants received	479,848	407,377
Cash (used in)/ provided by financing activities	(2,933,053)	2,425,017
Effects of changes in exchange rates on cash and cash equivalents	30,230	38,439
(Decrease)/ Increase in cash and cash equivalents	(3,305,330)	2,474,046
Cash and cash equivalents at beginning of year	4,935,746	2,461,700
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 17)	1,630,416	4,935,746

AUTHORITY STATEMENT OF
COMPREHENSIVE INCOME

Year ended 31 March 2011

Expressed in Jamaican dollars unless otherwise indicated

	Note	2011 $'000	2010 $'000
Revenue –			
Airports		889,468	945,628
Aerodromes		16,803	8,326
		906,271	953,954
Direct expenses –			
Airports		(211,625)	(205,487)
Aerodromes		(133,490)	(117,716)
		(345,115)	(323,203)
Gross Profit		561,156	630,751
Other operating income	5	317,363	357,634
Administration expenses		(193,565)	(176,506)
Operating Profit		684,954	811,879
Finance costs	8	(164,115)	(5,445)
Profit before Taxation		520,839	806,434
Taxation	9	605,732	-
NET PROFIT /TOTAL COMPREHENSIVE INCOME	10	1,126,571	806,434

AUTHORITY
BALANCE SHEET

Year ended 31 March 2011
Expressed in Jamaican dollars unless otherwise indicated

	Note	2011 $'000	2010 $'000
Non-Current Assets			
Property, plant and equipment	11	2,798,978	2,771,457
Investments	12	100	100
Interest in subsidiary	13	10,779,750	6,531,310
Deferred income tax asset	14	775,444	-
		14,354,272	9,302,867
Current Assets			
Receivables	16	215,896	135,230
Cash and short term deposits	17	1,543,677	4,572,108
		1,759,573	4,707,338
Current Liabilities			
Payables	18	131,122	136,866
Borrowings	19	135,483	656,347
Taxation payable		113,678	-
		380,283	793,213
Net Current Assets		1,379,290	3,914,125
		15,733,562	13,216,992
Shareholders' Equity			
Share capital	20	20,091	20,091
Unissued capital	21	55,607	55,607
Retained earnings		6,014,727	4,888,156
		6,090,425	4,963,854
Non-Current Liabilities			
Borrowings	19	9,211,332	7,812,705
Grants	22	297,979	316,978
Post employment benefit obligations	23	133,826	123,455
		15,733,562	13,216,992

Approved for issue by the Board of Directors on 27 September 2011 and signed on its behalf by:

Mark Hart — Director

Earl Richards — Director

AUTHORITY STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2011

Expressed in Jamaican dollars unless otherwise indicated

	Number of Shares	Share Capital	Unissued Capital	Retained Earnings	Total
	'000	$'000	$'000	$'000	$'000
Balance at 1 April 2009	20,091	20,091	55,607	4,081,722	4,157,420
Total comprehensive income	-	-	-	806,434	806,434
Balance at 31 March 2010	20,091	20,091	55,607	4,888,156	4,963,854
Total comprehensive income	-	-	-	1,126,571	1,126,571
Balance at 31 March 2011	20,091	20,091	55,607	6,014,727	6,090,425

AUTHORITY STATEMENT OF CASH FLOWS

Year ended 31 March 2011

Expressed in Jamaican dollars unless otherwise indicated

	2011 $'000	2010 $'000
Cash Flows from Operating Activities		
Net profit	1,126,571	806,434
Items not affecting cash resources:		
Depreciation and amortisation	205,972	199,890
Gain on disposal of property, plant and equipment	-	(281)
Interest income	(263,321)	(294,359)
Exchange gains on foreign balances	(272,965)	(191,779)
Taxation credit	(605,732)	-
Grants amortised	(18,999)	(18,999)
Interest expense	100,970	99,399
	272,496	600,305
Changes in operating assets and liabilities:		
Receivables	(85,069)	(20,560)
Payables	(5,744)	28,851
Retirement benefit obligation	10,371	5,070
	192,054	613,666
Taxation paid	(56,033)	-
Cash provided by operating activities	136,021	613,666
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(233,493)	(206,797)
Proceeds from the sales of property, plant and equipment	-	281
Interest received	262,246	294,359
Cash provided by investing activities	28,753	87,843
Cash Flows from Financing Activities		
Interest paid	(107,920)	(192,969)
Short term loans	(520,864)	(462,624)
Long term loans	1,754,638	3,256,663
Interest in subsidiary	(4,248,441)	(270,910)
Cash (used in)/ provided by financing activities	(3,122,587)	2,330,160
Effects of changes in exchange rates on cash and cash equivalents	(72,892)	32,096
(Decrease)/Increase in cash and cash equivalents	(3,030,705)	3,063,765
Cash and cash equivalents at beginning of year	4,563,373	1,499,608
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 17)	1,532,668	4,563,373

1. Identification and Principal Activities

Airports Authority of Jamaica (the Authority) was established in accordance with the Airports Authority Act to administer, control and manage prescribed airports and aerodromes, and to provide and maintain such services and facilities, other than navigational services, as are necessary for their efficient operation.

The Authority has a wholly owned subsidiary, NMIA Airports Limited, whose principal activity is to administer, control and manage the Norman Manley International Airport, and to provide and maintain such services and facilities, other than navigational services, as are necessary for its efficient operation.

The registered office of the Authority and its subsidiary (collectively referred to as Group) is located at the Normal Manley International Airport.

As of 11 April 2003, the Donald Sangster International Airport, which is owned by the Authority, is being operated by MBJ Airports Limited under a 20-year Concession Agreement. The Authority earns concession revenue from MBJ Airports Limited, the calculation of which is based on passenger traffic, cargo transported, and 'super normal' profits.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Standards, interpretations and amendments to published standards effective during the year

The Group has assessed the relevance of all new standards and interpretations to existing standards which were published and came into effect during the current financial year and has determined that the following are relevant to its operations:

- **IAS 1 (amendment), 'Presentation of financial statements'.** The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group applied IAS 1 (amendment) from 1 April 2010. This amendment had no material impact on adoption.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not effective at the balance sheet date, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be immediately relevant to its operations, and has concluded as follows:

- **IFRS 9, 'Financial instruments' (effective for annual periods beginning on or after 1 January 2013).** IFRS 9 addresses classification and measurement of financial assets and liabilities and is available for early adoption immediately. For financial assets and liabilities, IFRS 9 replaces the multiple classification and measurement models in IAS 39 'Financial instruments: Recognition and Measurement' with a single model that has only two classification categories: amortised cost and fair value. IFRS 9 represents the first milestone in the IASB's planned replacement of IAS 39. Management is currently considering the implications of the standard, the impact on the company and the timing of its adoption by the Group.

