NMIA
AIRPORTS LIMITED
A subsidiary of the Airports Authority of Jamaica

2018-19
ANNUAL REPORT

Operator of the Norman Manley International Airport

https://nmia.aero

NMIA
AIRPORTS LIMITED
A subsidiary of the Airports Authority of Jamaica

VISION STATEMENT

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

MISSION STATEMENT

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

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ORGANISATIONAL OVERVIEW

NMIA Airports Limited (NMIAL), is a wholly owned subsidiary of the Airports Authority of Jamaica (AAJ) and was incorporated in September 2003 to manage and operate the Norman Manley International Airport (NMIA) under a thirty-year Concession Agreement with the AAJ. NMIAL is a limited liability company that is structured to ensure compliance with the Companies Act, 2004; the Public Bodies Management and Accountability Act, 2001 ("PBMA Act"); the Financial Administration and Audit Act, 1959 ("FAA Act"); Corporate Governance Framework for Public Bodies in Jamaica 2011, Revised 2012 (Corporate Governance Framework), as well as all other applicable laws, regulations, and codes of best business practice. NMIA is the major airport gateway linking Kingston and its catchment area to destinations worldwide. It is Jamaica's principal air cargo facility and the main airport for business travelers and the Jamaican Diaspora.

NMIA'S CORPORATE CORE VALUES

In an atmosphere of honesty, fairness, an 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 & SECURITY

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

ENVIRONMENT

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

BOARD OF DIRECTOR'S REPORT

Newlyn 'Neil' Seaton
Chairman, NMIAL

GENERAL

NMIA Airports Limited (NMIAL), was established on September 22, 2003 to operate the Norman Manley International Airport (NMIA) and commenced operations in October of the same year. The organization therefore celebrated 15 years of service to the nation during fiscal year 2018-19 and it is my distinct pleasure to commend the organization for achieving this very important milestone.

The scope and activities of NMIAL remained unchanged during the year and there were no material adjustments made to the organization's Corporate Plan. I am pleased to outline NMIAL's achievements during the period and present the Audited Financial Statements.

In commemorating its 15-year Chrystal anniversary, the Board, Management and staff of NMIAL hosted a range of activities along with its parent body, the Airports Authority of Jamaica (AAJ). These included: a church service at the Boulevard Baptist Church in September 2018; a Stakeholders Awards Gala in November 2018, where stakeholders with 15 years of service were recognized; a number of celebratory events and activities for employees; and a newspaper supplement published and distributed, which featured highlights of the anniversary events as well as congratulatory messages from key stakeholders. The celebrations also took into account the fact that the organization and its employees were to undergo a major transition in the months ahead based on privatization plans being undertaken by the government for the operations of NMIA, as well as initiatives to separate NMIAL from the AAJ, through a demerger exercise.

During the year Price Waterhouse Coopers (PWC), as consultants to the demerger process, produced a Separation Report and steps will be taken to implement the recommendations of the report upon receipt of approval from relevant Government of Jamaica (GoJ) bodies such as the Ministry of Transport and Mining, and the Ministry of Finance and the Public Service. The NMIAL Board also continued to monitor and prepare for the privatization of NMIA by way of the GoJ led Public Private Partnership (PPP) arrangement.

From the 8 potential bidders that were shortlisted, 3 submitted proposals in July 2018. These proposals were evaluated and based on recommendations presented by the Enterprise Team, Cabinet approved the proposal submitted by Grupo Aeroportuario del Pacifico (GAP), a Mexican company, on September 3, 2018. Thereafter a 25-year Concession Agreement was signed between the AAJ and PAC Kingston Airports Limited (PACKAL), a wholly owned subsidiary of GAP, on October 10, 2018. The Agreement provides for an additional 5 years of operation by PACKAL. The new company, PACKAL, is now preparing to take over and operation control of NMIA by October 9, 2019, at which time NMIAL will be re-purposed to execute its new mandate.

Prime Minister, Andrew Holness (left, standing); Transport and Mining Minister, Robert Montague (2nd left, standing); and NMIA Enterprise Team Chairman, Paul B. Scott (right, standing), observe as Chief Executive Officer of Mexican entity, Grupo Aeroportuario del Pacifico S.A.B. De C.V. (GAP), Raul Revuelta Musalem (right, seated), signs the 25-year Norman Manley International Airport concession agreement on Wednesday (October 10), along with President and Chief Executive Officer, Airports Authority of Jamaica (AAJ), Audley Deidrick (left, seated); AAJ Chairman, Hon. William Shagoury.

In am pleased to note that during the year under review, NMIAL received the Allied Member Award from the Jamaica Hotel and Tourist Association (JHTA) at event held on June 16, 2018, for the work done in facilitating the activities of the JHTA. NMIAL serves on the Kingston Chapter of the JHTA and is an active sponsor of Kingston City Run, now the Kingston City Marathon. NMIAL is active in facilitating tourism traffic and projects a further growth in tourism movements due to the increased hotel rooms, improved road and highway network, and added attractions/events in and around the capital city.

NMIAL'S FINANCIAL AND OPERATIONAL PERFORMANCE

With regard to its financial performance, NMIAL's Operating Revenues for the year 2018-19 was US$42.0m versus US$39.7m for the previous year, an increase of US$2.3m or 6%. Operating Expenses amounted to US$36.5m, versus US$33.9m for the previous year, an increase of US$2.6m or 7.6%. NMIAL therefore made an Operating Profit (excluding Other Income) of US$5.5m in 2018-19, which is 3.6% below the US$5.7m reported for the previous year. Net Profit after Tax for the year was US$10.1m versus US$11.2m for the previous year, a decrease of 10.3%. NMIAL paid a Dividend of US$530,000 to the government during the period. The Key Financial Performance Indicators are reflected in tables below.

