



AIRPORTS AUTHORITY OF JAMAICA 2014-15 | ANNUAL REPORT





THINKING DEVELOPMENT... MOVING AHEAD

THE VISION : 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.



NORMAN MANLEY INTERNATIONAL MKJP (KIN)

- ✈ Jamaica's Principal Gateway for Business and Visiting Friends and Relatives (VFRs).
- ✈ Divestment via a Public/ Private Partnership is underway.
- ✈ Handling over 1.4 million passengers per year.
- ✈ Promoted as the Uniquely Jamaican Airport.
- ✈ Phase 1A of Airport Expansion Programme completed in March 2012. Phase 1B scheduled for completion in 2016.

IAN FLEMING
Int'l Airport



IAN FLEMING INTERNATIONAL MKBS-(OCJ)

- ✈ Re-Launched January 2011. Fully equipped Fuel Farm installed 2014.
- ✈ Upgraded to the island's third International Port of Entry (IPE) catering mainly to the General Aviation and high-end tourist markets
- ✈ Experience the IFIA hassle free difference; easy come. easy go! It's a paradise for pilots.

DOMESTIC AERODROMES

Tinson Pen - MKTP (KTP)
Commuter airport located in the Capital City, Kingston.

Ken Jones - MKKJ (POT)
Located in Portland, east of the island

Negril - MKNG (NEG)
Located in the tourist mecca, west end of the island



SANGSTER INTERNATIONAL MKJS (MBJ)

- ✈ JAMAICA's Principal Tourism Gateway
- ✈ Privatized in 2003 under a 30yr Master Concession and lease (Operator: MBJ Airports Ltd.)
- ✈ Handling over 3.5 million passengers per year
- ✈ Inducted into ACI Director General's Roll of Excellence for 2014
- ✈ Rated in the Airports Council International (ACI) list of top 5 airports for the last 5 years

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AAJ's HISTORY – CELEBRATING 40 YEARS OF SERVICE TO THE NATION

The Airports Authority of Jamaica was established in 1974 to separate the operation, management and commercial aspects of airports and aviation from the regulatory functions; and to facilitate the expansion and upgrading of terminal buildings and facilities at both international airports. The entity was created as an independent statutory body to take over responsibility for the two international airports from the then Civil Aviation Department (CAD), now the Jamaica Civil Aviation Authority (JCAA).

Jamaica's Airports Authority Act was modelled off the British Airports Authority Act and was intended to be consistent with trends in Europe and North America. Under this regime, the airports would operate as viable commercial entities using sound commercial principles based on tested international patterns; the CAD retained the technical aspects of civil aviation. The aerodromes were also retained by CAD until 1990 when 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.

The AAJ began operations as a statutory body on September 1, 1974 and developed a programme to monitor airport development to meet expansion needs. The Authority used various loans from entities such as the World Bank, the European Union, the Canadian International Development Agency (CIDA), the Inter-American Development Bank (IDB), the Japan Ex-Im Bank and the Nordic Development Fund to develop the airports. This included the reconstruction of eight taxiways, resurfacing of the runway at Norman Manley International Airport (NMIA), rehabilitation of the lighting system at NMIA; and the resurfacing of the runways at the Tinson Pen, Ken Jones and Boscobel Aerodromes.

In the book *'Jamaica, The Aviation Story'* published in 2003, on the occasion of the 100th anniversary of aviation, Professor Patrick E. Bryan noted that the AAJ began to see a turnaround of its financial fortunes in the mid 1980's with increasing revenues from aircraft landing and terminal fees, space rental, concession/retail operators, car hire and car park fees. This was enhanced by a boom in worldwide travel that brought more visitors to Jamaica and sent many Jamaicans on sojourns abroad. Passenger movement

through the airports increased steadily at the islands' airports with the majority being visitors coming through the Sangster International Airport.

As the Government pursued a policy of privatization, the Sangster International Airport (SIA) was divested in April 2003 in a 30 year lease to MBJ Airports Ltd., a consortium of companies. The divestment was in keeping with international trends and the need to attract private capital to undertake the necessary expansion and development of the airport. The divestment meant that the AAJ no longer had responsibility for the management of the airport but rather maintains ownership of the buildings and assets. In October 2003, NMIA Airport Ltd, a wholly owned subsidiary of the AAJ, was established as the airport operator for the Norman Manley International Airport under a 30 year concession agreement with the AAJ. In 2011 the AAJ, in partnership with stakeholders, forged ahead with the process of launching Jamaica's newest international port of entry, the Ian Fleming International Airport (IFIA). The airport is named after the author of the famous James Bond spy novels who lived nearby. This airport is an upgrade of the former Boscobel Aerodrome in St. Mary and is adjacent to the North Coast highway; therefore strategically situated to serve tourism clientele from St. Ann to Portland.

Over the 40 years the AAJ has faced many challenges, including ensuring the speedy return of airport services after the occurrence of natural disasters, notwithstanding the organisation has remained resilient and has consistently provided commendable service to users of the facilities. The highly committed Boards, Management and staff have worked diligently over time to fulfil the AAJ's mandate. The AAJ has also maintained its status as a good corporate citizen which offers assistance to the communities near its bases of operation.

(Based on excerpts taken from 'Jamaica, The Aviation Story' by Professor Patrick E. Bryan, commissioned by the AAJ in 2003).

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. “



AAJ'S 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 & 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.

CHAIRMAN'S MESSAGE

"The financial performance of the AAJ Group showed operating surplus of \$1,480m, an increase of 67% when compared to \$887m in the prior year."

OVERVIEW

The year 2014 marks the 40th anniversary of the Airports Authority of Jamaica (AAJ), which was established in 1974 as an independent statutory body to manage and operate the island's international airports. It is therefore with pleasure that I take this opportunity, on behalf of the Board of Directors, to congratulate the organisation on reaching this important milestone of successful operational excellence.

Over the past 40 years the AAJ has implemented significant policies and improvements in the air transportation sub-sector that is consistent with international regulations, trends and best practices. MBJ Airports Limited (MBJ), private operators of the government owned SIA, must be commended for their contribution to the sector, particularly with respect to tourism development. During the period, SIA was named the number one Caribbean airport by the online publication - Caribbean Journal. NMIA Airports Limited (NMIAL) is being acknowledged for their first-rate service to many business travellers and locals, as well as visiting friends and relatives who travel through NMIA. These airports, along with the domestic aerodromes, which were assigned to the AAJ in 1990, have remained committed to the mission of the organisation.

The achievements of the organisation can be attributed to the visionary leadership of the directors and management of the organisation, along with the hard work and commitment of highly trained, professional and motivated employees at all levels. One such person is Mr. Earl Richards, immediate past President of the AAJ and Chief Executive Officer of NMIA Airports Limited (NMIAL), who retired from both organisations in March 2015. We thank Mr. Richards for



his dedication, service and sterling contribution during his tenure. We also acknowledge and welcome the acting President and CEO, Mr. Audley Deidrick, who served previously as the Vice President of Finance, ICT and HRMA. We are confident that Mr. Deidrick will steer the organisation effectively during this time of transition.

For the 2014/15 fiscal year there was significant improvement in all segments of airport traffic, continuing the recovery from the impact of Caribbean Airline's significant seat reduction/route rationalisation measures in the previous fiscal year. Total passenger traffic at the international airports and aerodromes (arrivals and departures) recorded an increase of 6.14% to 5,210,006 in the year under review. Total air freight, (cargo and mail) increased by 3.95% over the previous year to 18,496,891 kgs, while aircraft movements increased by 3.64% in 2014/15 when compared with the previous year.

The financial performance of the AAJ Group showed operating surplus of \$1,480m, an increase of 67% when compared to \$887m in the prior year. This outturn was primarily the result of a \$940m (22%) increase in operational revenue. The main expenses are: depreciation and amortization J\$1,073m, staff costs J\$823m and utilities J\$560m.

One of the major activities for the AAJ during the period under review was the work done in relation to the Public Private Partnership (PPP) exercise for NMIA, under the leadership of the government-appointed Enterprise

Team, which comprises of key public and private sector stakeholders. The government's key specific objectives for the privatisation/commercialisation of the operations of NMIA include: (i) enhancing the competitive positioning of NMIA, (ii) increasing service quality standards and improving operational efficiencies in line with international best practices, (iii) leveraging private sector investment to improve facilities and operations and (iv) monetizing the asset at an optimal value. Since 2003, NMIA has been operating under a concession agreement signed with its wholly owned subsidiary NMIA Airports Ltd. Approximately US\$147m has been spent in the upgrading of NMIA, including construction of a new departure terminal, a cargo terminal and airside improvements. The private investor will be required to complete the planned modernization and expansion of the facilities and improve the efficiency of operations under a 25 year concession agreement.

The International Finance Corporation (IFC) is Lead Advisor to the government, to assist in the structuring and implementation of the Airport Transaction. The Development Bank of Jamaica (DBJ), the government's privatisation agency and PPP Unit, serve as co-advisor for the transaction and Secretariat to the Enterprise Team. The selection process for the new operator of NMIA is being undertaken in an open, transparent and competitive manner. The Invitation for Qualification was issued by the GoJ on March 30, 2015 and prospective private sector participants were invited to submit Prequalification Applications in accordance with the terms and conditions of the Invitation for Qualification. The Invitation for Bids will be provided to all those Prospective Bidders who have been qualified. The government anticipates that an announcement of the Preferred Bidder will be made by early 2016. Thereafter the new private operator, upon completion of all the financial requirements, is expected to assume full responsibility for the management and operations of the airport.

With respect to the Sangster International Airport, which was commercialised in 2003 under a 30 year concession to MBI Airports Limited (MBI) for the operation, financing and management of the airport, discussions are underway regarding a change from the initial shareholders of the consortium. It is anticipated that the new shareholders will be appointed early in the new fiscal year, after appropriate consultations with the Government of Jamaica and the AAJ.

Jamaica's air transport system continued to monitor and respond to the changing needs of the travelling public. This responsiveness was evident in the preparation made by the airport operators and their stakeholders at the onset of the Ebola Virus which impacted global travel from regions in West Africa. At NMIA, the Medi-Post, which houses the nurse's station, was expanded and a specific quarantine facility was established as a holding area in the event that a passenger arrived with symptoms of the disease. SIA benefited from the donation of a Fever Scan machine and similar equipment was identified for NMIA. Additionally, the airports conducted Ebola training and drills to boost its response mechanisms. Special acknowledgement is given to the Ministry of Health and our Border Control Agencies, the Passport, Immigration and Citizen Agency and Jamaica Customs, which remained active and vigilant during the period.

I extend thanks to the management and staff of the AAJ, and the operators of our airports and aerodromes for the commendable work done over the course of the years. The operations at the airports would not be viable without the participation of many airport stakeholders who have made a most important contribution to the airports' well-deserved reputation for excellence throughout the organisation's 40 years. I therefore thank the many stakeholders for the critical role played over the years and in particular for the period under review. My colleague Board members and I, along with the organisation's committed employees, anticipate further positive developments in the industry in the months ahead and will continue to work towards achieving the AAJ's mission, which in part, is to promote the expansion of air transportation and its related industries.

Dennis Morrison

Chairman
30 September 2015

PRESIDENT'S MESSAGE



“... results indicate a strong return to growth as a result of the collaborative work done by airport and airline partners, as well as stakeholders in the tourism and related industries.”

In this, the 40th year of the Airports Authority of Jamaica, I wish to join in congratulating the organization on attaining such a significant milestone, one which represents steady and noteworthy progress in Jamaica's air transportation industry generally, and in particular, the development and modernization of the country's airports. It is therefore with a deep sense of pride, humility and fixity of purpose that I have assumed the responsibility to lead the organization at this time, being fully seized of the fact that this not only represents a change in the leadership of the organization, but more significantly that it coincides with possibly the most significant period of change and transition which the organization will undergo since its inception 40 years ago.

Having been established on September 1, 1974. The AAJ celebrated its 40th anniversary during the year. This milestone ruby anniversary was celebrated along with

stakeholders through a number of events and activities to highlight the significance of the occasion. These included church services and stakeholder appreciation events held in the two capital cities, as well as a long service award ceremony for staff, where employees were recognised for up to 34 years of service with the organisation.

The work done by the Directors (past and present), my predecessors in the role of AAJ President and CEO of NMIA Airports Limited, as well as the sterling service of the staff must be acknowledged and commended as they ensured that the organisation remained focus on executing its Mission and Vision. Special thanks to the Immediate Past President and CEO, Mr. Earl Richards who, among other things, presided over the modernisation of both international airports as well as the transition of the Sangster International Airport from public to private management and control in 2003. A similar process is now being undertaken for the private operation of the Norman Manley International Airport which should be concluded by 2016.

The financial performance of AAJ and its subsidiary NMIAL (the Group) in the year under review is commendable, and represents a significant improvement over the previous year. This improvement was driven mainly by growth in the passenger traffic for both SIA and NMIA.

The AAJ Group's Operating Revenues for the year was \$5,264m versus \$4,324m for the previous year, an increase of \$940m or 22%. Operating Expenses amounted to \$3,984m, versus \$3,691m for the previous year, an increase of \$293m or 8%, and when compared with the budget of \$3,840m for the current year, represents a negative variance of \$144m or 4%. The Group therefore made an Operating Profit of \$1,480m, compared with \$887m in the previous year, and increase of \$593m or 67%. Net Profit After Tax for the year was \$920m versus \$437m for the previous year, an increase of \$483m or 111%.

AAJ made distributions during the year to the Government of Jamaica totalling \$244m versus \$86m for the previous year.

Capital Expenditure for the year was US\$5,462m (approximately \$616m) which were implemented mainly at NMIA. These included expansion to the NMIA Cargo Logistic Centre, completion of the chilled water distribution

system ring main, a new Aircraft Rescue & Fire Fighting (ARFF) vehicle, and implementation of a new Parking Access & Revenue Control System (PARCS) at the two main car parks.

Total passenger traffic for SIA NMIA and Aerodromes recorded an increase of 6.14% from 4,908,646 passengers in 2013/14 to 5,210,006 in the year under review. SIA accounted for 72% of total traffic and recorded an increase of 5.79%, reflecting the growth in Jamaica's tourism performance; while NMIA, with 28% of total traffic, experienced an increase of 7.07% when compared with the previous year, recovering from the decline in the previous year which was due to an unexpected reduction in seats by its major airline partner – Caribbean Airlines. Air freight volumes at both international airports improved by 3.96%, from 17,789,112 kgs in 2013/14 to 18,493,439 kgs and aircraft movements grew by 5.74% in 2014/15 when compared with the previous year. A total of 82,766 aircraft movements were recorded, compared to 79,858 in 2013/14. These results indicate a return to growth, accredited to the collaborative work done by airport and airline partners, as well as stakeholders in the tourism and related industries.

With regard to route development, it is noteworthy that during the period, the number one domestic carrier in the United States, Southwest Airlines, officially merged with Air Tran and became an international airline. Jamaica, and in particular the Sangster International Airport, was the first international arrival for Southwest which took place on July 1, 2014. Additionally, a new domestic service was launched by InterCaribbean Airways, providing scheduled air service between NMIA in Kingston and SIA in Montego Bay. The airline previously operated as Air Turks and Caicos and has opened other new routes during the year, including flights to Haiti from NMIA.

One of the major activities during the year under review was the execution of Jamaica's first Aeronautical Tariffs Review under The Airports (Economic Regulation) Act 2002. The Act established the Jamaica Civil Aviation Authority (JCAA) as the Regulator of the economic activities/rates of the scheduled airports, presently SIA and NMIA. Both SIA and NMIA engaged in separate negotiations with the JCAA which resulted in a 55% and 70% upward adjustment in aeronautical rates respectively. These increased rates were

to be effective January 1, 2015, but due to the time that they were concluded, the increases were implemented April 1, 2015, hence the increases did not impact the financial results for 2014/15. During the process of review key stakeholders in the industry, including local and international aviation/airline partners, as well as public and private tourism interests, were consulted. With this tariff adjustment, which was benchmarked against airports in the region, Jamaica's aeronautical rates are now more in keeping with the cost to operate and develop the international airports in accordance with changing international standards and operational procedures. These standards include the implementation of important capital works such as a Runway End Safety Area (RESA) project at both international airports, the plans for which have been developed for execution in the medium term.

Another area for strategic review in the short term is the cost to manage and operate the domestic aerodromes and the Ian Fleming International Airport. These aerodromes are components of the national public transportation system, facilitating intra-island air services. They serve tourism, flight training, aerial photography, agriculture (crop dusting/spraying), business travel, commuter traffic, recreational flying, as well as medical and national emergencies. The present focus of operations at IFIA and the aerodromes continues to be on improved efficiencies while minimizing the level of expenditure and improving revenue, with the aim of reducing the level of subsidy provided by the AAJ.

During the period under review the Negril Aerodrome underwent a declassification exercise which resulted in a reduction in the staff complement on location, while providing an appropriate level of service in keeping with the revised classification.

The outlook for 2015/16 is quite significant as the organisation prepares for another major milestone - the privatisation of the management and operations of the Norman Manley International Airport. Preparation activities are apace re the Public Private Partnership (PPP) arrangement which is now set to take place during the next calendar year and as such the management and staff are anticipating a smooth transition to the new private operators.

I wish to thank the Board of Directors, Management and Staff of the AAJ and NMIAL for welcoming me into this new

role and I am already bolstered by the support of the team. I also offer special acknowledgement to the airport operators, stakeholders and related industry partners with whom we work closely to achieve the organisation's vision "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". We look forward to the challenge and opportunities ahead of us as we seek to accomplish the tasks ahead in the next fiscal year and beyond.