- **IAS 24 (amendment), 'Related party disclosures'**. The amendment relaxes the disclosures of transactions between government- related entities and clarifies related-party definition. The amendment is not expected to have a significant impact on the Group's financial statements.

- **Amendments to IFRIC 14, 'Prepayments of a minimum funding requirement' (effective for annual periods beginning on or after 1 January 2011).** The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. The amendment is not expected to have a significant impact on the Group's financial statements.

- **IFRS 13, Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013).** The standard explains how to measure fair value for financial reporting. It defines fair value; sets out in a single IFRS a framework for measuring fair value; and requires disclosures about fair value measurements. This standard applies to those standards that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. The Group will apply the standard from 1 January 2013 but it is not expected to have a significant impact on the Group's financial statements as there are no significant items in the financial statements within the scope of the standard that are affected by fair value measurements.

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus cost directly attributable to the acquisition. The excess of the cost is recorded as goodwill. Intercompany transactions, balances and unrealised gains on transactions between the Group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered.

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Jamaican dollars, which is the Authority's functional and presentation currency.

Transactions and balances

Transactions denominated in foreign currencies are converted at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items denominated in a foreign currency, which are carried at historical cost, are translated at historical rates. Exchange gains and losses, including unrealised gains and losses relating to investment transactions and those arising from the translation of investments denominated in foreign currencies are dealt with in arriving at profit or loss.

(d) Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Authority's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Revenue comprises landing, terminal and security fees, rental charges, and recovery of utility costs from airlines; concession income; rental charges from other tenants; car park fees and miscellaneous income. Revenue is recognised on an accrual basis in accordance with the substance of the underlying contracts.

Interest income is accounted for on the accrual basis.

2. Summary of Significant Accounting Policies (Continued)

(e) Income taxes

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted at the balance sheet date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is charged or credited in arriving at profit or loss, except where it relates to items charged or credited to equity, in which case deferred tax is also dealt with in equity.

Deferred income tax liabilities are not recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of the subsidiary as such amounts are permanently reinvested.

(f) Property, plant and equipment

Property, plant and equipment are carried at historical or deemed cost, less accumulated depreciation. Depreciation is calculated mainly on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. The expected useful lives of property, plant and equipment are as follows:

Buildings, runways and taxiways	20 to 40 years
Storage tanks and fuel lines	20 years
Computer equipment, plant and machinery and furniture and fixtures	5 to 10 years
Motor vehicles	5 years

Land is not depreciated as it is deemed to have an indefinite life.

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Repairs and renewals are charged in arriving at the profit or loss when the expenditure is incurred.

2. Summary of Significant Accounting Policies (Continued)

(g) Investments

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale.

Purchases and sales of investments are recognised at trade date, which is the date that the Group commits to purchase or sell the asset. The cost of purchase includes transaction costs.

Available-for-sale investments are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. The fair values of listed equity securities are based on quoted bid prices. Equity securities for which fair values cannot be measured reliably are recognised at cost, less provision for impairment.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

(h) Impairment of non-current assets

Non-current assets are reviewed for impairment losses 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 carrying amount of the assets exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value, cost being determined on the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

(j) Trade receivables

Trade receivables are carried at original invoiced amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the expected cash flows discounted at the market rate of interest for similar borrowings.

(k) Securities purchased under resale agreements

Securities purchased under resale agreements are treated as collaterised financing transactions. The difference between the purchase and resale price is treated as interest income and accrued over the life of the agreements using the effective yield method.

(l) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, and short term deposits with maturity dates of less than 90 days, net of bank overdrafts.

(m) Payables

Payables are stated at historical cost.

2. Summary of Significant Accounting Policies (Continued)

(n) Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in arriving at profit or loss over the period of the borrowings.

(o) Grants

Grants received are deferred and amortised on a systematic basis over the periods in which the entity recognises as expenditure the related cost for which the grants are intended to compensate. In other cases, the grants are recognised in arriving at profit or loss in the period in which they are received.

(p) Employee benefits

Pension obligations

The Group operates a defined benefit pension plan, the assets of which are generally held in a separate trustee-administered fund. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The asset or liability in respect of the defined benefit plan is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of the plan assets, together with adjustments for actuarial gains and losses and past service cost. The defined benefit obligation is determined annually by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to income over the remaining service lives of the employees.

The Group provides other retirement health benefits, the entitlements to which are usually based on the employee remaining in service up to retirement age and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of the current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Incentive plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the results for the year after certain adjustments. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Accrued vacation

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

2. Summary of Significant Accounting Policies (Continued)

(q) Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

(r) Financial Instruments
A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets
The Group classifies its financial assets in the following categories: loans and receivables, available-for-sale and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. At the balance sheet date, receivables were classified as loans and receivables; investments were classified as available-for-sale; and cash and short term deposits were classified as financial assets at fair value through profit or loss.

Financial liabilities
The Group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the balance sheet date, the following items were classified as financial liabilities: borrowings and payables.

3. Financial Risk Management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (which includes currency risk and interest rate risk). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board is ultimately responsible for the establishment and oversight of the Group's risk management framework. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

The Board has established the Finance and Audit Committee for managing and monitoring risks. The Finance and Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Finance and Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee.

3. Financial Risk Management (Continued)

(a) Credit risk

The Group takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit exposures arise principally from the Group's receivables from customers and investment activities. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to geographical and industry segments.

Credit review process

The Group has established a credit committee whose responsibility involves regular analysis of the ability of borrowers and other counterparties to meet repayment obligations.

(i) *Trade and other receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Commercial Department has established a credit policy under which each customer is analysed individually for creditworthiness prior to the Group offering them a credit facility. The Group has procedures in place to restrict services to customers if they exceed their credit limits. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis.

Customer credit risk are monitored according to their credit characteristics, such as whether it is an individual or company, geographic location, industry, ageing profile, and previous financial difficulties. Trade and other receivables are concentrated within the airline industry.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The Group addresses impairment assessment on an individual basis.

The Group's average credit period is 15 days. Trade receivables are provided for based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

(ii) *Cash and short term deposits*

The Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality. Accordingly, management does not expect any counterparty to fail to meet its obligations. Cash transactions are limited to high credit quality financial institutions.