Table: Actual Financial Performance 2018/19 versus 2017/18

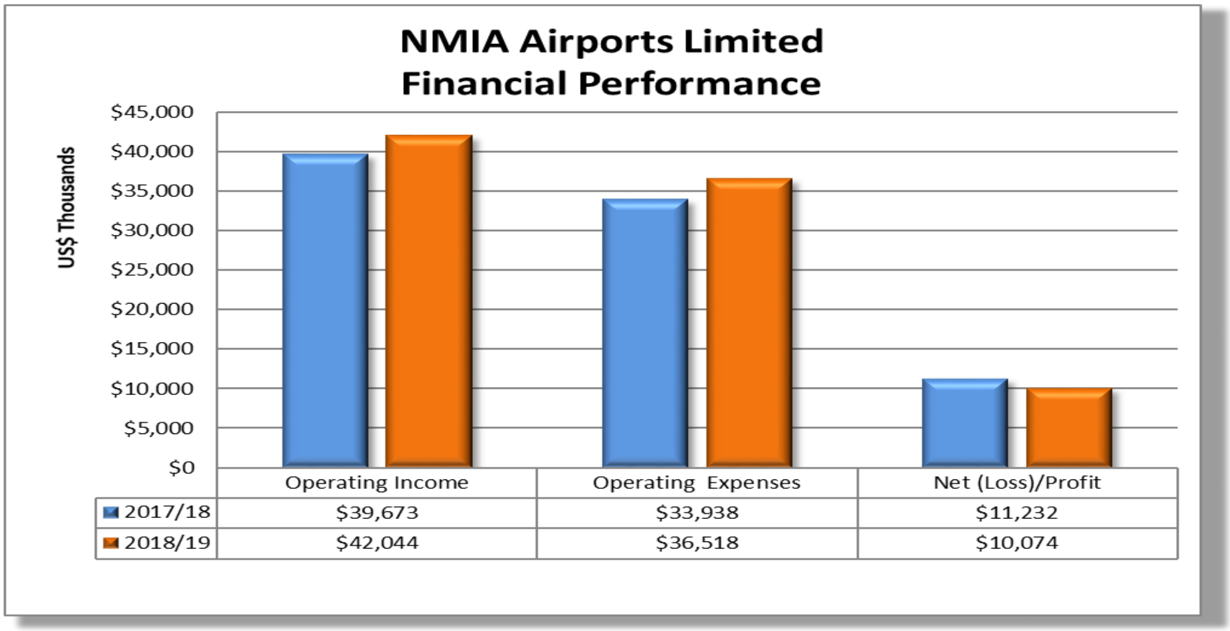


Table: Actual and projected Financial Performance

Key Performance Indicators (KPI's)	Actual 2018/19 (US$'000)	Audited 31-Mar-18 J$'000	% Change Actual Mar-19 vs Audited Mar-18	Budget 2018/19 (US$'000)	% Change Actual Mar-19 vs Budget Mar-19	Budget 2019/20 (US$'000)
Operating Revenue	42,044	39,673	6.0%	43,653	-3.7%	23,790
Operating Expenditure	(36,518)	(33,938)	7.6%	(35,190)	3.8%	(31,160)
Operating Profit	**5,526**	**5,735**	**-3.6%**	**8,463**	**-34.7%**	**(7,370)**
Other income (Expenditure)	5,282	6,091	-13.3%	4,570	15.6%	11,268
Taxation	(734)	(594)	23.6%	(153)	378.8%	(149)
Net Profit	**10,074**	**11,232**	**-10.3%**	**12,881**	**-21.8%**	**3,749**
Capital Expenditure	6,827	4,816	41.8%	22,615	-69.8%	10,957

Note: Other Income (Expenditure) totalling $5282, comprise Finance costs and other income reflected in the audited financial statements.

NMIAL'S TRAFFIC PERFORMANCE

- Total passenger traffic (arrivals and departures) recorded an increase of 4.28% from 1,666,944 passengers in 2017-18 to 1,738,365 in 2018-19. NMIA accounted for 27% of total air passenger into the island.
- Total Air freight (cargo and mail) volumes declined by 9.52% in 2018/19 when compared with the previous year, moving from 14,365,218 kgs in 2017/18 to 12,998,358 kgs in 2018/19. NMIA handled 64% of air freight into the island.
- Aircraft movement increased by 3.72% in 2018/19 when compared to the previous year. A total of 21,461 movements were recorded in the reporting period, compared with 20,691 in 2017/18.

Airline activity at NMIA during 2018-19 was impacted by Delta adding New York to its route schedule; Spirit increasing to daily activity from Fort Lauderdale and Copa increasing flights from Panama. It is also noteworthy that Caribbean Airlines hosted passengers on arrival on April 5th with a carnival party and Cayman Airways celebrated 50 years of operations, having started on April 7, 1968, and added Kingston, Jamaica, shortly thereafter as the first international destination.

CAPITAL PROGRAMME

Capital Expenditure for the NMIA was US$6,827 for 2018-19 and a total of US$25.32 is projected to be spent on capital projects for the 2019-2022 period. US$ 12.29 million of this amount has been earmarked for a program of work and studies, including the remainder of the NMIA Capital Development Programme (2004-2023) – Phases 1B & 2A. These works include:

- Runway Approach Lights Rehabilitation & Procuring Critical spares
- Separation of runway circuits
- Runway joint crack sealing
- Upgrading of outgoing baggage handling systems
- Replacement of passenger screening equipment
- ICT upgrades of Flight Information Display Systems & Equipment
- Taxiway rehabilitation and
- Upgrading standby generators.

