

# NMIA AIRPORTS LIMITED

OPERATOR OF THE NORMAN MANLEY INTERNATIONAL AIRPORT

2016-2017 | ANNUAL REPORT



*Welcome to the*  
**Norman Manley  
International Airport**

**YOUR GATEWAY TO KINGSTON**



  
VIP  
LOUNGES

  
DUTY FREE  
SHOPPING

  
LEARNING &  
DEVELOPMENT  
CENTER

  
PARK N' FLY

  
CHAPEL

  
MINI MART

  
FREE WIFI

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## VISION STATEMENT

*"A friendly, efficient, world-class airport  
that is a gateway of choice in the  
Caribbean."*

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## MISSION STATEMENT

*"To operate a safe, profitable and  
environmentally friendly airport,  
providing world-class service with  
a uniquely Jamaican character."*





## NMIA'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.

### 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 are committed to sustainable environmental practices.





**Newlyn 'Neil' Seaton  
Chairman-NMIAL**

## BOARD OF DIRECTORS' REPORT

### OVERVIEW

The 2016/2017 fiscal year was significant with regard to the governance arrangements and reporting structure for NMIA Airports Limited (NMIAL) approved operator of the NMIA. Previously, NMIAL, a wholly owned subsidiary of the Airports Authority of Jamaica (AAJ), reported its financial and operational results as part of the AAJ's Annual Reports, however, the 2016/2017 fiscal year will mark the first year of separate reporting by NMIAL in keeping with the distinct but related mandates of the respective organizations.

On behalf of the Board of Directors of NMIAL, I am pleased to outline the achievements of the organization over the past year and present the Audited Financial Statements. I wish to state that the scope and activities of NMIAL gathered momentum during the year under review although there were no material adjustments to the organization's Corporate Plan.

Norman Manley International Airport (NMIA) is the gateway linking the country's capital city to

destinations worldwide. The airport caters to a divergent group of travellers, the principal travellers being Jamaican citizens and Caribbean nationals.

There is evidence to suggest that with the opening of the North-South Highway NMIA will feature in the increased traffic linking tourist to hotels on the North Coast and air cargo to destinations on the island; NMIA being Jamaica's leading air cargo facility. The focus of the Board and management for the planning period has been the optimal use of the airport facilities, increasing both aeronautical and non-aeronautical revenues and providing customer service of the highest standard, whilst maintaining strict adherence to the laws relating to terrorism, human and drug trafficking.

Financially, NMIAL showed an operating surplus of US\$9.5M, a 25% reduction when compared with the US\$12.7M in the previous fiscal year. Although experiencing a decline in the surplus, NMIAL continued to be profitable which has enabled it to eliminate its negative shareholders equity of the US \$1.1M in 2015/16 fiscal year to record a positive equity

position of US\$4.1M (285%). The profit outturn was primarily the result of increased repair and maintenance of an aging plant as well as the conclusion of a two-year retroactive wage agreement. These resulted in an increase in operational expenses from \$29.7M in the last year to US\$35.6M in the current year. There was also a significant debt impairment provision of US\$2.4M arising from implementation of new International Financial Reporting Standards (IFRS) requirements. The main expenses were: staff costs of US\$7.2M, depreciation and amortization of US\$7.1M and repairs and maintenance of US\$4.0M.

Total passenger traffic recorded at NMIA in the year under review is 1,586,362, an increase of 2.09% over the last period. Aircraft movement declined marginally by 1.25%, in 2016/2017, when compared to the previous year. Total air freight volumes declined by 1.06% moving to 12, 497,732 kgs in 2016/2017.

As it pertains to the airport's Capital Development Programme (CDP), which involves three phases emanating from a 20 year NMIA Master Plan Study completed in 2004, the CDP was prepared based on the need to expand and modernize the Terminal Building and other airport infrastructure. The CDP, which totalled US\$161M, included the rehabilitation of the main Terminal Building, Cargo Storage and Processing Space, Electrical, Electronic and Mechanical and other infrastructure works with some changes to the airside infrastructure. The three phases of the CDP are particularised as follows: Phase 1A (US\$120M) – period 2004/2005 to 2011/2012 (completed); Phase 1B (US\$26M) period 2012/2013 to 2016/2017 (being finalized); and Phase 2 (US\$15M) period 2017/2018 to 2022/2023.

This final phase will be partially incorporated in the Public Private Partnership (PPP) transaction for NMIA to be undertaken by the new operator of the airport. These works will improve the airport's operational efficiency and effectiveness.

During the period under review NMIA was nominated by the World Travel Awards (WTA), along with the Sangster International Airport (SIA) and other airports in the region, for the Caribbean's Leading Airport award. SIA was selected as the leading airport and we congratulate the team at MBJ Airports Limited (MBJ) in retaining the award for Jamaica. Additionally, the team at NMIAL is proud that NMIA was recognised as being a part of the select group of outstanding regional airports.

The Board and Management of NMIAL continue to vigorously carry on the business of the operation of the airport, notwithstanding the plans of the government to privatise NMIA by way of PPP arrangement. During the year, Cabinet appointed a new Enterprise Team to lead the NMIA PPP transaction, with assistance from the Development Bank of Jamaica (DBJ) and the International Finance Corporation (IFC) as advisors. The NMIAL Board is kept abreast of the plans for the privatisation and it is now anticipated that Commercial Closing with the preferred bidder is proposed to take place summer 2018 and Financial Closing by summer 2019.

Notwithstanding the many challenges within the airport's operating environment, the Board and I are satisfied with progress made by the organisation over the past fiscal year. I therefore use this medium to thank the Minister of Transport and Mining for the opportunity to serve the air transportation sector, the Permanent Secretary in the Ministry and his staff, the

NMIAL Board of Directors, the staff and airport workers as well as the many airport stakeholders and related industry partners with whom we work closely to achieve the organization's vision towards making NMIA "A friendly, efficient, world-class airport that is a

Gateway of choice in the Caribbean."

Mr. Newlyn 'Neil' Seaton

**Chairman**







**Audley Deidrick**  
CEO NMIAL

## CHIEF EXECUTIVE OFFICER'S MESSAGE

The year 2016/2017 has signaled a year of change in the corporate affairs of NMIA Airports Limited (NMIAL), with a newly appointed Board along with dedicated sub-committees that addressed specific and separate mandates from those of its parent company, the Airports Authority of Jamaica (AAJ). The organization therefore discontinued, for the most part, the merged reporting and execution of tasks associated with the respective entities. This new era in the airport's oversight and administration was accompanied by additional reports and accountabilities for the management and staff; however, the process was seamlessly facilitated by the Board and executives towards the mission of operating a *"safe, profitable and environmentally friendly airport, providing world-class service with a uniquely Jamaican character."*

NMIAL's Operating Revenues for the year was US\$38.1m versus US\$37.3m for the previous year, an increase of US\$800k or 2%. Operating Expenses amounted to US\$35.5m, versus US\$29.7m for the previous year, an increase of US\$5.9m or 19%, and when compared with the budget of US\$32.0m for the current year, represents an increase of US\$3.6m or 11%. NMIAL therefore made an Operating Profit of

US\$9.5m, compared with US\$12.7 in the previous year, a decrease of US\$3.2m or 25%. Net Profit After Tax for the year was US\$5.2m versus US\$16.4m for the previous year, a decrease of US\$11.2m or 68% due primarily in part to the extinguished tax losses resulting in a tax charge of US\$58k for this year versus a deferred tax credit of US\$7.5m in 2015/16. The significant development this year in the fortunes of NMIAL is that its pattern of generating net losses, has permanently changed, so that its negative shareholder's equity position of US\$1.1m in 2015/16 has become a positive equity position of US\$4.1m, which is expected to continue in the years ahead.

With regard to traffic indicators, NMIA saw an increase of 2.09% in passenger traffic when compared with the previous year, moving from 1,553,928 passengers in 2015/2016 to 1,586,362 passengers in 2016/2017. The airport handled 67% of the nation's air freight, but experienced a minor decline of 1.06% in 2016/2017 when compared to 2015/2016. NMIA also experienced a reduction of 1.25% in aircraft movements resulting in a total of 20,771 in 2016/2017 compared with 21,033 in 2015/2016. It is noteworthy that for the first time JetBlue Airways surpassed Caribbean Airlines Limited (CAL) as being the leading airline at NMIA with 24% of market share,

compared with CAL's reduced share of 22%.

NMIA's Phase 1b Capital Development Programme (CDP) which started in 2013 continues with US\$20.7m spent up to March 2017. This Phase of the programme is valued at US\$ 26m (2013 – 2018) and is aimed at complementing the new infrastructure created under Phase 1A and will address matters such as risk mitigation; maintenance & upgrade, as well as efficiency improvements. A Phase 2 CDP has been prepared for NMIA to continue from 2017 which is included in the NMIA PPP transaction for the private operator to execute. While the NMIA PPP transaction is proceeding, the NMIA CDP (which includes extension of the runway to accommodate RESA similar to requirements for the Sangster International Airport – "SIA") will still need to be implemented as scheduled, in order to maintain the regulatory and service level requirements of the airport. The funding for the major elements of the programme (up to 2020) has been provided for in the rate increase granted to NMIA as of 2015 by the Jamaica Civil Aviation Authority (JCAA) in its role as Economic Regulator.

Safety and security are primary pillars of NMIA's operation. During the period NMIA launched the Safety Management System Implementation Plan along with a safety mascot to enhance safety awareness and promote a safe working environment. In addition, a full-scale Emergency Security simulation exercise (dubbed Operation STEPPS), was held on Thursday, June 2, 2016 which simulated a staged act of unlawful interference. The simulated scenario, which was observed by the JCAA proved very useful in assessing the airports coordinated response along with other emergency response organisations, including Office of Disaster

Preparedness and Emergency Management (ODPEM).

Regrettably, during the third quarter of the year NMIAL had to address issues such as the untimely failure of the airfield lighting system which resulted in the temporary closure of the runway and diversion/cancellation of flights. Based on an extensive review of the airfield lighting and back-up systems, NMIAL has conducted the necessary repairs and implemented the required risk mitigation strategies to prevent a recurrence of this nature. Additionally, simulation exercises and tests will be conducted periodically to ensure optimum performance of the airfield lights.

The new Air Traffic Control Tower was officially commissioned at NMIA on November 16, 2016. The new NMIA tower is part of a comprehensive modernization programme, which is being undertaken by the Jamaica Civil Aviation Authority to enhance the safety, efficiency, reliability and national impact of Jamaica's air transport sector and its air navigation infrastructure. The new tower was built at a cost of CAD\$20M and signals to local and international interests, as well as, our Air Traffic Controllers, that the government is committed to ensuring the delivery of our air navigation services in a modern, conducive and world class setting.

While noting the dynamic nature of airport management and the many variables and issues that attend the day to day operations of the airport's aeronautical and non-aeronautical activities, we are pleased that much has been accomplished to enable an economically viable operation at NMIAL, which is poised for even greater growth in passenger throughput and profitability in subsequent years due

to the development within the airport's catchment area and the North South Highway from Kingston to Ocho Rios.

I therefore wish to express sincere gratitude to our staff, airport workers and key stakeholders (the Airlines; Concessionaires; Jamaica Civil Aviation Authority; Jamaica Tourist Board; Jamaica Hotel and Tourist Association; Passport Immigration & Citizenship Agency; Jamaica Customs; Min. of Health; Min. of Industry, Commerce, Agriculture and Fisheries; the Police; Port Security Corp and the private security firms; Manpower Maintenance

Services; and the many others), whose combined efforts have enabled us to seamlessly deliver the high quality of service to our customers, including airline passengers and the general public. We are anticipating challenging, but rewarding days ahead and as such look forward to working together to deliver another positive year of performance.



Audley Deidrick

**CEO – NMIA**





# OVERALL TRAFFIC PERFORMANCE

## PASSENGER, AIRCRAFT AND FREIGHT MOVEMENTS

| NMIA                      | 2011/12    | 2012/13    | 2013/14    | 2014/15    | 2015/16    | 2016/17    |
|---------------------------|------------|------------|------------|------------|------------|------------|
| <b>Total Passengers</b>   | 1,457,840  | 1,462,072  | 1,370,893  | 1,467,993  | 1,553,928  | 1,586,362  |
| <b>Aircraft Movements</b> | 21,437     | 22,313     | 20,243     | 21,175     | 21,033     | 20,771     |
| <b>Total Freight</b>      | 12,336,776 | 11,991,323 | 12,041,376 | 12,277,715 | 12,631,448 | 12,497,732 |

Total passenger traffic (arrivals and departures) recorded an increase of 2.09% from 1,553,928 passengers in 2015/16 to 1,586,362 in the year under review. NMIA accounted for 29% of total air passenger into the island.

Total Air freight (cargo and mail) volumes declined by 1.06% in 2016/2017 when compared with the previous year, moving from 12, 631,448 kgs in 2015/16 to 12,497,732 kgs in 2016/2017. NMIA handled 67% of air freight into the island.

Aircraft movement declined by 1.25% in 2016/2017 when compared to the previous year. A total of 20,771 movements were recorded compared to 21,033 in 2015/16.

## NORMAN MANLEY INTERNATIONAL AIRPORT (NMIA)

NMIA experienced growth in passenger traffic and revenue performance over the last year notwithstanding challenges in source markets such as Canada (due to economic conditions) and the USA, with the planned/announced changes in immigration policies.

The growth in passenger numbers was supported by a number of events hosted in Destination Kingston, including the very significant airport welcome in April 2016 by hundreds of Rastafarians who gathered at NMIA to await and celebrate the arrival of His Imperial Highness Prince Ermias Sahle-Selassie of Ethiopia and his spouse, Princess Saba Kebede. The Minister of Transport and Mining as well as the Minister of Culture, Gender, Entertainment and Sport met the special guests on arrival. Prince Sahle-Selassie is the grandson of Emperor Haile Selassie, former leader of Ethiopia. Haile Selassie, also known as Ras Tafari, is revered by Jamaica's Rastafarian community. Sahle-Selassie was visiting Jamaica on the 50th anniversary of Haile Selassie's three-day state visit to Kingston on April 21, 1966.