3. **Financial Risk Management (Continued)**

(a) **Credit risk (continued)**

Maximum exposure to credit risk

The worst case scenario of credit risk exposure to the Group and Authority at year end was as follows:

	The Group		The Authority	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Trade receivables	708,641	620,251	133,665	77,081
Cash and short term deposits	1,711,396	4,944,481	1,543,677	4,572,108
	2,420,037	5,564,732	1,677,342	4,649,189

Ageing analysis of trade receivables that are past due but not impaired

Trade receivables that are less than 165 days past due are not considered impaired. As of 31 March 2011, trade receivables of $270,451,000 (2010 – $269,062,000) for the Group and $Nil (2010 – $Nil) for the Authority were past due but not impaired. These relate to a number of concessionaries for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	The Group		The Authority	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
16 - 30 days	42,869	4,565	-	-
31 - 60 days	35,525	40,458	-	-
61 - 90 days	36,464	59,433	-	-
Over 90 days	155,593	164,606	-	-
	270,451	269,062	-	-

Ageing analysis of trade receivables that are impaired

As of 31 March 2011, trade receivables of $362,358,000 (2010 – $368,373,000) for the Group and $288,490,000 (2010 – $288,490,000) for the Authority were considered impaired and were fully provided for. The individually impaired receivables mainly relate to concessionaires who are in unexpected difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Ageing analysis of trade receivables that are impaired (continued)
The ageing of these receivables is as follows:

	The Group		The Authority	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
16 - 30 days	-	1,401	-	1,401
31 - 60 days	701	449	701	449
61 - 90 days	-	527	-	527
Over 90 days	361,657	365,996	287,789	286,113
	362,358	368,373	288,490	288,490

Provision for impairment of trade receivables
The movement in the provision for impairment of trade receivables was as follows:

	The Group		The Authority	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
At 1 April	368,373	327,907	288,490	287,230
Provision for receivables impairment	-	40,432	-	-
Bad debt recovered	(2,824)	-	-	1,260
Translation difference	(3,191)	34	-	-
At 31 March	362,358	368,373	288,490	288,490

The creation and release of provision for impaired receivables have been included in expenses in arriving at profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

3. **Financial Risk Management (Continued)**

(a) **Credit risk (continued)**

Credit exposure for trade receivables

The credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector was as follows:

	The Group		The Authority	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Airlines (scheduled and unscheduled)	681,651	496,371	191,730	191,730
Concessionaires	116,505	97,818	74,318	82,089
Fuel through-put	7,589	7,526	4,686	4,686
Food and beverage	46,755	29,150	7,387	7,387
Car rental and tour operations	12,000	7,098	2,009	2,009
Advertising	19,592	7,659	4,989	4,989
Ground handling and taxi service	26,057	15,636	8,124	8,124
Other	160,850	327,366	128,912	64,557
	1,070,999	988,624	422,155	365,571
Less: provision for impairment	(362,358)	(368,373)	(288,490)	(288,490)
	708,641	620,251	133,665	77,081

3. **Financial Risk Management (Continued)**

(b) Liquidity risk

Liquidity risk is the risk that the Group maybe unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the Treasury Department, includes:

(i) Monitoring future cash flows and liquidity on an ongoing basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required.

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Maintaining committed lines of credit;

(iv) Optimising cash returns on investment;

Undiscounted cash flows of financial liabilities

Trade payables are due within one month. The undiscounted cash flows of borrowings were as follows:

	The Group				
	Within 1 Year	1 to 5 Years	Over 5 Years	No set repayment terms	Total
	$'000	$'000	$'000	$'000	$'000
At 31 March 2011	373,791	1,804,631	9,647,812	685,438	12,511,672
At 31 March 2010	2,277,777	3,082,107	7,542,329	541,020	13,443,233

	The Authority				
	Within 1 Year	1 to 5 Years	Over 5 Years	No set repayment terms	Total
	$'000	$'000	$'000	$'000	$'000
At 31 March 2011	373,791	1,804,631	9,647,812	622,583	12,448,817
At 31 March 2010	640,672	2,511,492	5,237,582	541,020	8,930,766

Assets available to meet all of the liabilities and to cover financial liabilities include cash and short term investments.

3. **Financial Risk Management (Continued)**

(c) **Market risk**

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise mainly from changes in foreign currency exchange rates and interest rates. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the Japanese Yen and the Special Drawing Rights. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The tables below summarise the exposure to foreign currency exchange rate risk arising from financial assets and liabilities held at year end:

	The Group				
	Jamaican$ J$'000	US$ J$'000	Yen J$'000	SDR J$'000	Total J$'000
			2011		
Financial Assets					
Trade receivables	429,260	279,381	-	-	708,641
Cash and short term deposits	338,816	1,372,580	-	-	1,711,396
	768,076	1,651,961	-	-	2,420,037
Financial Liabilities					
Trade payables	(137,718)	-	-	-	(137,718)
Borrowings	(1,194,738)	(7,565,398)	(486,139)	(233,364)	(9,479,639)
	(1,332,456)	(7,565,398)	(486,139)	(233,364)	(9,617,357)
Net financial position	(564,380)	(5,913,437)	(486,139)	(233,364)	(7,197,320)
			2010		
Financial Assets					
Trade receivables	360,790	259,461	-	-	620,251
Cash and short term deposits	340,551	4,603,930	-	-	4,944,481
	701,341	4,863,391	-	-	5,564,732
Financial Liabilities					
Trade payables	(88,750)	-	-	-	(88,750)
Borrowings	(198,156)	(11,501,570)	(560,008)	(278,182)	(12,537,916)
	(286,906)	(11,501,570)	(560,008)	(278,182)	(12,626,666)
Net financial position	414,435	(6,638,179)	(560,008)	(278,182)	(7,061,934)

3. **Financial Risk Management (Continued)**

(c) **Market risk (continued)**

Currency risk (continued)

	The Authority				
	Jamaican$ J$'000	US$ J$'000	Yen J$'000	SDR J$'000	Total J$'000
			2011		
Financial Assets					
Trade receivables	4,753	128,912	-	-	133,665
Cash and short term deposits	201,327	1,342,350	-	-	1,543,677
	206,080	1,471,262	-	-	1,677,342
Financial Liabilities					
Trade payables	(88,842)	-	-	-	(88,842)
Borrowings	(1,061,914)	(7,565,398)	(486,139)	(233,364)	(9,346,815)
	(1,150,756)	(7,565,398)	(486,139)	(233,364)	(9,435,657)
Net financial position	(944,676)	(6,094,136)	(486,139)	(233,364)	(7,758,315)
			2010		
Financial Assets					
Trade receivables	3,017	74,064	-	-	77,081
Cash and short term deposits	189,601	4,382,507	-	-	4,572,108
	192,618	4,456,571	-	-	4,649,189
Financial Liabilities					
Trade payables	(78,815)	-	-	-	(78,815)
Borrowings	(198,132)	(7,432,730)	(560,008)	(278,182)	(8,469,052)
	(276,947)	(7,432,730)	(560,008)	(278,182)	(8,547,867)
Net financial position	(84,329)	(2,976,159)	(560,008)	(278,182)	(3,898,678)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk (continued)
The following tables indicate the currencies to which the Group and Authority had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a reasonable expected change in foreign currency rates. The sensitivity of the profit was primarily as a result of foreign exchange gains and losses on translation of foreign currency-denominated receivables, cash and short term deposits and borrowings. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