In addition, a US$13.03M Shoreline Protection for R/W 30 End at NMIA will be undertaken. PACKAL is to invest US$54.30 m at NMIA to include RESA, Apron works and equipment repair.

CORPORATE GOVERNANCE

NMIAL is committed to the highest standards of corporate governance and strives to achieve this commitment by institutionalizing a clear and comprehensive governance framework and fostering an ethical and responsible culture at all levels of the company. During the period under review the Board of NMIAL had eleven (11) regular monthly meetings and one (1) retreat. The Committees met on a monthly basis, responded to matters within their remit and advised the Board accordingly.

❖ BOARD STRUCTURE, COMPOSITION AND TRAINING

The Board has responsibility for the leadership, control and guidance of NMIAL's affairs. The Board's roles and functions are set out clearly in the NMIA Airports Limited Board Charter and Corporate Governance Guidelines. The Board presently has nine (9) Directors all of whom are non-executive. They bring an external perspective, constructively challenge and advise on strategy, and monitor the performance of Management. NMIAL's CEO, Audley Deidrick, resigned as a Director of the Board effective October 2018, but remained actively engaged with the Board as head of the company. The Board benefits from the broad experience in aviation, law, business and finance.

NAME	AREAS OF EXPERTISE										LENGTH OF SERVICE (Approx.)
	ENTREPRENEUR-SHIP	GENERAL MANAGEMENT	FINANCE & AUDIT	STRATEGIC MANAGEMENT	HUMAN RESOURCE	LAW	RISK MANAGEMENT	AIRPORT PROFESSIONAL	AERONAUTICS	CORPORATE GOVERNANCE	
Mr Newlyn Seaton Chairman	✓	✓								✓	3
Kent Gammon				✓		✓				✓	2
Mr Lloyd Pommells		✓	✓							✓	1
Mr Leroy Lindsay								✓	✓	✓	2
Mrs Julia Moncrieffe-Wiggan					✓	✓				✓	3
Ms Donna Reid		✓								✓	1
Mr. Ludlow Johnson	✓							✓	✓	✓	3
Mr Mark Hart	✓			✓					✓	✓	3
Hon William Shagoury	✓	✓								✓	3

During the Financial Year 2018/19 Directors and the Corporate Secretary completed Corporate Governance training with the Ministry of Finance and Public Service as well the World Bank in collaboration with the Norman Manley Law School.

BOARD PROCESSES

The modus operandi of the Board is reviewed from time to time to keep abreast of regulatory changes and best corporate governance practices. Key elements of the current modus operandi include: The Board shall have regular monthly meetings each year (except for the Month of August); Agendas and papers are sent to Members at least three (3) clear days before a meeting (excluding the date of dispatch and the date of meeting) and the Board receives reports from Chairmen of Board Committees at each meeting.

BOARD EVALUATION

The Board acted with due regard to the recommended practices of the (i) Public Bodies Management and Accountability Act, 2001 (ii) Corporate Governance Framework for Public Bodies in Jamaica 2011, Revised 2012, however, a formal annual evaluation of its performance and that of its Committees and individual Directors was not completed for the year being reviewed.

BOARD COMMITTEES

Board Committees are in place to consider matters on specialised areas as well as to provide direction on specific strategic initiatives and to effectively execute and strengthen the Board's governance functions. Each Committee is guided by clearly defined Terms of Reference, Procedures, Responsibilities and Powers. The members of the Board Committees are chosen by the Chairman of the Board. Based on the proposals that are submitted by the Management of NMIAL, the Board Committees have the responsibility to review those proposals for submission to the Board for their action.

Currently there are five (5) Board Committees: Audit and Risk; Finance; Human Resources Management & Corporate Governance; Projects and Procurement; and Business Development and Operations. The members and role of the committees are outlined below:

AUDIT & RISK COMMITTEE

The Committee's work includes advising the Board on: Practices and procedures which will promote productivity as well as the quality and volume of service; The adequacy, efficiency and effectiveness of the accounting and internal control structure and systems of NMIAL; Reviewing the quarterly and annual internal audit reports by the Chief Internal Auditor on the outcomes of audit activity; Ensuring that External Audits are carried out and the Audited Financial Statements are presented to the Board annually. The Risk functions include: Overseeing the establishment and implementation of a Risk Management framework in identifying and managing risks and controlling internal processes; and Identifying and evaluating risk exposures and assess the probability of each risk becoming a reality by estimating its possible effect and cost;

The Members are:	
Mr. Kent Gammon-Chairman	Mrs. Julia Moncrieffe-Wiggan
Mr. Leroy Lindsay	Mr. Mark Hart
Mr. Audley Deidrick - CEO	

FINANCE COMMITTEE

The Committee functions include: Reviewing the financial report for the previous month; Reviewing the annual Budget for recommendation to the Board; Reviewing short term and long term capital proposals for alignment to the strategic vision of NMIAL; Recommending strategies that facilitate NMIAL's maximization of revenue/minimization of expenditure; and Reviewing and recommending the write off of accounts receivable in accordance with the Ministry of Finance and the Public Service.