Audley Deidrick

President- AAJ & CEO NMIAL (Acting)

30 September 2015



OVERALL TRAFFIC PERFORMANCE



Table 4: Actual Financial Performance 2015 versus 2014 for AAJ Consolidated:

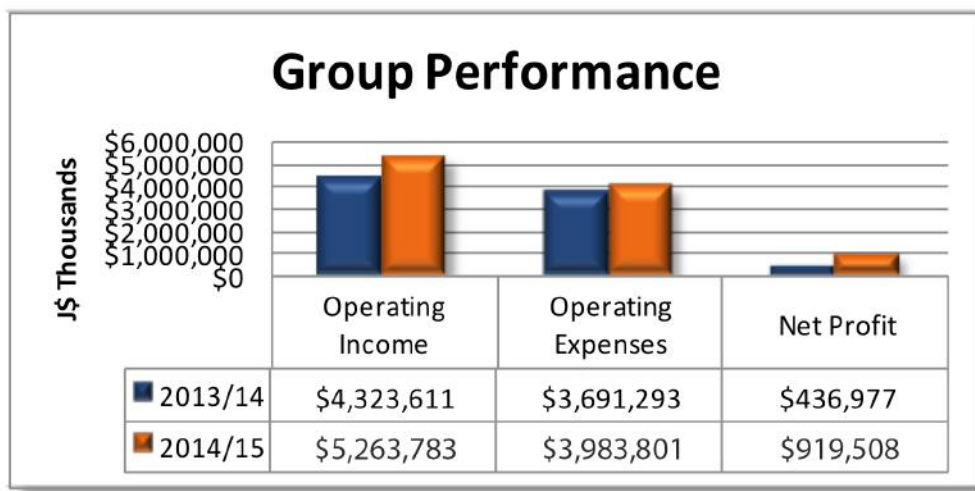


Table 5: Actual Financial Performance 2015 versus 2014 for AAJ:

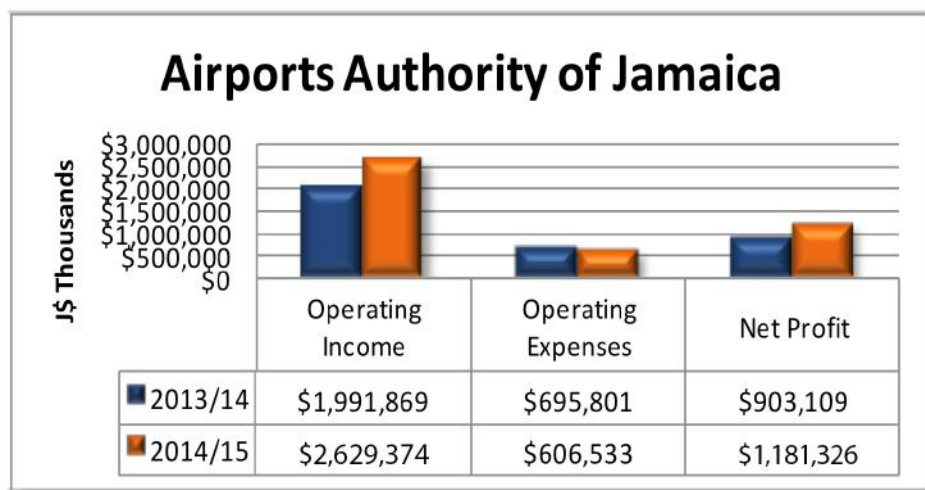
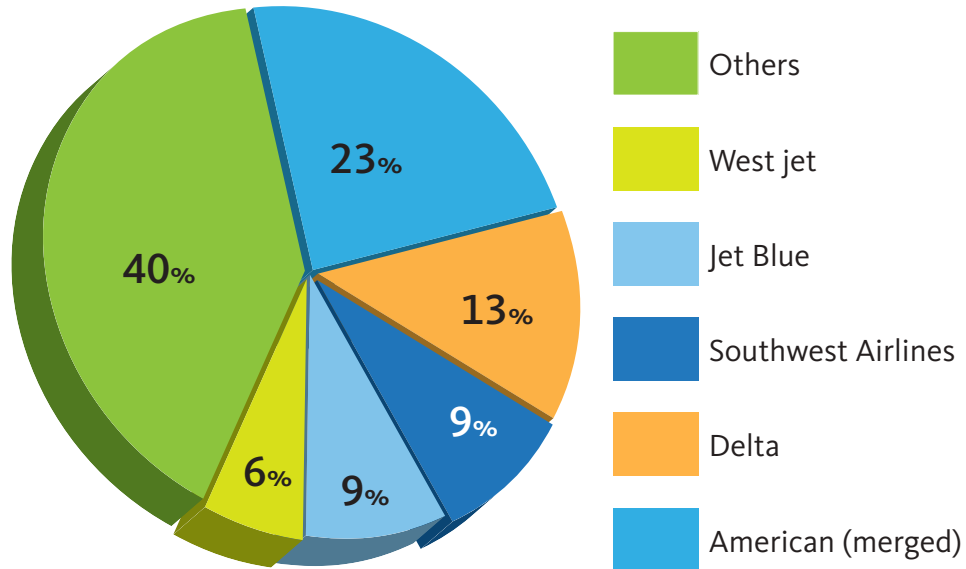


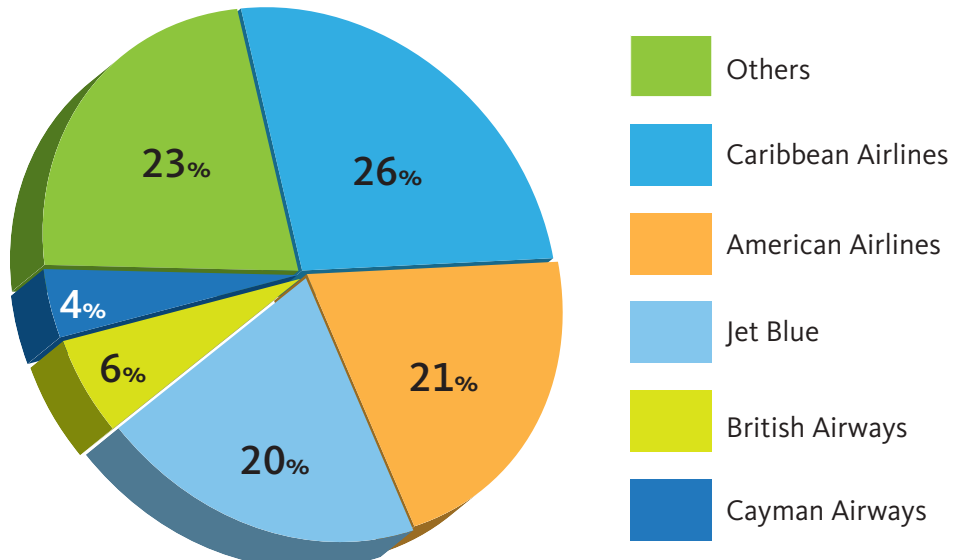
Table 6: Actual Financial Performance 2015 versus 2014 for NMIA Airports Limited:

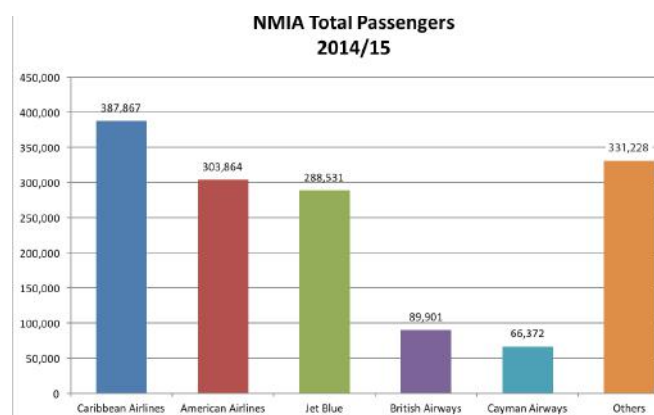
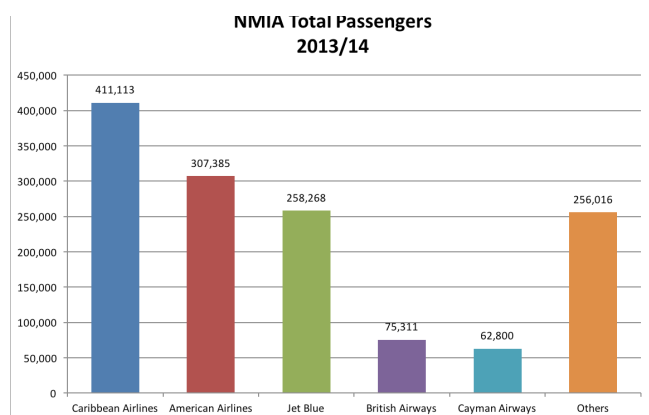


SIA Total Passengers 2014 - 15 TOP 5 AIRLINES



NMIA Total Passengers 2014 - 15 TOP 5 AIRLINES





PASSENGER, AIRCRAFT AND FREIGHT MOVEMENTS

Total International passenger traffic (arrivals and departures) in the AAJ Group recorded an increase of 6.14% from 4,908,646 passengers in 2013/14 to 5,210,006 in the year under review. SIA handled 72% of total traffic and recorded an increase of 5.79%; moving from 3,526,733 passengers in 2013/14 to 3,731,028 in 2014/15.

NMIA, with 28% of total traffic, experienced an increase of 7.07% in passenger traffic when compared with the previous year, moving from 1,370,893 passengers in 2013/14 to 1,467,763 passengers in 2014/15.

Total air freight, (cargo and mail) volumes increased by 3.95% in 2014/15 when compared with the previous year moving from 17,793,752 kgs in 2013/14 to 18,496,891 kgs. NMIA handled 66% of air freight and had a 1.96% increase in 2014/15 when compared with 2013/14. Air freight volumes at SIA, saw an increase of 3.95% over the levels in 2013/14.

Aircraft movements increased by 3.64% in 2014/15 when compared with the previous year. A total of 82,766 movements were recorded, compared to 79,858 in 2013/14. SIA accounted for approximately 50% of total movements in 2014/15, that is, 39,084 in 2013/14 compared with 41,574 (6.37%) during the reporting period. NMIA accounted for 26% of total movements in 2014/15 and experienced an increase of 4.53% in aircraft movements resulting in a total of 21,160 in 2014/15 up from 20,243 in 2013/14.



Steering Committee for Public Private Partnership Venture for NMIAL

STATUS: The Government of Jamaica on 28 April 2015 announced the five (5) firms that were pre-qualified to participate in the Bidding Process for the NMIA PPP transaction. The Request for Proposal was issued to the pre-qualified firms in June 2015 and the Provisional preferred Bidder is expected to be selected and announced by Cabinet by the fourth quarter of Financial Year 2015/2016.

SANGSTER INTERNATIONAL AIRPORT (SIA)

COMMERCIAL DEVELOPMENT & MARKETING

The retail program at SIA experienced major changes during 2014/15. At the end of April 2014, the retail program was redeveloped and included the relocation of a number of concessions as well as the reclassification of four (4) specialty retail locations to duty free space. In keeping with the new programme, construction works commenced May 1, 2014 and by October 2014 all sections of the concession programme were fully operational, including the walkthrough Duty Free Concession area operated by World Duty Free.

RECOGNITION & AWARDS

SIA continues to feature excellent customer service and was acclaimed the number one Caribbean airport by the online publication – Caribbean Journal. The VIP Lounge- Club MoBay, diverse dining options and the airport's shopping experience came in for high marks and contributed to the prestigious award.



AIR SERVICE DEVELOPMENT

MBJ continued to build its route network and capacity during the period under review. In May 2014, JetBlue launched daily service from Fort Lauderdale. The airline now operates all of their four routes to Montego Bay on a daily basis. Another significant milestone occurred on July 1, 2014 when the Sangster International airport welcomed the first international arrival from Southwest Airlines, the number one domestic carrier in the United States. Southwest merged with Air Tran and selected Jamaica for its inaugural international flight.

Other air service highlights were; an increase in seat capacity from the TUI Group, including new Copenhagen and Helsinki services, as well as the launch of domestic service by Inter-Caribbean Airlines between Kingston and Montego Bay in April 2014.

CAPITAL DEVELOPMENT PROGRAMME

In December 2014, MBJ completed construction of a new, state-of-the-art Fire Hall at a total cost of US \$2.6 million. The project was completed on time, within budget and features an impressive building structure and modern design. The Fire Hall is now located more centrally to the runway surface, thus improving response times. It also boasts expanded living quarters for the 30 fire fighters plus fully equipped gym and training facilities.

Another major runway project is set to be completed at SIA. The AAJ has been in discussions with MBJ for the implementation of a range of capital development projects which will include the following:

- an extension of the existing runway,
- the installation of Runway End Safety Areas (RESA) at both ends of the runway,
- other airside safety and improvement works, and
- roads and other infrastructure works outside of the airport perimeter.

The Authority is in the process of acquiring the requisite lands to facilitate the works.

NORMAN MANLEY INTERNATIONAL AIRPORT (NMIA)

COMMERCIAL DEVELOPMENT AND MARKETING

The commercial programme at NMIA was enhanced during the fiscal year with the addition of Sunkissed (clothing) retail store in the Departure Lounge in October 2014. Additionally, the mini-mart, Flight Pac, located in the Arrivals Forecourt was expanded and the new section became functional in December 2014; and the Sports Bar in Arrivals was made operational by Goddard Catering, much to the convenience of arriving passengers, meters and greeters, as well as airport staff. With regards to cargo facilitation, a new 12,000 sq. ft. space was leased by Flight Connections, one of 4 ground handlers at the airport, for the expansion of their cargo handling capabilities.

RECOGNITION & AWARDS

Special recognition was given to NMIA's VIP Lounge, operated by Club Kingston, for achieving the most prestigious 1st place award as Global Lounge of the year by Priority Pass. The club's top placement was measured against 700 airport lounges and 500 airports worldwide.



AIR SERVICE DEVELOPMENT

NMIA's route development initiatives continued apace during the period with the introduction of Delta Airlines on the New York route in December 2014. British Airways added a fourth flight to its weekly schedule and interCaribbean (formerly Air Turks & Caicos) not only commenced domestic operations, but also expanded service to the Dominican Republic, Haiti and other countries in the northern Caribbean through Providenciales.



Fly Jamaica, with its operational base at NMIA, was considerably boosted during the year with the acquisition of an additional aircraft, thereby increasing seat capacity, reliability and its aircraft maintenance response capabilities.

NMIA's partnership with the Jamaica Tourist Board (JTB) and the Jamaica Hotel and Tourist Association (JHTA) to raise the profile of Destination Kingston, continued to gain traction over the period. In addition, collaboration with the Kingston Metropolitan Resort Board also continued during the year with the aim of engaging stakeholders to further develop the Attractions Sector of the destination and boost market readiness so as to increase tourism traffic to and through Kingston.



It is projected that the opening of the Ocho Rios to Ferry section of the north-south highway in early 2016 will attract additional air service into NMIA as it will take less time and be more convenient to travel from NMIA to resort areas such as Ocho Rios and Boscobel.

FINANCIAL HIGHLIGHTS- NMIA AIRPORTS LIMITED

Revenue passengers for the fiscal year under review amounted to 714,502, that is 7% above the previous year's total of 671,080. Operating revenue for NMIAL for the period was US\$32.7m compared with US\$30.7m for the previous year, representing a 7% increase. Operating expenses for the period was US\$31.9m representing a 3% increase when compared with US\$31.1m for the previous year. NMIAL recorded an operating profit of US\$0.7m for the year compared with an operating loss of US\$0.4m for the previous year.

NMIA CAPITAL DEVELOPMENT PROGRAMME

Phase 1B of NMIA's Capital Development Programme (CDP), which was approved for execution over a five year period, at budgeted expenditure of approximately US\$26.1m, commenced in April 2012. The projects are primarily aimed at reducing airport operational risks, improving efficiency in the operations, reducing energy consumption and expanding capacity. Expenditure for the year 2014/15 for the Phase 1B Programme was approximately US\$5.5m and total expenditure for the period (2012 – 2015) was US\$12.6m. The projects completed during the year under review included the following:

- A new 12,000 sq. ft. warehouse expansion to the Cargo Logistic Centre,
- Arrival and commissioning of an Aircraft Rescue & Fire Fighting (ARFF) Vehicle (F16), which arrived in August 2014.
- Stack Emission Monitoring for the Incinerator
- Further extension of the Sewage conveyance/treatment system to the East airfield
- Increase in Air-Handling capacity and cooling to the Departure lounge
- The new Trane Chiller and cooling tower, as well as the new Western Chilled Water Distribution System-Supply & Return were put into service in October 2014. The line will be commissioned in June 2015.



A number of projects remained in progress at the end of the fiscal year. These included: i) the construction of an additional 12,000 sq. ft. of warehouse contiguous with the recently completed cargo warehouse. This project is approximately 75% complete and is scheduled for completion in August 2015. ii.) Implementation of the Sewage conveyance/treatment system to the East airfield, which is 90% complete and scheduled for completion in August 2015. iii.) replacement of an aging (15-year old) Nortel PBX telephone system with a new VoIP PBX System to provide expanded coverage for landline telephone service at NMIA and a new range of voice services and support of the Common Use environment at the airport. This project was 25% complete.

The main projects at the Planning & Design stage during 2014/15 include:

- Upgrade and Extension of the Fire Suppression System to the Arrivals Concourse and electrical sub-stations
- Upgrade/expansion of the General Aviation Terminal
- Augmentation of Air Conditioning to the Customs Hall and Departure Concourse
- Extensive pavement assessment of the airside
- Enhancements and Improvements to the Building Management System (BMS)
- Major repairs / overhaul of the baggage carousels in the main Customs Hall

ICT PROJECTS

Four major Information and Communication Technology (ICT) projects were undertaken by AAJ/NMIAL during the review period: acquiring a Geographic Information System; implementing a Disaster Recovery site for ICT records; installing a new Parking Access and Revenue Control System; and expanding the CCTV video surveillance system.

The Geographic Information System (GIS), inclusive of ESRI ArcGIS software, Server Hardware and satellite imagery, was acquired and implemented for NMIA and the other AAJ-owned airports and aerodromes, including the privately operated SIA. The GIS provides a map repository with records for all land, above-ground and underground facilities to enable effective facilities management and geospatial analysis.

With respect to ICT risk management, the AAJ identified an appropriate Disaster Recovery (DR) site and implemented a DR Server, Data Storage and the requisite ICT technology for off-site data replication and storage with backup/alternative data processing for the main IT systems housed at its Head Office.

A new Parking Access and Revenue Control System (PARCS) for the Main and Cargo Car Parks at NMIA was acquired and installed. These car parks are major sources of non-aeronautical revenue for NMIA. The work included:

- Replacement of the previous aging Car Park system which was implemented at the Main Car Park in 2004 and ceased operation in April 2014;
- Introduction of technologies for increased automation and self-service;
- Introduction of technologies to provide real-time management, monitoring and control of parking operations and revenue
- An increase in the number of entry and exit lanes and the introduction of technologies to improve processing efficiency from main/cargo car parks.

The CCTV video surveillance system was upgraded and expanded to replace defective cameras and improve the ability for video surveillance of areas internal and external to the Terminal Building, along with increased capacity for retention of CCTV footage. This project included:

- Acquisition of new centralized video management and recording hardware to accommodate existing cameras, as well as to support the migration of cameras from DVR technology to facilitate the conversion and expansion of the central recording server architecture.
- Acquisition and implementation of additional cameras to provide an immediate restoration of coverage to critical areas of concern.



INTRODUCING the automated system..

PARK, PAY_n' GO



NMIA remains committed to executing capital projects that are in keeping with the Mission of AAJ ... "to develop a modern, safe and profitable airport system that is environmentally responsible..." Every effort is made to execute these projects within approved budgets and schedules.

SUSTAINABILITY AND ENVIRONMENTAL AWARENESS

NMIAL continued in 2014/15 to implement its Environmental Management System (EMS) in keeping with ISO14001 guidelines, and incorporating sustainable environmental requirements into major airport operations in order to achieve a safe, clean, and aesthetic environment. With the airport located within the locally declared Palisadoes-Port Royal Protected Area (PPRA), and in the midst of an internationally declared RAMSAR site (i.e. Convention on Wetlands of International Importance), it is essential that appropriate due diligence is maintained.

Pollution control, environmental audits, wildlife hazard management, waste recycling and operations quality monitoring remain significant components of the EMS within the suite of Environmental Programmes. As the organisation strives to model corporate environmental responsibility, there is an on-going commitment to meet existing and new local /international standards in regard to airport operations.

AIRPORT OPERATIONS

In addition to maintaining high levels of operational efficiency and customer service for passengers and other users of the airport throughout the airport terminal, NMIA focused in 2014/15 on quality control in maintaining/surpassing the required regulatory standards. With respect to Aviation Security (AVSEC), four replacement x-ray screening units were installed and the AVSEC Unit continued the expansion of the mandatory security awareness program for all airport workers.

During the year under review, an Aeronautical Study was conducted and a submission was subsequently made to the JCAA for implementation of an interim Runway End Safety Area (RESA) project, to comply with international and local regulatory standards. Discussions are ongoing with the JCAA regarding the approval of the RESA project along with an implementation schedule and budget for the project.