### ROUTE DEVELOPMENT AND MARKETING INITIATIVES

NMIAL, in partnership with the AAJ, attended Routes Americas 2017 in Las Vegas, Nevada, USA over the period February 13-17, 2017 including travel time to and from the event. The team continued and/or initiated strategic discussions with top air service development officers of targeted airlines, through pre-arranged appointments and on-the-ground activities. The discussions were aimed at having the airlines include the Norman Manley International Airport as a viable option for new or improved air service to Destination Kingston and Ocho Rios.

Meetings (including the presentation of business cases to the airlines) were held with 22 entities (airlines/airports/tourism organisations). Information included traffic potential and the recent developments in NMIA's catchment area, such as the opening of the Kingston to Mamee Bay leg of the North-South Highway as well as planned hotel developments.





In May 2016 NMIA welcomed Delta Air Lines' Regional District Sales Manager, who was on hand to greet the first set of passengers to arrive in Kingston as a result of the recently introduced Delta Vacations flight. The passengers were afforded the "DELTA treatment" from plane side to curb side, then transported to the charming Strawberry Hills Resort in St. Andrew.

NMIA increased its online footprint with the revamping of the various corporate social media platforms and a special promotion. This tool served to enhance the marketing of the airport and its catchment area and strengthening instant communication with passengers, stakeholders and the Diaspora. During the summer months of 2016 NMIA initiated a "#Kingstonwayup" video and social media competition to highlight and promote the remarkable Destination Kingston. 12 entrants made it to the final and the winner presented a creative video clip highlighting her favourite Kingston attractions, plus little known historical facts on what makes them unique. The presentation of the grand prize was made in September 2016.

Another key initiative during the year occurred in 2016 October, when NMIAL partnered with the Jamaica Tourist Board (JTB) and joined a 9 member tourism delegation on a promotional blitz in Trinidad and Tobago (T&T). The team sought to increase awareness of the updated Brand Jamaica as a tourism destination. The delegation engaged over 60 travel agents across Trinidad and Tobago through sales calls, a cocktail reception as well as Promotional media appearances on popular local stations. The T&T tour also included a courtesy call on the office of the High Commission of Jamaica, Port of Spain. Members of the delegation included representatives from - Altamont Court Hotel, The Courtleigh Hotel & Suites, Jewel Resorts, El Sol Vida (FUN TOURS JA.) Grand Palladium Jamaica Resort & Spa, Jamaica Hotel & Tourist Association, Mystic Mountain Bobsled Jamaica and NMIAL.

## COMMERCIAL PROGRAMME

On November 9, 2016 the telecommunications giant, FLOW, opened a new promotional kiosk at NMIA. The company regards the initiative as a significant milestone in their ongoing effort to revamp the experience of their customers. The kiosk is equipped with a FLOW 'Tech Expert' to help outbound passengers have the best experience with the network while roaming by recommending appropriate roaming plans to help manage their budget. Plans are also underway to establish another location in the Arrivals area of the airport.



Another significant occurrence with NMIAL's commercial programme is the planned expansion of the Rent-A-Car service providers at the airport as a result of increasing requirement for such services. NMIAL's primary objectives for growing the Vehicle Rental Concession are as follows: Provide vehicle rentals, related vehicle rental services and products suited to the market; Maintain value for money and competitive pricing; Maximize sales and optimize revenue and; Provide quality customer service. Based on the growing demand, the decision was made to increase the number of operators to six (6) operators. NMIAL therefore issued a Tender in February 2017 for all 6 positions and is expected to make a decision on the approved operators by the end of the first quarter in the new financial year 2017/2018.

## **NMIA AIRPORT ART & ENTERTAINMENT**

NMIA facilitated the third staging of the AAJ Schools' Art Project in December 2016 with a total of 160 Students representing 35 Schools, and various age groups. The participants were challenged to depict one of three new themes: Climate Change ...the impact on Jamaica; Summer Olympics 2016; and My Vision of Kingston as a Creative City. Prior to the competition a 1 day Art Symposium for art teachers was introduced. The event directly engaged over 45 art teachers, with



presentations from leading practitioners in the local art community. The competition is intended to reward, showcase and celebrate the creativity of Jamaican youngsters. The top 12 pieces from each season are mounted in the main terminal building of the airport and forms part of the passenger experience at NMIA. The top 3 in each category are awarded with trophies and prizes. Consolation prizes are also given to the top 20 outstanding performers across the age categories. All participants received a certificate.

NMIA partnered with the Kingston & St. Andrew Parish Office of the Jamaica Cultural Development Commission (JCDC) to host a series of lunch hour concerts in the Arrivals Forecourt. The celebrations reflected on the life and contribution of some of Jamaica's cultural icons;

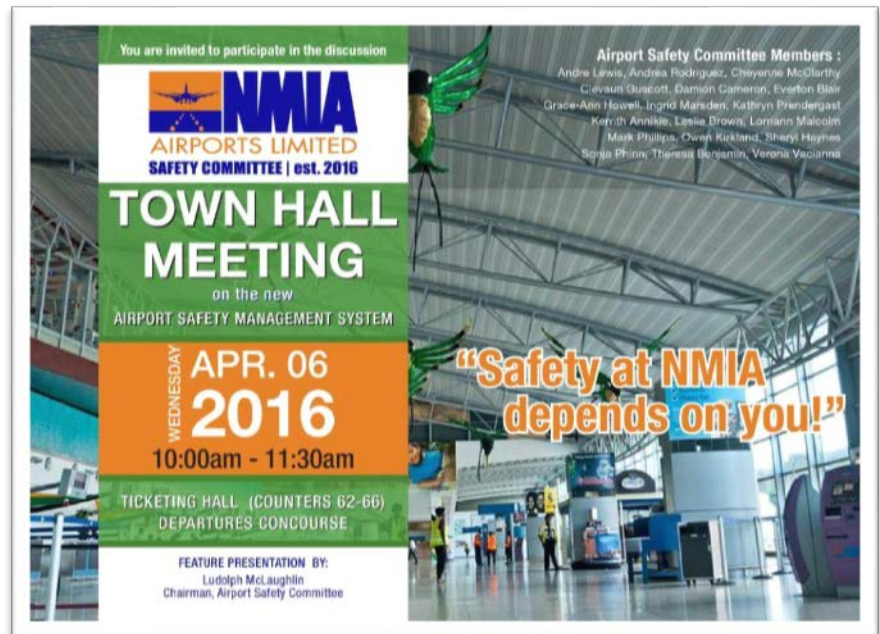
- **September 7<sup>th</sup> 2016** Hon. Louise Bennett-Coverley OM, OJ, MBE | 97<sup>th</sup> anniversary of her birth and the 10<sup>th</sup> anniversary of her passing.
- **October 26<sup>th</sup> 2016** Randolph Samuel Williams "Maas Ran", CD | 104<sup>th</sup> anniversary of his birth.
- **February 6<sup>th</sup> 2017** Robert Nesta "Bob" Marley, OM | 72<sup>nd</sup> anniversary of his birth.

The tribute concerts served as a welcomed treat for arriving passengers and featured outstanding performers from the JCDC National Festival of the Performing Arts Competition, story boards on the icons, the Miss Kingston & St. Andrew Festival Queen 2016, live music and signature welcome cocktails and other performers.

## AIRPORT OPERATIONS

In April 2016 NMIAL launched the Safety Management System (SMS) programme at an event in the NMIA Ticketing Hall and outlined its framework on safety activities. NMIAL has dedicated resources to achieve safety awareness and a safe working environment by launching a "Name the Safety Mascot" competition.

The Safety Mascot embodies the Airport's Safety Mission and assists in conveying safety messages on how to: Prevent and reduce work, equipment and environmental accidents, as well as airport operations incidents/accidents; Strengthen and promote measures to deal with incident contributory factors, their possible causes, and create a positive safety culture; Make the SMS programme an integral part of the airport workplace, building systems; Highlight and reinforce safe workplace behaviour in a fun, interactive and memorable way. The Safety Mascot Competition was successfully completed in September 2016 and the name **SIRUS** was selected which means:



- S- stop & think
- I- identify the Risk
- R- report the Risk
- U- use all your senses
- S- seek advice and help



On June 2, 2016, NMIA conducted a Full-scale Aviation Security Exercise billed Operation STEPPS (Safeguarding, Threat Elimination and People Preservation Simulation), under the oversight of the Jamaica Civil Aviation Authority. The "Operation STEPPS" scenario involved a simulated act of unlawful interference and consequently, the mobilization of multi-agency assets from the various NMIA emergency response partners who participated in the exercise. The exercise included lifesaving techniques, aviation security crisis intervention activities and psychological support. Over 40 agencies/departments and approximately 450 participants, including actors, airport workers and volunteers, assisted the emergency responders by role-playing. The simulation proved to be a very successful test of the Airport Security Programme and the Airport Emergency Plan.

Also in June 2016, NMIA received a new Airport Rescue and Fire Fighting Vehicle (ARFFV) which was subsequently customised for inclusion in the airport's fire fighting fleet.



On November 16, 2016, NMIA facilitated the official commissioning of the new Air Traffic Control Tower. Standing at 131 feet tall and encompassing over 8000 square feet of space, the new tower is a symbol of modernity and of the entrenchment of Jamaica as a significant player in the aerospace industry. This ultra-modern air traffic services facility is fitted with state-of-the-art equipment of the highest international standards. The commissioning of the new tower has also resolved longstanding issues that impacted operations at the old tower. The enhanced service capabilities of the new NMIA tower and associated investments will also enable Jamaica to handle the future growth in aviation activities that has been forecasted for our country and region.



A significant fault on the airfield lighting system at NMIA, as well as the unavailability of emergency battery lamps at the time of the incident, occurred on, November 30<sup>th</sup> 2016. The incident resulted in the airport's runway and taxiway being unsafe and by extension unavailable for flight operations. As a result of the runway closure a number of airlines and passengers were regrettably impacted. Based on the repairs identified and corrected, the availability of emergency battery lamps, additional training being provided, as well as extensive review being conducted on the airfield lighting and back-up systems, there is a significantly reduced possibility of a recurrence. Additionally, an actual simulation exercise was conducted to test the back-up emergency lighting system, and it was demonstrated that all the required standards (including human and physical resources)

were met for the safe operation of the runway and taxiway- in the event of an unexpected failure in the regular airfield lighting system. These tests will be conducted periodically.

During the year NMIAL made significant effort to submit the required organizational and operational manuals to the JCAA in pursuit of the Airport's Certification. It is anticipated that all the work and processes towards certification, including the Demonstration Phase, will be completed before the end of the 2017/2018 fiscal year.

## **ICT PROJECTS & ACTIVITIES (2016/2017) – NMIA**

During the 2016/2017 financial year, the following ICT projects/activities were completed at NMIA:

- *CCTV Surveillance System Upgrade*

The 3rd phase of the CCTV Expansion project involved: replacement & upgrade of 33 cameras, resuscitation of 30 AgentVi licenses for Video Analytics on selected cameras and implementation of a backup Video Management Server. The 33 cameras were installed at the end of June 2016. An additional 30 new cameras (including 3 spare cameras) ordered and installed to upgrade and replace existing units which were failing or to improve image quality. The AgentVi Video Analytics system initially implemented in 2012 has been re-enabled with the renewal of 30 licenses to provide video analytics for selected cameras at NMIA. This will facilitate real-time, automated video surveillance of sensitive areas with alerts to AVSEC personnel if threats are detected. This software also permits criteria-based searches of archived video footage. Re-training for the AVSEC team was conducted in September 2016.

A 2nd (Backup) Server was acquired and installed in July 2016 to increase reliability and availability of the CCTV System. In addition, outdoor wireless network infrastructure (inclusive of 8 wireless access points) was installed to facilitate communication with several remote cameras on the landside and airside which had been impacted by poor reliability due to degraded transceivers.

- *Enterprise Data Storage Upgrade & Enhancement to ICT Disaster Recovery capability*

In order to accommodate increases in demand for data storage across multiple enterprise servers, 18TB of additional internal hard drives were acquired and implemented within the organisation's storage area network (SAN) platform.

Enhancements were also made to the ICT disaster recovery (DR) capability, by upgrading software associated with the off-site DR environment to allow for more granular recovery of data and processing capability should the need arise in the event of a disaster or damage/failure of enterprise servers within the main data centre at NMIA.

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## CORPORATE SOCIAL RESPONSIBILITY

### Kingston City Run

NMIAL, through its parent company, continues to be a major sponsor of the Kingston City Run from the inception. With over 120 members strong on Sunday, March 12, 2017, TEAM NMIA dominated at the 5th annual staging of the Run. The event, aimed to raise J\$5 million to help the homeless, attracted more than 4,000 participants from more than 15 countries. The Jamaica Hotel and Tourist Association (JHTA) – Kingston Chapter, organizers of Kingston City Run (½ marathon, 10k and 5k) sought to create more awareness of the growing number of homeless persons as they work to assist the Open Arms Drop In Centre, Marie Atkins Night Shelter, Alpha Boys' School, Food For The Poor and Missionaries for the Poor. Since the inaugural staging in 2013, Kingston City Run has raised over \$9 million for charities specifically dealing with homelessness.



### International Coastal Clean-up (ICC) Day

In observance of International Coastal Clean-up (ICC) Day, NMIA facilitated the Jamaica Environment Trust (JET) on its 23rd annual Beach Clean-up of the Palisadoes strip. The event was held on September 17, 2016 under the theme "Nuh Dutty Up Jamaica."

JET partnered with NMIAL, which provided trucks with hand-washing water for participants in the event. JET also partnered with the Jamaica National Heritage Trust (JNHT) and the Tourism Enhancement Fund (TEF) to undertake the clean-up exercise at Fort Rocky on the Palisadoes and on the beach near the end of the stone revetment in the vicinity of the sand dunes on the Palisadoes main road, leading to the airport.