The Members are:	
Mr. Leroy Lindsay - Chairman	Mr. Mark Hart
Mr. Kent Gammon	Ms. Julia Moncrieffe-Wiggan
Mr. Audley Deidrick - CEO	Mr. Lloyd Pommells

HUMAN RESOURCE MANAGEMENT & CORPORATE GOVERNANCE COMMITTEE

The functions include: Ensuring that NMIAL has up-to-date policies and procedures which govern its employment practices and are in accordance with the guidelines of the Ministry of Finance and the Public Service, and are in compliance with the Jamaica Labour Relations and Industrial Disputes Act, and other relevant legislation, code, laws and regulations; Maintain a horizontal scan/global watch for human resource development, best practices, and other opportunities that could lead to growth and improvement of the human resource activities of NMIAL.

The Members are:	
Mrs. Julia Moncrieffe-Wiggan Chairman	Mr. Kent Gammon
Mr. Audley Deidrick - CEO	Mr. William Shagoury
Ms. Donna Reid	

PROJECTS & PROCUREMENT COMMITTEE

The Committee functions include: The provision of technical and financial consideration, review, evaluation and where appropriate recommendation for approval of contracts which exceed Head of Entity threshold values for direct contracting arrangement and competitive tender; The development of policies, systems, equipment and programmes that relate to airport safety planning, design, construction, operation and maintenance; Reviewing Management's

The Members are:	
Mr. Ludlow Johnson	Mr. Newlyn Seaton
Mr. William Shagoury	Mr. Audley Deidrick - CEO
Mr. Lloyd Pommells	

proposals/ recommendations for construction contracts and developmental undertakings; and Reviewing the monetary value of financial commitments arising from approved project submissions to ensure consistency with the Budget and to anticipate and recommend whether any additional funding should be allocated by the Board during a given fiscal year. The procedures that guide the implementation of NMIAL's capital projects take into consideration:

- Government Policies, Procurement Guidelines Procedures and Guarantees;
- The procedures of International Financial Institutions;
- NMIAL in-house Procedures.

BUSINESS DEVELOPMENT & OPERATIONS COMMITTEE

The Committee functions include: Evaluating the traffic growth strategies (passenger, cargo and aircraft movement) of the airport and provide recommendations for Board consideration/approval; Reviewing NMIAL's policies and programmes regarding the facilitation of efficient, effective and profitable commercial operations; Assessing the marketing and promotional strategies of NMIAL and provide recommendations for Board consideration/approval; Providing the Board with advice and recommendations regarding new revenue generating opportunities and services.

The Members are:		
Mr. Mark Hart- Chairman	Mr. Ludlow Johnson	Mr. Audley Deidrick - CEO

CORPORATE SOCIAL RESPONSIBILITY

NMIAL continued its programme to engage with the community and community projects through its partnership with schools in its catchment area, including the Donald Quarrie High School and Harbour View Primary, where (among other things) Labour Day Projects were undertaken. Additionally, NMIAL's staff participated in the annual coastal cleanup exercise to remove plastic bottles from the shoreline of the Palisadoes Peninsular. These activities and others such as the sponsorship the Kingston City Marathon, which reaches out to homeless persons in the city, have enabled the organization to be involved with the community in a meaningful way.

CLOSING STATEMENT

It has been my pleasure working with the Directors, Managers and staff at NMIAL to address the challenges and exploit the opportunities presented over this milestone year of NMIAL's 15th anniversary. The Directors and I are also grateful to the Hon Minister of Transport and Mining as well as the Ministry for its policy guidance and directives during the course of the year. The new year, 2019-20 will be one of significant change and transition and we look forward to making the process as seamless as possible. Until NMIA is transferred to new operational control, we remain committed to the vision of the company to provide a friendly, efficient, world-class airport that is a gateway of choice in the Caribbean, and we will continue to appreciate and rely on the hard and professional work of all our staff and business partners/stakeholders to achieve our mission.

Newlyn 'Neil' Seaton
Chairman, NMIAL

CHIEF EXECUTIVE OFFICER'S MESSAGE

Audley Deidrick
CEO, NMIAL

Fiscal year 2018-19 has ushered in the 15th year of NMIA Airports Limited (NMIAL) operating the Norman Manley International Airport (NMIA). Since it was established on September 22, 2003 and over successive years, the Boards, management and staff of NMIAL have worked harmoniously with its many stakeholders, to make NMIA one of the best airports in the region and is making a significant contribution to the movement of visiting friends and relatives, as well as business and leisure travelers.

I wish to add my commendation to the many who have contributed to the work and success of NMIAL over the years and thank you for supporting the events and activities that were held to mark this significant milestone. The activities included a special Christmas treat for staff, as the final such event before the privatisation of NMIA, where many employees will cease working for NMIAL based on transfer to a new operator under the NMIA Public Private Partnership (PPP) exercise or transitioning to other ventures.

The period under review is also one of great importance as based on the October 2018 signing of the Concession Agreement with PAC Kingston Airport Limited (PACKAL), a subsidiary of Grupo Aeroportuario del Pacifico (GAP), plans are well under way to fulfill all the Conditions Precedent that will enable the handover of NMIA to PACKAL by October 9, 2019, which is twelve months after the agreement was signed. In preparation for the NMIA PPP concession, the AAJ and NMIAL implemented a Change Management Programme through our Human Resources, Management and Administration Division. This process included frequent staff meetings; implementing a Help Desk; résumé writing seminars; change management sessions by motivational speakers; a financial and entrepreneurial fair; as well as training/up-skilling opportunities for the staff. We are aware that such a significant change in the employment status of the workers may be a source of concern and hence we have also worked with the Trade Unions to chart the path ahead for what we intend to be a seamless transition.