Fever scan machines were installed at NMIA and SIA

NMIA's operations team also focused on its capacity to respond to water-related aviation incidents. A table top exercise involving all airport stakeholders and relevant government entities was conducted during the year, working through the various scenarios that could emerge in the event of an incident or accident. A full scale water-related exercise is planned for 2015/16.

IAN FLEMING INTERNATIONAL AIRPORT & THE AERODROMES

The operations of the Ian Fleming International Airport (IFIA) and the three domestic aerodromes (Tinson Pen, Negril and Ken Jones) continued to be heavily subsidised by the AAJ, however, the important role played by these aerodromes in the local/international aviation infrastructure continues to be recognised.

Cost containment and revenue enhancement measures designed to reduce the subsidy provided to these entities continued. One such initiative was the decertification of the Negril Aerodrome, resulting in that aerodrome no longer being used for scheduled air operations. As a consequence, there was a reduction in staff, equipment and operational costs at the aerodrome. In addition, planning continues regarding the implications for the operations and management of the aerodromes arising from the imminent privatisation of NMIA.

With respect to IFIA, the Fuel Farm received its first shipment of Av-Gas (aviation fuel) during the year. This fuel is used by small aircraft, which form a very large segment of aircraft operations in North America and the Caribbean. The acquisition and availability of this fuel now bolsters the marketing of the facility to the General Aviation community in the United States and other neighbouring territories.

HUMAN RESOURCE MANAGEMENT AND ADMINISTRATION

The organization continued its programme of containing staff cost while ensuring employee satisfaction and stability at the workplace. Staffing levels for the AAJ Group for the reporting period was recorded as:

	April 1, 2014	March 31, 2015
NMIA	142	145
AAJ	17	16
AERODROME / IFIA	25	22
TOTAL	184	183

The declassification exercise at the Negril Aerodrome saw seven employees going off on early retirement and redundancy, while two employees were transferred to the Tinson Pen Aerodrome.

THE LEARNING AND DEVELOPMENT CENTRE

AAJ/NMIAL, through its Learning and Development Centre (LDC), continued on its mission of hosting training sessions, meetings and social events for airport employees, stakeholders and the wider public. During the year twenty-four clients used the LDC for meeting and training seminars; thirteen of these clients were repeat users of the venue. AJAS Jamaica Ltd and Eulen America are the LDC's main clients.



Business House Netball Association Junior League Champions 2014

TRAINING & DEVELOPMENT

Over the period, three hundred and one (301) permanent and temporary employees participated in training programmes, totalling seven hundred and fourteen (714) man-days. This is an average of 2.34 man-days per person. Training programmes included, but were not limited to:

- First Aid Training
- Microsoft Word
- Airport Administration & Services – Distant Learning
- Airport Operations Diploma – Online Programme
- Runway Safety Management Online Programme
- Leadership and Change Management
- The Arbitration Process
- Training Skills & Techniques for the trainer
- Literacy Programme
- Introduction to Human Resource Management
- Managing the Sick and Injured Worker

Under the organisation's Tuition Assistance Programme, a total of \$4.7M was allocated to seven (7) members of staff who have undertaken higher education. Awards were given for two (2) Masters Degree and five (5) First Degrees, for programmes ranging from business administration to engineering.

JOB ROTATION / ENRICHMENT

NMIAL's job rotation/enrichment programme fosters succession planning and deepens competencies within the organization. Employees continued to be given the opportunity to acquire new skills, knowledge and understanding of the operations of other departments. Nineteen employees were transferred to other departments for periods of 3 – 6 months to gain experience and exposure.

AAJ'S 40TH ANNIVERSARY CELEBRATIONS

Giving back to the Community

AAJ celebrated its 40th Anniversary during the period. This "Ruby Anniversary" was commemorated through a number of social activities and included the following:

- A church service at the Kingston Parish Church, Downtown, Kingston and a similar event at the St. Paul's United Church in Montego Bay.
- Staff Appreciation ceremonies for long service, and an Anniversary Dinner.
- Stakeholder appreciation functions in Kingston and Montego Bay
- The publication of a Gleaner Supplement in January 2015 on the airport's progress and development over its 40 years.

Among the contributions made to national development over the years is the AAJ's commitment to the welfare of the community. The AAJ has supported developments in health, education, environmental management among others in the surrounding communities and beyond.



AAJ Family Fellowships at the Kingston Parish Church to launch 40th Anniversary Celebrations

One recent beneficiary of the AAJ's Corporate Social Responsibility engagement is the Kingston Public Hospital (KPH). Since 2013, proceeds of the AAJ's main charity event, the NMIA 5K Charity Walk/Run, have gone to the Oncology Unit at the KPH to enhance the care for cancer patients. In 2013 approximately \$1 million was raised by the Walk/Run and the organization partnered with RBC Bank Ltd. towards the purchase of a Cardiac Ultra-Sound machine. Just over \$2 million was received from corporate and individual supporters of the 2014 Walk/Run, and had registered a record 1,300 persons.

On November 4, 2014, a major piece of medical equipment purchased with the proceeds of the Walk/Run, was handed over to the hospital by the organisation. The equipment is used in Endoscopy/Colonoscopy treatment services to cancer patients.

Other noteworthy projects undertaken by the AAJ over the years, include the adoption of the Donald Quarrie High School in Harbour View, St. Andrew; assistance to the Harbour View Primary and Basic Schools as well as Boscobel Primary and Port Royal Basic Schools, which are all within close proximity of AAJ facilities. The AAJ places a high premium on Education and the Environment and has also contributed to projects at the Hope Zoo, in St. Andrew and the Ward Theatre Restoration project, in Kingston, from funds raised at the Annual Walk/Run. The AAJ Schools' Art Project 2014 was another recent initiative which recognized, celebrated and rewarded students across the island for their artistic prowess. The top 12 submissions from the inaugural competition will be prominently displayed in the main Passenger Terminal and plans are already underway for the second staging of the event.



*Official hand over of Cardiac Ultra Sound Machine to the Kingston Public Hospital Oncology Unit .
Proceeds raised from NMIA 5K Charity Walk / Run 2014.*

BOARD OF DIRECTORS



DENNIS MORRISON
CHAIRMAN



JOSEPH A. MATALON
DIRECTOR &
CHAIRMAN - NMIAL



AUDLEY H. DEIDRICK
PRESIDENT (ACTNG.)
& CEO - NMIAL (ACTNG)



CLAUDETTE RAMDANIE
DIRECTOR



VALERIE SIMPSON
DIRECTOR



**DR. LANIE OAKLEY-
WILLIAMS**
DIRECTOR



NEIL LAWRENCE
DIRECTOR



NEVILLE WRIGHT
DIRECTOR



WILLIAM SHAGOURY
DIRECTOR

EXECUTIVE TEAM



AUDLEY H. DEIDRICK
PRESIDENT (ACTG.)



CARVELL MCCLAREY
SNR. DIRECTOR HRD & ADMINISTRATION



LISA BRYAN
GENERAL COUNSEL



ALFRED MCDONALD
SNR. DIRECTOR, COMMERCIAL DEVELOPMENT & PLANNING



HORACE BRYSON
SNR. DIRECTOR, ENGINEERING, MAINTENANCE & PROJECTS



LT. CDR. JOHN MCFARLANE
SNR. DIRECTOR (ACTG.), OPERATIONS



SAMUEL MANNING
DIRECTOR, FINANCE



CHRISTOPHER POWELL
DIRECTOR (ACTG.), AVIATION SECURITY



RICHARD GIBBS
DIRECTOR, ICT



OPERATIONAL PERFORMANCE



FINANCIAL HIGHLIGHTS

Table 1: Actual and Projected Financial Performance for AAJ Consolidated

Key Performance Indicators (KPI's)	Actual Mar-15 J\$'000	Budget 2014-15 J\$'000	Budget 2015-16 J\$'000
Operating Income	5,263,783	4,885,285	4,764,677
Operating Expenditure	(3,983,801)	(3,839,865)	(3,951,269)
Other Income (Expenditure)	60,085	(296,751)	(356,835)
Taxation	(420,559)	(264,163)	(304,211)
Net Profit	919,508	484,506	152,362
Capital Expenditure	559,146	861,785.3	857,714

Table 2: Actual and Projected Financial Performance for AAJ

Key Performance Indicators (KPI's)	Actual Mar-15 J\$'000	Budget 2014-15 J\$'000	Budget 2015-16 J\$'000
Operating Income	2,629,374	1,737,651	1,835,124
Operating Expenditure	(606,533)	(645,822)	(623,569)
Other Income (Expenditure)	(420,956)	(30,991)	(34,544)
Taxation	(420,559)	(264,163)	(304,211)
Net Surplus	1,181,326	796,675	872,800
Capital Expenditure	33,962	170,192	62,192

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

Key Performance Indicators (KPI's)	Actual 2014/15 (US\$'000)	Budget 2014/15 (US\$'000)	Budget 2015/16 (US\$'000)
Operating Income	32,683	34,335	32,794
Operating Expenditure	(31,965)	(31,316)	(32,629)
Other Income (Expenditure)	(3,039)	(5,883)	(6,774)
Net Loss	(2,321)	(2,864)	(6,609)
Capital Expenditure	(5,056)	(7,073)	(10,217)

TRAFFIC PERFORMANCE

Passenger Traffic

FIN. YR.	NMIA	% CHANGE	SIA	% CHANGE	IFIA + Aerodromes	% CHANGE	TOTAL	% CHANGE
2009/10	1,579,122		3,292,296		13,524		4,884,942	
2010/11	1,495,406	-5.30%	3,339,635	1.44%	20,430	51.06%	4,855,471	-0.60%
2011/12	1,457,840	-2.51%	3,338,827	-0.02%	25,881	26.68%	4,822,548	-0.68%
2012/13	1,462,072	0.29%	3,351,751	0.39%	21,665	-16.29%	4,835,488	0.27%
2013/14	1,370,893	-6.24%	3,526,733	5.22%	11,020	-49.13%	4,908,646	1.51%
2014/15	1,467,763	7.07%	3,731,028	5.79%	11,215	1.77%	5,210,006	6.14%
Total	8,833,096		20,580,270		103,735		29,517,101	

Freight Performance

FIN. YR.	NMIA	% CHANGE	SIA	% CHANGE	IFIA + Aerodromes	% CHANGE	TOTAL	% CHANGE
2009/10	12,515,693		4,616,343		16,972		17,149,008	
2010/11	13,281,921	6.12%	4,918,609	6.55%	11,979	-29.42%	18,212,509	6.20%
2011/12	12,336,776	-7.12%	5,078,916	3.26%	4,746	-60.38%	17,420,438	-4.35%
2012/13	11,991,323	-2.80%	5,151,382	1.43%	4,000	-15.72%	17,146,705	-1.57%
2013/14	12,041,376	0.42%	5,747,736	11.58%	4,640	16.00%	17,793,752	3.77%
2014/15	12,277,715	1.96%	6,215,724	8.14%	3,452	-25.60%	18,496,891	3.95%
Total	74,444,804		31,728,710		45,789		106,219,303	

Aircraft Movement

FIN. YR.	NMIA	% CHANGE	SIA	% CHANGE	IFIA + Aerodromes	% CHANGE	TOTAL	% CHANGE
2009/10	22,360		37,990		28,008		88,358	
2010/11	23,155	3.56%	39,811	4.79%	27,436	-2.04%	90,402	2.31%
2011/12	21,437	-7.42%	39,815	0.01%	23,035	-16.04%	84,287	-6.76%
2012/13	22,314	4.09%	39,830	0.04%	24,408	5.96%	86,552	2.69%
2013/14	20,243	-9.28%	39,084	-1.87%	20,531	-15.88%	79,858	-7.73%
2014/15	21,160	4.53%	41,574	6.37%	20,032	-2.43%	82,766	3.64%
Total	130,669		238,104		143,450		512,223	

TABLE 7: SUMMARY FINANCIAL INDICATORS FOR NMIA LIMITED:

Description	2013/14	2014/15
Aeronautical to Total revenue	50.2%	50.1%

Aeronautical Revenue (US\$'000)		
Passenger Service Fees	5,649	6,048
Security Fees	3,556	3,940
Landing Fees	2,734	2,974
Other	1,050	1,140

Non-Aeronautical Revenue (US\$'000)		
Concession Fees	6,963	8,023
Car Park	687	677
Space Rental	1,125	1,219
Advertising Space Rentals	603	471
Utilities Recovery	925	823
Other	2,559	2,812

Revenue Drivers		
Passenger Throughput	1,370,893	1,436,655
Aircraft Landings	20,245	21,419
Cargo Throughput	12,041,376	12,277,715

DIRECTORS' COMPENSATION: APRIL 2014 - MARCH 2015

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 (\$)
Dennis Morrison Chairman of the AAJ Board	176,000.00	110,925.71		200,983.31	487,909.02
Joesph A Matalon - Chairman for NMIAL & Director of the Projects Sub-committee	171,000.00	37,036.00			208,036.00
Laine O. Williams Director & Chairperson of the finance and audit sub-committees	231,000.00	24,064.00			255,064.00
William Shagoury	53,000.00	61,899.00			114,899.00
Valerie Simpson	175,500.00	39,752.50			215,252.50
Neil Lawrence	152,000.00	35,015.00			187,015.00
Claudette Ramdaine	151,000.00	24,838.00			175,838.00
Neville Wright	151,000.00	23,594.00			174,594.00

NOTES:

Fees are paid as follows:

Board Meetings

Board Chairman: \$16,000 per meeting

Sub-Committee Meetings

Sub-committee Chairman: \$7,000 per meeting

Directors: \$8,500 per meeting

Members: \$3,500 per meeting

Directors receive a travelling allowance of \$47.00 per km for meetings attended.

Payments totalling \$181,410 to external members of Board Sub-committees who are not Directors are not included in the numbers reported above.

*See Executive compensation for the Director /President

SENIOR EXECUTIVE COMPENSATION: APRIL 2014 - MARCH 2015

Position of Senior Executive	Year	Salary (\$)	Gratuity (\$)
President	2014/15	6,676,577	11,891,909
General Counsel	2014/15	5,000,726	1,234,620
VP - Finance	2014/15	5,836,047	1,476,872
Snr. Director - HRMA	2014/15	5,000,725	1,234,620
Snr. Director - CD&P	2014/15	5,000,725	1,294,486
Snr. Director - EMP	2014/15	4,979,634	—

BOARD MEMBERS ATTENDANCE APRIL 2014 – MARCH. 2015

	Mr. Dennis Morrison	Mr. Joseph A. Matalon	Hon. William Shagoury	Miss Valerie Simpson	Dr. Lanie Oakley-Williams	Ms. Claudette Ramdanie	Mr. Neville Wright	Mr. Neil Lawrence	Mr. Earl Richards
Apr. 2014	●	●	●	●	●	●	●	●	●
May 2014	●	—	—	●	●	●	●	●	●
Jun. 2014	●	—	—	●	●	●	●	●	●
Jul. 2014	●	—	—	●	●	●	●	●	●
Aug. 2014	●	●	—	●	●	●	●	●	●
Sep. 2014	●	●	—	●	●	●	●	●	●
Oct. 2014	●	●	—	●	●	—	●	●	●
Nov. 2014	●	●	—	●	●	●	●	●	●
Dec. 2014	●	●	●	●	●	●	●	●	●
Jan. 2015	—	●	●	—	●	●	●	●	●
Feb. 2015	●	●	●	●	●	●	●	●	●
TOTAL	10	8	4	10	11	10	11	11	11



EVENT HIGHLIGHTS



AAJ's 40TH ANNIVERSARY HIGHLIGHTS



AAJ's 40TH ANNIVERSARY HIGHLIGHTS - (CONTINUED)



STAKEHOLDERS' APPRECIATION





Airports Authority of Jamaica

Schools' Art Project 2014 AWARDS

3 THEMES; 4 CATEGORIES; OVER 170 ENTRIES representing 45 SCHOOLS ISLANDWIDE ...and the winners are;

SPECIAL NEEDS: Young Adults & Children Age 18 years & under

PRESENTATIONS MADE BY

HER EXCELLENCY, THE MOST HONOURABLE LADY RHEIMA HALL
HUMAN RESOURCES MANAGER /AAJ, MRS. ALETHEA WINT



Shadae Parchment

Genesis Academy



Ashley Hussey

Genesis Academy



Raphic Roberts

The Queens Preparatory

CATEGORY A: Age 5-9 years

PRESENTATIONS MADE BY

SNR. DIRECTOR, COMMERCIAL DEVELOPMENT AND PLANNING / AAJ, ALFRED MCDONALD



Neil Graham

Corinaldi Primary



Yendi Miles

Stella Maris Preparatory



Hanna Mulu

Portmore Missionary Preparatory

All artworks will be prominently displayed in the airport terminal of the Kingston Gateway.