## NMIA CAPITAL DEVELOPMENT PROGRAMME

Under the airport's three-phase, US\$161m Capital Development Programme (CDP) aimed at expanding and modernizing the terminal building and other airport infrastructure; works targeted for the 2016/2017 fiscal year were at various stages of procurement/completion, and included:

- *Fire Suppression System* - extension from the Departure Concourse to Arrival Concourse including the Administration Building as well as the Electrical Substations
- *Electrical System Upgrade Phase 2* – 4kV system upgrade, study & design for 24kV line and upgrade of standby generators
- *Replacement & Upgrade of Major Fixed Assets*: Replacement parts for inbound Baggage Carousels; Passenger Loading Bridges Spares; Incinerator – upgrade of software and repairs to burners
- *Air Handling Units (AHU) procurement & Installation* – to replace & augment cooled air system within the airport terminal.
- *Major upgrade and overhaul of the 2007 installed Chillers.*
- *Electronic Systems upgrades* – supply & installation of a voice Over IP PBX Phone System

These works, will improve the airport's efficient and effective operations. In addition, NMIAL continued to aggressively implement energy saving measures across the organization.

## ENVIRONMENTAL MANAGEMENT AND SUSTAINABILITY

NMIAL remained committed to the principle of environmental sustainability, and is guided by ISO14001 standards in the implementation of various operational programmes and activates at the airport. NMIAL is also guided by the mandates of local environmental regulations and relevant international conventions. NMIA is situated within the locally declared Palisadoes - Port Royal Protected Area (PPRA), and in the midst of a declared Wetland of International Significance or RAMSAR site. In this ecologically sensitive zone, NMIAL continued its role as a major stakeholder and made responses to the National Environment and Planning Authority (NEPA) Revised Protected Area regulations for the PPRA (2017 - 2020).

The first NMIA Wildlife Hazard Assessment study, 5KM wildlife survey and Wildlife Hazard Management training programme have been implemented. Environmental projects geared at examining aviation noise, water management, waste characterization, climate change adaptation and indoor air quality are in various stages of undertaking. These works will provide critical analyses and outline mechanisms in order to mitigate and improve airport operations, land use planning and resource management at NMIA.

The outlook in respect of significant environmental issues affecting airports continue to evolve at both the local and international levels, especially with regard to Greenhouse Gas Emissions, Air Quality and Climate Change.

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NMIAL is responsive to the matter of Climate Change and its potential impacts over the long-term for the operations of the airport, and a NMIA Climate Change Impact study was undertaken. Wildlife hazard management, waste management, plant quality monitoring, landscaping management and vector control remain significant components within the suite of Environmental Programmes. Environmental permits and licences pertinent to the operations of the airport continue to be obtained, renewed and maintained as part of the airport's commitment to regulatory compliance. A new license is in progress with the application for NMIA's Air Quality license certification in respect of Air Quality Regulations (2006), for which approval is being awaited from NEPA.

## HUMAN RESOURCE MANAGEMENT AND ADMINISTRATION

The organization continued its human capital development programme in fulfillment of its mandate to develop, implement and support initiatives which facilitates improved employee performance, empowerment, growth and retention, welfare and safety in support of NMIAL's operational goals.

As at March 31, 2017 the total number of personnel employed to NMIAL was two hundred and eighty nine (289). The areas below outline the organization's achievements for the period.

### *Employee Training*

The training policy supports initial, recurrent, and retraining of staff to ensure the provision of training to certification level and to raise the competency levels to world class standards. To this end, NMIA facilitated short term training programmes for airport specific knowledge and skills in an effort to build and enhance competence in this area. Training was also offered in specific technical training for specialized skills. These programmes were offered both locally and internationally through face-to-face and online delivery methodologies.

For the period, 270 employees out of an average workforce of 289 employees participated in various training programmes totaling 750 man-days of training. This is an average of 2.6 man-days of training per employee in relation to the overall workforce. Training programmes for the period included:

- ACI Airports Economics Course
  - ICAO Security Management Training
  - ACI/ICAO Airport User Charges Seminar
  - Infrastructure Construction and Management Seminar
  - Conflict Management and Resolution Strategies
  - Project Management
  - Public Sector Procurement
  - Installing and Configuring Windows Server 2012
  - Strategic and Corporate Planning
-

- Occupational Safety and Health in the Workplace
- Information Security Management Systems (ISMS) ISO 27001
- Unlocking the Mystery of Financial Statements
- Innocent Flirtation or Punishable Sexual Harassment
- Emergency Medical Technician
- Certified Occupational Safety Specialist (COSS)
- Online Training Methodology and Practice Project
- Emergency Planning and Crisis Management Training
- Wildlife Hazard Management Training
- Basic Air Traffic Services (BATS) Training
- Exceptional Customer Service

### ***Employee Development***

Developmental opportunities continued throughout the period to include on-the-job training in all functional areas, cross training, job rotation, job enrichment and special project assignments for employees. In continuing our support for employees' career and personal development, NMIA made Tuition Assistance awards to 4 employees in reading for 1<sup>st</sup> degrees and for 1 employee to pursue a 2<sup>nd</sup> degree. A total of \$3,380,571.42 was disbursed in this regard.

### ***Employee Welfare Programme***

During the period NMIAL implemented its Employee Recognition Programme and hosted its annual Employee Heart Screening Exercise, wellness seminars and talks under the Wellness Programme, as well as the customary Christmas Socials.

The Scholarship for Children of Employees programme was expanded to include the primary level along with the existing secondary, tertiary and book grant categories. There were 15 awards at the primary level, 4 awards for secondary scholarships, 1 tertiary scholarship and 8 book grants were awarded for the 2016-2017 academic year. The total disbursement was \$ 2,640,000 for new and recurring scholarship holders.





# BOARD OF DIRECTORS



Mr. Newlyn 'Neil' Seaton  
Chairman



Hon. William Shagoury  
AAJ Board Chairman



Mrs. Julia Moncrieffe Wiggan



Mr. Audley Deidrick  
C.E.O



Col. (Ret'd) Torrance Lewis



Mr. Leroy Lindsay



Mr. Mark Hart



Mr. Kent Gammon



Mr. Ludlow Johnson

## EXECUTIVE TEAM



AUDLEY H. DEIDRICK  
CHIEF EXECUTIVE OFFICER - NMIAL  
& PRESIDENT - AAJ



CARVELL MCLEARY  
SNR. DIRECTOR HRM &  
ADMINISTRATION



VERONA VACIANNA  
GENERAL COUNSEL  
(ACTG)



ALFRED MCDONALD  
SNR. DIRECTOR, COMMERCIAL  
DEVELOPMENT & PLANNING



HORACE BRYSON  
SNR. DIRECTOR,  
ENGINEERING,  
MAINTENANCE & PROJECTS



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



SAMUEL MANNING  
SNR. DIRECTOR  
(ACTG.)  
FINANCE



PAULETTE TULLOCH  
DIRECTOR (ACTG.),  
AVIATION SECURITY



RICHARD GIBBS  
DIRECTOR, ICT





# OPERATIONAL PERFORMANCE

## FINANCIAL HIGHLIGHTS

**Table 1:** Actual and Projected Financial Performance for NMIA Airports Limited

| Key Performance Indicators (KPI's) | Actual 2016/17 (US\$'000) | Budget 2016/17 (US\$'000) | Budget 2017/18 (US\$'000) |
|------------------------------------|---------------------------|---------------------------|---------------------------|
| Operating Income                   | 38,085                    | 38,893                    | 39,939                    |
| Operating Expenditure              | (35,545)                  | (24,057)                  | (24,239)                  |
| Other income (Expenditure)         | 2,723                     | (4,367)                   | (2,395)                   |
| Taxation                           | (58)                      | -                         | (3,326)                   |
| Net Profit                         | 5,205                     | 10,469                    | 9,980                     |
| Capital Expenditure                | 5,214                     | 4,504                     | 12,895                    |

**Table 2:** Summary Financial Indicators for NMIA Limited:

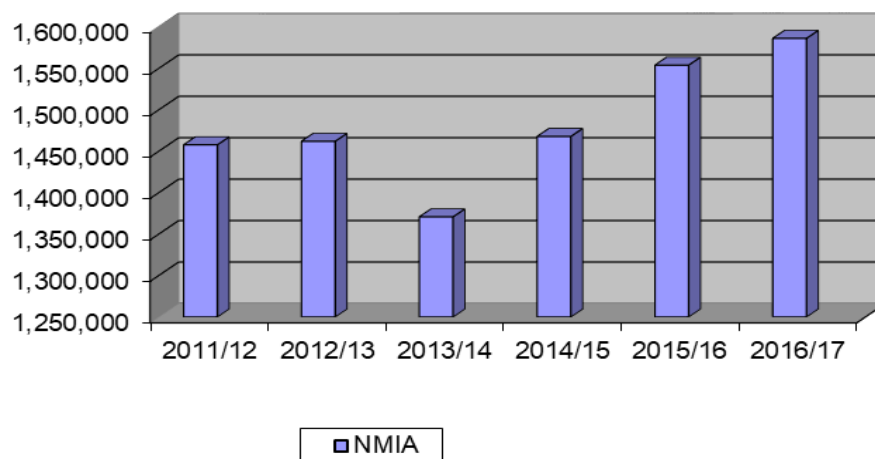
| Summary Financial Indicators for NMIA Limited |  |            |            |
|---|--|------------|------------|
| Description                                   |  | 2015/16    | 2016/17    |
| Aeronautical to Total Revenue                 |  | 62%        | 64%        |
| <b>Aeronautical Revenue (US\$'000)</b>        |  |            |            |
| Passenger Service Fees                        |  | 12,190     | 12,343     |
| Security Fees                                 |  | 6,573      | 6,906      |
| Landing Fees                                  |  | 3,280      | 3,432      |
| Other   |  | 1,027      | 1,090      |
| <b>Non-Aeronautical Revenue (US\$'000)</b>    |  |            |            |
| Concession Fees                               |  | 7,757      | 8,621      |
| Car Park                                      |  | 829        | 853        |
| Space Rental                                  |  | 1,617      | 1,024      |
| Advertising Space Rentals                     |  | 435        | 448        |
| Utilities Recovery                            |  | 549        | 434        |
| Other   |  | 3,007      | 2,933      |
| <b>Revenue Drivers</b>                        |  |            |            |
| Passenger Throughput                          |  | 1,553,928  | 1,586,362  |
| Aircraft Landings                             |  | 10,518     | 10,254     |
| Cargo Throughput                              |  | 12,631,448 | 12,485,817 |

## Traffic Performance

|         | NMIA             |                    |               |
|---------|------------------|--------------------|---------------|
| Period  | Total Passengers | Aircraft Movements | Total Freight |
| 2011/12 | 1,457,840        | 21,437             | 12,336,776    |
| 2012/13 | 1,462,072        | 22,313             | 11,991,323    |
| 2013/14 | 1,370,893        | 20,243             | 12,041,376    |
| 2014/15 | 1,467,993        | 21,175             | 12,277,715    |
| 2015/16 | 1,553,928        | 21,033             | 12,631,448    |
| 2016/17 | 1,586,362        | 20,771             | 12,497,732    |

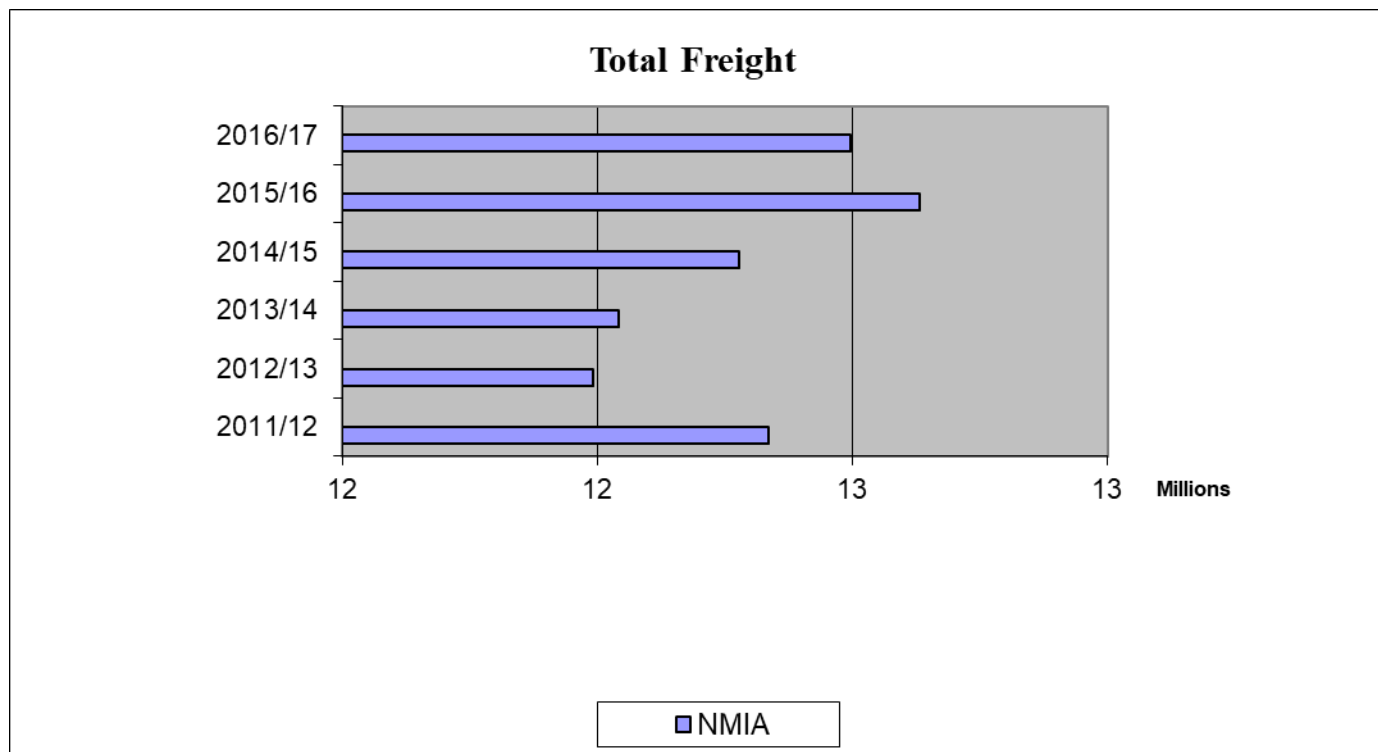
| FIN. YR. | NMIA      | % CHANGE |
|----------|-----------|----------|
| 2011/12  | 1,457,840 |          |
| 2012/13  | 1,462,072 | 0.29%    |
| 2013/14  | 1,370,893 | -6.24%   |
| 2014/15  | 1,467,993 | 7.08%    |
| 2015/16  | 1,553,928 | 5.85%    |
| 2016/17  | 1,586,362 | 2.09%    |
| Total    | 8,899,088 |          |