With respect to airport operations, the airport had another successful year with total passenger traffic (arrivals and departures) increasing by 4.28% and aircraft movement increasing by 3.72% in 2018/19 when compared to the previous year. Air freight volumes however declined by 9.52% when compared with the previous year. The successful passenger and aircraft traffic performance was in part attributable to the increased tourism/entertainment related activities in Kingston's catchment area, particularly in the last quarter of the reporting period. Work was also done in collaboration with the Jamaica Tourist Board (JTB) and the airlines to promote Destination Kingston, including participation at the Routes Development Conference in Quebec, Canada in February 2019.

At the beginning of the fiscal year, NMIA commissioned the "Solar at-gate Project" which was initiated by the International Civil Aviation Organization (ICAO) in close collaboration with the Jamaica Civil Aviation Authority (JCAA) and NMIA Airports Limited. The project was commissioned in July 2018 and provides 14.5 MWH of electricity per month. The project's goal is to reduce the carbon footprint of the airport by displacing fossil fueled power generating sources with renewable energy. The electricity generated by the solar panels has been added to NMIA's electrical grid which provides a benefit for the airport community. Further work is to be done to enable the system to be used to power aircraft when parked at the aircraft gates. This is to follow discussions with the airport's ground handlers. The solar plant was installed in the south eastern section of NMIA's main public car park, which provided the optimum angle for the panels, high visibility and security and well as good proximity to an electrical substation. Based on its design, the "solar car park" infrastructure has become a preferred area for the public to park their vehicles and receive the added benefit of covered parking.

In June 2018, American Airlines announced a cashless system at their check-in counters. In response Alliance Payment Services (APS) started a new concession at NMIA is September 2018 and opened its Pre-Paid Credit Card service to passengers. This service was made available to other air carriers that opted to implement a similar cashless operation at their check-in counters. Additionally, effective June 30, 2018 the Transportation Security Administration (TAS) introduced new restrictions on packages containing powders in carry-on bags of travelers entering the USA. In addition to general public education, the security personnel of NMIA and the airlines had to be sensitized to this new measure and adjust their screening procedures accordingly.

During the period under review, NMIAL also made good progress with the completion and submission of relevant manuals to the Jamaica Civil Aviation Authority (JCAA) for the certificate of the airport's operations. Based on the feedback received from the JCAA and the adjustments made to the documents, it is anticipated that the manuals will be approved for the Demonstration Phase of the certification process to be completed and the airport certified by the end of quarter 2, 2019-20, prior to handover of the airport to PACKAL.

I wish to recognise the work of our portfolio Minister, the Ministry of Transport and Mining as well as our Board for providing both policy and strategic guidance to the management and staff of NMIA during this transition period. Our airport concessionaires and tenants, Border Control entities (PICA and Jamaica Customs), the JCAA, other government ministries and departments at NMIA, the security entities, including the JCF and the JDF, and all other service providers, have all made 2018-19, our anniversary year, another period of success. The dedicated and professional NMIAL staff and I remain focussed on delivering world-class service with a uniquely Jamaican character, and we look forward to the change and transition that will come in the year ahead.

Audley Deidrick
CEO, NMIAL

SUMMARY OF TRAFFIC PERFORMANCE

PASSENGER, AIRCRAFT AND FREIGHT MOVEMENT

PASSENGER TRAFFIC

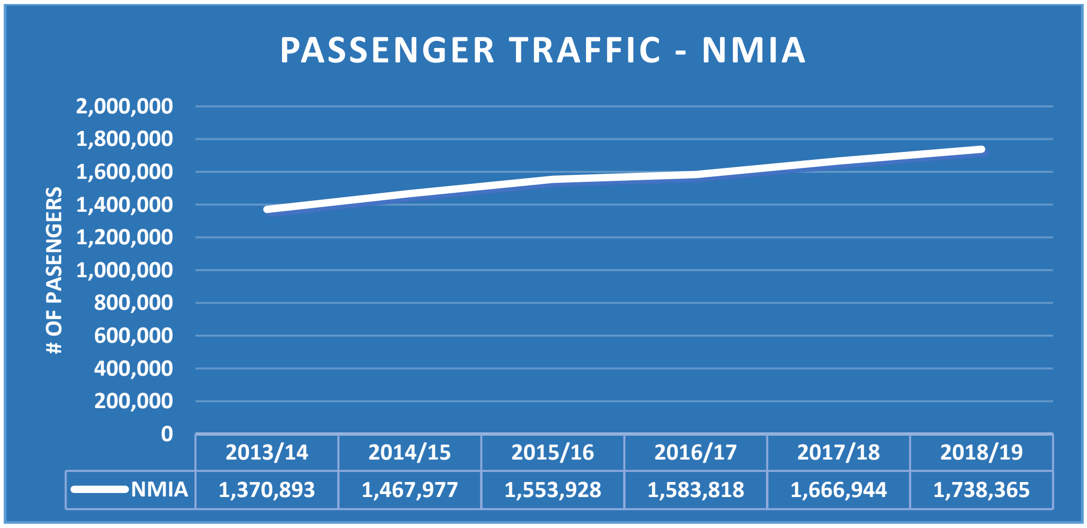
FINANCIAL YR.	NMIA	% CHANGE
2013/14	1,370,893	
2014/15	1,467,977	7.08%
2015/16	1,553,928	5.86%
2016/17	1,583,818	1.92%
2017/18	1,666,944	5.25%
2018/19	1,738,365	4.28%
Total	9,381,925	