	The Group and The Authority			
	% Change in Currency Rate 2011	Effect on Net Profit 2011 $'000	% Change in Currency Rate 2010	Effect on Net Profit 2010 $'000
Currency:				
USD - revaluation	5%	295,671	2%	132,764
USD - devaluation	(5%)	(295,671)	(5%)	(331,909)
Yen - revaluation	5%	24,307	2%	11,200
Yen - devaluation	(5%)	(24,307)	(5%)	(28,000)
SDR - revaluation	5%	11,668	2%	5,564
SDR - devaluation	(5%)	(11,668)	(5%)	(13,909)

Cash flow and fair value interest rate risk
The Group's interest rate exposure arises from borrowed funds specifically obtained for the purpose of funding the Norman Manley Airport expansion project, and from the temporary investment of these borrowings. Borrowings issued at variable rates and revolving short-term borrowings expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated for borrowings that represent the major interest bearing positions, taking into consideration refinancing, renewal of existing positions and alternative financing.

3. Financial Risk Management (Continued)

(d) Fair values of financial instruments

The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. However, considerable judgment is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the fair value estimates presented are not necessarily indicative of the amounts that the Group would realise in the current market exchange.

The following methods and assumption have been used in deriving the estimates of fair value:

The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities are cash and bank balances, short term deposits, trade receivables and payables, and bank overdraft.

The fair value of unquoted securities could not be reasonably determined as there is no active market for these securities.

The carrying value of the long term liabilities that attract interest at prevailing market rates closely approximate amortised cost, and are estimated to be their fair value as they attract terms and conditions available in the market for similar transactions.

The long term liabilities for which interest rates and repayment terms have not yet been determined were granted under special conditions and are not likely to be traded in a fair market exchange. As such, the fair values of these liabilities could not be reliably determined.

(e) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the Group defines as net operating income (excluding non-recurring items) divided by total equity.

The Group has no specific capital management strategies and is not exposed to externally imposed capital requirements.

4. Critical Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Income taxes
Significant judgement is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

As further explained in Note 9, the Authority obtained relief from income taxes for an initial period of up to 5 years and its subsidiary for an initial period of up to 10 years. The Group had reversed all provisions for current and deferred taxation as management was of the view that the Group will not be liable for income tax in the foreseeable future. The remission of any income tax payable by the Group was subject to annual approval by the Minister of Finance and the Public Service. It was assumed that the requisite approval would be given over the five and ten year periods stipulated and management had committed to ensuring that conditions for the remission of the taxes will be met.

The tax relief period for the Authority expired on 1 April 2010. On that date, the Authority resumed accounting for taxation as, contrary to its expectations upon obtaining the tax relief, the Ministry of Finance and the Public Service did not extend the tax relief period. Deferred tax assets at the point of obtaining the tax relief had been written off. These deferred tax assets are now recognised on expiry of the tax relief period, and are primarily due to accelerated depreciation on property plant and equipment.

Depreciable assets
Management determines the estimated useful lives, residual values and related depreciation charges for the property, plant and equipment held by the Group. Estimates of the useful lives and residual values of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets over the relevant periods. Management applies a variety of methods to arrive at these estimates, with consideration being given to technological innovations and the useful lives and residual values of similar property, plant and equipment held by other entities that operate in the Group's industry. Management will increase depreciation charges where useful lives are less than previously estimated, or will write down technically obsolete or non-strategic assets that have been abandoned or sold.

4. Critical Judgements and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (continued)

Pension plan assets and post-employment benefit obligations

The cost of these benefits and the present value of the pension and the other post-employment liabilities depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumption used in determining the net periodic cost (income) for pension and post-employment benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and in, the case of post-employment medical benefits, the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost (income) recorded for pension and post-employment benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long term historical returns, asset allocation and future estimates of long-term investments returns. The Group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and post-employment benefit obligations. In determining the appropriate discount rate, the Group considers interest rate of high-quality corporate bonds that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximating the terms of the related pension liability. The expected rate of increase of medical costs has been determined by comparing the historical relationship of the actual medical cost increases with the rate of inflation in the respective economy. Past experience has shown that the actual medical costs have increased on average by one time the rate of inflation. Other key assumptions for the pension and post employment benefits costs and credits are based in part on current market conditions.

5. Other Operating Income

	The Group		The Authority	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Amortisation of grants (Note 22)	423,501	93,368	18,999	18,999
Expenses reimbursed - Project Execution Unit	34,374	44,033	34,374	44,033
Interest income	89,661	177,349	263,321	294,359
Grants received for principal payments	124,252	-	-	-
Other	8,542	14,438	669	243
	680,330	329,188	317,363	357,634

Included in the interest income for the Authority is $196,422,000 (2010 – $193,700,000) which has been capitalised as a part of the Construction Work In Progress assets, being the accumulated interest charged on disbursements to its subsidiary to assist with the Norman Manley International Airport expansion project. These disbursements commenced in November 2003; however, interest had never been accrued for prior to 1 April 2007 as the decision to charge interest was made at that date. Interest is charged on the outstanding balance at a rate of 10% per annum.