### Passenger Statistics



## Freight Performance

| FIN. YR.     | NMIA              | % CHANGE |
|--------------|-------------------|----------|
| 2011/12      | 12,336,776        |          |
| 2012/13      | 11,991,323        | -2.80%   |
| 2013/14      | 12,041,376        | 0.42%    |
| 2014/15      | 12,277,715        | 1.96%    |
| 2015/16      | 12,631,448        | 2.88%    |
| 2016/17      | 12,497,732        | -1.06%   |
| <b>Total</b> | <b>73,776,370</b> |          |

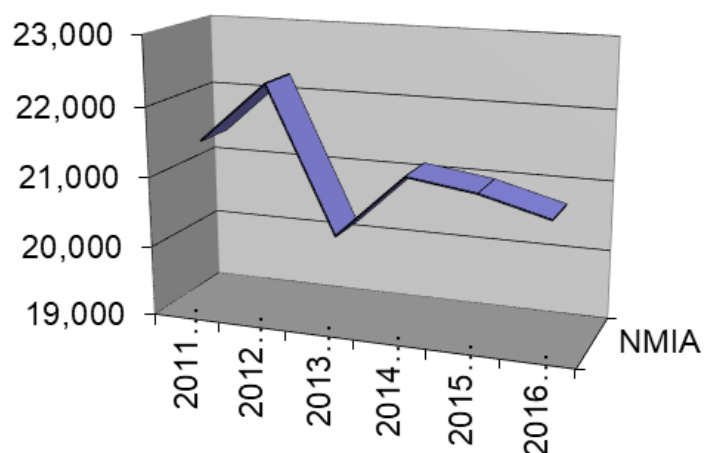




## Aircraft Movements

| FIN. YR.     | NMIA           | % CHANGE |
|--------------|----------------|----------|
| 2011/12      | 21,437         |          |
| 2012/13      | 22,313         | 4.09%    |
| 2013/14      | 20,243         | -9.28%   |
| 2014/15      | 21,175         | 4.60%    |
| 2015/16      | 21,033         | -0.67%   |
| 2016/17      | 20,771         | -1.25%   |
| <b>Total</b> | <b>126,972</b> |          |

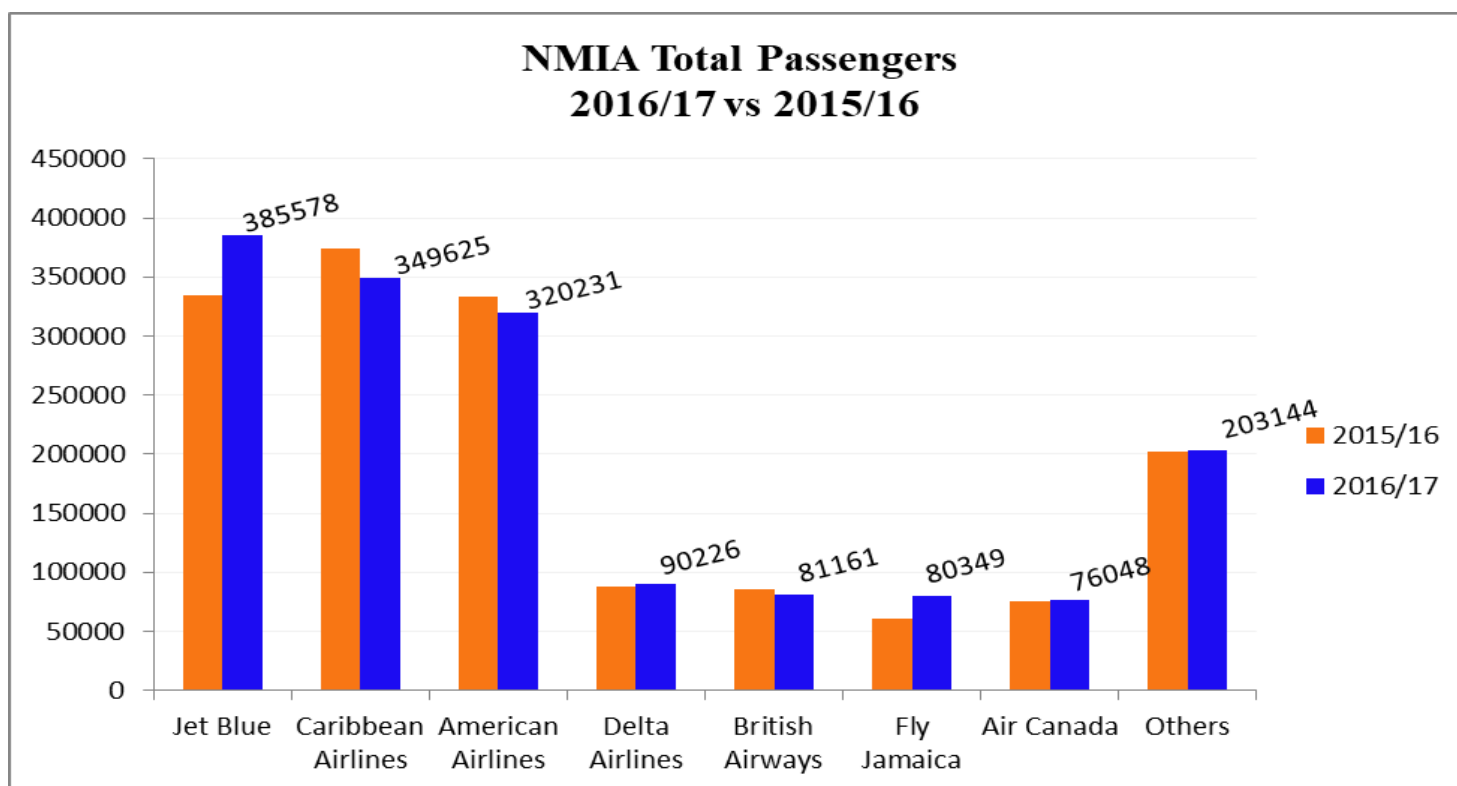
**Aircraft Movement**



## NMIA TOP AIRLINES

Table 3: Passenger movement by airline - 2016/2017 versus 2015/2016 for NMIA Airports Limited:

| <u>Airline</u>         | <u>Market Share</u> |                 |          |                 |                 |
|------------------------|---------------------|-----------------|----------|-----------------|-----------------|
|                        | Apr to Mar-2016     | Apr to Mar-2017 | % Change | Apr to Mar-2016 | Apr to Mar-2017 |
| Jet Blue               | 334,511             | 385,578         | 15.27%   | 21.53%          | 24.31%          |
| Caribbean Airlines     | 373,929             | 349,625         | -6.50%   | 24.06%          | 22.04%          |
| American Airlines      | 333,473             | 320,231         | -3.97%   | 21.46%          | 20.19%          |
| Delta Airlines         | 87,893              | 90,226          | 2.65%    | 5.66%           | 5.69%           |
| British Airways        | 85,696              | 81,161          | -5.29%   | 5.51%           | 5.12%           |
| Fly Jamaica            | 61,070              | 80,349          | 31.57%   | 3.93%           | 5.06%           |
| Air Canada             | 75,321              | 76,048          | 0.97%    | 4.85%           | 4.79%           |
| Cayman Airways         | 73,205              | 74,361          | 1.58%    | 4.71%           | 4.69%           |
| WestJet                | 42,705              | 42,317          | -0.91%   | 2.75%           | 2.67%           |
| Copa Airlines          | 24,913              | 24,494          | -1.68%   | 1.60%           | 1.54%           |
| InterCaribbean Airways | 21,024              | 22,355          | 6.33%    | 1.35%           | 1.41%           |
| Spirit Airlines        | 10,348              | 10,406          | 0.56%    | 0.67%           | 0.66%           |
| Insel Air              | 11,129              | 8,643           | -22.34%  | 0.72%           | 0.54%           |
| Others                 | 18,711              | 20,568          | 9.92%    | 1.20%           | 1.30%           |
|                        | 1,553,928           | 1,586,362       | 2.09%    |                 |                 |



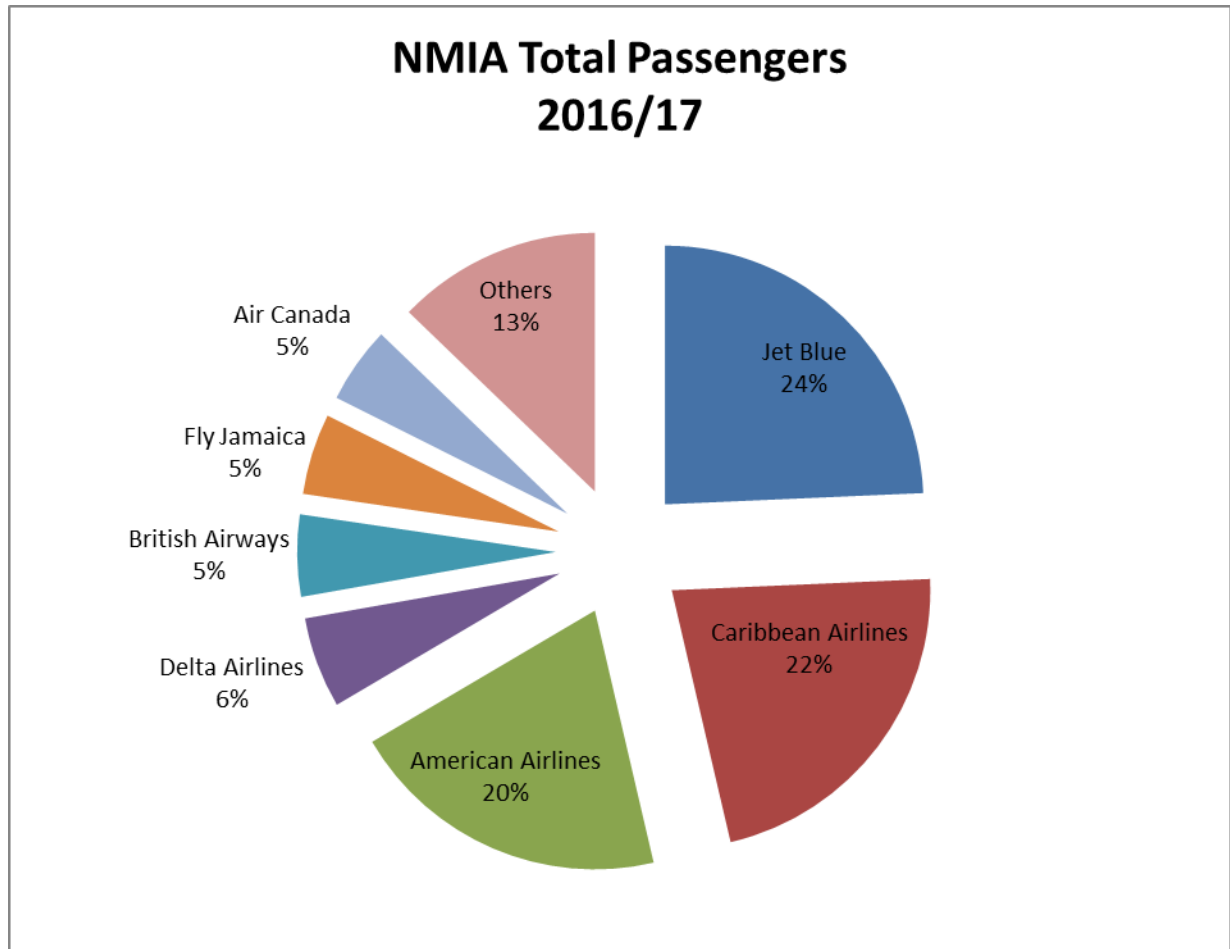
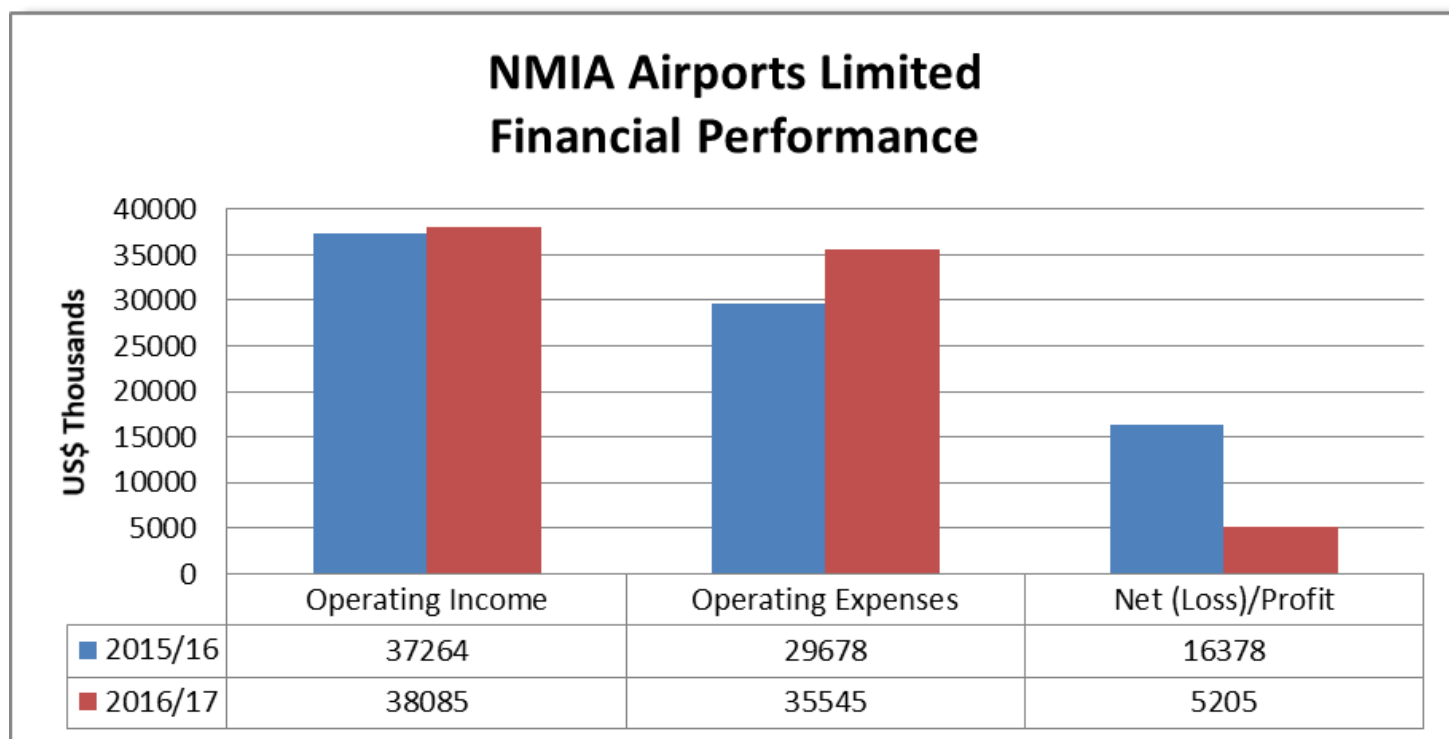