CATEGORY B: Age 10-14 years

PRESENTATIONS MADE BY

DIRECTOR, JOSEPH A. MATALON

MEMBER OF THE AIRPORT ART COMMITTEE, MRS. DIAN WATSON



Ken Neil Mitchell

May Day High School



David Salmon

Wolmer's Boys High School



Rodane Harvey

Sydney Pagon STEM Academy

CATEGORY C: Young Adults / Age 15-19 years

PRESENTATIONS MADE BY

BUSINESS RELATIONS MANAGER / AAJ, MRS. YVONNE SWEENEY



Briana Campbell

Manchester High School



Rashaun Douglas

Holy Trinity High School



Cesar Buelto

University of the West Indies

PRESIDENT'S AWARD

School with the highest quality and quantity submissions in each county

PRESENTATIONS MADE BY

PRESIDENT, AIRPORTS AUTHORITY OF JAMAICA
EARL RICHARDS



Kevon Waite - Art Teacher

SURREY COUNTY CHAMPION
ARDENNE PREPARATORY AND EXTENSION HIGH SCHOOL



Nicholas Rose - Art Teacher

MIDDLESEX COUNTY CHAMPION
MANCHESTER HIGH SCHOOL



FINANCIAL STATEMENTS



NMIA Airports Limited

Financial Statements
31 March 2015

Draft Date: 28 August 2015

NMIA Airports Limited
Index
31 March 2015

Financial Statements

Statement of comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to the financial statements

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NMIA Airports Limited

Statement of Comprehensive Income

Year ended 31 March 2015

(expressed in United States dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Revenue	5	28,127	25,851
Operating expenses	6	(31,965)	(31,153)
Other income	8	4,556	4,890
Operating Profit/(Loss)		<u>718</u>	<u>(412)</u>
Finance Costs	9	(3,039)	(4,093)
Net Loss /Total Comprehensive Loss		<u>(2,321)</u>	<u>(4,505)</u>

**UNAUDITED – FOR DISCUSSION WITH MANAGEMENT ONLY
SUBJECT TO AMENDMENT – NOT TO BE FURTHER COMMUNICATED**

NMIA Airports Limited

Statement of Financial Position

31 March 2015

(expressed in United States dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Non-Current Assets			
Property, plant and equipment	11	117,734	120,090
Intangible assets	12	161	246
Investments	13	316	327
		<u>118,211</u>	<u>120,663</u>
Current Assets			
Inventories		348	309
Receivables	14	7,807	7,651
Cash and short term deposits	15	13,508	10,665
		<u>21,663</u>	<u>18,625</u>
Current Liabilities			
Payables	16	2,729	2,414
Due to Authority	19	3,749	2,990
Borrowings	17	724	723
		<u>7,202</u>	<u>6,127</u>
Net Current Assets			
		<u>14,461</u>	<u>12,498</u>
		<u>132,672</u>	<u>133,161</u>
Shareholder's Equity			
Share capital	18	4,100	4,100
Accumulated deficit		(21,629)	(19,308)
		<u>(17,529)</u>	<u>(15,208)</u>
Non-Current Liabilities			
Due to the Authority	19	143,720	139,296
Grants	20	6,481	9,073
		<u>150,201</u>	<u>148,369</u>
		<u>132,672</u>	<u>133,161</u>

Approved for issue by the Board of Directors on [Date] and signed on its behalf by:

Chairman

Chief Executive Officer

UNAUDITED – FOR DISCUSSION WITH MANAGEMENT ONLY
SUBJECT TO AMENDMENT – NOT TO BE FURTHER COMMUNICATED

NMIA Airports Limited

Statement of Changes in Equity

Year ended 31 March 2015

(expressed in United States dollars unless otherwise indicated)

	Number of Shares	Share Capital	Accumulated Deficit	Total
		\$'000	\$'000	\$'000
Balance at 1 April 2013	328,000	4,100	(14,803)	(10,703)
Total comprehensive loss – Net loss	-	-	(4,505)	(4,505)
Balance at 31 March 2014	328,000	4,100	(19,308)	(15,208)
Total comprehensive loss – Net loss	-	-	(2,321)	(2,321)
Balance at 31 March 2015	328,000	4,100	(21,629)	(17,529)

**UNAUDITED – FOR DISCUSSION WITH MANAGEMENT ONLY
SUBJECT TO AMENDMENT – NOT TO BE FURTHER COMMUNICATED**

NMIA Airports Limited

Statement of Cash Flows

Year ended 31 March 2015

(expressed in United States dollars unless otherwise indicated)

	2015 \$'000	2014 \$'000
Cash Flows from Operating Activities		
Net loss	(2,321)	(4,505)
Items not affecting cash resources:		
Depreciation and amortisation charges	7,394	6,597
Interest income	(365)	(304)
Profit on disposal of property, plant and equipment	(4)	(119)
Foreign exchange (gains)/losses on foreign balances	(195)	861
Amortisation of grants	(8,218)	(6,927)
Interest expense	7,409	5,888
	<u>3,700</u>	<u>1,491</u>
Changes in operating assets and liabilities:		
Inventories	(39)	7
Receivables	(156)	2,099
Payables	<u>315</u>	<u>(334)</u>
Cash provided by operating activities	<u>3,820</u>	<u>3,263</u>
Cash Flows from Investing Activities		
Purchase of property, plant & equipment	(5,056)	(5,092)
Proceeds from sale of property, plant & equipment	6	114
Purchase of intangibles	-	(11)
Purchase of investment	-	-
Interest received	<u>365</u>	<u>304</u>
Cash used in investing activities	<u>(4,685)</u>	<u>(4,685)</u>
Cash Flows from Financing Activities		
Borrowings repaid	(1,452)	(14,577)
Interest paid	(4,175)	(5,433)
Grants received	5,626	4,108
Drawdown on loan facility	<u>3,384</u>	<u>22,478</u>
Cash provided by financing activities	<u>3,383</u>	<u>6,576</u>
Increase in cash and cash equivalents	2,518	5,154
Effects of foreign exchange movements on cash and cash equivalents	325	(801)
Cash and cash equivalents at beginning of year	<u>10,665</u>	<u>6,312</u>
Cash and Cash Equivalents at End of Year (Note 15)	<u><u>13,508</u></u>	<u><u>10,665</u></u>

UNAUDITED – FOR DISCUSSION WITH MANAGEMENT ONLY
SUBJECT TO AMENDMENT – NOT TO BE FURTHER COMMUNICATED

NMIA Airports Limited

Notes to the Financial Statements

31 March 2015

(expressed in United States dollars unless otherwise indicated)

1. Identification and Principal Activities

NMIA Airports Limited is a limited liability company which was incorporated in Jamaica on 22 September 2003 and commenced operations on 1 October 2003. The company is a wholly-owned subsidiary of Airports Authority of Jamaica (the Authority). The principal activity of the company 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 company is located at the Norman Manley International Airport, Palisadoes, Kingston.

2. Summary of Significant Accounting Policies

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

(a) Basis of preparation

These financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) and Interpretations of IFRS Interpretations Committee (IFRIC IC) applicable to companies reporting under IFRS. The financial statements 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 judgement in the process of applying the company's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement 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 company 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 32, (Amendment) 'Financial instruments: Presentation' (effective for annual periods beginning on or after 1 January 2014).** This amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The standard did not have a significant impact on the company's financial statements.
- **IFRIC 21, 'Levies' (effective for annual periods beginning on or after 1 January 2014)** addresses the accounting for a liability to pay a levy recognised in accordance with IAS 37, 'Provisions', and the liability to pay a levy whose timing and amount is certain. It excludes income taxes within the scope of IAS 12, 'Income taxes'. IFRIC 21 indicates that the obligating event that gives rise to a liability to pay a levy is the event identified by the legislation that triggers the obligation to pay the levy. It concludes that the fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern principle, does not create an obligation to pay a levy that will arise from operating in the future. Accordingly, a liability to pay a levy is recognised when the obligating event occurs. This might arise at a point in time or progressively over time. The interpretation also requires that an obligation to pay a levy triggered by a minimum threshold is recognised when the threshold is reached. The standard did not have a significant impact on the company's financial statements.

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NMIA Airports Limited

Notes to the Financial Statements

31 March 2015

(expressed in United States dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the company

The company has concluded that the following standards which are published but not yet effective, are relevant to its operations and will impact the company's accounting policies and financial disclosures as discussed below. These standards and amendments to existing standards are mandatory for the company's accounting periods beginning after 1 April 2015 or later periods, but the company has not early adopted them:

- **IFRS 9, 'Financial Instruments'** (effective for annual periods beginning on or after 1 January 2018) specifies how an entity should classify and measure financial instruments, including some hybrid contracts. It requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. There has been no significant change in the recognition and measurement of financial liabilities carried at amortised cost from that obtained under IAS 39. While adoption of IFRS 9 is mandatory from 1 January 2015, earlier adoption is permitted. The company is considering the implications of the standard, the impact on the company and the timing of its adoption.

NMIA Airports Limited

Notes to the Financial Statements

31 March 2015

(expressed in United States dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are mandatory for the Company's accounting periods beginning after 1 April 2015 or later periods, but were not effective at the date of the statement of financial position, and which the company has not early adopted.

Annual Improvements 2012, (effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below). The improvements consist of changes to a number of standards, the following of which may be relevant to the Company's operations. The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial. IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided. The Company will apply the standard effective 1 January 2015 but does not expect any significant impact from its adoption.

Annual Improvements 2013, (effective for annual periods beginning on or after 1 July 2014). The improvements consist of changes to a number of standards, of which the following may be relevant to the Company's operations. The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9. The Company will apply the standard effective 1 January 2015 but does not expect any significant impact from its adoption.

Amendments to IAS 16, 'Property, Plant and Equipment' -Clarification of Acceptable Methods of Depreciation (effective for the periods beginning on or after 1 January 2016). In these amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Company does not expect any impact from the adoption of the amendments on its financial statements as it does not use revenue-based depreciation methods.

NMIA Airports Limited

Notes to the Financial Statements

31 March 2015

(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the company (continued)

IFRS 15, 'Revenue from Contracts with Customers', (effective for the periods beginning on or after 1 January 2017). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Company is currently assessing the impact of future adoption of the new standard on its financial statements.

Annual Improvements 2014, (effective for annual periods beginning on or after 1 January 2016). The amendments impact the following standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. The Company is currently assessing the impact of future adoption of the amendments on its financial statements.

There are no other new or amended standards and interpretations that are published but not yet effective that would be expected to have an impact on the accounting policies or financial disclosures of the company.

NMIA Airports Limited

Notes to the Financial Statements

31 March 2015

(expressed in United States dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) 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 United States dollars, which is the company's functional 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.

(c) 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 company classifies its financial assets in the following categories: loans and receivables, 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; and cash and short term deposits were classified as financial assets at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. Loans and receivables include long term receivables, cash, repurchase agreements and trade and other receivables in the statement of financial position.

Investments

Investments intended to be held for an indefinite period of time are classified as held to maturity.

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

Held to maturity investments are subsequently carried at amortised cost. They are assessed on an annual basis for impairment.

Financial liabilities

The company'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.

NMIA Airports Limited

Notes to the Financial Statements

31 March 2015

(expressed in United States dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(d) Revenue recognition

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

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company'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 company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from services is recognised on an accrual basis 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, in accordance with the substance of the underlying contracts.

(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 company'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 other comprehensive income, in which case deferred tax is also dealt with in other comprehensive income.

NMIA Airports Limited

Notes to the Financial Statements

31 March 2015

(expressed in United States dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(f) Property, plant and equipment

Property, plant and equipment are recorded at historical 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 which are estimated as follows:

Buildings, runways and taxiways	20-40 years
Plant and machinery and furniture and fixtures	10 years
Computer equipment	5 years
Motor vehicles	5 years

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining 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 company. Major renovations are depreciated over the remaining useful life of the related asset.

Repairs and maintenance expenses are charged in arriving at profit or loss during the financial period in which they are incurred.

(g) Intangible assets

This represents acquired computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. The costs of these assets are amortised over their estimated useful lives of 3 years.

(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 levels for which there are separately identifiable cash flows.

(i) Inventories

Inventories are stated at cost.

(j) Trade receivables

Trade receivables are carried at original invoiced amounts less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company 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) 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 overdraft. In the statement of cash flow, cash and cash equivalents include cash in hand and at bank, short term bank deposits and bank overdrafts. Bank overdrafts are shown in current liabilities on the statement of financial position.

NMIA Airports Limited

Notes to the Financial Statements

31 March 2015

(expressed in United States dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(l) Payables

Payables are stated at historical cost, which is deemed to approximate amortised cost based on the short term nature of these items.

(m) 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.

(n) 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.

(o) Provisions

Provisions are recognised when the company 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.

(p) Employee benefit costs

Post-employment benefits

The company participated in a defined contribution pension plan operated by the Authority, the assets of which are held in a separate trustee-administrated fund and a defined benefit medical scheme which is unfunded.

The company makes fixed contributions to the pension scheme and has no further legal or constructive obligations. All pension obligations are payable by, and accounted for, in the books of the Authority. Accordingly, the company recognises a cost equal to its contributions payable in respect of each accounting period in arriving at profit or loss.

No contributions are made to the medical scheme as it is unfunded. Obligations under the medical scheme are payable by, and accounted for, in the books of the Authority.

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 company recognises termination benefits when it is demonstrably committed to either terminate the employment of 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.

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 balance sheet date.

NMIA Airports Limited

Notes to the Financial Statements

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(expressed in United States dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(p) Employee benefit costs (continued)

Incentive plans

The company 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.

3. Financial Risk Management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

The company'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 company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the company's risk management framework. The Board provides written principles for overall risk management, as well as written 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 company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. 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.

(a) Credit risk

The company takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the company by failing to discharge their contractual obligations. Credit risk is a significant risk for the company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the company's receivables from customers and investment activities. The company 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.

NMIA Airports Limited

Notes to the Financial Statements

31 March 2015

(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (Continued)

Credit review process

The company 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 company'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 company offering them a credit facility. The company has procedures in place to restrict services to customers if they exceed their credit limits. Customers that fail to meet the company's benchmark creditworthiness may transact with the company on a prepayment basis.

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

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The company addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

The company'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) *Investments, cash and short term deposits*

The company 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.

The company's maximum exposure to credit risk at year end was is the amount reflected on the statement of financial position.

NMIA Airports Limited

Notes to the Financial Statements

31 March 2015

(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (Continued)

Exposure to credit risk for trade receivables by customer sector

The following table summarises the company's credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector:

	2015	2014
	\$'000	\$'000
Advertising	99	123
Airlines	3,290	2,544
Car rentals	136	105
Concession	2,119	1,257
Food and beverage	91	590
Fuel	618	175
Ground handling & taxi service	431	465
Others	900	554
	<u>7,684</u>	<u>5,813</u>
Less: Provision for impairment	<u>(2,052)</u>	<u>(985)</u>
	<u>5,632</u>	<u>4,828</u>

The majority of trade receivables are receivable from customers in Jamaica.

NMIA Airports Limited

Notes to the Financial Statements

31 March 2015

(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

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

The ageing analysis of trade receivables that are past due but not impaired was as follows:

	2015	2014
	\$'000	\$'000
16 – 30 days	586	216
31 – 60 days	-	269
61 – 90 days	266	215
	<u>852</u>	<u>700</u>

Ageing analysis of trade receivables that are past due and impaired

As of 31 March 2015, trade receivables of \$2,052,000 (2014 – \$985,000) were impaired and were fully provided for. The individually impaired receivables mainly relate to customers who are in unexpected difficult economic situations. It was assessed that a portion of these receivables is expected to be recovered. These aged receivables were over 90 days.

Movement analysis of provision for impairment of trade receivables

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

	2015	2014
	\$'000	\$'000
At 1 April	985	2,107
Provision	1,088	551
Recoveries	(21)	(1,673)
At 31 March	<u>2,052</u>	<u>985</u>

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.

NMIA Airports Limited

Notes to the Financial Statements

31 March 2015

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3. Financial Risk Management (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and short term deposits, 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 company's liquidity management process 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; and
- (iv) Optimising cash returns on investment.

Undiscounted cash flows of financial liabilities

The maturity profile of the company's financial liabilities at year end based on contractual undiscounted payments was as follows:

	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$'000	\$'000	\$'000	\$'000
2015				
Payables	2,729	-	-	2,729
Due to the Authority	7,237	65,502	105,094	177,833
	9,966	65,502	105,094	180,562
2014				
Payables	2,414	-	-	2,414
Due to the Authority	6,751	54,302	152,472	213,525
	9,165	54,302	152,472	215,939

Amounts due to the Authority include loans that were on-lent to the company by the Authority and other advances due to the Authority.

Primary funding for servicing the on-lent loans is by way of grants from the Airports Improvement Fund (Note 20). In addition, assets available to meet all of the liabilities and to cover financial liabilities include cash and short term deposits.

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(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk

The company 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 mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the company'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 company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Jamaican dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The company's exposure to foreign currency exchange rate risk at year end was as follows:

	US\$ US\$'000	Jamaican\$ US\$'000	Total US\$'000
	2015		
Financial assets			
Investments	-	316	316
Trade receivables	4,448	1,184	5,632
Cash and short term deposits	10,727	2,781	13,508
Total financial assets	15,175	4,281	19,456
Financial liabilities			
Payables	-	(2,729)	(2,729)
Borrowings	(724)	-	(724)
Due to the Authority	(146,505)	(964)	(147,469)
Total financial liabilities	(147,229)	(3,693)	(150,922)
Net financial position	(132,054)	588	

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NMIA Airports Limited

Notes to the Financial Statements

31 March 2015

(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk (continued)

	US\$ US\$'000	Jamaican\$ US\$'000	Total US\$'000
	2014		
Financial assets			
Investments	-	327	327
Trade receivables	4,828	-	4,828
Cash and short term deposits	7,722	2,943	10,665
Total financial assets	12,550	3,270	15,820
Financial liabilities			
Payables	-	(2,414)	(2,414)
Borrowings	(723)	-	(723)
Due to the Authority	(140,748)	(1,538)	(142,286)
Total financial liabilities	(141,471)	(3,952)	(145,423)
Net financial position	<u>(128,921)</u>	<u>(682)</u>	

The following tables indicate the currencies to which the company 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 trade payables. 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.

	% Change in Currency Rate 2015	Effect on Net Profit 2015 \$'000	% Change in Currency Rate 2014	Effect on Net Profit 2014 \$'000
Currency:				
JMD - revaluation	+10%	60	+15%	102
JMD - devaluation	-1%	(6)	-1%	(7)

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NMIA Airports Limited

Notes to the Financial Statements

31 March 2015

(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Cash flow and fair value interest rate risk

The company'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 company to cash flow interest rate risk. Borrowings issued at fixed rates expose the company to fair value interest rate risk.

The company 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.

	Within 1 Year	1 to 5 Years	Over 5 Years	Non- Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
	2015				
Financial Assets					
Investments	313	-	-	3	316
Trade receivables	5,632	-	-	-	5,632
Cash and short term deposits	13,469	-	-	39	13,508
	19,414	-	-	42	19,456
Financial Liabilities					
Payables	-	-	-	(2,729)	(2,729)
Borrowings	-	-	-	(724)	(724)
Due to the Authority	(2,785)	(25,692)	(93,821)	(25,171)	(147,469)
	(2,785)	(25,692)	(93,821)	(28,624)	(150,922)
Total interest re-pricing gap	16,629	(25,692)	(93,821)	(28,582)	(131,466)

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(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Cash flow and fair value interest rate risk (continued)

	Within 1 Year	1 to 5 Years	Over 5 Years	Non- Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
	2014				
Financial assets					
Investments	324	-	-	3	327
Trade receivables	4,828	-	-	-	4,828
Cash and short term deposits	10,633	-	-	32	10,665
	15,785	-	-	35	15,820
Financial liabilities					
Payables	-	-	-	(2,414)	(2,414)
Borrowings	-	-	-	(723)	(723)
Due to the Authority	(1,452)	(18,546)	(98,563)	(23,725)	(142,286)
	(1,452)	(18,546)	(98,563)	(26,862)	(145,423)
Total interest repricing gap	14,333	(18,546)	(98,563)	(26,827)	(129,603)

Amounts due to the Authority were allocated based on the underlying loans that were on-lent to the company by the Authority.

(d) Fair values of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. However, considerable judgement may be 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 company would realise in a current market exchange.

The following methods and assumptions have been used in deriving the estimates of fair values:

- 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 include cash and short term deposits, short term loans, and trade receivables and payables.
- The fair value of amounts due to the Authority could not be reasonably determined as these amounts were granted under special terms, and are not likely to be traded in a fair market exchange.

NMIA Airports Limited

Notes to the Financial Statements

31 March 2015

(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(d) Fair values of financial instruments (Continued)

The company's investments are carried at fair value subsequent to initial recognition, and are classified as Level 2 investments. Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

There were no transfers between levels during the year.

(e) Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the company defines as net operating income divided by total shareholders' equity.

There were no changes to the company's approach to capital management during the year.

The company is not subject to externally imposed capital requirements.

(f) Financial instruments by category

Financial assets:

	Loans and receivables	Held to Maturity	Total
	\$'000	\$'000	\$'000
2015			
Cash at bank balances	13,508	-	13,508
Trade receivables	5,632	-	5,632
Investment securities	-	316	316
Total financial assets	19,140	316	19,456
2014			
Cash at bank balances	10,665	-	10,665
Trade receivables	4,828	-	4,828
Investment securities	-	327	327
Total financial assets	15,493	327	15,820

NMIA Airports Limited

Notes to the Financial Statements

31 March 2015

(expressed in United States dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(f) Financial instruments by category (continued)

Financial liabilities:

Other financial liabilities at amortised cost

	2015 \$'000	2014 \$'000
Payables	2,729	2,414
Borrowings	724	723
Due to Authority	147,469	142,286
	<u>150,922</u>	<u>145,423</u>

(g) Offsetting of financial instruments

There are no master net settlement agreements, and there are no financial assets or liabilities that have been offset on the statement of financial position as at year end.