6. Expenses by Nature

Total direct and administration expenses:

	The Group		The Authority	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Advertising and public relations	8,200	12,660	3,066	4,804
Auditors' remuneration	5,972	5,947	4,004	2,387
Bad debts	-	39,461	-	940
Commissions and discounts	24,755	11,071	538	447
Depreciation and amortisation	579,411	509,248	205,972	202,757
Insurance	158,576	129,163	6,342	5,513
Irrecoverable GCT	72,158	49,780	16,022	6,659
Motor vehicle expenses	21,865	17,219	1,242	792
Office supplies	16,789	18,193	5,921	3,373
Other	32,770	19,147	12,064	10,028
Professional fees	69,298	57,153	5,546	3,407
Regulatory fees and taxes	23,077	20,844	3,395	2,006
Rental and lease	43,773	39,876	2,014	58
Repairs and maintenance	254,100	207,749	16,876	12,535
Security	283,606	253,418	42,291	21,830
Staff costs (Note 7)	728,150	744,450	198,969	209,326
Training	18,569	9,910	-	-
Traveling and entertainment	7,616	4,922	4,022	2,958
Utilities	372,283	352,361	10,396	9,889
	2,720,968	2,502,572	538,680	499,709

7. Staff Costs

	The Group		The Authority	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Wages and salaries	592,029	590,455	151,587	149,242
Payroll taxes – employer's portion	55,332	54,209	12,118	14,212
Pension and other retirement benefits	17,887	8,911	17,887	8,911
Redundancy payments	19,321	36,861	9,480	15,613
Other	43,581	54,104	7,897	21,348
	728,150	744,540	198,969	209,326

8. Finance Costs

	The Group		The Authority	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Interest expense	410,539	686,978	100,970	99,404
Amortisation of grants (Note 22)	(204,262)	(409,430)	-	-
	206,277	277,548	100,970	99,404
Net foreign exchange losses/(gains)	76,067	(158,150)	63,145	(93,959)
	282,344	119,398	164,115	5,445

9. Taxation

The Minister of Finance and the Public Service, in accordance with the power conferred by section 86 of the Income Tax Act, had formally agreed to grant the Group relief from income tax in respect of that portion of taxable profits which had been retained for capital development, for a period of five years for the Authority and a period ten years for the subsidiary commencing 1 April 2005. The relief was granted upon requests for remission of tax made annually to the Minister and notice of the tax remitted published in the Jamaica Gazette Supplement. As at 31 March 2010 the relief granted to the Authority expired and it had a liability to be assessed for income taxes as at 1 April 2010.

Subject to agreement with the Taxpayer Audit and Assessment Department, losses of approximately $1,741,180,000 (2010 – $1,187,158,000) for the subsidiary are available for set off against future profits and may be carried forward indefinitely. No deferred tax asset is recognised in respect of the tax losses of the subsidiary due to the tax relief.

The tax relief period for the Authority ended on 31 March 2010. Subsequent to that date, the Authority resumed accounting for taxation. Deferred tax assets which were written off when the Authority obtained tax relief are now being reinstated as the deferred tax assets are deemed to be recoverable on expiry of the tax relief period.

The taxation credit for the year comprises:

	The Group and The Authority	
	2011 $'000	2010 $'000
Current tax	169,712	-
Deferred tax –		
Arising on expiration of tax relief (Note 14)	(816,447)	-
Charged during the year (Note 14)	41,003	-
	(775,444)	-
	(605,732)	-

9. Taxation (Continued)

The tax on the company's profit differs from the theoretical amount that would arise using the tax rate of 33⅓% as follows:

	The Group 2011 $'000	The Group 2010 $'000	The Authority 2011 $'000	The Authority 2010 $'000
Profit before taxation	322,824	482,354	520,839	806,434
Tax calculated at a tax rate of 33⅓%	107,629	160,816	173,439	268,811
Adjusted for the effects of –				
Tax not recognised due to tax relief	65,810	(160,816)	-	(268,811)
Deferred tax recognised on expiration of tax relief period	(816,447)	-	(816,447)	-
Irrecoverable foreign exchange losses recognised on loans onlent to subsidiary	28,798	-	28,798	-
Other expenses not deductible for tax purposes	8,478	-	8,478	-
	(605,732)	-	(605,732)	-

10. Net Profit and Retained Earnings

	2011 $'000	2010 $'000
(a) Net profit is dealt with as follows in the financial statements of:		
The Authority	1,126,571	806,434
The subsidiary	(198,015)	(324,080)
	928,556	482,354
(b) Retained earnings are dealt with as follows in the financial statements of:		
The Authority	6,014,727	4,888,156
Less intercompany transactions:		
Interest capitalised	(270,836)	(270,836)
Add: depreciation on intercompany asset (capitalised interest on debt)	5,300	5,300
	5,749,191	4,622,620
The subsidiary	(1,089,757)	(891,742)
	4,659,434	3,730,878

11. Property, Plant and Equipment

The Group

	Land, buildings, runways and taxiways	Storage tanks and fuel lines	Motor vehicles	Computer equipment, plant and machinery, furniture and fixtures	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
			2011			
Cost -						
At 1 April 2010	10,781,790	945,637	42,547	1,827,762	2,038,548	15,636,284
Additions	4,767	550	13,435	47,650	1,045,586	1,111,988
Disposals	-	-	(86)	-	-	(86)
Transfers	2,095,415	-	3,807	786,899	(2,892,288)	(6,167)
Translation adjustment	(298,736)	-	(1,701)	(72,827)	(79,084)	(452,348)
At 31 March 2011	12,583,236	946,187	58,002	2,589,484	112,762	16,289,671
Depreciation -						
At 1 April 2010	1,698,029	409,080	23,119	437,417	-	2,567,645
Charge for the year	342,392	53,936	5,875	177,208	-	579,411
Disposals	-	-	(86)	-	-	(86)
Translation adjustment	(11,286)	-	(831)	(16,405)	-	(28,522)
At 31 March 2011	2,029,135	463,016	28,077	598,220	-	3,118,448
Net Book Value -						
31 March 2011	10,554,101	483,171	29,925	1,991,264	112,762	13,171,223
			2010			
Cost -						
At 1 April 2009	10,698,870	945,637	35,304	1,773,419	1,218,556	14,671,786
Additions	-	-	6,874	36,050	1,107,434	1,150,358
Disposals and write-off	-	-	-	(1,339)	(301,939)	(303,278)
Translation adjustment	82,920	-	369	19,632	14,497	117,418
At 31 March 2010	10,781,790	945,637	42,547	1,827,762	2,038,548	15,636,284
Depreciation -						
At 1 April 2009	1,388,878	355,146	17,091	295,583	-	2,056,698
Charge for the year	308,479	53,934	5,860	140,975	-	509,248
Disposals and write-off	-	-	-	(1,607)	-	(1,607)
Translation adjustment	672	-	168	2,466	-	3,306
At 31 March 2010	1,698,029	409,080	23,119	437,417	-	2,567,645
Net Book Value -						
31 March 2010	9,083,761	536,557	19,428	1,390,345	2,038,548	13,068,639