Table 4: Actual Financial Performance 2016 versus 2015 for NMIA Airports Limited:





## DIRECTORS' COMPENSATION: April 2016 - March 2017

| Position of Director  | Fees       | Motor Vehicle Upkeep/<br>Travelling<br>or<br>Value of Assignment of<br>Motor Vehicle | Honoraria | All Other<br>Compensation<br>including Non-Cash<br>Benefits as<br>applicable | Total      |
|---|------------|--|-----------|--|------------|
|   | (\$)       | (\$)   | (\$)      | (\$)   | (\$)       |
| Mr Newlyn Seaton-Chairman<br>of the NMIAL Board                                   | 253,000.00 | 12,690.00  |           |  | 265,690.00 |
| Hon. William Shagoury-<br>Chairperson for the Human<br>Resources Subcommittee     | 84,000.00  | 40,252.00  |           |  | 124,252.00 |
| Mr Leroy Lindsay-<br>Chairperson of Audit & Risk<br>Subcommittee                  | 34,900.00  | 2,726.00   |           |  | 37,626.00  |
| Mr Kent Gammon-<br>Chairperson for NMIAL<br>Finance Subcommittee                  | 34,900.00  | 2,491.00   |           |  | 37,391.00  |
| Mr Mark Hart- Chairman of<br>Operations & Business<br>Development<br>Subcommittee | 76,900.00  | 24,061.00  |           |  | 100,961.00 |
| Mr Ludlow Johnson-<br>Chairman of the Projects<br>and Procurement<br>Subcommittee | 109,910.00 | 11,985.00  |           |  | 121,895.00 |
| Col Torrance Lewis-<br>Director   | 146,900.00 | 12,690.00  |           |  | 159,590.00 |
| Mrs Julia Moncrieffe-<br>Wiggan- Director   | 139,800.00 | 12,690.00  |           |  | 152,490.00 |
|   | 880,310.00 | 119,585.00   |           |  | 999,895.00 |

## Notes

1. Fees are paid as follows: Board Meetings & Sub-Committee Meetings.
2. Directors receive a travelling allowance for meetings attended.
3. Payments to external members of Board Sub-committees who are not Directors are not included in the numbers reported above.
4. Other compensation represents payment of business related telephone charges.

\*See Executive compensation for the Director /CEO

## SENIOR EXECUTIVE COMPENSATION: April 2016 - March 2017

|                      |        | Salary     | Gratuity  | Travelling<br>Allowance | Pension or<br>Other<br>Retirement<br>Benefits | Other<br>Allowances | Non-Cash | Grand<br>Total |
|----------------------|--------|------------|-----------|-------------------------|---|---------------------|----------|----------------|
| President            |        | 8,584,975  | 2,311,638 | 3,806,394               | -   | 4,689,706           | 290,437  | 19,683,150     |
|                      | AAJ    | 8,584,975  | 2,311,638 | 3,806,394               |   | 4,689,706           | 290,437  | 19,683,150     |
|                      |        |            |           |                         |   |                     |          |                |
| Snr. Director - HRMA |        | 5,845,995  | 1,418,064 | 2,573,976               | -   | 2,229,111           | 179,919  | 12,247,066     |
| Snr. Director - CDM  |        | 5,845,995  | 1,495,321 | 2,573,976               | -   | 2,307,143           | 293,138  | 12,515,572     |
| Snr. Director - EMP  |        | 5,737,809  | 1,458,185 | 2,573,976               | -   | 2,024,137           | 212,712  | 12,006,819     |
|                      |        |            |           |                         |   |                     |          |                |
|                      | NMIAL  | 17,429,799 | 4,371,570 | 7,721,928               | -   | 6,560,390           | 685,770  | 36,769,457     |
|                      |        |            |           |                         |   |                     |          |                |
|                      | CONSOL | 26,014,774 | 6,683,208 | 11,528,322              | -   | 11,250,096          | 976,207  | 56,452,607     |

### Notes

- ✓ All members of the Executive Management are eligible to receive 25% of their annual basic salary as gratuity in lieu of pension benefits.
- ✓ Executives are eligible to receive travelling allowance
- ✓ Other Allowances is comprised of meal, clothing and laundry allowances
- ✓ Non-cash Allowances include Group Life & Health Insurance coverage
- ✓ An Upkeep Allowance is paid and is represented in the column labelled "Travelling Allowance."
- ✓ The non-taxable upkeep, totalling \$5,366,496 and the non-cash items (health & life insurance) of \$976,207 are not reflected in the audited financial statement as they are not regarded as management compensation shown in the audited financial statements.

## NMIA AIRPORTS LTD.

### BOARD MEMBERS ATTENDANCE MAY 2016 – MARCH 2017

|              | Mr. Newlyn Seaton | Hon. William Shagoury | Mr. Mark Hart | Mr. Ludlow Johnson | Mr. Torrance Lewis | Mrs. Julia Moncrieffe Wiggan | Mr. Kent Gammon * | Mr. Leroy Lindsay* |
|--------------|-------------------|-----------------------|---------------|--------------------|--------------------|------------------------------|-------------------|--------------------|
| May 2016     | •                 | •                     | -             | •                  | •                  | •                            |                   |                    |
| Jun. 2016    | •                 | -                     | •             | •                  | •                  | •                            |                   |                    |
| Jul. 2016    | •                 | -                     | -             | •                  | •                  | •                            |                   |                    |
| Aug. 2016    | —                 | —                     | —             | —                  | —                  | —                            |                   |                    |
| Sep. 2016    | •                 | -                     | -             | •                  | -                  | •                            |                   |                    |
| Oct. 2016    | •                 | •                     | -             | -                  | •                  | -                            |                   |                    |
| Nov. 2016    | -                 | -                     | -             | -                  | -                  | -                            | -                 | -                  |
| Dec. 2016    | •                 | -                     | -             | -                  | •                  | •                            |                   |                    |
| Jan. 2017    | •                 | -                     | •             | •                  | •                  | •                            |                   |                    |
| Feb. 2017    | •                 | •                     | •             | -                  | •                  | •                            | •                 | •                  |
| Mar. 2017    | •                 | •                     | •             | •                  | •                  | •                            | •                 | •                  |
| <b>TOTAL</b> | 9                 | 4                     | 4             | 6                  | 8                  | 8                            | 2                 | 2                  |

- Notes:**
1. The Board was appointed in May 2016.
  2. \*Denotes the Directors appointed to the NMIAL Board by way of Cabinet Decision No 2/17 dated January 16, 2017.
  3. The Board goes on recess in August of each year.
  4. Board meeting for the month of November 2016 was postponed due to an invitation from the Minister of Transport & Mining for the Chairman and the CEO to attend the Minister's Strategic Retreat.

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# AWARDS & EVENT HIGHLIGHTS



# NMIA ONLINE PROMOTIONS

LIKE OUR PAGE AND VOTE FOR US IN THE  
WORLD TRAVEL AWARDS AND GET A CHANCE  
TO WIN TICKETS FOR 2 TO MIAMI



and the winner of 2 tickets to MIAMI, courtesy of NMIAirport is...



*Congratulations!*  
**YANEIK HENRY**

## VOTE FOR



# NMIA

### AIRPORTS LIMITED

A subsidiary of the Airports Authority of Jamaica

## Caribbean's Leading Airport 2016



## #KINGSTONWAYUP



### SHOW US WHY YOU LOVE KINGSTON AND WIN!



We want you to help us show  
the world just how great Kingston is!

**How:** Record a video and upload it to or tagging **Norman Manley International (@NMIAJA)** and using the hashtag **#KINGSTONWAYUP**

One lucky winner will receive the grand prize of **THE ULTIMATE KINGSTON EXPERIENCE** - 2 airline tickets and 4days/3nights at the new Courtyard by Marriott plus a whirlwind tour of the Capital City. Deadline for submissions is **July 30th**

## #KINGSTONWAYUP



**PALISADOES STRIP**  
HOME OF THE HISTORIC  
FORMER CITY OF PORT ROYAL



# NMIA STAKEHOLDERS' APPRECIATION





**AIRPORT STAKEHOLDERS' APPRECIATION 2016** CONT'D

Page 4



## AIRPORT CONCESSIONNAIRES 2016 - TOP PERFORMERS



**CASA D' XAYMACA**  
Most Improved RETAIL



**JET BLUE**  
Most Improved AIRLINE



**AJAS**  
Most Improved GROUND HANDLER

*Congratulations!*



**PORT of CALL**  
Most Improved DUTY FREE



**INTER SPACE**  
Most Improved ADVERTISING



**BUDGET CAR RENTAL**  
Most Improved CAR RENTAL



**ISLAND GRILL (LAND SIDE)**  
Most Improved FOOD & BEVERAGE

Award Presentations made by NMA Executives Alfred McDonald / Snr. Director Commercial Development & Planning and Kaydian Dawes / Commercial Manager



## TEAM AAJ / NMIA OUT n' ABOUT ... FIREWORKS on the WATERFRONT !



**LIGHTS! ...CAMERA! ....HAPPY NEW YEAR!!**

TEAM AAJ / NMIA rang in the new year at the exciting FIREWORKS on the WATERFRONT , Downtown Kingston. The Airports Authority of Jamaica is a proud sponsor of the annual family-oriented event which also serves very well to showcase Destination Kingston.



# #KINGSTONWAYUP



## SHOW US WHY YOU LOVE KINGSTON AND WIN!



Tricia Hagley welcomes Ramona to Club Kingston



Adg. General Manager Caribbean Airlines JA - Trudy Chin presents gift package to Ramona Williams



Ramona Williams gladly accepts her prize package from the General Manager Courtyard by Marriott, Kgn.— Lee Ann Godfrey



CHEERS!



## CONGRATULATIONS!!! **RAMONA WILLIAMS**

12 entrants made it to the final cut; but it was Ramona's #kingstonwayup vlog that took the enviable top spot in the recently staged NMIA Airport special promotion for **DESTINATION KINGSTON**. The creative video clip highlighted her favourite Kingston attractions plus little known historical facts on what them unique. The 9 member panel of judges voted unanimously and now Ramona is the happy recipient of a 4night / 3day stay at the brand new Courtyard Marriott, Kingston; 2 tickets courtesy of Caribbean Airlines + access to Club Kingston VIP Departure Lounge and a whirlwind tour of **KINGSTON CITY—the heart beat of Jamaica!**

Check out the winning vlog here: <https://www.youtube.com/watch?v=ca-97G3QIUw>

Snr, Dir. for Commercial Development & Planning NMIAL - Alfred McDonald  
congratulations Ramona Williams



# NMIA SPECIAL WELCOME HIGHLIGHTS





**NMIA**  
AIRPORTS LIMITED  
A subsidiary of the Airports Authority of Jamaica

presents a

## Jamaican Easter Welcome

**April 10 - 14, 2017**  
(HOLY WEEK)

*Special treat for all arriving passengers*




Meet us daily 12noon - 2:00pm  
at the

### NMIA AIRPORT CHAPEL

Located in the Ticketing Hall / Departures Concourse

| 10  | 11   | 12  | 13  | 14  |
|---|--|---|---|---|
| <b>Monday</b><br>Fasting<br>& Prayer  | <b>Tuesday</b><br>Feature Film:<br>The Passion<br>of the Christ (pt.1)               | <b>Wednesday</b><br>Feature Film:<br>The Passion<br>of the Christ (pt.2)              | <b>Thursday</b><br>Easter Reflections<br>(Cantata)                                    | <b>Good Friday</b><br>For God so<br>loved the world...<br>(John 3:16)                 |
|  |  |  |  |  |



Made possible through the kind sponsorship of  
Maxfield Bakery & Tastee Cheese





# REMEMBERING A LEGEND

HIS LIFE... HIS WORK... HIS MUSIC

ON FEBRUARY 6TH

# HAPPY BIRTHDAY BOB!



ROBERT NESTA "BOB" MARLEY, OM



## BOB MARLEY LUNCH HOUR CONCERT / NMIA ARRIVALS FORECOURT

AAJ President -Audley Deidrick shared camera lens with young star Azaria Thompson of Jessie Ripoll Primary . Her soulful, acoustic rendition of Redemption Song elicited rousing cheers and applause from the locals and visitors.