4. Critical Judgments 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 company 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.

Depreciable assets

Management determines the estimated useful lives, residual values and related depreciation charges for the property, plant and equipment held by the company. 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 company'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.

NMIA Airports Limited

Notes to the Financial Statements

31 March 2015

(expressed in United States dollars unless otherwise indicated)

5. Revenue

	Aeronautical Charges \$'000	Non- Aeronautical Charges \$'000	2015 Total \$'000	2014 Total \$'000
Advertising space rental and maintenance charges	-	1,690	1,690	1,728
Car park and car pound charges	-	677	677	687
Common User Terminal Equipment (CUTE)	-	2,130	2,130	1,941
Concession Fees – fuel throughout	-	2,066	2,066	1,117
Concession Fees – other	-	5,957	5,957	5,846
Incinerator Income	-	358	358	316
Landing fees	2,974	-	2,974	2,734
Loading bridge charges	1,059	-	1,059	990
Maintenance charges	-	324	324	302
Parking fees	81	-	81	60
Passenger service fees	6,048	-	6,048	5,649
Security fees	3,940	-	3,940	3,556
Utilities recovery	-	823	823	925
	<u>14,102</u>	<u>14,025</u>	<u>28,127</u>	<u>25,851</u>

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6. Expenses by Nature

Total operating expenses:

	Aeronautical Charges \$'000	Non- Aeronautical Charges \$'000	2015 Total \$'000	2014 Total \$'000
Auditors' remuneration	13	13	26	23
Commissions and discounts	215	-	215	194
Concession fee expense	2,018	-	2,018	1,863
Depreciation and amortisation	6,404	990	7,394	6,597
Impairment charge on bad and doubtful debts	537	533	1,070	561
Insurance	1,444	224	1,668	1,702
Irrecoverable GCT	950	-	950	1,236
Motor vehicle expenses	267	266	533	181
Office supplies	80	81	161	110
Other	247	246	493	332
Professional fees	638	633	1,271	763
Public relations	25	25	50	113
Regulatory fees and taxes	321	-	321	305
Rental and lease	21	21	42	481
Repairs and maintenance	1,617	1,608	3,225	3,279
Security	1,663	285	1,948	1,915
Staff costs (Note 7)	2,782	2,767	5,549	5,780
Training	100	100	200	109
Traveling and entertainment	13	13	26	34
Utilities	4,432	373	4,805	5,575
	23,787	8,178	31,965	31,153

Cost of inventories recognised in profit or loss amounts to \$17,232 (2014: (\$10,000)).

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31 March 2015

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7. Staff Costs

	2015 \$'000	2014 \$'000
Wages and salaries	3,214	3,062
Payroll taxes, employer's portion	533	536
Benefits and allowances	1,494	1,840
Redundancy costs	65	56
Other	243	286
	<u>5,549</u>	<u>5,780</u>

8. Other Income

	2015 \$'000	2014 \$'000
Amortisation of grant (Note 20)	4,043	4,271
Interest income	365	304
Discounts received	20	18
Other	128	297
	<u>4,556</u>	<u>4,890</u>

9. Finance Costs

	2015 \$'000	2014 \$'000
Interest expense	7,409	5,888
Amortisation of grant (Note 20)	<u>(4,175)</u>	<u>(2,656)</u>
	3,234	3,232
Net foreign exchange (gains)/losses	<u>(195)</u>	<u>861</u>
	<u>3,039</u>	<u>4,093</u>

NMIA Airports Limited

Notes to the Financial Statements

31 March 2015

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10. Taxation

The Minister of Finance and Planning, in accordance with the power conferred by Section 86 of the Income Tax Act, has formally agreed to grant the company relief from income tax for a period of ten years commencing 1 April 2005. The relief will be granted upon requests for remission of tax made annually to the Minister and notice of the tax remitted published in the Jamaica Gazette Supplement. Subject to agreement with the Commissioner of Income Tax, losses of approximately \$ 36,045,000 (2014 – \$ 33,655,000) are available for set off against future taxable profits of the company and may be carried forward indefinitely. Deferred tax assets are not recognised on tax losses carried forward, as it is not probable that future taxable profit will be available against which the temporary differences can be utilised.

11. Property, Plant and Equipment

	Buildings \$'000	Motor vehicles \$'000	Computer equipment, plant and machinery, furniture and fixtures \$'000	Construction in progress \$'000	Total \$'000
Cost -					
At 31 March 2013	111,874	580	31,279	3,020	146,753
Additions	-	41	318	4,733	5,092
Disposals	-	(17)	(18)	-	(35)
Transfers	779	-	-	(779)	-
Adjustments	-	1	4	(1)	4
At 31 March 2014	112,653	605	31,583	6,973	151,814
Additions	413	37	966	3,640	5,056
Disposals	-	(19)	(5)	-	(24)
Transfers	3,345	191	5,553	(9,089)	-
Adjustments	44	-	(44)	(12)	(12)
At 31 March 2015	116,455	814	38,053	1,512	156,834
Depreciation -					
At 1 April 2013	11,636	452	13,076	-	25,164
Charge for the year	2,979	68	3,549	-	6,596
Relieved on disposals	-	(17)	(17)	-	(34)
Adjustments	1	1	(4)	-	(2)
At 31 March 2014	14,616	504	16,604	-	31,724
Charge for the year	3,200	118	3,991	-	7,309
Relieved on disposals	-	(19)	(3)	-	(22)
Adjustments	92	-	(3)	-	89
At 31 March 2015	17,908	603	20,589	-	39,100
Net Book Value -					
31 March 2015	98,547	211	17,464	1,512	117,734
31 March 2014	98,037	101	14,979	6,973	120,090

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12. Intangible Assets

Comprising computer software –

	\$'000
At Cost -	
At 31 March 2013	347
Additions	11
At 31 March 2014	358
Additions	-
At 31 March 2015	358
Accumulated amortisation -	
At 31 March 2013	111
Charge for the year	1
At 31 March 2014	112
Charge for the year	85
At 31 March 2015	197
Net Book Value -	
31 March 2015	161
31 March 2014	246

13. Investments

	2015	2014
	\$'000	\$'000
Held to maturity Government of Jamaica securities	316	327

These comprise Fixed Rate Accreting Notes ("FRANs") which were issued in 2013 as part of the National Debt Exchange, with J\$80 of principal value for every J\$100 of principal value exchanged. The principal will accrete to J\$100 of principal value by the maturity date in 2028.

NMIA Airports Limited

Notes to the Financial Statements

31 March 2015

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14. Receivables

	2015 \$'000	2014 \$'000
Trade receivables	7,684	5,813
Less: Provision for impairment	(2,052)	(985)
	<u>5,632</u>	<u>4,828</u>
Prepayments	174	146
Withholding tax recoverable	406	309
Mobilization payments	694	1,407
Advances	<u>901</u>	<u>961</u>
	<u>7,807</u>	<u>7,651</u>

15. Cash and Short Term Deposits

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

	2015 \$'000	2014 \$'000
Cash at bank	1,201	2,758
Short term deposits	<u>12,307</u>	<u>7,907</u>
	<u>13,508</u>	<u>10,665</u>

Short term deposits

Short term deposits comprise Government of Jamaica securities with average maturity of 30 days. Included in short term deposits is interest receivable of \$39,000 (2014 - \$32,000).

The weighted average effective interest rate on these instruments was as follows.

	2015 %	2014 %
Denominated in United States dollars	2.21	2.98
Denominated in Jamaican dollars	<u>6.60</u>	<u>8.29</u>

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16. Payables

	2015 \$'000	2014 \$000
Trade payables	896	776
Accruals	549	422
Due to Airport Improvement Fund	601	50
Security deposit	292	333
Employee related expenses	185	201
Other	206	632
	<u>2,729</u>	<u>2,414</u>

17. Borrowings

	2015 \$'000	2014 \$'000
Current		
Accrued interest	<u>724</u>	<u>723</u>
Accrued interest		

The records of the company reflect accrued interest payable to Petrocaribe Fund and Caribbean Development Bank. These funds were on-lent to the company by the Authority and principal balances are reflected in amounts due to the Authority on the statement of financial position.

NMIA Airports Limited

Notes to the Financial Statements

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18. Share Capital

	2015 \$'000	2014 \$'000
Authorised, issued and fully paid –		
328,000 (2014 – 328,000) ordinary shares of no par value	4,100	4,100

19. Due to the Authority

The amount due to the Authority includes advances which are unsecured and have no repayment terms. The Authority charges interest at 10% on these advances.

The balance also includes the following loans which were on-lent to the company by the Authority. Interest on these loans is also charged through to the company, and the company is obligated to make payments to the Authority in line with the original loan schedules.

- (i) A loan of \$20 million (2014 - \$20 million) from Caribbean Development Bank was acquired to assist with the funding of the Norman Manley Airport Expansion project. The loan is repayable in 30 semi-annual payments of \$667,000 commencing October 2015 and a final payment of \$657,000. Interest is charged at 3.95% variable, per annum.
- (ii) A loan of \$40 million (2014 - \$40 million) from European Investment Bank was acquired to assist with the funding of the Norman Manley Airport Expansion project. The loan is repayable in 24 semi-annual payments of \$1,667,000 commencing March 2017 and a final payment of \$1,659,000. Interest was charged at the variable rate of LIBOR plus 1.23% per annum up to March 2014, and the fixed rate of 4.041% per annum since April 2014.
- (iii) A loan of \$22.5 million (2014 – \$22.5 million) from Petrocaribe Fund was acquired to provide interim financing for the Norman Manley Airport expansion project. The loan is repayable in 31 semi-annual payments of \$725,807. Interest is charged at 6% per annum. This loan is unsecured.
- (iv) An additional loan of \$22 million is available from the Petrocaribe Fund for financing the Norman Manley Airport Expansion project which is repayable in equal semi-annual amounts beginning after the facility is fully drawn down and to end by June 2030. Interest is charged at 4% per annum. As at March 2015 the amount of draw down is \$10,719,300 (2014 - \$9,141,300).

The loans on-lent from the Authority are serviced through government grants from the Airports Improvement Fund as described in Note 20.

NMIA Airports Limited

Notes to the Financial Statements

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(expressed in United States dollars unless otherwise indicated)

19. Due to the Authority (Continued)

The Authority has agreed not to enforce demand rights on advances or loan payments due within 12 months of the reporting date and has pledged its support for the company to continue as a going concern.

	2015 \$'000	2014 \$'000
Current portion	3,749	2,990
Non-current portion	143,720	139,296
	<u>147,469</u>	<u>142,286</u>
Due to Parent Company – short term	964	1,538
Due to Parent Company – long term	36,337	32,726
Shareholders' loan	24,207	22,187
	<u>61,508</u>	<u>56,451</u>
Loans on-lent-		
Caribbean Development Bank	20,000	20,000
European Investment Bank	40,000	40,000
PetroCaribe Fund	25,961	25,835
	<u>85,961</u>	<u>85,835</u>
	<u>147,469</u>	<u>142,286</u>

The following tables show the maturity profile for loans.

	Within 1 Year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
	2015			
Caribbean Development Bank	1,333	5,333	13,334	20,000
European Investment Bank	-	11,667	28,333	40,000
PetroCaribe Fund	1,452	8,692	15,817	25,961
	<u>2,785</u>	<u>25,692</u>	<u>57,484</u>	<u>85,961</u>
	2014			
Caribbean Development Bank	-	4,666	15,334	20,000
European Investment Bank	-	6,667	33,333	40,000
PetroCaribe Fund	1,452	7,213	17,170	25,835
	<u>1,452</u>	<u>18,546</u>	<u>65,837</u>	<u>85,835</u>

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NMIA Airports Limited

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20. Grants

Grants represent amounts received from the Government of Jamaica, through the Airports Improvement Fund (AIF), to assist with the funding of the Norman Manley Airport expansion project. The AIF was established pursuant to the Airports (Economic Regulation) Act, for the collection and administration of the airport improvement fee, established by the Act. The fee is currently set at \$10 per ticket purchased for international travel. The amounts are paid over by the airlines into a special account established for the AIF, held with an independent financial institution. With the approval of the Minister of Transport, the company may draw down on these 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 in arriving at profit or loss.

The movement in grants during the year was as follows:

	2015 \$'000	2014 \$'000
At start of year	9,073	11,892
Additions	5,626	4,108
Transfer to profit or loss (Notes 8 and 9)	(8,218)	(6,927)
At end of year	<u>6,481</u>	<u>9,073</u>

21. Capital Commitments

At 31 March 2015, the company had authorised capital expenditure amounting to \$15,598,000 (2014 - \$25,573,000), of which \$2,969,000 (2014 - \$4,863,000) had been contracted for.

NMIA Airports Limited

Notes to the Financial Statements

31 March 2015

(expressed in United States dollars unless otherwise indicated)

22. Related Party Transactions and Balances

- (a) The statement of financial position includes balances with the Authority as detailed in Note 19.
- (b) The statement of comprehensive income includes transactions, in the ordinary course of business, with the Authority as follows:

Interest charge

	2015 \$'000	2014 \$'000
The Authority	7,393	5,872

Administrative and Other Expenses

	2015 \$'000	2014 \$'000
Concession fees charged by the Authority	2,018	1,863

- (c) The statement of comprehensive income includes transactions, in the ordinary course of business, with key management personnel (directors and senior executives) as follows:

Key management compensation

	2015 \$'000	2014 \$'000
Wages and salaries	298	347
Payroll taxes – employer's portion	29	34
	327	381

23. Contingent Liabilities

The company is 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 company, and the amount can be reasonably estimated.

In respect of claims asserted against the company 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 company which is immaterial to both financial position and results of operations.

Airports Authority of Jamaica

**Financial Statements
31 March 2015**



Airports Authority of Jamaica

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Independent Auditor's Report

To the Members of
Airports Authority of Jamaica

Report on the Consolidated and Company Stand-Alone Financial Statements

We have audited the accompanying consolidated financial statements of Airports Authority of Jamaica and its subsidiaries, set out on pages 1 to 59, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, and the accompanying financial statements of Airports Authority of Jamaica standing alone, which comprise the statement of financial position as at 31 March 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Company Stand-Alone Financial Statements

Management is responsible for the preparation of consolidated and company stand-alone financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and company stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and company stand-alone 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 about whether the consolidated and company stand-alone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and company stand-alone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and company stand-alone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated and company stand-alone financial statements that give a true and fair view 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 consolidated and company stand-alone 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

L.A. McKnight P.E. Williams L.E. Augier A.K. Jain B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan



Members of Airports Authority of Jamaica
Independent Auditor's Report
Page 2

Opinion

In our opinion, the consolidated financial statements Airports Authority of Jamaica and its subsidiaries, and the financial statements of Airports Authority of Jamaica standing alone give a true and fair view of the financial position of Airports Authority of Jamaica and its subsidiaries and the Airports Authority of Jamaica standing alone as at 31 March 2015, and of their financial performance and cash flows for the year then ended, so far as concerns the members of Airports Authority of Jamaica, 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 Jamaican Companies Act, in the manner so required.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

Chartered Accountants
28 September 2015
Kingston, Jamaica

Airports Authority of Jamaica

Consolidated Statement of Comprehensive Income

Year ended 31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Revenue –			
Airports		4,359,801	3,668,147
Aerodromes		14,620	18,356
		<u>4,374,421</u>	<u>3,686,503</u>
Direct expenses –			
Airports		(3,580,257)	(3,206,248)
Aerodromes		(203,895)	(229,931)
		<u>(3,784,152)</u>	<u>(3,436,179)</u>
Gross Profit		590,269	250,324
Other operating income	5	889,362	637,108
Administration expenses		(199,649)	(255,114)
Privatisation costs		(10,620)	(42,289)
Finance Income	8	70,705	213,086
Profit before Taxation		1,340,067	803,115
Taxation	9	(420,559)	(366,138)
Net Profit	10	919,508	436,977
Other Comprehensive Income			
Items that will not be reclassified to profit or loss –			
Re-measurement of post-employment benefits, net of taxes		5,312	256,437
Items that may be subsequently reclassified to profit or loss –			
Foreign currency translation adjustments		(114,893)	(66,370)
Total other comprehensive (loss)/income		<u>(109,581)</u>	<u>190,067</u>
Total Comprehensive Income		<u>809,927</u>	<u>627,044</u>

Airports Authority of Jamaica

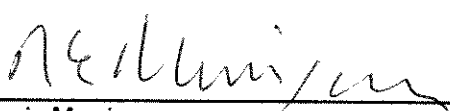
Consolidated Statement of Financial Position

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

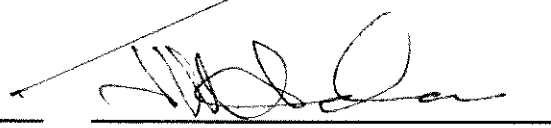
	Note	2015 \$'000	Restated 2014 \$'000	Restated 2013 \$'000
Non-Current Assets				
Property, plant and equipment	11	15,229,084	15,032,813	14,078,125
Intangible assets	12	18,433	26,813	23,209
Investments	13	286,062	270,600	66,769
Deferred income tax asset	15	461,495	564,061	811,987
		<u>15,995,074</u>	<u>15,894,287</u>	<u>14,980,090</u>
Current Assets				
Inventories	16	39,842	33,671	30,948
Receivables	17	1,117,036	1,114,707	1,152,915
Cash and short term deposits	18	4,442,760	3,417,633	2,146,271
		<u>5,599,638</u>	<u>4,566,011</u>	<u>3,330,134</u>
Current Liabilities				
Payables	19	390,071	333,526	352,088
Borrowings	20	403,650	360,917	364,518
Taxation payable		290,751	162,096	216,055
		<u>1,084,472</u>	<u>856,539</u>	<u>932,661</u>
Net Current Assets				
		<u>4,515,166</u>	<u>3,709,472</u>	<u>2,397,473</u>
		<u>20,510,240</u>	<u>19,603,759</u>	<u>17,377,563</u>
Shareholders' Equity				
Share capital	21	20,091	20,091	20,091
Unissued capital	22	55,607	55,607	55,607
Retained earnings	10	6,610,771	5,929,649	5,322,089
Other reserves		(458,259)	(343,366)	(276,996)
		<u>6,228,210</u>	<u>5,661,981</u>	<u>5,120,791</u>
Non-Current Liabilities				
Borrowings	20	13,164,757	12,538,634	10,370,911
Grants	23	967,580	1,235,138	1,435,939
Post employment benefit obligations	24	149,693	168,006	449,922
		<u>14,282,030</u>	<u>13,941,778</u>	<u>12,256,772</u>
		<u>20,510,240</u>	<u>19,603,759</u>	<u>17,377,563</u>

Approved for issue by the Board of Directors on September 16, 2015 on signed on its behalf by:



Dennis Morrison

Director



Joseph A. Matalon

Director

Airports Authority of Jamaica

Consolidated Statement of Changes in Equity

Year ended 31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares	Share Capital	Unissued Capital	Retained Earnings	Other Reserves	Total
	'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2013, as restated	20,091	20,091	55,607	5,322,089	(276,996)	5,121,791
Net profit	-	-	-	436,977	-	436,977
Re-measurements of post-employment benefits, net of taxes	-	-	-	256,437	-	256,437
Foreign currency translation adjustment	-	-	-	-	(66,370)	(66,370)
Total Comprehensive Income	-	-	-	693,414	(66,370)	627,044
Dividends paid	-	-	-	(85,854)	-	(85,854)
Balance at 31 March 2014, as restated	20,091	20,091	55,607	5,929,649	(343,366)	5,661,981
Net profit	-	-	-	919,508	-	919,508
Re-measurements of post-employment benefits, net of taxes	-	-	-	5,312	-	5,312
Foreign currency translation adjustment	-	-	-	-	(114,893)	(114,893)
Total comprehensive income	-	-	-	924,821	(114,893)	809,927
Dividends paid	-	-	-	(243,698)	-	(243,698)
Balance at 31 March 2015	20,091	20,091	55,607	6,610,771	(458,259)	6,228,210

Airports Authority of Jamaica

Consolidated Statement of Cash Flows

Year ended 31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	2015 \$'000	2014 \$'000
Cash Flows from Operating activities		
Net profit	919,508	436,977
Items not affecting cash resources:		
Depreciation and amortisation	1,073,487	940,800
Write-off of long outstanding loans	(176,069)	-
Gain on disposal of property, plant and equipment	(92)	-
Interest income	(186,825)	(122,301)
Exchange gains on foreign balances	(243,846)	(429,249)
Taxation charge	420,559	366,138
Grants amortised	(946,024)	(735,772)
Interest expense	625,125	411,284
Change in post employment benefit obligation	(13,001)	(25,479)
	<u>1,472,822</u>	<u>842,398</u>
Changes in operating assets and liabilities:		
Inventories	(6,171)	(2,723)
Receivables	17,360	59,842
Payables	56,545	(18,563)
	<u>1,540,556</u>	<u>880,954</u>
Taxation paid	<u>(209,027)</u>	<u>(193,804)</u>
Cash provided by operating activities	<u>1,331,529</u>	<u>687,150</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment and intangible assets	(616,208)	(560,281)
Purchase of financial instruments	(15,462)	(203,831)
Proceeds from disposal of property, plant and equipment	557	77
Interest received	186,825	122,301
Cash used in investing activities	<u>(444,288)</u>	<u>(641,734)</u>
Cash Flows from Financing Activities		
Interest paid	(625,125)	(411,284)
Grants received	647,235	425,064
Long term loans received	369,745	1,227,053
Loan repayments	(164,659)	(150,789)
Dividend paid	(243,698)	(85,854)
Cash (used in)/provided by financing activities	<u>(16,502)</u>	<u>1,004,190</u>
Effect of changes in exchange rates on cash and cash equivalents	154,388	223,169
Increase in cash and cash equivalents	870,739	1,049,606
Cash and cash equivalents at beginning of year	<u>3,417,633</u>	<u>2,144,858</u>
Cash and Cash Equivalents at End of Year (Note 18)	<u><u>4,442,760</u></u>	<u><u>3,417,633</u></u>

Airports Authority of Jamaica

Authority Statement of Comprehensive Income

Year ended 31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Revenue –			
Airports		1,415,475	1,221,254
Aerodromes		14,620	18,356
		<u>1,430,095</u>	<u>1,239,610</u>
Direct expenses –			
Airports		(202,989)	(210,693)
Aerodromes		(203,895)	(229,931)
		<u>(406,884)</u>	<u>(440,624)</u>
Gross Profit		1,023,211	798,986
Other operating income	5	1,199,279	752,259
Administration expenses		(199,649)	(255,177)
Privatisation costs		(10,620)	(42,289)
Finance (Costs)/Income	8	(410,336)	15,468
Profit before Taxation		1,601,885	1,269,247
Taxation	9	(420,559)	(366,138)
Net Profit	10	1,181,326	903,109
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurement of post-employment benefits, net of taxes		5,312	256,437
Total Comprehensive Income		<u>1,186,638</u>	<u>1,159,546</u>

Airports Authority of Jamaica

Authority Statement of Financial Position

31 March 2015

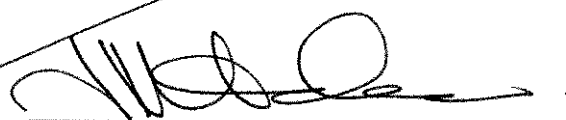
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	Restated 2014 \$'000	Restated 2013 \$'000
Non-Current Assets				
Property, plant and equipment	11	2,010,154	2,203,965	2,430,602
Investments	13	249,884	234,935	32,002
Interest in subsidiary	14	16,839,207	15,538,797	13,253,787
Deferred income tax asset	15	461,495	564,061	811,987
		<u>19,560,740</u>	<u>18,541,758</u>	<u>16,528,378</u>
Current Assets				
Receivables	17	223,226	280,612	194,912
Due from related party	14	514,569	406,865	361,402
Cash and short term deposits	18	2,896,252	2,255,154	1,525,263
		<u>3,634,047</u>	<u>2,942,631</u>	<u>2,081,577</u>
Current Liabilities				
Payables	19	76,232	68,974	80,347
Borrowings	20	403,650	360,917	361,650
Taxation payable		290,751	162,096	216,055
		<u>770,633</u>	<u>591,987</u>	<u>658,052</u>
Net Current Assets				
		<u>2,863,414</u>	<u>2,350,644</u>	<u>1,423,525</u>
		<u>22,424,154</u>	<u>20,892,402</u>	<u>17,951,903</u>
Shareholders' Equity				
Share capital	21	20,091	20,091	20,091
Unissued capital	22	55,607	55,607	55,607
Retained earnings	10	8,812,023	7,869,083	6,795,391
		<u>8,887,721</u>	<u>7,944,781</u>	<u>6,871,089</u>
Non-Current Liabilities				
Borrowings	20	13,164,757	12,538,634	10,370,911
Grants	23	221,983	240,981	259,981
Post employment benefit obligations	24	149,693	168,006	449,922
		<u>13,536,433</u>	<u>12,947,621</u>	<u>11,080,814</u>
		<u>22,424,154</u>	<u>20,892,402</u>	<u>17,951,903</u>

Approved for issue by the Board of Directors on September 16, 2015 and signed on its behalf by:


Dennis Morrison

Director


Joseph A. Matalon

Director

Airports Authority of Jamaica

Authority Statement of Changes in Equity

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares	Share Capital	Unissued Capital	Retained Earnings	Total
	'000	\$'000	\$'000	\$'000	\$'000
Balance at 31 March 2013, as restated	20,091	20,091	55,607	6,795,391	6,871,089
Net profit	-	-	-	903,109	903,109
Re-measurements of post-employment benefits, net of taxes	-	-	-	256,437	256,437
Total Comprehensive Income	-	-	-	1,159,546	1,159,546
Dividends paid	-	-	-	(85,854)	(85,854)
Balance at 31 March 2014, as restated	20,091	20,091	55,607	7,869,083	7,944,781
Net profit	-	-	-	1,181,326	1,181,326
Re-measurements of post-employment benefits, net of taxes	-	-	-	5,312	5,312
Total comprehensive income	-	-	-	1,186,638	1,186,638
Dividends paid	-	-	-	(243,698)	(243,698)
Balance at 31 March 2015	20,091	20,091	55,607	8,812,023	8,887,721

Airports Authority of Jamaica

Authority Statement of Cash Flows

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	2015 \$'000	2014 \$'000
Cash Flows from Operating activities		
Net profit	1,181,326	903,109
Items not affecting cash resources:		
Depreciation	239,373	260,609
Gain on disposal of property, plant and equipment	(92)	-
Interest income	(969,504)	(711,965)
Exchange gains on foreign balances	(212,749)	(215,782)
Taxation charge	420,559	366,138
Write-off of long outstanding loans payable	(176,069)	-
Grants amortised	(18,998)	(19,000)
Interest expense	613,222	423,283
Change in post employment benefit obligation	(13,001)	(25,479)
	<u>1,064,067</u>	<u>980,913</u>
Changes in operating assets and liabilities:		
Receivables	77,074	(64,067)
Payables	7,258	(11,375)
	<u>1,148,399</u>	<u>905,471</u>
Taxation paid	<u>(209,027)</u>	<u>(193,803)</u>
Cash provided by operating activities	<u>939,372</u>	<u>711,668</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment and intangible assets	(45,869)	(33,942)
Purchase of financial instruments	(14,949)	(202,953)
Proceeds from disposal of property, plant and equipment	(399)	-
Loans repaid by subsidiary	683,866	1,085,115
Loans issued to subsidiary	(1,338,297)	(2,290,167)
Interest received	969,504	711,965
Cash provided by/(used in) investing activities	<u>253,856</u>	<u>(729,982)</u>
Cash Flows from Financing Activities		
Interest paid	(613,222)	(423,283)
Long term loans received	369,745	1,227,052
Loan repayments	(164,659)	(150,789)
Dividend paid	(243,698)	(85,854)
Cash (used in)/provided by financing activities	<u>(651,834)</u>	<u>567,126</u>
Increase in cash and cash equivalents	541,394	548,812
Effect of changes in exchange rates on cash and cash equivalents	99,704	182,492
Cash and cash equivalents at beginning of year	2,255,154	1,523,850
Cash and Cash Equivalents at End of Year (Note 18)	<u><u>2,896,252</u></u>	<u><u>2,255,154</u></u>

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

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 (NMIA), incorporated in Jamaica, the principal activity of which 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 "the Group") is located at the Norman 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 30-year Concession Agreement. The Authority earns concession revenue from MBJ Airports Limited, the calculation of which is based on passenger traffic, cargo transported, and increased profits. Under the Agreement, The Authority earned concession revenue amounting to \$1,148,920,629 (2014 – \$981,389,000) from MBJ Airports Limited during the year.

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 interpretations of the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements 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. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. 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.

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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:

- **IFRIC 21, 'Levies'**, (effective for annual periods beginning on or after 1 January 2015) addresses the accounting for a liability to pay a levy recognised in accordance with IAS 37, 'Provisions', and the liability to pay a levy whose timing and amount is certain. It excludes income taxes within the scope of IAS 12, 'Income taxes'. IFRIC 21 indicates that the obligating event that gives rise to a liability to pay a levy is the event identified by the legislation that triggers the obligation to pay the levy. It concludes that the fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern principle, does not create an obligation to pay a levy that will arise from operating in the future. Accordingly, a liability to pay a levy is recognised when the obligating event occurs. This might arise at a point in time or progressively over time. The interpretation also requires that an obligation to pay a levy triggered by a minimum threshold is recognised when the threshold is reached. The standard did not have a significant impact on the Group's financial statements.
- **IAS 32 (Amendment), 'Financial Instruments: Presentation'**, (effective for annual periods beginning on or after 1 January 2015) clarifies the requirements for offsetting financial instruments and address inconsistencies in current practice when applying the offsetting criteria in IAS 32 'Financial Instruments: Presentation'. The standard did not have a significant impact on the Group's financial statements.

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Group

The Group has concluded that the following standards which are published but not yet effective, are relevant to its operations and will impact the Group's accounting policies and financial disclosures as discussed below. These standards and amendments to existing standards are mandatory for the Group's accounting periods beginning after 1 April 2015 or later periods, but the Group has not early adopted them:

- **IFRS 9, 'Financial Instruments'** (effective for annual periods beginning on or after 1 January 2018) specifies how an entity should classify and measure financial instruments, including some hybrid contracts. It requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. There has been no significant change in the recognition and measurement of financial liabilities carried at amortised cost from that obtained under IAS 39. While adoption of IFRS 9 is mandatory from 1 January 2015, earlier adoption is permitted. The Group is considering the implications of the standard, the impact on the Group and the timing of its adoption.

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Annual Improvements 2012 and 2014 – The IASB issued its Annual Improvements to IFRS 2010 – 2012 and 2011 – 2014 cycles in December 2014, which amended a number of standards, the following of which may be relevant to the Group. The amendments are effective for annual periods beginning on or after 1 July 2015.

- The amendments to IFRS 13, 'Fair Value Measurement' clarify that short-term receivables and payables may be measured at invoice amounts where the impact of discounting is immaterial. They also clarify that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.
- IAS 16, 'Property, Plant and Equipment,' has been amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways: either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or the accumulated depreciation is eliminated against the gross carrying amount of the asset.
- IAS 24, 'Related Party Disclosures', has been amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity. The Group does not expect any significant impact on the consolidated financial statements.

IFRS 15, 'Revenue from Contracts with Customers', (effective for the periods beginning on or after 1 January 2017). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group is currently assessing the impact of future adoption of the new standard on its financial statements.

Annual Improvements 2014, (effective for annual periods beginning on or after 1 January 2016). The amendments impact the following standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. The Group is currently assessing the impact of future adoption of the amendments on its financial statements.

There are no other new or amended standards and interpretations that are published but not yet effective that would be expected to have an impact on the accounting policies or financial disclosures of the Group.

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of subsidiaries are consistent with the policies adopted by the Group.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

NMIA's principal activities include administering, controlling and managing NMIA and providing and maintaining such services and facilities, other than navigational services, as are necessary for its efficient operation.

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(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.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the income statement, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in other comprehensive income.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at year end rates,
- (b) Items affecting the statement of comprehensive income are translated at average rates, and
- (c) The resultant gains or losses are recognised in other comprehensive income as translation gains or losses.

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(d) Revenue recognition

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.

Revenue from services is 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 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.

Interest income is accounted for on the accrual basis in the accounting period in which the interest is earned.

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.

(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 reporting 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.

Airports Authority of Jamaica

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(f) Property, plant and equipment

Property, plant and equipment are carried at historical 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 - 40 years
Storage tanks and fuel lines	20 years
Computer equipment, plant and machinery and furniture and fixtures	5 - 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.

(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.

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(i) Inventories

Inventories are stated at the lower of cost and net realisable value, cost being determined on the average cost 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) 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.

(l) Payables

Payables are stated at historical cost, which is deemed to approximate amortised cost based on the short term nature of these items.

(m) 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.

(n) 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.

(o) Employee benefits

Pension obligations

The Group operates a defined contribution plan, the assets of which are generally held in a separate trustee-administered fund.

The Group makes fixed contributions to the pension scheme and has no further legal or constructive obligations. All pension obligations are payable by, and accounted for, in the books of the Authority. Accordingly, the company recognises a cost equal to its contributions payable in respect of each accounting period in arriving at profit or loss.

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.

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(o) Employee benefits (continued)

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.

(p) 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.

(q) 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.

Airports Authority of Jamaica

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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 Committee.

(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.

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

(i) Trade and other receivables (continued)

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. The maximum exposure to credit risk is the amount reflected on the balance sheet.

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

Trade receivables that are less than 90 days past due are not considered impaired. As of 31 March 2014, trade receivables of \$110,080,000 (2014 – \$164,651,000) for the Group and \$10,246,000 (2014 – \$88,354,000) for the Authority were past due but not impaired. These relate to a number of concessionaries and airlines for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	The Group		The Authority	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
16 - 30 days	67,090	23,543	-	-
31 - 60 days	168	114,381	168	85,061
61 - 90 days	33,321	23,434	577	-
Over 90 days	9,501	3,293	9,501	3,293
	<u>110,080</u>	<u>164,651</u>	<u>10,246</u>	<u>88,354</u>

Ageing analysis of trade receivables that are impaired

As of 31 March 2015, trade receivables of \$520,007,000 (2014 – \$400,492,000) for the Group and \$285,077,000 (2014 – \$293,083,000) for the Authority were considered impaired and were fully provided for. The individually impaired receivables mainly relate to concessionaires and airlines who are in unexpected difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Provision for impairment of trade receivables

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

	The Group		The Authority	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
At 1 April	400,492	501,942	293,083	295,493
Provision for receivables impairment	133,783	60,056	9,220	(2,410)
Bad debts write off	(19,630)	(175,519)	(17,226)	-
Translation difference	5,362	14,013	-	-
At 31 March	<u>520,007</u>	<u>400,492</u>	<u>285,077</u>	<u>293,083</u>

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.

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	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Airlines (scheduled and unscheduled)	419,873	355,931	43,206	78,660
Concessionaires	242,601	143,156	-	6,194
Fuel through-put	70,952	23,184	198	4,128
Food and beverage	10,448	71,982	30	7,630
Car rental and tour operations	19,529	140,275	3,959	3,313
Advertising	11,424	14,124	90	735
Ground handling and taxi service	49,608	58,825	264	8,131
Other	477,527	315,685	374,487	380,788
	<u>1,301,962</u>	<u>1,123,162</u>	<u>422,234</u>	<u>489,579</u>
Less: Provision for impairment	<u>(520,007)</u>	<u>(400,492)</u>	<u>(285,077)</u>	<u>(293,083)</u>
	<u>781,955</u>	<u>722,670</u>	<u>137,157</u>	<u>196,496</u>

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

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

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

	The Group			
	Within	1 to 5	Over	Total
	1 Year	Years	5 Years	
	\$'000	\$'000	\$'000	
At 31 March 2015	832,576	6,062,048	11,382,920	18,277,545
At 31 March 2014	659,554	4,493,970	12,342,584	17,496,108

	The Authority			
	Within	1 to 5	Over	Total
	1 Year	Years	5 Years	
	\$'000	\$'000	\$'000	
At 31 March 2015	832,576	6,062,048	11,382,920	18,277,545
At 31 March 2014	659,554	4,493,970	12,342,584	17,496,108

Primary funding for servicing the on-lent loans is by way of grants from the Airports Improvement Fund (Note 23). In addition, assets available to meet all of the liabilities and to cover financial liabilities include cash and short term deposits.

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

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 the US dollar. 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	Total J\$'000
	2015		
Financial Assets			
Investments	75,632	210,430	286,062
Trade receivables	147,393	634,562	781,955
Cash and short term deposits	1,622,310	2,820,450	4,442,760
	<u>1,845,335</u>	<u>3,665,442</u>	<u>5,510,777</u>
Financial Liabilities			
Payables	390,071		390,071
Borrowings	-	13,568,407	13,568,407
	<u>390,071</u>	<u>13,568,407</u>	<u>13,958,478</u>
Net Financial Position	<u>1,455,264</u>	<u>(9,902,965)</u>	
	2014		
Financial Assets			
Investments	270,600	-	270,600
Trade receivables	189,579	533,091	722,670
Cash and short term deposits	1,356,769	2,060,864	3,417,633
	<u>1,816,948</u>	<u>2,593,955</u>	<u>4,410,903</u>
Financial Liabilities			
Trade payables	333,526	-	333,526
Borrowings	190,161	12,709,390	12,899,551
	<u>523,687</u>	<u>12,709,390</u>	<u>13,233,077</u>
Net Financial Position	<u>1,293,261</u>	<u>(10,115,435)</u>	

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk (continued)

	The Authority		
	Jamaican\$ J\$'000	US\$ J\$'000	Total J\$'000
	2015		
Financial Assets			
Investments	39,454	210,430	249,884
Interest in subsidiary *	-	17,353,776	17,353,776
Trade receivables	11,839	125,318	137,157
Cash and short term deposits	1,303,918	1,592,334	2,896,252
	1,355,211	19,281,858	20,637,069
Financial Liabilities			
Payables	76,232	-	76,232
Borrowings	-	13,568,407	13,568,407
	76,232	13,568,407	13,644,639
Net Financial Position	1,278,979	5,713,451	
	2014		
Financial Assets			
Investments	234,935	-	234,935
Interest in subsidiary *	-	15,945,661	15,945,661
Trade receivables	196,496	-	196,496
Cash and short term deposits	1,035,999	1,219,155	2,255,154
	1,467,430	17,164,816	18,632,246
Financial Liabilities			
Payables	68,974	-	68,974
Borrowings	190,148	12,709,403	12,899,551
	259,122	12,709,403	12,968,525
Net Financial Position	1,208,308	4,455,413	

* This represents loans on-lent to the subsidiary, advances and other balances from inter-company transactions.