11. Property, Plant and Equipment

The Authority

	Land, buildings, runways and taxiways $'000	Storage tanks and fuel lines $'000	Motor vehicles $'000	Computer equipment, plant and machinery, furniture and fixtures $'000	Work in progress $'000	Total $'000
			2011			
Cost -						
At 1 April 2010	3,423,914	945,637	738	43,380	229,793	4,643,462
Additions	4,767	550	-	4,350	229,993	239,660
Transfers	281,022	-	3,807	141,253	(432,249)	(6,167)
At 31 March 2011	3,709,703	946,187	4,545	188,983	27,537	4,876,955
Depreciation -						
At 1 April 2010	1,425,910	409,080	524	36,491	-	1,872,005
Charge for the year	150,110	53,936	56	1,870	-	205,972
At 31 March 2011	1,576,020	463,016	580	38,361	-	2,077,977
Net Book Value -						
31 March 2011	2,133,683	483,171	3,965	150,622	27,537	2,798,978
			2010			
Cost -						
At 1 April 2009	3,423,914	945,637	738	40,809	22,998	4,434,096
Additions	-	-	-	2,571	206,795	209,366
At 31 March 2010	3,423,914	945,637	738	43,380	229,793	4,643,462
Depreciation -						
At 1 April 2009	1,278,668	355,146	467	34,967	-	1,669,248
Charge for the year	147,242	53,934	57	1,524	-	202,757
At 31 March 2010	1,425,910	409,080	524	36,491	-	1,872,005
Net Book Value -						
31 March 2010	1,998,004	536,557	214	6,889	229,793	2,771,457

11. Property, Plant and Equipment (Continued)

The Authority's property, plant and equipment were revalued as at 31 December 1984 primarily on a depreciated replacement cost basis by The Land Valuation Office, Kingston. The revalued amounts have been designated the deemed cost of these assets on adoption of International Financial Reporting Standards on 1 April 2002.

Property, plant and equipment include assets totaling $3,090,899,000 (2010 - $3,090,899,000) acquired under the Airport Reform and Improvement Programme which is being funded by loans from the Inter-American Development Bank, Export-Import Bank of Japan, Bank of Tokyo-Mitsubishi Limited and the Government of Jamaica.

12. Investments

This represents unquoted equity securities, which are carried at cost.

13. Related Party Transactions and Balances

The following transactions were carried out with related parties:

(a) Key management compensation

	The Group		The Authority	
	2011 **$'000**	**2010** **$'000**	**2011** **$'000**	**2010** **$'000**
Wages and salaries	60,036	59,371	25,893	26,673
Payroll taxes – employer's portion	4,009	5,895	843	2,661
	64,045	65,266	26,736	29,334
Directors' emoluments -				
Management remuneration	11,471	19,923	11,471	10,986
Fees	1,144	992	1,144	992

(b) Authority's interest in subsidiary

	2011 **$'000**	**2010** **$'000**
Shares, at cost	305,377	305,377
Advances –		
At start of year	6,225,933	6,084,176
Issued during the year	4,248,440	141,757
At end of year	10,474,373	6,225,933
	10,779,750	6,531,310

14. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a tax rate of 33 1/3%.

	The Group and The Authority	
	2011 $'000	2010 $'000
At beginning of year	-	-
Amounts recognised on the expiry of the tax relief period credited to profit or loss (Note 9)	816,447	-
Credited to profit or loss during the year (Note 9)	(41,003)	-
At end of year	775,444	-

Deferred tax assets were due to the following:

	The Group and The Authority	
	2011 $'000	2010 $'000
Interest payable	172,505	-
Accelerated depreciation	473,027	-
Capital grants	99,326	
Post-employment benefits	44,609	-
Accrued vacation	5,660	-
Foreign exchange gains	48,591	
Investment in subsidiary	(65,474)	
Interest receivable	(2,800)	-
	775,444	-

The amounts shown in the statement of financial position includes the following:

	The Group and The Authority	
	2011 $'000	2010 $'000
Deferred tax assets to be recovered after more than 12 months	616,962	-
Deferred tax liabilities to be settled after more than 12 months	65,474	-

15. Inventories

This represents spare parts and supplies.

16. Receivables

	The Group		The Authority	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Trade	1,070,999	988,624	422,155	365,571
Less: Provision for impairment	(362,358)	(368,373)	(288,490)	(288,490)
	708,641	620,251	133,665	77,081
Prepayments	6,900	7,773	6,900	7,773
Other	258,336	192,173	75,331	50,376
	973,877	820,197	215,896	135,230

17. Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

	The Group		The Authority	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Cash at bank and in hand	42,979	3,817,661	5,917	3,646,330
Short term deposits	1,668,417	1,126,820	1,537,760	925,778
	1,711,396	4,944,481	1,543,677	4,572,108
Bank overdraft (Note 19)	(80,980)	(8,735)	(11,009)	(8,735)
	1,630,416	4,935,746	1,532,668	4,563,373

Included in short term deposits is interest receivable of $11,307,000 (2010 – $10,232,000) for the Group and $8,404,000 (2010 - $7,542,000) for the Authority.

The weighted average interest rate on short term deposits denominated in Jamaican dollars was 7.32% (2010 – 11.84%) and on short term deposits denominated in United States dollars was 3.46% (2010 – 5.24%), and these securities mature in 30 days.

18. Payables

	The Group		The Authority	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Trade payables	137,718	88,750	88,842	78,815
Accruals	122,583	191,389	39,750	56,142
Other	113,575	121,412	2,530	1,909
	373,876	401,551	131,122	136,866

19. Borrowings

	The Group		The Authority	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Current -				
Bank overdraft (Note 17)	80,980	8,735	11,009	8,735
Current portion of long term loans	187,328	867,623	124,474	647,612
	268,308	876,358	135,483	656,347
Non-Current -				
Long term loans	8,588,749	11,120,538	8,588,749	7,271,685
Accrued interest	622,583	541,020	622,583	541,020
	9,211,332	11,661,558	9,211,332	7,812,705
	9,479,640	12,537,916	9,346,815	8,469,052

(a) Bank overdraft

The Group and the Authority have an overdraft facility totalled $2,000,000, which attracts interest at 35%.