## CELEBRATING

the Life and Work  
of the late

**Hon. Louise Bennett-Coverley**  
OM, OJ, MBE

*Happy 97th Birthday  
Miss Lou!*





# HONOURING the Life and Work of Randolph Samuel Williams, CD

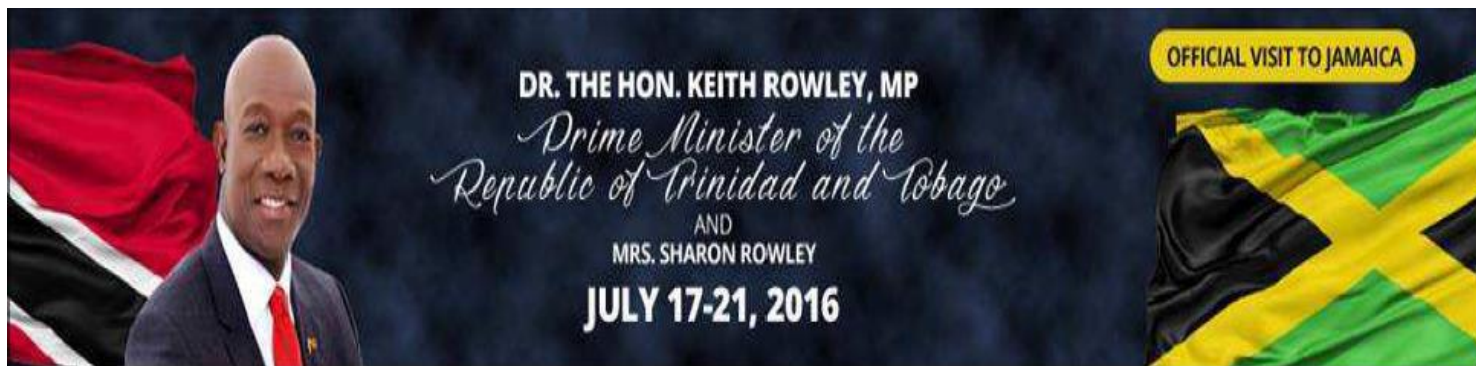


## "MAAS RAN"





# IMPORTANT CALLS







**1st RUNNERS UP**  
**INTERMEDIATE B**  
**BUSINESS HOUSE NETBALL**



**NMIA NETBALL TEAM @ The MIAMI CLASSICS | November 2016**

 **NormanManleyInternational**







# STAFF CHRISTMAS SOCIAL





# FINANCIAL STATEMENTS





## **NMIA Airports Limited**

**Financial Statements  
31 March 2017**

# NMIA Airports Limited

Index

31 March 2017

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|                                   | <b>Page</b> |
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| <b>Financial Statements</b>       |             |
| Statement of comprehensive income | 1           |
| Statement of financial position   | 2           |
| Statement of changes in equity    | 3           |
| Statement of cash flows           | 4           |
| Notes to the financial statements | 5 – 36      |





## ***Independent auditor's report***

To the Members of NMIA Airports Limited

### **Report on the audit of the financial statements**

---

#### ***Our opinion***

In our opinion, the financial statements give a true and fair view of the financial position of NMIA Airports Limited (the Company) as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

#### ***What we have audited***

The Company's financial statements comprise:

- the statement of financial position as at 31 March 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

---

#### ***Basis for opinion***

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

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

#### ***Independence***

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

---

#### ***Other information***

Management is responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

L.A. McKnight P.E. Williams A.K. Jain B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.J. Bell-Wisdom D.D. Dodd G.K. Moore



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

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

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

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***Responsibilities of management for the financial statements***

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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***Auditor's responsibilities for the audit of the financial statements***

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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#### ***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.

*PricewaterhouseCoopers*

Chartered Accountants  
Kingston, Jamaica  
31 July 2017

# NMIA Airports Limited

## Statement of Comprehensive Income

Year ended 31 March 2017

(expressed in United States dollars unless otherwise indicated)

|   | Note | 2017<br>\$'000 | 2016<br>\$'000 |
|---|------|----------------|----------------|
| Revenue   | 5    | 38,085         | 37,264         |
| Operating expenses                                  | 6    | (35,545)       | (29,678)       |
| Other income  | 8    | 6,993          | 5,040          |
| <b>Operating Profit</b>                             |      | <b>9,533</b>   | <b>12,626</b>  |
| Finance costs                                       | 9    | (4,270)        | (3,772)        |
| <b>Profit before taxation</b>                       |      | <b>5,263</b>   | <b>8,854</b>   |
| Taxation  | 10   | (58)           | 7,524          |
| <b>Net Profit, being Total Comprehensive Income</b> |      | <b>5,205</b>   | <b>16,378</b>  |



**NMIA Airports Limited****Statement of Financial Position****31 March 2017****(expressed in United States dollars unless otherwise indicated)**

|                                | <b>Note</b> | <b>2017<br/>\$'000</b> | <b>2016<br/>\$'000</b> |
|--------------------------------|-------------|------------------------|------------------------|
| <b>Non-Current Assets</b>      |             |                        |                        |
| Property, plant and equipment  | 11          | 113,994                | 115,813                |
| Deferred tax asset             | 21          | 9,084                  | 8,493                  |
| Intangible assets              | 12          | 37                     | 104                    |
| Investments                    | 13          | 284                    | 300                    |
|                                |             | <u>123,399</u>         | <u>124,710</u>         |
| <b>Current Assets</b>          |             |                        |                        |
| Inventories                    |             | 442                    | 929                    |
| Receivables                    | 14          | 9,385                  | 9,780                  |
| Cash and short term deposits   | 15          | 35,548                 | 26,946                 |
|                                |             | <u>45,375</u>          | <u>37,655</u>          |
| <b>Current Liabilities</b>     |             |                        |                        |
| Payables                       | 16          | 3,085                  | 2,297                  |
| Taxation payable               |             | 519                    | 969                    |
| Due to the Authority           | 19          | 7,969                  | 5,327                  |
| Borrowings                     | 17          | 682                    | 662                    |
|                                |             | <u>12,255</u>          | <u>9,255</u>           |
| <b>Net Current Assets</b>      |             |                        |                        |
|                                |             | <u>33,120</u>          | <u>28,400</u>          |
|                                |             | <u>156,519</u>         | <u>153,110</u>         |
| <b>Shareholder's Equity</b>    |             |                        |                        |
| Share capital                  | 18          | 4,100                  | 4,100                  |
| Accumulated deficit            |             | (46)                   | (5,251)                |
|                                |             | <u>4,054</u>           | <u>(1,151)</u>         |
| <b>Non-Current Liabilities</b> |             |                        |                        |
| Due to the Authority           | 19          | 150,036                | 149,403                |
| Grants                         | 20          | 2,429                  | 4,858                  |
|                                |             | <u>152,465</u>         | <u>154,261</u>         |
|                                |             | <u>156,519</u>         | <u>153,110</u>         |

Approved for issue by the Board of Directors on July 31, 2017 and signed on its behalf by:



Newlyn Seaton

Chairman



Audley Deidrick

Chief Executive Officer

# NMIA Airports Limited

## Statement of Changes in Equity

Year ended 31 March 2017

(expressed in United States dollars unless otherwise indicated)

|   | Number<br>of Shares | Share<br>Capital | Accumulated<br>Deficit | Total          |
|---|---------------------|------------------|------------------------|----------------|
|   |                     | \$'000           | \$'000                 | \$'000         |
| Balance at 1 April 2015                 | 328,000             | 4,100            | (21,629)               | (17,529)       |
| Total comprehensive income – Net profit | -                   | -                | 16,378                 | 16,378         |
| <b>Balance at 31 March 2016</b>         | <b>328,000</b>      | <b>4,100</b>     | <b>(5,251)</b>         | <b>(1,151)</b> |
| Total comprehensive income – Net profit | -                   | -                | 5,205                  | 5,205          |
| <b>Balance at 31 March 2017</b>         | <b>328,000</b>      | <b>4,100</b>     | <b>(46)</b>            | <b>4,054</b>   |



# NMIA Airports Limited

## Statement of Cash Flows

Year ended 31 March 2017

(expressed in United States dollars unless otherwise indicated)

|  | 2017<br>\$'000 | 2016<br>\$'000 |
|--|----------------|----------------|
| <b>Cash Flows from Operating Activities</b>                        |                |                |
| Net Profit   | 5,205          | 16,378         |
| Items not affecting cash resources:                                |                |                |
| Depreciation and amortisation charges                              | 7,100          | 7,425          |
| Interest income  | (669)          | (521)          |
| Income tax   | 58             | (7,524)        |
| Foreign exchange losses on foreign balances                        | 71             | 258            |
| Amortisation of grants   | (9,842)        | (8,387)        |
| Interest expense   | 7,827          | 7,493          |
|  | 9,750          | 15,122         |
| Changes in operating assets and liabilities:                       |                |                |
| Inventories  | 487            | (581)          |
| Receivables  | 363            | (1,873)        |
| Payables   | 854            | (140)          |
| Cash provided by operating activities                              | 11,454         | 12,528         |
| Income Tax Paid  | (1,099)        | -              |
| Net cash provided by operating activities                          | 10,355         | 12,528         |
| <b>Cash Flows from Investing Activities</b>                        |                |                |
| Purchase of property, plant and equipment                          | (5,214)        | (5,447)        |
| Investment   | -              | 16             |
| Interest received  | 669            | 521            |
| Cash used in investing activities                                  | (4,545)        | (4,910)        |
| <b>Cash Flows from Financing Activities</b>                        |                |                |
| Borrowings repaid  | (4,452)        | (3,749)        |
| Interest paid  | (7,807)        | (7,555)        |
| Grants received  | 7,413          | 6,764          |
| Drawdown on loan facility  | 7,733          | 11,010         |
| Cash provided by financing activities                              | 2,887          | 6,470          |
| Increase in cash and cash equivalents                              | 8,697          | 14,088         |
| Effects of foreign exchange movements on cash and cash equivalents | (95)           | (650)          |
| Cash and cash equivalents at beginning of year                     | 26,730         | 13,292         |
| <b>Cash and Cash Equivalents at End of Year (Note 15)</b>          | <b>35,332</b>  | <b>26,730</b>  |

# NMIA Airports Limited

## Notes to the Financial Statements

31 March 2017

(expressed in United States dollars unless otherwise indicated)

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### 1. Identification and Principal Activities

NMIA Airports Limited (the company) 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, Jamaica.

### 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 is relevant to its operations:

**Amendment to IAS 1, 'Presentation of financial statements'**. In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments form a part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. This amendment did not have a significant impact on the company's financial statements.

# NMIA Airports Limited

## Notes to the Financial Statements

31 March 2017

(expressed in United States dollars unless otherwise indicated)

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### 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 2017 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 2018, earlier adoption is permitted. The company is considering the implications of the standard on the company and the timing of its adoption.

**IFRS 16 'Leases'**, (effective for annual periods beginning on or after 1 January 2019). This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The company is considering the implications of the standard on the company and the timing of its adoption.

**IFRIC 22, 'Foreign currency transactions and advance consideration'**, (effective for annual periods beginning on or after 1 January 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The company is considering the implications of the standard on the company and the timing of its adoption.



# NMIA Airports Limited

## Notes to the Financial Statements

31 March 2017

(expressed in United States dollars unless otherwise indicated)

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### 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 (continued)*

**Amendments to IAS 7, 'Statement of cash flows'**, (effective for the periods beginning on or after 1 January 2017). In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. The company is currently assessing the impact of future adoption of the new standard on its 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 company is currently assessing the impact of future adoption of the new standard on its financial statements.

**Amendments to IFRS 15, 'Revenue from contracts with customers'** (effective for the periods beginning on or after 1 January 2018) These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. The company is currently assessing the impact of future adoption of the new standard on its financial statements.

The company has concluded that all other standards, interpretations and amendments to existing standards, which are published but not yet effective are either relevant to its operations but will have no material impact on adoption; or are not relevant to its operations and will therefore have no impact on adoption; or contain inconsequential clarifications that will have no material impact when they come into effect. This includes amendments resulting from the IASB's ongoing 'Improvements to IFRS project'.

#### (b) Foreign currency translation

##### *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment which influences the entity's operations (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 date of the statement of financial statement. 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.

# NMIA Airports Limited

## Notes to the Financial Statements

31 March 2017

(expressed in United States dollars unless otherwise indicated)

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### 2. Summary of Significant Accounting Policies (Continued)

#### (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 held to maturity. 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 date of the statement of financial position, receivables and cash and short term deposits were classified as loans and receivables. Investments intended to be held for an indefinite period of time are classified as held to maturity.

##### *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.

##### *Investments*

Purchases and sales of investments are recognised fair value 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 date of the statement of financial position, the following items were classified as financial liabilities: borrowings and payables.

# NMIA Airports Limited

## Notes to the Financial Statements

31 March 2017

(expressed in United States dollars unless otherwise indicated)

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### 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 date of the financial position.

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 2017

(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 2017

(expressed in United States dollars unless otherwise indicated)

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### 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 received for the repayment of debt and interest 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

31 March 2017

(expressed in United States dollars unless otherwise indicated)

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### 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 2017

(expressed in United States dollars unless otherwise indicated)

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### 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 2017

(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:

|                                | 2017         | 2016         |
|--------------------------------|--------------|--------------|
|                                | \$'000       | \$'000       |
| Advertising                    | 185          | 87           |
| Airlines                       | 2,944        | 3,310        |
| Car rentals                    | 167          | 203          |
| Concession                     | 812          | 2,571        |
| Food and beverage              | 286          | 225          |
| Fuel                           | 906          | 689          |
| Ground handling & taxi service | 434          | 293          |
| Others                         | 4,230        | 535          |
|                                | 9,964        | 7,913        |
| Less: Provision for impairment | (3,986)      | (1,582)      |
|                                | <u>5,978</u> | <u>6,331</u> |

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

# NMIA Airports Limited

## Notes to the Financial Statements

31 March 2017

(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:

|              | 2017        | 2016         |
|--------------|-------------|--------------|
|              | \$'000      | \$'000       |
| 16 – 30 days | 221         | 441          |
| 31 – 60 days | 540         | 450          |
| 61 – 90 days | 307         | 259          |
|              | <u>1068</u> | <u>1,150</u> |

##### *Ageing analysis of trade receivables that are past due and impaired*

As of 31 March 2017, trade receivables of \$3,986,000 (2016 - \$1,582,000) 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:

|             | 2017         | 2016         |
|-------------|--------------|--------------|
|             | \$'000       | \$'000       |
| At 1 April  | 1,582        | 2,052        |
| Provision   | 2,404        | 287          |
| Recoveries  | -            | (757)        |
| At 31 March | <u>3,986</u> | <u>1,582</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 2017

(expressed in United States dollars unless otherwise indicated)

### 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<br>Year<br>\$'000 | 1 to 5<br>Years<br>\$'000 | Over<br>5 Years<br>\$'000 | Total<br>\$'000 |
|----------------------|----------------------------|---------------------------|---------------------------|-----------------|
| <b>2017</b>          |                            |                           |                           |                 |
| Borrowings           | 682                        | -                         | -                         | 682             |
| Payables             | 3,085                      | -                         | -                         | 3,085           |
| Due to the Authority | 11,925                     | 42,990                    | 126,700                   | 181,615         |
|                      | 15,692                     | 42,990                    | 126,700                   | 185,382         |
| <b>2016</b>          |                            |                           |                           |                 |
| Borrowings           | 662                        | -                         | -                         | 662             |
| Payables             | 2,297                      | -                         | -                         | 2,297           |
| Due to the Authority | 9,477                      | 68,864                    | 100,878                   | 179,219         |
|                      | 12,436                     | 68,864                    | 100,878                   | 182,178         |

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.