FREIGHT

FINANCIAL YR.	NMIA	% CHANGE
2013/14	12,041,376	
2014/15	12,277,715	1.96%
2015/16	12,631,448	2.88%
2016/17	12,485,817	-1.15%
2017/18	14,365,218	15.05%
2018/19	12,998,358	-9.52%
Total	76,799,932	

AIRCRAFT MOVEMENTS

FINANCIAL YR.	NMIA	% CHANGE
2013/14	20,243	
2014/15	21,175	4.60%
2015/16	21,033	-0.67%
2016/17	20,740	-1.39%
2017/18	20,691	-0.24%
2018/19	21,461	3.72%
Total	125,343	


PASSENGER TRAFFIC - NMIA
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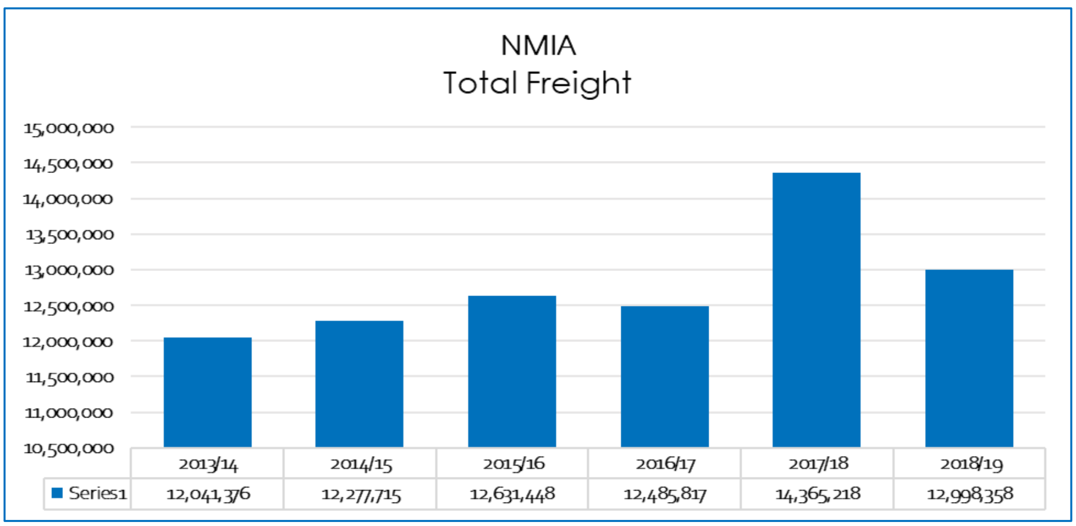
NMIA 1,370,893 1,467,977 1,553,928 1,583,818 1,666,944 1,738,365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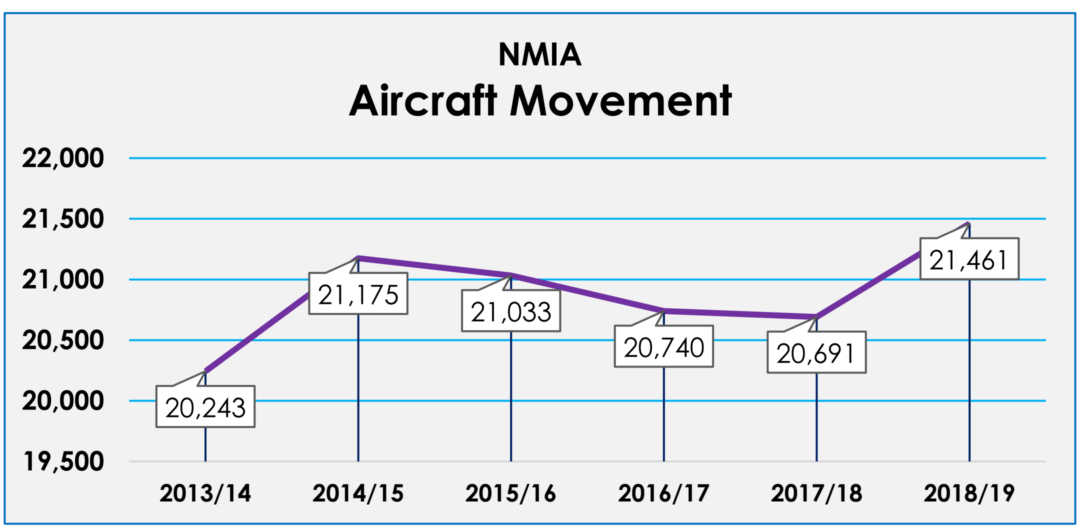
NMIA
Aircraft Movement
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2013/14 2014/15 2015/16 2016/17 2017/18 2018/19

COMMERCIAL, ROUTE DEVELOPMENTAND MARKETING

The commercial programme at NMIA, took into consideration the imminent hand over of operations to PACKAL and hence was generally constrained to grant commercial opportunities up to 2020. Potential commercial investment opportunities, both prospective and existing concessionaires, were routinely discussed with the NMIAL Board and PACKAL for short term decisions to be made concerning the prospect of implementation. Notwithstanding the constraints, NMIA benefitted from the implementation of the following initiatives:

√ Sun Style kiosk, operated by Sunkissed Jamaica, opened for operation in the Departures Lounge in July 2018;

√ A new Medical Facility, Palisadoes Health Services, was opened in August 2018 and offers a range of medical and dental services, including an obstetrician and gynecologist, orthopedic surgeon, laboratory services and vaccines, dentist and a general practitioner.

√ Introduction of Prepaid Credit Card Service by Alliance Payment Services Limited in September 2018 in response to the announcement by American Airlines and other carriers about a cashless system at their check-in counters.