19. Borrowings (Continued)

(b) Long term loans

	The Group		The Authority	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Facilities acquired with the Government of Jamaica as an intermediary:				
(i) Inter-American Development Bank	965,380	1,007,707	965,380	1,007,707
(ii) Export-Import Bank of Japan and The Bank of Tokyo-Mitsubishi Limited	486,139	507,453	486,139	507,453
(iii) Nordic Development Fund	233,365	243,597	233,365	243,597
(iv) European Investment Bank and Caribbean Development Bank	3,429,944	3,579,578	3,429,944	3,579,578
(v) Caribbean Development Bank	1,714,972		1,714,972	-
Other facilities				
(vi) Government of Jamaica/ SIA Airports Limited	31,206	31,206	31,206	31,206
(vii) Government of Jamaica	47,348	47,348	47,348	47,348
(viii) National Insurance Fund	-	1,342,623	-	-
(ix) RBTT Trinidad and Tobago Limited	-	2,685,246	-	-
(x) Petrocaribe Fund	1,867,723	2,502,408	1,804,869	2,502,408
	8,776,077	11,947,166	8,713,223	7,919,297
Less Current Portion:				
RBTT Trinidad and Tobago Limited	-	(179,016)	-	-
Petrocaribe Fund	(124,474)	(640,672)	(124,474)	(640,672)
Accrued interest	(62,854)	(6,940)	-	(6,940)
	(187,328)	(826,628)	(124,474)	(647,612)
	8,588,749	11,120,538	8,588,749	7,271,685

(i) This represents proceeds drawn down to date of loan contract #887/OC-JA between the Government of Jamaica and the Inter-American Development Bank, which have been on-lent to the Authority under the Airport Reform and Improvement Programme. There is no interest rate stated and the terms of repayment have not yet been determined.

(ii) This represents proceeds drawn down to date of loan contract #041844 between the Government of Jamaica and the Export-Import Bank of Japan and the Bank of Tokyo-Mitsubishi Limited, which have been on-lent to the Authority under the Airport Reform and Improvement Programme. There is no interest rate stated and the terms of repayment have not yet been determined.

19. Borrowings (Continued)

(b) Long term loans (continued)

(iii) This represented proceeds drawn down to date of loan contract #165 between the Government of Jamaica and the Nordic Development Fund, which have been on-lent to the Authority under the Airport Reform and Improvement Programme. There is no interest rate stated and the terms of repayment have not yet been determined.

(iv) This represents US$40 million loan between the European Investment Bank and the Airports Authority of Jamaica which was on-lent to the subsidiary to fund the Norman Manley International Airport expansion project and repay existing loans. The loan is repayable in 30 equal payments semi-annually commencing five years after the date of disbursement.

(v) This represents US$20 million loan between the Caribbean Development Bank and the Airports Authority of Jamaica which was on-lent to the subsidiary to fund the Norman Manley International Airport expansion project and repay existing loans. The loan is repayable in 30 equal payments semi-annually commencing five years after the date of disbursement.

(vi) This represents a loan from the Government of Jamaica, which was used to fund construction work at the Sangster International Airport. There is no interest rate stated and the terms of repayment have not yet been determined. During the year, the Ministry of Finance and the Public Service approved the offset of certain receivables balances from SIA Airports Limited against the amounts due to the Government of Jamaica.

(vii) This represents an advance from the Government of Jamaica, which was used to repay interest and principal in respect of loans (i) to (iii) above. The advance is unsecured. There is no interest rate stated and the terms of repayment have not yet been determined.

(viii) This loan represented US$15 million from the National Insurance Fund to provide interim financing for the Norman Manley Airport expansion project. The loan was secured by cash flows from the Airport Improvement Fund, Guarantee from the Airports Authority of Jamaica and a 2nd mortgage on properties at Norman Manley International Airport. The loan was for a period of 20 years and interest was charged at 8.5% per annum for the first three years, thereafter variable at 1 year LIBOR plus 3.25% with a floor of 8%. The loan was fully repaid during the year.

(ix) This loan represented US$30 million from RBTT Trinidad and Tobago Limited to assist with the funding of the Norman Manley Airport expansion project. The loan was repayable in 40 quarterly payments of US$500,000 commencing December 2009 and a final payment of US$10,000,000. Interest was charged at 8.25% per annum. The loan was secured by a first legal mortgage over property located at Norman Manley International Airport and was fully repaid during the year.

(x) This loan represents US$34.5 million dollar loan from the Petrocaribe Fund to provide interim financing for the Norman Manley Airport expansion project. The loan is for a period of 15 years and attracts interest at 6% per annum. This loan is unsecured.

20. Share Capital

	2011 $'000	2010 $'000
Authorised -		
30,000 ordinary shares		
Issued and fully paid -		
20,091 ordinary shares	20,091	20,091

The Airports Authority Act provides for the Authority having an authorised capital of $30,000,000. To date an amount of $20,091,000 has been credited as fully paid capital.

21. Unissued Capital

In 1986, the Government of Jamaica undertook a restructuring of the Authority's capital base, which, *inter alia*, included a conversion of $55,607,000 of debt to equity. This arrangement also fulfilled the terms of the then existing agreement with The International Bank for Reconstruction and Development.

The shares for the additional capital have not yet been issued to The Accountant General as the required increase in the authorised share capital is still outstanding.

22. Grants

Airport Improvement Grant
The Airport Improvement Grant represents amount received from the Government of Jamaica to assist with the funding of the Norman Manley Airport expansion project.

The Norman Manley Airport expansion project is a 20-year plan for the expansion and development of the Norman Manley International Airport, commencing in 2004. The plan involves the construction of a new arrival and departure wings, two-level passenger pier, new baggage handling facilities, relocation of general aviation centre, fire station and other support facilities.

This project is partially funded by the Airport Improvement Fund (AIF). Revenue of the AIF is based on a US$10 charge per ticket purchased at any travel agency. The amount is paid over by the airlines into a special account held with an independent financial institution. The subsidiary will draw down on funds to repay senior debts or to pay designated contractors for work done on the project. Annual transfers equivalent to interest expense in the case where the grant was used to repay senior debts or depreciation charged on property, plant and equipment where the grant was used for a capital purpose, are made to the statement of comprehensive income.

22. Grants (Continued)

Capital Grant
This represents grant received from the Government of Jamaica to acquire property, plant and equipment. Annual transfers equivalent to depreciation charged on property, plant and equipment, are made to the statement of comprehensive income.

The movement in grants during the year was as follows:

	The Group		The Authority	
	2011 $'000	2009 $'000	2011 $'000	2010 $'000
At start of year	2,113,049	2,194,177	316,978	335,977
Additions	479,848	407,377	-	-
Transfer to the statement of comprehensive income (Notes 5 and 8)	(627,763)	(502,798)	(18,999)	(18,999)
Translation adjustment	(76,690)	14,293	-	-
At end of year	1,888,444	2,113,049	297,979	316,978

23. Post-Employment Benefits

	The Group & The Authority	
	2011 $'000	2010 $'000
Liability recognised in the balance sheet –		
Medical benefits	133,826	123,455
Amounts recognised in arriving at the profit or loss account (Note 7) –		
Pension scheme	3,098	24
Medical benefits	14,789	8,887

23. Post-Employment Benefits (Continued)

Pension scheme benefits

The Group participates in a defined benefit scheme, which is open to all permanent employees who have satisfied certain minimum service requirements.