# NMIA Airports Limited

## Notes to the Financial Statements

31 March 2017

(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\$<br>US\$'000 | Jamaican\$<br>US\$'000 | Total<br>US\$'000 |
|-------------------------------|------------------|------------------------|-------------------|
|                               | <b>2017</b>      |                        |                   |
| <b>Financial assets</b>       |                  |                        |                   |
| Investments                   | -                | 284                    | 284               |
| Trade receivables             | 2,278            | 3,700                  | 5,978             |
| Cash and short term deposits  | 31,567           | 3,981                  | 35,548            |
| Total financial assets        | 33,845           | 7,965                  | 41,810            |
| <b>Financial liabilities</b>  |                  |                        |                   |
| Payables                      | -                | (3,085)                | (3,085)           |
| Borrowings                    | (682)            | -                      | (682)             |
| Due to the Authority          | (157,667)        | (338)                  | (158,005)         |
| Total financial liabilities   | (158,349)        | (3,423)                | (161,772)         |
| <b>Net financial position</b> | <b>(124,504)</b> | <b>4,542</b>           | <b>(119,962)</b>  |

# NMIA Airports Limited

## Notes to the Financial Statements

31 March 2017

(expressed in United States dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (c) Market risk (continued)

##### Currency risk (continued)

|                               | US\$<br>US\$'000 | Jamaican\$<br>US\$'000 | Total<br>US\$'000 |
|-------------------------------|------------------|------------------------|-------------------|
|                               | 2016             |                        |                   |
| <b>Financial assets</b>       |                  |                        |                   |
| Investments                   | -                | 300                    | 300               |
| Trade receivables             | 5,147            | 1,184                  | 6,331             |
| Cash and short term deposits  | 22,588           | 4,358                  | 26,946            |
| Total financial assets        | 27,735           | 5,842                  | 33,577            |
| <b>Financial liabilities</b>  |                  |                        |                   |
| Payables                      | -                | (2,297)                | (2,297)           |
| Borrowings                    | (662)            | -                      | (662)             |
| Due to the Authority          | (154,470)        | (260)                  | (154,730)         |
| Total financial liabilities   | (155,132)        | (2,557)                | (157,689)         |
| <b>Net financial position</b> | (127,397)        | 3,285                  | (124,112)         |

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<br>in<br>Currency<br>Rate<br>2017 | Effect on<br>Profit<br>Before<br>Tax<br>2017<br>\$'000 | % Change<br>in<br>Currency<br>Rate<br>2016 | Effect on<br>Profit<br>Before<br>Tax<br>2016<br>\$'000 |
|-------------------|--|--|--|--|
| <b>Currency:</b>  |  |  |  |  |
| JMD – devaluation | -6%  | (273)  | -6%  | (197)  |
| JMD – revaluation | +1%  | 45   | +1%  | 33   |



# NMIA Airports Limited

## Notes to the Financial Statements

### 31 March 2017

(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<br>Year | 1 to 5<br>Years | Over 5<br>Years | Non-<br>Interest<br>Bearing | Total            |
|--------------------------------------|------------------|-----------------|-----------------|-----------------------------|------------------|
|                                      | \$'000           | \$'000          | \$'000          | \$'000                      | \$'000           |
|                                      | <b>2017</b>      |                 |                 |                             |                  |
| <b>Financial Assets</b>              |                  |                 |                 |                             |                  |
| Investments                          | 284              | -               | -               | -                           | 284              |
| Trade receivables                    | -                | -               | -               | 5,978                       | 5,978            |
| Cash and short term deposits         | 35,111           | -               | -               | 437                         | 35,548           |
|                                      | <u>35,395</u>    | <u>-</u>        | <u>-</u>        | <u>6,415</u>                | <u>41,810</u>    |
| <b>Financial Liabilities</b>         |                  |                 |                 |                             |                  |
| Payables                             | -                | -               | -               | (3,085)                     | (3,085)          |
| Borrowings                           | -                | -               | -               | (682)                       | (682)            |
| Due to the Authority                 | (7,631)          | (31,242)        | (91,950)        | (27,182)                    | (158,005)        |
|                                      | <u>(7,631)</u>   | <u>(31,242)</u> | <u>(91,950)</u> | <u>(30,949)</u>             | <u>(161,772)</u> |
| <b>Total interest re-pricing gap</b> | <u>27,764</u>    | <u>(31,242)</u> | <u>(91,950)</u> | <u>(24,534)</u>             | <u>(119,962)</u> |

# NMIA Airports Limited

## Notes to the Financial Statements

31 March 2017

(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<br>Year | 1 to 5<br>Years | Over 5<br>Years | Non-<br>Interest<br>Bearing | Total            |
|-------------------------------------|------------------|-----------------|-----------------|-----------------------------|------------------|
|                                     | \$'000           | \$'000          | \$'000          | \$'000                      | \$'000           |
|                                     | <b>2016</b>      |                 |                 |                             |                  |
| <b>Financial assets</b>             |                  |                 |                 |                             |                  |
| Investments                         | 297              | -               | -               | 3                           | 300              |
| Trade receivables                   | -                | -               | -               | 6,331                       | 6,331            |
| Cash and short term deposits        | 26,907           | -               | -               | 39                          | 26,946           |
|                                     | <u>27,204</u>    | <u>-</u>        | <u>-</u>        | <u>6,373</u>                | <u>33,577</u>    |
| <b>Financial liabilities</b>        |                  |                 |                 |                             |                  |
| Payables                            | -                | -               | -               | (2,297)                     | (2,297)          |
| Borrowings                          | -                | -               | -               | (662)                       | (662)            |
| Due to the Authority                | (5,119)          | (29,054)        | (93,992)        | (26,565)                    | (154,730)        |
|                                     | <u>(5,119)</u>   | <u>(29,054)</u> | <u>(93,992)</u> | <u>(29,524)</u>             | <u>(157,689)</u> |
| <b>Total interest repricing gap</b> | <u>22,085</u>    | <u>(29,054)</u> | <u>(93,992)</u> | <u>(23,151)</u>             | <u>(124,112)</u> |

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:

- (i) 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.
- (ii) 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 2017

(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<br>receivables | Held to<br>Maturity | Total         |
|-------------------------------|--------------------------|---------------------|---------------|
|                               | \$'000                   | \$'000              | \$'000        |
|                               | <b>2017</b>              |                     |               |
| Cash at bank balances         | 35,548                   | -                   | 35,548        |
| Trade receivables             | 5,978                    | -                   | 5,978         |
| Investment securities         | -                        | 284                 | 284           |
| <b>Total financial assets</b> | <b>41,526</b>            | <b>284</b>          | <b>41,810</b> |
|                               | <b>2016</b>              |                     |               |
| Cash at bank balances         | 26,946                   | -                   | 26,946        |
| Trade receivables             | 6,331                    | -                   | 6,331         |
| Investment securities         | -                        | 300                 | 300           |
| <b>Total financial assets</b> | <b>33,277</b>            | <b>300</b>          | <b>33,577</b> |



# NMIA Airports Limited

## Notes to the Financial Statements

31 March 2017

(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*

|                  | 2017           | 2016           |
|------------------|----------------|----------------|
|                  | \$'000         | \$'000         |
| Payables         | 3,085          | 2,297          |
| Borrowings       | 682            | 662            |
| Due to Authority | 158,005        | 154,730        |
|                  | <u>161,772</u> | <u>157,689</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 2017

(expressed in United States dollars unless otherwise indicated)

### 5. Revenue

|  | Aeronautical<br>Charges<br>\$'000 | Non-<br>Aeronautical<br>Charges<br>\$'000 | 2017<br>Total<br>\$'000 | 2016<br>Total<br>\$'000 |
|--|-----------------------------------|---|-------------------------|-------------------------|
| Advertising space rental and maintenance charges | -                                 | 1,472                                     | 1,472                   | 2,052                   |
| Car park and car pound charges                   | -                                 | 853                                       | 853                     | 829                     |
| Common User Terminal Equipment (CUTE)            | -                                 | 2,330                                     | 2,330                   | 2,330                   |
| Concession fees – fuel throughout                | -                                 | 2,002                                     | 2,002                   | 1,411                   |
| Concession fees – other                          | -                                 | 6,619                                     | 6,619                   | 6,346                   |
| Incinerator Income                               | -                                 | 299                                       | 299                     | 386                     |
| Landing fees                                     | 3,432                             | -   | 3,432                   | 3,280                   |
| Loading bridge charges                           | 1,035                             | -   | 1,035                   | 957                     |
| Maintenance charges                              | -                                 | 304                                       | 304                     | 291                     |
| Parking fees                                     | 56                                | -   | 56                      | 70                      |
| Passenger service fees                           | 12,343                            | -   | 12,343                  | 12,190                  |
| Security fees                                    | 6,906                             | -   | 6,906                   | 6,573                   |
| Utilities recovery                               | -                                 | 434                                       | 434                     | 549                     |
|  | <u>23,772</u>                     | <u>14,313</u>                             | <u>38,085</u>           | <u>37,264</u>           |

# NMIA Airports Limited

## Notes to the Financial Statements

31 March 2017

(expressed in United States dollars unless otherwise indicated)

### 6. Expenses by Nature

Total operating expenses:

|   | Aeronautical<br>Charges<br>\$'000 | Non-<br>Aeronautical<br>Charges<br>\$'000 | 2017<br>Total<br>\$'000 | 2016<br>Total<br>\$'000 |
|---|-----------------------------------|---|-------------------------|-------------------------|
| Auditors' remuneration                      | 14                                | 14  | 28                      | 28                      |
| Commissions and discounts                   | 239                               | -   | 239                     | (7)                     |
| Concession fee expense                      | 2,199                             | -   | 2,199                   | 2,151                   |
| Depreciation and amortisation               | 6,150                             | 950                                       | 7,100                   | 7,425                   |
| Impairment charge on bad and doubtful debts | 1,202                             | 1,202                                     | 2,404                   | 308                     |
| Insurance                                   | 1,314                             | 204                                       | 1,518                   | 1,663                   |
| Irrecoverable GCT                           | 1,365                             | -   | 1,365                   | 822                     |
| Motor vehicle expenses                      | 122                               | 121                                       | 243                     | 266                     |
| Office supplies                             | 102                               | 102                                       | 204                     | 60                      |
| Other                                       | 477                               | 888                                       | 1,365                   | 634                     |
| Professional fees                           | 658                               | 658                                       | 1,316                   | 1,344                   |
| Public relations                            | 41                                | 41  | 82                      | 32                      |
| Regulatory fees and taxes                   | 352                               | -   | 352                     | 326                     |
| Rental and lease                            | 125                               | 125                                       | 250                     | 244                     |
| Repairs and maintenance                     | 2,026                             | 2,016                                     | 4,042                   | 2,901                   |
| Security                                    | 1,577                             | 271                                       | 1,848                   | 1,891                   |
| Staff costs (Note 7)                        | 3,589                             | 3,570                                     | 7,159                   | 5,876                   |
| Training                                    | 131                               | 131                                       | 262                     | 194                     |
| Traveling and entertainment                 | 20                                | 19  | 39                      | 24                      |
| Utilities                                   | 3,256                             | 274                                       | 3,530                   | 3,496                   |
|   | <u>24,959</u>                     | <u>10,586</u>                             | <u>35,545</u>           | <u>29,678</u>           |

Cost of inventories recognised in profit or loss amounts to \$381,275 (2016 - \$19,908).

# NMIA Airports Limited

## Notes to the Financial Statements

31 March 2017

(expressed in United States dollars unless otherwise indicated)

### 7. Staff Costs

|                                   | 2017<br>\$'000 | 2016<br>\$'000 |
|-----------------------------------|----------------|----------------|
| Wages and salaries                | 3,783          | 3,528          |
| Payroll taxes, employer's portion | 664            | 581            |
| Benefits and allowances           | 2,282          | 1,369          |
| Redundancy costs                  | 106            | 61             |
| Other                             | 324            | 337            |
|                                   | <u>7,159</u>   | <u>5,876</u>   |

### 8. Other Income

|                                 | 2017<br>\$'000 | 2016<br>\$'000 |
|---------------------------------|----------------|----------------|
| Amortisation of grant (Note 20) | 6,214          | 4,408          |
| Interest income                 | 669            | 521            |
| Discounts received              | 30             | 27             |
| Other                           | 80             | 84             |
|                                 | <u>6,993</u>   | <u>5,040</u>   |

### 9. Finance Costs

|                                 | 2017<br>\$'000 | 2016<br>\$'000 |
|---------------------------------|----------------|----------------|
| Interest expense                | 7,827          | 7,493          |
| Amortisation of grant (Note 20) | <u>(3,628)</u> | <u>(3,979)</u> |
|                                 | 4,199          | 3,514          |
| Net foreign exchange losses     | <u>71</u>      | <u>258</u>     |
|                                 | <u>4,270</u>   | <u>3,772</u>   |



# NMIA Airports Limited

## Notes to the Financial Statements

31 March 2017

(expressed in United States dollars unless otherwise indicated)

### 10. 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 company relief from income tax for a period of ten years 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. The concession expired on 31 March 2015. Subject to agreement with the Commissioner of Income Tax, losses of approximately \$12,351,000 (2016 – \$16,753,000) are available for set off against future taxable profits of the company and may be carried forward indefinitely.