√ With respect to cargo activity, an additional 12,000 sq. ft. of warehouse was leased by Ship Me for the processing of small packages. Small package courier/air shipment services are a growing trend at NMIA. Ship Me practically completed their state-of-the-art warehouse during the reporting period and has plans to commence operations in the 2019 – 20 fiscal year.

The activities of the Jamaica Defense Force's (JDF) aerial and maritime divisions were facilitated during the year as a new hangar was built at NMIA to house the Beechcraft King Air 350 WR maritime patrol aircraft (MPA) and two Bell 429 helicopters, were commissioned into service by the Most Hon Prime Minister during a ceremony at the airport on Wednesday November 14. The Prime Minister, who is the Minister of Defense and has portfolio responsibility for the JDF, is reported by the Jamaica Information Service (JIS) to have said that the acquisitions represent "one of the single largest investments that any Government of Jamaica has made in the area of security".

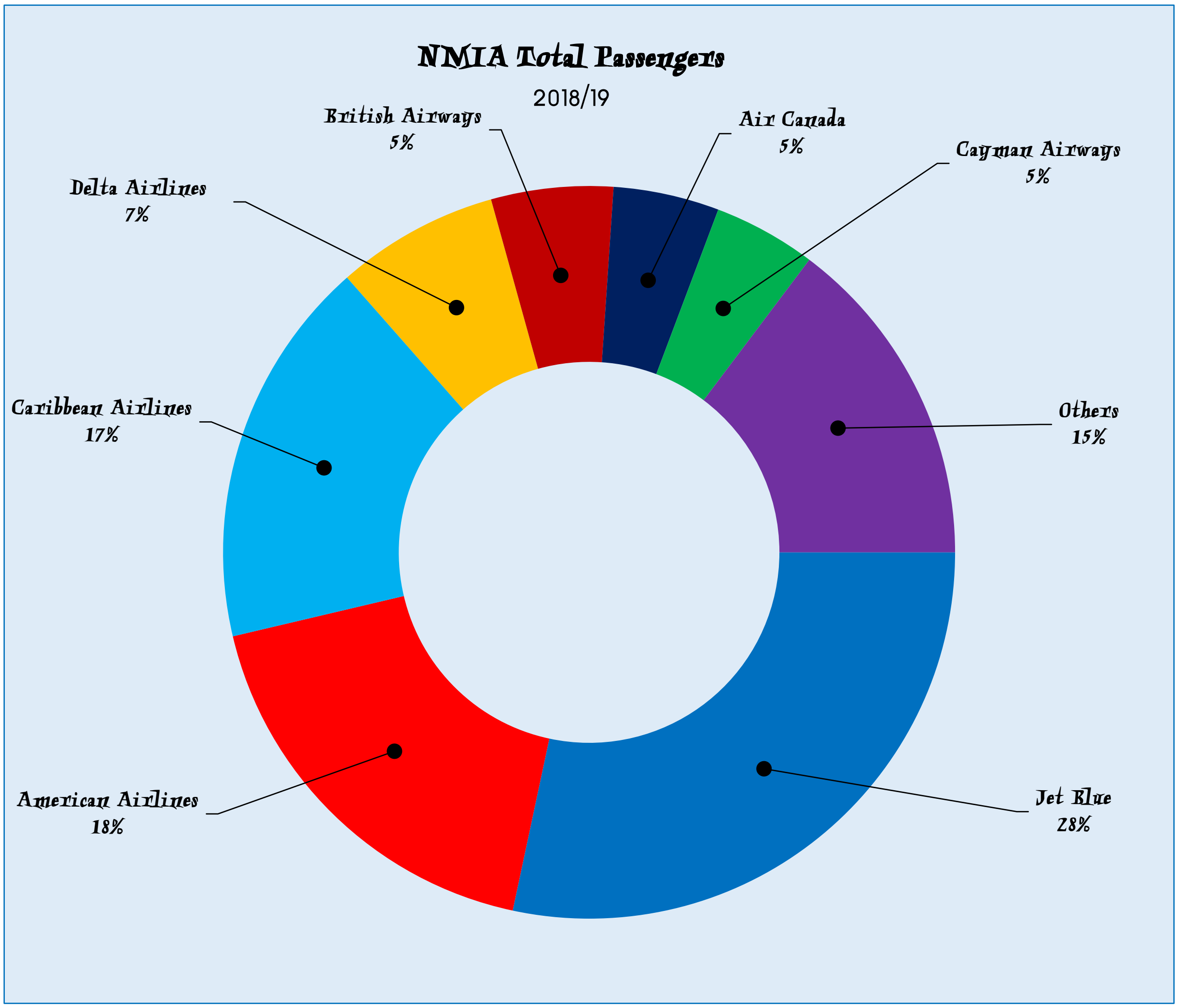
Airline activity at NMIA increased during 2018-19 with:

- Delta adding New York to its route schedule;
- Spirit increasing to daily activity from Fort Lauderdale;
- Copa increasing flights to Kingston;
- Caribbean Airlines hosting passengers on arrival on April 5th with a carnival party; and
- Cayman Airways celebrating 50 years having started operations on April 7, 1968, with Kingston, Jamaica as the first international destination shortly after start up.

One of NMIA's carriers, Fly Jamaica, had the misfortune of a crash landing at the Cheddi Jagon International Airport in Guyana, while its other aircraft was undergoing routine maintenance, resulting in the temporary suspension of service. This affected the carrier's passengers negatively and reflected a decline in the in-transit passenger flow through NMIAL from Guyana.