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

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.

Currency:

USD - revaluation

USD - devaluation

The Group			
% Change in Currency Rate 2015	Effect on Net Profit 2015 \$'000	% Change in Currency Rate 2014	Effect on Net Profit 2014 \$'000
1%	99,030	1%	101,154
(10%)	(990,297)	(15%)	(1,517,315)

Currency:

USD - revaluation

USD - devaluation

The Authority			
% Change in Currency Rate 2015	Effect on Net Profit 2015 \$'000	% Change in Currency Rate 2014	Effect on Net Profit 2014 \$'000
1%	(57,135)	1%	(44,554)
(10%)	571,345	(15%)	668,312

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

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.

(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 Group's investments are carried at fair value subsequent to initial recognition, and are classified as Level 2 investments. Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

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.

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(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.

(f) Offsetting of financial instruments

There are no master net settlement agreements, and there are no financial assets or liabilities that have been offset on the statement of financial position as at year end.

(g) Financial instruments by category

Financial assets

	The Group		
	Loans and receivables \$'000	Held to Maturity \$'000	Total \$'000
	2015		
Investments	-	286,062	286,062
Trade receivables	781,955	-	781,955
Cash and short term deposits	4,442,760	-	4,442,760
Total financial assets	5,224,715	286,062	5,510,777
	2014		
Investments	-	270,600	270,600
Trade receivables	722,670	-	722,670
Cash and short term deposits	3,417,633	-	3,417,633
Total financial assets	4,140,303	270,600	4,410,903

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(g) Financial instruments by category (continued)

	The Authority		
	Loans and receivables \$'000	Held to Maturity \$'000	Total \$'000
	2015		
Investments	-	249,884	249,884
Interest in subsidiary	17,353,776	-	17,353,776
Trade receivables	137,157	-	137,157
Cash and short term deposits	2,896,252	-	2,896,252
Total financial assets	20,387,185	249,884	20,637,069
	2014		
Investments	-	234,935	234,935
Interest in subsidiary	15,945,661	-	15,945,661
Trade receivables	196,496	-	196,496
Cash and short term deposits	2,255,154	-	2,255,154
Total financial assets	18,397,311	234,935	18,632,246

Financial liabilities

Other financial liabilities at amortised cost

	The Group	
	2015 \$'000	2014 \$'000
Payables	390,071	333,526
Borrowings	13,568,407	12,899,551
	13,958,478	13,233,077
	The Authority	
	2015 \$'000	2014 \$'000
Payables	76,232	68,974
Borrowings	13,568,407	12,899,551
	13,644,639	12,968,525

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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 2011. 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.

Allowances for impaired receivables

Periodically, the company assesses the collectibility of its trade receivables. Provisions are created or increased as described in Note 2(j). This, however, does not necessarily mean that the Group will collect the total remaining unimpaired balance, as some balances that are estimated to be collectible at period end may subsequently go bad.

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

Key sources of estimation uncertainty (continued)

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.

Pension plan assets and post-employment benefit obligations

The cost of these benefits and the present value of the 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 post-employment benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost (income) recorded for 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 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 post employment benefits costs and credits are based in part on current market conditions.

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5. Other Operating Income

	The Group		The Authority	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Amortisation of grants (Note 23)	475,066	460,950	18,998	19,000
Expenses reimbursed - Project Execution Unit	21,529	11,175	21,529	11,175
Interest income	186,825	122,301	969,504	711,965
Write-off of long outstanding statute balances	176,069	8,412	176,069	8,412
Other	29,873	34,270	13,179	1,707
	<u>889,362</u>	<u>637,108</u>	<u>1,199,279</u>	<u>752,259</u>

Included in the interest income for the Authority is \$823,853,000 (2014 – \$621,130,000) which has been charged on disbursements to its subsidiary to assist with the Norman Manley International Airport expansion project. Interest is charged on the outstanding balance at a rate of 10% per annum.

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6. Expenses by Nature

Total direct and administration expenses:

	The Group		The Authority	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Advertising and public relations	11,526	15,012	5,886	3,320
Auditors' remuneration	6,433	7,433	3,500	4,890
Bad debts	119,585	58,048	(1,116)	-
Commissions and discounts	24,798	20,850	545	776
Depreciation and amortisation	1,073,487	940,800	239,373	260,609
Insurance	196,980	189,680	8,822	13,570
Irrecoverable GCT	117,131	136,857	9,967	9,014
Motor vehicle expenses	61,498	20,149	1,373	1,421
Office supplies	22,466	14,904	4,305	3,522
Other	94,937	158,339	39,365	44,211
Professional fees	150,712	60,529	8,220	16,754
Regulatory fees and taxes	43,986	39,279	7,776	7,720
Rental and lease	5,173	50,405	435	435
Repairs and maintenance	376,918	286,967	13,124	25,389
Security	264,628	241,042	44,885	42,893
Staff costs (Note 7)	823,113	839,748	197,162	241,679
Training	22,561	11,278	-	-
Traveling and entertainment	7,732	7,755	4,799	4,237
Utilities	560,137	592,218	18,112	15,361
	3,983,801	3,691,293	606,533	695,801

7. Staff Costs

	The Group		The Authority	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Wages and salaries	681,602	657,571	151,309	150,351
Payroll taxes – employer's portion	85,496	71,223	25,371	15,762
Pension and other retirement benefits –				
Pension scheme (Note 24)	(23,113)	59,899	(23,113)	59,899
Medical benefits (Note 24)	17,531	15,667	17,531	15,667
Redundancy payments	20,094	5,794	12,762	-
Other	41,503	29,594	13,302	-
	823,113	839,748	197,162	241,679

Airports Authority of Jamaica

Notes to the Financial Statements

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8. Finance Income/(Costs)

	The Group		The Authority	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Interest expense	(625,136)	(411,284)	(613,222)	(423,283)
Amortisation of grants (Note 23)	470,958	274,822	-	-
	(154,178)	(136,462)	(613,222)	(423,283)
Net foreign exchange gains	224,883	349,548	202,886	438,751
	70,705	213,086	(410,336)	15,468

9. Taxation

The Minister of Finance and Planning, 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 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.

Subject to agreement with the Tax Administration Jamaica, losses of approximately \$ 4,146,743,000 (2014 – \$3,687,726,000) for the subsidiary are available for set off against future profits of the subsidiary and may be carried forward indefinitely. No deferred tax asset is recognised in respect of the tax losses of the subsidiary.

Further to announcements by the Minister of Finance and Planning in 2014, the Income Tax Act was amended to impose a corporate income tax rate of 25% on the income of all companies other than regulated companies, with effect from 1 January 2014 and a rate of 30% for large unregulated companies, effective 1 April 2014. A "large unregulated company" is defined as an unregulated company which has gross annual income of not less than \$500 million.

During the year, the Government of Jamaica continued its reform of taxes. As a result of this, The Fiscal Incentives (Miscellaneous Provisions) Act which was signed into law on 20 December 2014, amended the Income Tax Act to reduce the tax rate for large unregulated companies from 30% to 25%, effective 1 January 2015. Consequently, this rate was applied in determining the amounts for current and deferred taxation in the financial statements as at 31 March 2015.

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9. Taxation (Continued)

The taxation charge for the year comprises:

	The Group and The Authority	
	2015 \$'000	2014 \$'000
Income tax –		
Current year	356,735	203,693
Prior year	(7,352)	-
Employment tax credit –		
Current	(24,394)	-
Prior year	(5,225)	-
Deferred tax (Note 15)	100,795	162,445
	<u>420,559</u>	<u>366,138</u>

The tax on the company's profit differs from the theoretical amount that would arise using the tax rate of 25% as follows:

	The Group		The Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Profit before taxation	<u>1,340,067</u>	<u>803,115</u>	<u>1,601,885</u>	<u>1,269,247</u>
Tax calculated at an effective tax rate of 25%	335,017	200,779	400,471	317,312
Adjusted for the effects of –				
Losses in subsidiary not recognised due to tax relief	65,454	116,533	-	-
Irrecoverable foreign exchange losses recognised on loans on-lent to subsidiary	22,787	(90,087)	22,787	(90,087)
Expenses not deductible for tax purposes	3,057	16,895	3,057	16,895
Loans payable written off allowed as capital expenditure	(19,639)	-	(19,639)	-
Over accrual in prior years	(7,352)	-	(7,352)	-
Other	50,854	12,574	50,854	12,574
Impact due to change in tax rate	-	109,444	-	109,444
	<u>450,178</u>	<u>366,138</u>	<u>450,177</u>	<u>366,138</u>
Employment tax credit	(29,619)	-	(29,619)	-
	<u>420,559</u>	<u>366,138</u>	<u>420,559</u>	<u>366,138</u>

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9. Taxation (Continued)

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	Group					
	2015			2014 Restated		
	Before tax \$'000	Tax charge \$'000	After tax \$'000	Before tax \$'000	Tax credit \$'000	After tax \$'000
<i>Items that will not be reclassified to profit or loss</i>						
Re-measurement of post-employment benefits obligations, net of taxes	7,083	(1,771)	5,312	341,918	(85,481)	256,437
<i>Items that may be subsequently reclassified to profit or loss</i>						
Foreign currency translation adjustments	(114,893)	-	(114,893)	(66,370)	-	(66,370)
Other comprehensive income	(107,810)	(1,771)	(109,581)	275,548	(85,481)	190,067
Deferred tax (Note 15)		<u>(1,771)</u>			<u>(85,481)</u>	
	Authority					
	2015			Restated 2014		
	Before tax \$'000	Tax charge \$'000	After tax \$'000	Before tax \$'000	Tax credit \$'000	After tax \$'000
<i>Items that will not be reclassified to profit or loss</i>						
Re-measurement of post-employment benefits obligations, net of taxes	7,083	(1,771)	5,312	341,918	(85,481)	256,437
Other comprehensive income	7,083	(1,771)	5,312	341,918	(85,481)	256,437
Deferred tax (Note 15)		<u>(1,771)</u>			<u>(85,481)</u>	

Airports Authority of Jamaica

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10. Net Profit and Retained Earnings

	2015 \$'000	2014 \$'000
(a) Net profit is dealt with as follows in the financial statements of:		
The Authority	1,181,326	903,109
The subsidiary	<u>(261,818)</u>	<u>(466,132)</u>
	<u>919,508</u>	<u>436,977</u>
(b) Retained earnings are dealt with as follows in the financial statements of:		
The Authority	8,812,023	7,869,083
The subsidiary	<u>(2,201,252)</u>	<u>(1,939,434)</u>
	<u>6,610,771</u>	<u>5,929,649</u>

Airports Authority of Jamaica

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11. Property, Plant and Equipment

	The Group					Total
	Land, buildings, runways and taxiways	Storage tanks and fuel lines	Motor vehicles	Computer equipment, plant and machinery, furniture and fixtures	Work in progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost -						
At 1 April 2013	14,413,243	946,187	59,485	3,285,434	408,334	19,112,683
Additions	81,425	27,408	4,229	61,976	384,109	559,147
Disposals	-	-	(1,749)	(1,874)	-	(3,623)
Transfers	80,344	-	-	-	(80,344)	-
Translation adjustment	1,241,755	-	6,664	348,053	56,439	1,652,911
At 31 March 2014	15,816,767	973,595	68,629	3,693,589	768,538	21,321,118
Additions	82,575	-	4,174	112,352	417,107	616,208
Disposals	-	-	(2,143)	(564)	-	(2,707)
Transfers	383,829	-	21,546	626,402	(1,031,777)	-
Translation adjustment	629,902	-	3,674	179,458	27,760	840,794
At 31 March 2015	16,913,073	973,595	95,880	4,611,237	181,628	22,775,413
Depreciation -						
At 1 April 2013	3,061,690	571,005	44,755	1,357,108	-	5,034,558
Charge for the year	492,170	54,219	7,821	386,487	-	940,697
Disposals	-	-	(1,749)	(1,591)	-	(3,340)
Translation adjustment	143,640	-	7,132	165,618	-	316,390
At 31 March 2014	3,697,500	625,224	57,959	1,907,622	-	6,288,305
Charge for the year	522,501	1,397	14,073	525,838	-	1,063,809
Disposals	-	-	(2,143)	(132)	-	(2,275)
Translation adjustment	95,917	-	2,932	97,641	-	196,490
At 31 March 2015	4,315,918	626,621	72,821	2,530,969	-	7,546,329
Net Book Value -						
31 March 2015	12,597,155	346,974	23,059	2,080,268	181,628	15,229,084
31 March 2014	12,119,267	348,371	10,670	1,785,967	768,538	15,032,813

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Notes to the Financial Statements

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11. Property, Plant and Equipment (Continued)

	The Authority					
	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
Cost -						
At 1 April 2013	3,722,604	946,187	4,545	222,607	112,570	5,008,513
Additions	-	27,408	-	6,554	-	33,962
Transfer	81,425	-	-	22,623	(104,048)	-
Disposals	-	-	-	-	-	-
At 31 March 2014	3,804,029	973,595	4,545	251,784	8,522	5,042,475
Additions	35,987	-	-	3,383	6,499	45,869
Transfers	6,499	-	-	-	(6,499)	-
Adjustments	(402)	-	2	(10)	-	(410)
At 31 March 2015	3,846,113	973,595	4,547	255,157	8,522	5,087,934
Depreciation -						
At 1 April 2013	1,927,418	571,005	2,214	77,274	-	2,577,911
Charge for the year	184,919	54,219	808	20,653	-	260,599
At 31 March 2014	2,112,337	625,224	3,022	97,927	-	2,838,510
Charge for the year	161,527	1,397	762	75,676	-	239,362
Adjustments	-	-	-	(92)	-	(92)
At 31 March 2015	2,273,864	626,621	3,784	173,511	-	3,077,780
Net Book Value -						
31 March 2015	1,572,249	346,974	763	81,646	8,522	2,010,154
31 March 2014	1,691,692	348,371	1,523	153,857	8,522	2,203,965

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 were designated the deemed cost of these assets on adoption of International Financial Reporting Standards in 2002.

Property, plant and equipment include assets at cost totaling \$3,090,899,000 (2014 - \$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.

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12. Intangible Assets

Comprising computer software:

	The Group	The Authority
	\$'000	\$'000
Cost -		
At 1 April 2013	34,232	250
Additions	1,135	10
Translation adjustment	3,653	-
At 31 March 2014	39,020	260
Translation adjustment	2,227	
At 31 March 2015	41,247	260
Amortisation -		
At 1 April 2013	11,023	250
Charge for the year	103	10
Translation adjustment	1,081	-
At 31 March 2014	12,207	260
Charge for the year	9,678	
Translation adjustment	929	
At 31 March 2015	22,814	260
Net Book Value -		
31 March 2015	18,433	-
31 March 2014	26,813	-

13. Investments

Investments comprise Fixed Rate Accreting Notes ("FRANs") Government of Jamaica securities, classified as held-to-maturity, which were issued in 2013 as part of the National Debt Exchange, with J\$80 of principal value for every J\$100 of principal value exchanged. The principal will accrete to J\$100 of principal value by the maturity date in 2028.

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14. Related Party Transactions and Balances

The following transactions were carried out with related parties:

(a) Key management compensation

	The Group		The Authority	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Wages and salaries	62,960	55,468	29,315	19,593
Payroll taxes – employer's portion	4,829	4,696	1,530	1,221
	<u>67,789</u>	<u>60,164</u>	<u>30,845</u>	<u>20,814</u>
Directors' emoluments -				
Management remuneration	21,091	11,789	21,091	11,789
Fees	1,261	1,425	1,261	1,425

(b) Authority's interest in subsidiary

	2015	Restated
	\$'000	2014
	\$'000	\$'000
Non-current portion	16,839,207	15,538,797
Current portion	514,569	406,865
	<u>17,353,776</u>	<u>15,945,662</u>
Shares, at cost	305,377	305,377
Advances –		
At start of year	15,945,661	13,309,812
Issued during the year	1,102,738	2,330,473
At end of year	<u>17,048,399</u>	<u>15,640,285</u>
	<u>17,353,776</u>	<u>15,945,662</u>

The Authority earned concession and other fees amounting to \$228,521,000 (2014 – \$227,943,000), and interest and other income as detailed in Note 5, from the subsidiary during the year.

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15. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a tax rate of 25% (2014 - 30%).

	The Group and The Authority	
	2015	2014
	\$'000	\$'000
At beginning of year	564,061	811,987
Charged to profit or loss during the year (Note 9)	(100,795)	(162,445)
Charged to other comprehensive income (Note 9)	(1,771)	(85,481)
At end of year	<u>461,495</u>	<u>564,061</u>

	The Group and The Authority	
	2015	2014
	\$'000	\$'000
Interest payable	264,005	242,400
Accelerated depreciation and amortisation	477,397	457,218
Capital grants	55,496	60,245
Post-employment benefits	37,423	42,002
Accrued vacation	2,919	2,807
Foreign exchange losses	(8,791)	86,070
Investment in subsidiary	(340,760)	(319,839)
Interest receivable	(26,194)	(6,842)
	<u>461,495</u>	<u>564,061</u>

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

	The Group and The Authority	
	2015	2014
	\$'000	\$'000
Deferred tax assets to be recovered after more than 12 months	570,315	559,465
Deferred tax liabilities to be settled after more than 12 months	<u>340,760</u>	<u>319,839</u>

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16. Inventories

This represents spare parts and supplies.

17. Receivables

	The Group		The Authority	
	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Trade	1,301,962	1,123,162	422,234	489,579
Less: Provision for impairment	(520,007)	(400,492)	(285,077)	(293,083)
	781,955	722,670	137,157	196,496
Mobilization payment	79,455	153,516	-	-
Prepayments	65,034	62,819	45,113	46,905
Advances	104,810	72,932	1,656	8,407
GCT recoverable	3,550	31,999	3,550	3,550
Other	4,296	12,523	4,296	651
	1,039,100	1,056,459	191,772	256,009
Withholding tax recoverable	77,936	58,248	31,454	24,603
	<u>1,117,036</u>	<u>1,114,707</u>	<u>223,226</u>	<u>280,612</u>

18. Cash and Cash Equivalents

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

	The Group		The Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash at bank and in hand	261,375	337,052	123,875	36,392
Short term deposits	4,181,385	3,080,581	2,772,377	2,218,762
	<u>4,442,760</u>	<u>3,417,633</u>	<u>2,896,252</u>	<u>2,255,154</u>

Included in short term deposits is interest receivable of \$148,974,000 (2014 – \$31,222,000) for the Group and \$17,658,000 (2014 - \$27,369,000) for the Authority. Short term deposits have original maturity of ninety (90) days or less.

The weighted average interest rate on short term deposits denominated in Jamaican dollars was 8.21% (2014 –7.03%) and on short term deposits denominated in United States dollars was 3.05%(2014 – 3.28%), and these securities mature in 30 days.