Taxation is based on the profit for the year adjusted for taxation purposes and comprises income tax at 25%:

|                             | 2017<br>\$'000 | 2016<br>\$'000 |
|-----------------------------|----------------|----------------|
| Current tax                 | 874            | 1,390          |
| Employment tax credit       | (225)          | (421)          |
| Deferred taxation (Note 21) | (591)          | (8,493)        |
|                             | <u>58</u>      | <u>(7,524)</u> |

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

|  | 2017<br>\$'000 | 2016<br>\$'000 |
|--|----------------|----------------|
| Profit before tax                          | <u>5,263</u>   | <u>8,854</u>   |
| Tax calculated at a tax rate of 25%        | 1,316          | 2,214          |
| Adjusted for the effects of:               |                |                |
| Income not subject to tax                  | (1,554)        | (1,115)        |
| Expenses not deductible for tax purposes   | 30             | 15             |
| Deferred tax not recognised in prior years | -              | (8,217)        |
| Net effect of other changes and allowances | <u>491</u>     | <u>-</u>       |
|  | 283            | (7,103)        |
| Employment Tax credit                      | <u>(225)</u>   | <u>(421)</u>   |
|  | <u>58</u>      | <u>(7,524)</u> |

# NMIA Airports Limited

## Notes to the Financial Statements

31 March 2017

(expressed in United States dollars unless otherwise indicated)

### 11. Property, Plant and Equipment

|                         | Buildings | Motor<br>vehicles | Computer<br>equipment,<br>plant and<br>machinery,<br>furniture<br>and<br>fixtures | Construction<br>in progress | Total   |
|-------------------------|-----------|-------------------|---|-----------------------------|---------|
|                         | \$'000    | \$'000            | \$'000  | \$'000                      | \$'000  |
| <b>Cost -</b>           |           |                   |   |                             |         |
| At 31 March 2015        | 116,455   | 814               | 38,053  | 1,512                       | 156,834 |
| Additions               | -         | -                 | 468   | 4,979                       | 5,447   |
| Disposals               | -         | (1)               | -   | -                           | (1)     |
| Transfers               | 1,985     | 172               | 87  | (2,244)                     | -       |
| At 31 March 2016        | 118,440   | 985               | 38,608  | 4,247                       | 162,280 |
| Additions               | -         | -                 | 557   | 4,657                       | 5,214   |
| Disposals               | -         | (56)              | -   | -                           | (56)    |
| Transfers               | 1,735     | -                 | 3,465   | (5,200)                     | -       |
| At 31 March 2017        | 120,175   | 929               | 42,630  | 3,704                       | 167,438 |
| <b>Depreciation -</b>   |           |                   |   |                             |         |
| At 1 April 2015         | 17,908    | 603               | 20,589  | -                           | 39,100  |
| Charge for the year     | 3,264     | 82                | 4,022   | -                           | 7,368   |
| Relieved on disposals   | -         | (1)               | -   | -                           | (1)     |
| At 31 March 2016        | 21,172    | 684               | 24,611  | -                           | 46,467  |
| Charge for the year     | 3,313     | 95                | 3,625   | -                           | 7,033   |
| Relieved on disposals   | -         | (56)              | -   | -                           | (56)    |
| At 31 March 2017        | 24,485    | 723               | 28,236  | -                           | 53,444  |
| <b>Net Book Value -</b> |           |                   |   |                             |         |
| 31 March 2017           | 95,690    | 206               | 14,394  | 3,704                       | 113,994 |
| 31 March 2016           | 97,268    | 301               | 13,997  | 4,247                       | 115,813 |

# NMIA Airports Limited

## Notes to the Financial Statements

31 March 2017

(expressed in United States dollars unless otherwise indicated)

### 12. Intangible Assets

Comprising computer software –

|                                   | <b>\$'000</b> |
|-----------------------------------|---------------|
| <b>At Cost -</b>                  |               |
| At 31 March, 2015, 2016 and 2017  | <u>358</u>    |
| <b>Accumulated amortisation -</b> |               |
| At 31 March 2015                  | 197           |
| Charge for the year               | <u>57</u>     |
| At 31 March 2016                  | 254           |
| Charge for the year               | <u>67</u>     |
| At 31 March 2017                  | <u>321</u>    |
| <b>Net Book Value -</b>           |               |
| 31 March 2017                     | <u>37</u>     |
| 31 March 2016                     | <u>104</u>    |

### 13. Investments

|   | <b>2017</b>   | <b>2016</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| Held to maturity Government of Jamaica securities | <u>284</u>    | <u>300</u>    |

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 2017

(expressed in United States dollars unless otherwise indicated)

### 14. Receivables

|                                | 2017<br>\$'000 | 2016<br>\$'000 |
|--------------------------------|----------------|----------------|
| Trade receivables              | 9,964          | 7,913          |
| Less: Provision for impairment | (3,986)        | (1,582)        |
|                                | 5,978          | 6,331          |
| Prepayments                    | 160            | 181            |
| Withholding tax recoverable    | 687            | 525            |
| Mobilization payments          | 898            | 791            |
| Advances                       | 1,662          | 1,952          |
|                                | <u>9,385</u>   | <u>9,780</u>   |

### 15. Cash and Short Term Deposits

|   | 2017<br>\$'000 | 2016<br>\$'000 |
|---|----------------|----------------|
| Cash at bank  | 3,708          | 1,610          |
| Short term deposits   | 31,624         | 25,120         |
| Cash and cash equivalents as reflected in the statement of cash flows | 35,332         | 26,730         |
| Restricted cash   | 216            | 216            |
|   | <u>35,548</u>  | <u>26,946</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 \$95,000 (2016 - \$80,000).

Restricted cash represent funds held by a bank for employee loans.

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

|                                      | 2017<br>%   | 2016<br>%   |
|--------------------------------------|-------------|-------------|
| Denominated in United States dollars | 1.81        | 2.16        |
| Denominated in Jamaican dollars      | <u>5.44</u> | <u>6.47</u> |



# NMIA Airports Limited

## Notes to the Financial Statements

31 March 2017

(expressed in United States dollars unless otherwise indicated)

### 16. Payables

|                                 | 2017<br>\$'000 | 2016<br>\$'000 |
|---------------------------------|----------------|----------------|
| Trade payables                  | 534            | 699            |
| Accruals                        | 604            | 586            |
| Due to Airport Improvement Fund | 867            | 297            |
| Security deposit                | 431            | 311            |
| Employee related expenses       | 196            | 142            |
| Other                           | 453            | 262            |
|                                 | <u>3,085</u>   | <u>2,297</u>   |

### 17. Borrowings

|                  | 2017<br>\$'000 | 2016<br>\$'000 |
|------------------|----------------|----------------|
| <b>Current</b>   |                |                |
| Accrued interest | <u>682</u>     | <u>662</u>     |

#### Accrued interest

The records of the company reflect accrued interest payable to PetroCaribe Fund and Caribbean Development Bank. This relates to funds that 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.

### 18. Share Capital

|  | 2017<br>\$'000 | 2016<br>\$'000 |
|--|----------------|----------------|
| Authorised, issued and fully paid –                      |                |                |
| 328,000 (2016 – 328,000) ordinary shares of no par value | <u>4,100</u>   | <u>4,100</u>   |

# NMIA Airports Limited

## Notes to the Financial Statements

31 March 2017

(expressed in United States dollars unless otherwise indicated)

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### 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 (2016 - \$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 (2016 - \$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 \$22.5million (2016 - \$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 2017 the amount of draw down is \$22,000,000 (2016 - \$14,889,000).

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

31 March 2017

(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.

|                                    | 2017<br>\$'000 | 2016<br>\$'000 |
|------------------------------------|----------------|----------------|
| Current portion                    | 7,969          | 5,327          |
| Non-current portion                | 150,036        | 149,403        |
|                                    | <u>158,005</u> | <u>154,730</u> |
| Due to Parent Company – short term | 338            | 208            |
| Due to Parent Company – long term  | 40,152         | 40,152         |
| Shareholders' loan                 | 26,844         | 26,357         |
|                                    | <u>67,334</u>  | <u>66,717</u>  |
| Loans on-lent-                     |                |                |
| Caribbean Development Bank         | 18,000         | 19,333         |
| European Investment Bank           | 38,333         | 40,000         |
| PetroCaribe Fund                   | 34,338         | 28,680         |
|                                    | <u>90,671</u>  | <u>88,013</u>  |
|                                    | <u>158,005</u> | <u>154,730</u> |

The following tables show the maturity profile for loans.

|                            | Within 1<br>Year<br>\$'000 | 1 to 5<br>Years<br>\$'000 | Over<br>5 Years<br>\$'000 | Total<br>\$'000 |
|----------------------------|----------------------------|---------------------------|---------------------------|-----------------|
| <b>2017</b>                |                            |                           |                           |                 |
| Due to Parent Company      | 338                        | -                         | 66,996                    | 67,334          |
| Caribbean Development Bank | 2,000                      | 5,333                     | 10,667                    | 18,000          |
| European Investment Bank   | 3,333                      | 13,333                    | 21,667                    | 38,333          |
| PetroCaribe Fund           | 2,298                      | 12,576                    | 19,464                    | 34,338          |
|                            | <u>7,969</u>               | <u>31,242</u>             | <u>118,794</u>            | <u>158,005</u>  |
| <b>2016</b>                |                            |                           |                           |                 |
| Due to Parent Company      | 208                        | -                         | 66,509                    | 66,717          |
| Caribbean Development Bank | 1,667                      | 13,333                    | 25,000                    | 40,000          |
| European Investment Bank   | 2,000                      | 5,333                     | 12,000                    | 19,333          |
| PetroCaribe Fund           | 1,452                      | 10,388                    | 16,840                    | 28,680          |
|                            | <u>5,327</u>               | <u>29,054</u>             | <u>120,349</u>            | <u>154,730</u>  |

# NMIA Airports Limited

## Notes to the Financial Statements

31 March 2017

(expressed in United States dollars unless otherwise indicated)

### 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 and principal paid 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:

|  | 2017<br>\$'000 | 2016<br>\$'000 |
|--|----------------|----------------|
| At start of year                           | 4,858          | 6,481          |
| Additions                                  | 7,413          | 6,764          |
| Transfer to profit or loss (Notes 8 and 9) | <u>(9,842)</u> | <u>(8,387)</u> |
| At end of year                             | <u>2,429</u>   | <u>4,858</u>   |

There are no unfulfilled conditions or contingencies attached to these grants.

### 21. Deferred Income Taxes

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

|  | 2017<br>\$'000 | 2016<br>\$'000 |
|--|----------------|----------------|
| At the beginning of year                 | 8,493          | -              |
| Credited to the profit or loss (Note 10) | <u>591</u>     | <u>8,493</u>   |
| Balance as at 31 March                   | <u>9,084</u>   | <u>8,493</u>   |

Prior to the 2016 financial year, deferred tax assets were not recognised as the company enjoyed tax free status.



# NMIA Airports Limited

## Notes to the Financial Statements

31 March 2017

(expressed in United States dollars unless otherwise indicated)

### 21. Deferred Income Taxes (Continued)

|   | 2017<br>\$'000 | 2016<br>\$'000 |
|---|----------------|----------------|
| Interest payable                          | 5,705          | 4,658          |
| Foreign exchange losses                   | 27             | 57             |
| Accrued vacation                          | 118            | 93             |
| Carry-forward losses                      | 3,088          | 4,188          |
| Accelerated depreciation and amortisation | 170            | (482)          |
| Interest receivable                       | (24)           | (21)           |
|   | <u>9,084</u>   | <u>8,493</u>   |

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

|  | 2017<br>\$'000 | 2016<br>\$'000 |
|--|----------------|----------------|
| Deferred tax assets to be recovered after more than 12 months    | 3,258          | 4,188          |
| Deferred tax liabilities to be settled after more than 12 months | <u>-</u>       | <u>482</u>     |

### 22. Capital Commitments

At 31 March 2017, the company had authorised capital expenditure amounting to \$8,157,098 (2016 - \$23,341,000), of which \$484,768 (2016 - \$4,852,000) had been contracted for.

# NMIA Airports Limited

## Notes to the Financial Statements

31 March 2017

(expressed in United States dollars unless otherwise indicated)

### 23. 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

|               | 2017<br>\$'000 | 2016<br>\$'000 |
|---------------|----------------|----------------|
| The Authority | 4,172          | 7,464          |

#### Administrative and Other Expenses

|   | 2017<br>\$'000 | 2016<br>\$'000 |
|---|----------------|----------------|
| Concession fees charged by the Authority (Note 6) | 2,199          | 2,151          |

- (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

|                                    | 2017<br>\$'000 | 2016<br>\$'000 |
|------------------------------------|----------------|----------------|
| Directors Emoluments -             |                |                |
| Fees                               | 8              | -              |
| Management remuneration            | -              | -              |
| Wages and salaries                 | 284            | 222            |
| Payroll taxes – employer's portion | 28             | 23             |
|                                    | 320            | 245            |

### 24. 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.

# NMIA Airports Limited

Notes to the Financial Statements

31 March 2017

(expressed in United States dollars unless otherwise indicated)

## 25. Operating Leases

The company leases various equipment under a non-cancellable lease expiring within five years. The lease has varying terms and renewal rights. On renewal, the terms of the leases are renegotiated

The future aggregate minimum annual lease payments the cancellable lease are as follows:

|  | 2017<br>\$'000 | 2016<br>\$'000 |
|--|----------------|----------------|
| Not later than 1 year                      | 132            | 132            |
| Subsequent to 1 year but less than 5 years | 220            | 352            |
|  | <u>352</u>     | <u>484</u>     |



## **NORMAN MANLEY INTERNATIONAL AIRPORT**

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Airport Operator: NMIA Airports Limited

(A wholly-owned subsidiary of Airports Authority of Jamaica)

## **AIRPORTS AUTHORITY OF JAMAICA**

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# NMIA ONLINE PROMOTIONS

# NMIA ONLINE PROMOTIONS