The amount recognised in the balance sheet was determined as follows:

	The Group & The Authority	
	2011 $'000	2010 $'000
Fair value of plan assets	789,258	581,013
Present value of obligations	(935,678)	(765,683)
	(146,420)	(184,670)
Unrecognised actuarial losses	232,303	337,493
	85,883	152,823
Limitation on recognition of asset due to uncertainty of obtaining future benefits	(85,883)	(152,823)
	-	-

The movement in the fair value of plan assets during the year was as follows:

	The Group & The Authority	
	2011 $'000	2010 $'000
At beginning of year	581,013	500,405
Expected return on plan assets	46,742	66,991
Actuarial losses	13,702	58,901
Employer contributions	3,098	24
Employee contributions	14,280	13,653
Annuities purchased	141,141	-
Benefits paid	(10,718)	(58,961)
At end of year	789,258	581,013

23. Post-Employment Benefits (Continued)

Pension scheme benefits (continued)

The movement in the present value of the defined benefit obligation during the year was as follows:

	The Group & The Authority	
	2011 $'000	2010 $'000
At beginning of year	765,683	481,915
Current service cost	38,787	28,139
Interest cost	79,848	68,020
Annuities purchased	141,141	-
Actuarial (gains)/ losses on obligations	(79,063)	246,570
Benefits paid	(10,718)	(58,961)
At end of year	935,678	765,683

The amounts recognised in arriving at profit or loss were as follows:

	The Group & The Authority	
	2011 $'000	2010 $'000
Current service cost, net of employee contributions	(24,507)	(14,486)
Interest cost	(79,848)	(68,020)
Expected return on plan assets	46,742	66,991
Net actuarial losses recognised during the year	12,425	(5,252)
Change in asset limitation	42,090	20,743
Total included in staff costs (Note 7)	(3,098)	(24)

The actual return on plan assets was $69,321,000 (2010 – $135,667,000).

Expected contributions to the plan for the year ended 31 March 2012 amount to $25,927,000.

23. Post-Employment Benefits (Continued)

Pension scheme benefits (continued)

The distribution of plan assets was as follows:

	The Group & The Authority			
	2011		2010	
	$'000	%	$'000	%
Fixed Income Fund	556,601	70	495,134	85
Equity Fund	91,516	12	85,879	15
Annuities	141,141	18	-	-
	789,258		581,013	

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. The Deposit Administration Fund and the Pooled Investment Fund are both mutual funds administered by Guardian Life Limited whilst the Fixed Income Fund and the Equity Fund are administered by Prime Asset Management Limitd. Expected yield on the Deposit Administration Fund is based on gross redemption yields as at the balance sheet date. Expected yield on the Funds reflect the long-term real rates of return on portfolio.

The five-year trend for the fair value of plan assets, the defined benefit obligation, the surplus in the plan, and experience adjustments for plan assets and liabilities is as follows:

	The Group & The Authority				
	2011 $'000	2010 $'000	2009 $'000	2008 $'000	2007 $'000
Fair value of plan assets	789,258	581,013	500,405	481,667	418,339
Defined benefit obligation	(935,678)	(765,683)	(481,915)	(405,279)	(247,584)
Surplus	(146,420)	(184,670)	18,490	76,388	170,755
Experience adjustments –					
Fair value of plan assets	13,702	58,901	(30,140)	17,136	(4,644)
Defined benefit obligation	(79,063)	246,570	37,762	124,500	41,985

23. Post-Employment Benefits (Continued)

Medical benefits

In addition to pension benefits, the Group offers retirees medical benefits. Funds are not built up to cover the obligations under the medical benefit scheme. The method of accounting and frequency of valuations are similar to those used for the pension scheme.

The liability recognised in the balance sheet was determined as follows:

	The Group & The Authority	
	2011 $'000	2010 $'000
Present value of unfunded obligations	133,937	100,426
Unrecognised actuarial (losses)/gains	(111)	23,029
	133,826	123,455

The movement in the present value of the defined benefit obligation during the year was as follows:

	The Group & The Authority	
	2011 $'000	2010 $'000
At beginning of year	100,426	61,185
Current service cost	4,106	1,945
Interest cost	11,302	9,496
Actuarial losses on obligations	22,521	31,617
Benefits paid	(4,418)	(3,817)
At end of year	133,937	100,426

The amounts recognised in arriving at profit or loss were as follows:

	The Group & The Authority	
	2011 $'000	2010 $'000
Current service cost	4,106	1,945
Interest cost	11,302	9,496
Net actuarial gains recognised in year	(619)	(2,554)
Total included in staff costs (Note 7)	14,789	8,887

The effects of a 1% movement in the assumed medical cost trend rate were as follows:

	The Group & The Authority	
	Increase $'000	Decrease $'000
Effect on the aggregate of the current service cost and interest cost	19,183	12,971
Effect on the defined benefit obligation	158,541	114,682

23. Post-Employment Benefits (Continued)

Medical benefits (continued)

The five-year trend for the defined benefit obligation and experience adjustments is as follows:

	The Group & The Authority				
	2011 $'000	2010 $'000	2009 $'000	2008 $'000	2007 $'000
Defined benefit obligation	133,937	100,426	61,185	87,059	54,789
Experience adjustments	22,521	31,617	(37,165)	26,997	(29,000)

Principal actuarial assumptions used in valuing post-employment benefits

The principal actuarial assumptions used in valuing post-employment benefits are as follows:

	The Group & The Authority	
	2011	2010
Discount rate	10.5%	11.5%
Expected return on plan assets	7.0%	8.0%
Future salary increases	6.5%	7.5%
Future pension increases	5.0%	6.0%
Medical cost trend rate	10.0%	10.5%

The average expected remaining service life of the employees of the pension scheme is 20 years (2010 – 21 years), for the medical scheme is 20 years (2010 – 21 years).

Post-employment mortality for active members and mortality for pensioners and deferred pensioners is based on the 1994 Group Annuity Mortality Tables (GAM 94) (U.S. mortality tables), with no age setback.

24. Contingent Liabilities

The Authority and its subsidiary are subject to various claims, disputes and legal proceedings, in the normal course of business. Provision is made for such matters when, in the opinion of management and its legal counsel, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated.

In respect of claims asserted against the Group which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group which is immaterial to both financial position and results of operations.

25. Capital Commitments

At 31 March 2011, the Group had authorised capital expenditure amounting to $534,396,000 (2010 – $1,471,000,000), of which $534,396,000 (2010 – $1,402,000,000) have been contracted for.

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