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19. Payables

	The Group		The Authority	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Trade payables	136,944	111,507	33,865	26,368
Accruals	102,517	144,354	39,358	39,491
Airport Improvement Fund	69,141	5,457	-	-
Other	81,469	72,208	3,009	3,115
	<u>390,071</u>	<u>333,526</u>	<u>76,232</u>	<u>68,974</u>

20. Borrowings

	The Group		The Authority	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Current –				
Current portion of long term loans	403,650	360,917	403,650	360,917
	<u>403,650</u>	<u>360,917</u>	<u>403,650</u>	<u>360,917</u>
Non-Current -				
Long term loans	11,829,393	11,399,282	11,829,393	11,399,282
Accrued interest	1,335,364	1,139,352	1,335,364	1,139,352
	<u>13,164,757</u>	<u>12,538,634</u>	<u>13,164,757</u>	<u>12,538,634</u>
	<u>13,568,407</u>	<u>12,899,551</u>	<u>13,568,407</u>	<u>12,899,551</u>

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

20. Borrowings (Continued)

Long term loans

	The Group		Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Facilities acquired with the Government of Jamaica as an intermediary:				
(a) Inter-American Development Bank	2,368,802	2,113,358	2,368,802	2,113,358
(b) Export-Import Bank of Japan and The Bank of Tokyo-Mitsubishi Limited	836,464	745,154	836,464	745,154
(c) Nordic Development Fund	390,601	366,352	390,601	366,352
(d) European Investment Bank	4,601,740	4,382,977	4,601,740	4,382,977
(e) Caribbean Development Bank	2,300,870	2,191,488	2,300,870	2,191,488
Other facilities				
(f) Government of Jamaica/ SIA Airports Limited	-	31,206	-	31,206
(g) Government of Jamaica	-	47,348	-	47,348
(h) Petrocaribe Development Fund	2,986,671	2,830,837	2,986,671	2,830,837
(i) Other	83,259	190,831	83,259	190,831
	<u>13,568,407</u>	<u>12,899,551</u>	<u>13,568,407</u>	<u>12,899,551</u>
Less Current Portion:				
Government of Jamaica/SIA Airports Limited	-	(31,206)	-	(31,206)
Government of Jamaica	-	(47,348)	-	(47,348)
Petrocaribe Development Fund	(166,999)	(159,060)	(166,999)	(159,060)
Caribbean Development Bank	(153,392)	-	(153,392)	-
Accrued interest	(83,259)	(123,303)	(83,259)	(123,303)
	<u>(403,650)</u>	<u>(360,917)</u>	<u>(403,650)</u>	<u>(360,917)</u>
	<u>13,164,757</u>	<u>12,538,634</u>	<u>13,164,757</u>	<u>12,538,634</u>

Airports Authority of Jamaica

Notes to the Financial Statements

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20. Borrowings (Continued)

The following tables show the maturity profile for loans.

	The Group & The Authority			
	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$'000	\$'000	\$'000	\$'000
2015				
(a) Inter-American Development Bank	-	-	2,368,802	2,368,802
(b) Export-Import Bank of Japan and The Bank of Tokyo-Mitsubishi Limited	-	836,464	-	836,464
(c) Nordic Development Fund	-	390,600	-	390,600
(d) European Investment Bank	-	1,342,174	3,259,566	4,601,740
(e) Caribbean Development Bank	153,392	613,565	1,533,913	2,300,870
(f) Government of Jamaica/ SIA Airports Limited	-	-	-	-
(g) Government of Jamaica	-	-	-	-
(h) Petrocaribe Development Fund	166,999	1,000,006	1,819,667	2,986,672
(i) Other	83,259	-	-	83,259
	<u>403,650</u>	<u>4,182,809</u>	<u>8,981,948</u>	<u>13,568,407</u>
2014				
(a) Inter-American Development Bank	-	-	2,113,358	2,113,358
(b) Export-Import Bank of Japan and The Bank of Tokyo-Mitsubishi Limited	-	745,154	-	745,154
(c) Nordic Development Fund	-	366,352	-	366,352
(d) European Investment Bank	-	730,497	3,652,480	4,382,977
(e) Caribbean Development Bank	-	511,347	1,680,141	2,191,488
(f) Government of Jamaica/ SIA Airports Limited	31,206	-	-	31,206
(g) Government of Jamaica	47,348	-	-	47,348
(h) Petrocaribe Development Fund	159,060	790,339	1,881,438	2,830,837
(i) Other	123,303	-	67,528	190,831
	<u>360,917</u>	<u>3,143,689</u>	<u>9,394,945</u>	<u>12,899,551</u>

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

20. Borrowings (Continued)

- (a) 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. The loan was disbursed in 2001 and will expire twenty years from the disbursement date. This facility is unsecured and bears interest at 6.25% per annum.
- (b) 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. The loan was disbursed in 2001 and will expire eighteen years from the disbursement date. This facility is unsecured and bears interest at 2.5% per annum.
- (c) 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. The loan was disbursed in 2001 and will expire thirty years from the disbursement date. This facility is unsecured and bears interest at 1.5% per annum.
- (d) This represents a 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. The loan was disbursed in February 2010.
- (e) This represents a 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 unsecured and is repayable in 30 equal payments semi-annually commencing five years after the date of disbursement. The facility was disbursed in July 2009 and bears interest at 3.83% per annum.
- (f) 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.
- (g) This represents an advance from the Government of Jamaica, which was used to repay interest and principal in respect of loans (a) to (c) above. The advance is unsecured. There is no interest rate stated and the terms of repayment have not yet been determined.
- (h) This balance represents two loans from Petrocaribe Fund as follows:
 - i. A loan of \$22.5million (2014 – \$22.5 million) from Petrocaribe Fund was acquired to provide interim financing for the Norman Manley Airport expansion project. The loan is repayable in 31 semi-annual payments of \$725,807. Interest is charged at 6% per annum. This loan is unsecured.
 - ii. An additional loan of \$22 million is available from the Petrocaribe Fund for financing the Norman Manley Airport Expansion project which is repayable in equal semi-annual amounts beginning after the facility is fully drawn down and to end by June 2030. Interest is charged at 4% per annum. As at March 2015 the amount of draw down is \$10,719,300 (2014 - \$9,141,300).
- (i) This relates to accrued interest on loans that becomes due on demand.

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

21. Share Capital

	2015	2014
	\$'000	\$'000
Authorised - 30,000 ordinary shares		
Issued and fully paid - 20,091 ordinary shares	<u>20,091</u>	<u>20,091</u>

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.

22. 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.

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

23. 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 International Airport expansion project.

The Norman Manley International 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 new arrival and departure wings, two-level passenger pier, new baggage handling facilities, the relocation of the 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. The amount is paid over by the airlines into a special account held with an independent financial institution. The subsidiary may 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.

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	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
At start of year	1,235,138	1,435,939	240,981	259,981
Additions	647,235	425,064	-	-
Transfer to the statement of comprehensive income -				
Amortisation of grants (Note 5)	(475,066)	(460,950)	(18,998)	(19,000)
Amortisation of grants (Note 8)	(470,958)	(274,822)	-	-
Translation adjustment	31,231	109,907	-	-
At end of year	967,580	1,235,138	221,983	240,981

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

24. Post-Employment Benefits

	The Group & The Authority	
	2015	2014
	\$'000	\$'000
Liability recognised in the balance sheet –		
Pension	-	23,112
Medical benefits	149,693	144,894
	<u>149,693</u>	<u>168,006</u>
Amounts recognised in arriving at profit or loss (Note 7)		
Pension scheme	(23,113)	59,899
Medical benefits	17,531	15,667
Amounts recognised in arriving at other comprehensive income		
Pension scheme	-	355,358
Medical benefits	7,083	(13,440)
	<u>7,083</u>	<u>341,918</u>

Pension scheme benefits

The Group's participatory pension arrangements were deemed to be a defined benefit plan in previous years, which was open to all permanent employees who had satisfied certain minimum service requirements. The Trustees and the Sponsor have effected arrangements to allow for the plan to be accounted for as a defined contribution plan as of the 2015 financial year. Accordingly, these financial statements reflect the conversion of the plan assets and obligations to reflect such accounting.

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

	The Group & The Authority	
	2015	2014
	\$'000	\$'000
Fair value of plan assets	-	699,909
Present value of obligations	-	(723,021)
	<u>-</u>	<u>(23,112)</u>

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

24. Post-Employment Benefits (Continued)

Pension scheme benefits (continued)

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

	The Group & The Authority	
	2015 \$'000	2014 \$'000
At beginning of year	699,909	644,880
Interest Income	-	81,997
Re-measurement of the plan assets		
Return on plan assets, excluding amounts included in interest income	-	(7,759)
Employer contributions	-	10,431
Employee contributions	-	15,894
Value of purchased annuities	(225,524)	-
Settlement	(474,385)	-
Benefits paid	-	(43,253)
Administration expenses	-	(2,281)
At end of year	-	699,909

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

	The Group & The Authority	
	2015 \$'000	2014 \$'000
At beginning of year	723,021	973,882
Current service cost	-	25,227
Employee's contributions	-	15,894
Interest cost	-	114,388
Value of purchased annuities	(225,524)	-
Benefits paid	-	(43,253)
Curtailment	(497,497)	-
Re-measurements -		
Experience gains	-	(47,736)
Loss from change in demographic assumptions	-	-
Gain from change in financial assumptions	-	(315,381)
At end of year	-	723,021

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

24. Post-Employment Benefits (Continued)

Pension scheme benefits (continued)

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

	The Group & The Authority	
	2015	2014
	\$'000	\$'000
Current service cost, net of employee contributions	-	(25,227)
Interest cost	-	(114,388)
Interest Income on plan assets	-	81,997
Net curtailment and settlement	23,113	-
Administration expenses	-	(2,281)
	<u>23,113</u>	<u>(59,899)</u>

Component of other comprehensive income (OCI) are as follows:

	The Group & The Authority	
	2015	2014
	\$'000	\$'000
Re-measurement gain on obligation	-	(363,117)
Re-measurement gain on plan assets	-	7,759
Components of defined benefit cost recorded in OCI	<u>-</u>	<u>(355,358)</u>

The actual return on plan assets was \$71,657,000) for 2014.

The distribution of the obligations was as follows:

	The Group & The Authority	
	2015	2014
	\$'000	\$'000
At start of year	23,113	329,002
Pension expense	(23,113)	59,899
Re-measurements in OCI	-	(355,358)
Employer's contributions	-	(10,430)
At end of year	<u>-</u>	<u>23,113</u>

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

24. Post-Employment Benefits (Continued)

Pension scheme benefits (continued)

The distribution of plan assets was as follows:

	The Group & The Authority			
	2015		2014	
	\$'000	%	\$'000	%
Fixed Income Fund	-	-	461,174	66
Real Estate Fund	-	-	69,506	10
Equity Fund	-	-	169,229	24
	-		699,909	

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. The Fixed Income Fund, the Real Estate Fund and the Equity Fund are administered by Prime Asset Management Limited. 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				
	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000
Fair value of plan assets	-	699,909	644,880	597,416	648,117
Defined benefit obligation	-	(723,021)	(973,882)	(845,642)	(794,537)
Deficit	-	(23,112)	(329,002)	(248,226)	(146,420)
Experience adjustments– gains/(losses)					
Fair value of plan assets	-	7,759	1,166	35,044	13,702
Defined benefit obligation	-	(47,736)	(56,611)	22,181	(16,675)

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

24. Post-Employment Benefits (Continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

The Group & The Authority			
2014			
Impact on Post-employment obligations			
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	1%	(27,843)	31,650
Future pension increase	1%	85,713	(74,566)
			Increase Assumption by One Year \$'000
Life expectancy			5,700

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

24. 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	
	2015	2014
	\$'000	\$'000
Present value of obligations	149,693	144,894

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

	The Group & The Authority	
	2015	2014
	\$'000	\$'000
At beginning of year	144,894	120,920
Current service cost	4,009	3,718
Interest cost	13,522	11,949
Re-measurements -		
Experience (gain)/loss	(18,796)	13,685
Loss from change in demographic assumptions	-	-
Loss/(Gain) from change in financial assumptions	11,713	(245)
Benefits paid	(5,649)	(5,133)
At end of year	149,693	144,894

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

24. Post-Employment Benefits (Continued)

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

	The Group & The Authority	
	2015	2014
	\$'000	\$'000
Current service cost	4,009	3,718
Interest cost	13,522	11,949
Total included in staff costs (Note 7)	17,531	15,667

Component of other comprehensive income (OCI) are as follows:

	The Group & The Authority	
	2015	2014
	\$'000	\$'000
Re-measurement loss on obligation/components of defined benefit cost recorded in OCI	(7,083)	13,440

The distribution of the obligations was as follows:

	The Group & The Authority	
	2015	2014
	\$'000	\$'000
At start of year	144,894	120,920
Pension expense	17,531	15,667
Re-measurements included in OCI	(7,083)	13,440
Contributions paid	(5,649)	(5,133)
At end of year	149,693	144,894

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

24. Post-Employment Benefits (Continued)

Medical benefits (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	The Group & The Authority		
	Impact on Medical benefit obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
	2015		
Discount rate	1%	(21,603)	27,895
Health inflation rate	1%	27,703	(21,833)
	2014		
Discount rate	1%	(19,895)	25,465
Health inflation rate	1%	26,985	(21,163)

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

	The Group & The Authority				
	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000
Defined benefit obligation	149,693	144,894	120,920	99,043	133,937
Experience adjustments	(18,796)	13,685	(4,410)	(24,839)	34,051
					Increase Assumption by One Year \$'000
Life expectancy					5,700

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

Airports Authority of Jamaica

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31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

24. Post-Employment Benefits (Continued)

Medical benefits (continued)

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

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	
	2015	2014
Discount rate	9.50%	9.50%
Expected return on plan assets	-	9.50%
Future salary increases	-	5.50%
Future pension increases	-	2.75%
Long term inflation rate (CPI)	6.00%	5.50%
Health Inflation above (CPI)	<u>1.50%</u>	<u>1.50%</u>

The average expected remaining service life of the employees for the medical scheme is 16.2 years (2014 – 16.3 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.

25. 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.

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

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26. Capital Commitments

At 31 March 2015, the Group had authorised capital expenditure amounting to \$1,794,449,000 (2014 – \$2,787,347,000), of which \$341,564,000 (2014 – \$530,130,000) has been contracted for.

27. Restatement

Certain restatements were made to the Group's and Authority's financial statements for the year ended 31 March 2014 and 31 March 2013 to reflect the following:

- (a) Reclassification of withholding tax recoverable against taxation payable of \$45 million and \$31 million as at 31 March 2014 and 31 March 2013, respectively.
- (b) Irrecoverable tax withheld on interest earned of \$22m, which should have been written off in 2010, has been adjusted against retained earnings in the earliest period shown, i.e. 31 March 2013.
- (c) In the Authority's financial statements, restatement of prior year balances relate to the impact of the reclassification of the current portion of interest in subsidiary of \$328 million and \$338 million for the year ended 31 March 2014 and 31 March 2013 respectively. This restatement had no impact on the income statement for either year. The restatement does not impact the consolidated results for any of the years presented, as the affected balances eliminate on consolidation.

The table below reflects the effect of the above restatement on the Authority's statement of comprehensive income for the year ended 31 March 2014.

Consolidated Statement of Financial Position 31 March 2014

	Previously stated 2014 \$'000	Reclassification of withholding tax recoverable \$'000	Restated 2014 \$'000
Receivables	1,181,946	(67,239)	1,114,707
Taxation payable	207,045	(44,949)	162,096
Current assets	4,633,250	(67,239)	4,566,011
Current liabilities	901,488	(44,949)	856,539
Retained earnings	5,951,939	(22,290)	5,929,649

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

27. Restatement (Continued)

Consolidated Statement of Financial Position 31 March 2013

	As previously stated 2013 \$'000	Reclassification of withholding tax recoverable \$'000	Restated 2013 \$'000
Receivables	1,205,771	(52,856)	1,152,915
Taxation payable	246,621	(30,566)	216,055
Current assets	3,382,990	(52,856)	3,330,134
Current liabilities	963,227	(30,566)	932,661
Retained earnings	5,344,379	(22,290)	5,322,089

Authority Statement of Financial Position 31 March 2014

	As previously stated 2014 \$'000	Restatement of intercompany balances \$'000	Reclassification of withholding tax recoverable \$'000	Restated 2014 \$'000
Interest in subsidiary	15,866,424	(327,627)	-	15,538,797
Non-current assets	18,869,385	(327,627)	-	18,541,758
Due from related party	79,238	327,627	-	406,865
Receivables	347,851	-	(67,239)	280,612
Taxation payable	207,045	-	(44,949)	162,096
Current assets	2,682,243	327,627	(67,239)	2,942,631
Current liabilities	636,936	-	(44,949)	591,987
Net current assets	2,045,307	327,627	(22,290)	2,350,644
Retained earnings	7,891,373	-	(22,290)	7,869,083

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

27. Restatement (Continued)

Authority Statement of Financial Position 31 March 2013

	As previously stated 2013 \$'000	Restatement of intercompany balances \$'000	Reclassification of withholding tax recoverable \$'000	Restated 2013 \$'000
Interest in subsidiary	13,591,793	(338,006)	-	13,253,787
Non-current assets	16,866,384	(338,006)	-	16,528,378
Due from related party	23,396	338,006	-	361,402
Receivables	247,768	-	(52,856)	194,912
Taxation payable	246,621	-	(30,566)	216,055
Current assets	1,796,427	338,006	(52,856)	2,081,577
Current liabilities	688,618	-	(30,566)	658,052
Net current assets	1,107,809	338,006	(22,290)	1,423,525
Retained earnings	6,817,681	-	(22,290)	6,795,391

AIRPORTS AUTHORITY OF JAMAICA

Administration Building
Norman Manley International Airport
Palisadoes, Kingston
Telephone: (876) 924-8835-7
Fax: (876) 924-8419
E-mail: aaj@aaj.com.jm
Website: www.airportsauthorityjamaica.aero

NORMAN MANLEY INTERNATIONAL AIRPORT

Palisadoes, Kingston
Telephone: (876) 924-8452-6
Fax: (876) 924-8566
Toll Free: 1-888-AIRPORT (247-7678)
E-mail: nmial@aaj.com.jm
Website: www.nmia.aero
Airport Operator: NMIA Airports Limited
(A wholly-owned subsidiary of Airports Authority of Jamaica)

SANGSTER INTERNATIONAL AIRPORT

Sunset Boulevard, Montego Bay
Telephone: (876) 979-1034-5
Fax: (876) 952-6172
Airport Operator: MBJ Airports Limited

IAN FLEMING INTERNATIONAL AIRPORT

Boscobel, St Mary
Telephone: (876) 975-3101

TINSON PEN AERODROME

Marcus Garvey Drive, Kingston
Telephone: (876) 923-0022, 757-6560

NEGRIL AERODROME

Negril, Hanover
Telephone: (876) 957-5016

KEN JONES AERODROME

St. Margaret's Bay, Portland
Telephone (876) 913-3173



AIRPORTS AUTHORITY OF JAMAICA

THINKING DEVELOPMENT...
MOVING AHEAD



NORMAN MANLEY INT'L AIRPORT
KINGSTON
MKJP (KIN)



SANGSTER INT'L AIRPORT
MONTEGO BAY
MKJS (MBJ)

IAN FLEMING
Int'l Airport



IAN FLEMING INT'L AIRPORT
BOSCOBEL
MKBS-(OCJ)

DOMESTIC AERODROMES

Tinson Pen - MKTP (KTP)

Commuter airport located in the Capital City, Kingston.

Ken Jones - MKKJ (POT)

Located in Portland, east of the island

Negril - MKNG (NEG)

Located in the tourist mecca, west end of the island