NMIAL continued to have positive route development discussions with airlines in order to continue the growth trajectory of the airport and offer more destination /carrier options to the travelling public.

The share of passenger traffic at NMIA is depicted in the graph below. Jet Blue at 28%, American Airlines at 18% and Caribbean Airlines at 17% carry the largest share of passengers to and from NMIA. See the graph below:



Destinations such as: Fort Lauderdale (12.68%), New York (10.14%) and Atlanta (7.38%) saw commendable growth during the fiscal year. However, the following destinations saw declines over the period: Providenciales (8.83%), Toronto (3.39%) London (2.90%) and Port of Spain/Eastern Caribbean (2.72).

CAPITAL DEVELOPMENT PROGRAMME

The three-phase Capital Development Programme (CDP) emanated from the 20-year NMIA Master Plan Study, which was completed in 2004. The programme was prepared out of the urgent need to expand and modernize the present terminal building and other airport infrastructure.

The CDP includes the rehabilitation of the Air 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:

Phase 1A (Completed)
(US$120M)
Implementation - 2004/2005 to 2011/2012

Phase 1B (70% complete)
(US$26M)
Implementation - 2012/2013 to 2019/2020

Phase 2 - (US$15M)
Implementation - 2017/2018 to 2022/2023. This phase was eliminated based on an updated master Plan and a revised capital program for the proposed PPP.

Phase 2A (22% complete)
(US$12.463M)
Implementation - 2017/2018 to 2019/2020.

Projects that are critical to the operations of the airport were selected for implementation whilst the efforts to secure a Private Operator for the airport was underway.

Over the period 2019 – 2022 an estimated US$12.29m is due to be undertaken. The program of work and studies for the Norman Manley International Airport include the remainder of the Capital Development Programme (2004-2023) – Phases 1B & 2A. These works include: Runway Approach Lights Rehabilitation & Procuring Critical spares; Separation of runway circuits and the upgrading standby generators; Runway joint crack sealing and Taxiway rehabilitation; Upgrading of outgoing baggage handling systems; Replacement of passenger screening equipment; and ICT upgrades of Flight Information Display Systems & Equipment. In addition, a US$13.03M Shoreline Protection for R/W 30 End at NMIA will be undertaken.

AIRPORT OPERATIONS

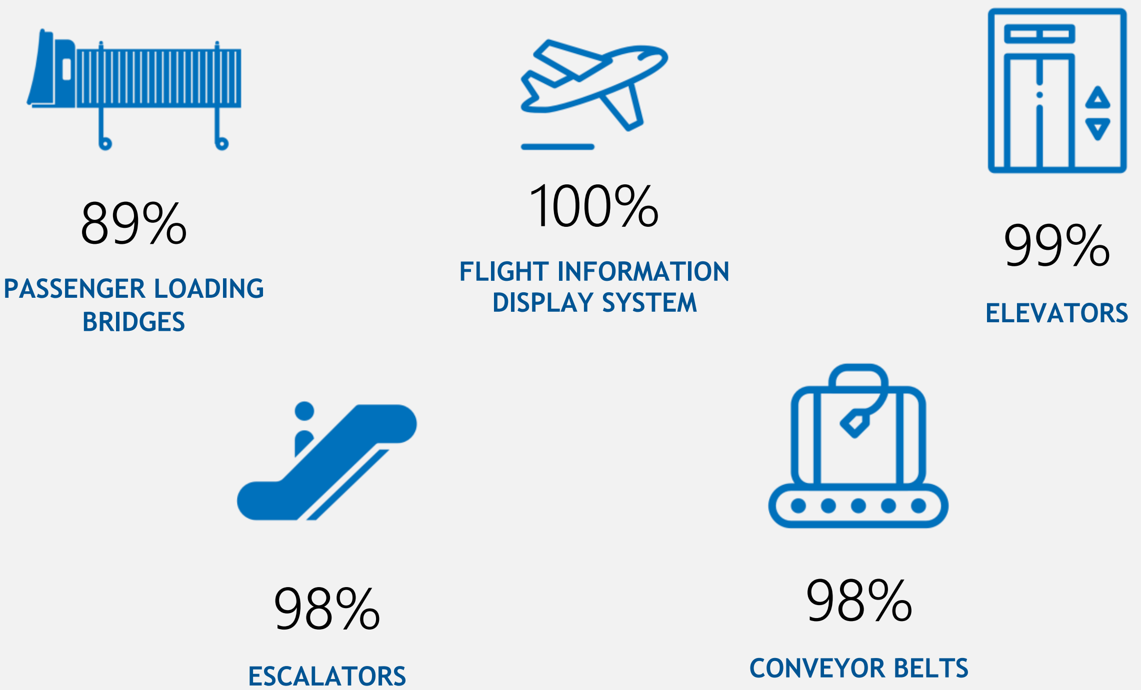
NMIA's Operations team continued to implement systems and procedures to safeguard the airport's operational readiness. To this end NMIAL improved the development of systematic approaches for the efficient processing of passengers throughout the airport terminal with safety and security being of paramount importance. The Operations team continued to develop, evaluate and implement numerous standard procedures that improved the efficiency and safety of aircraft operations and the operations of pedestrian and vehicles on the airside. One of the most important goals of the department was to improve the competencies of the staff through training in key operational areas by subject matter experts. Several training exercises were done online and while others were held at NMIA's Learning and Development Centre (LDC).

Operations were executed satisfactorily for the period 2018/19 with minimal disruption to passengers' movement and flight activities. The Car Park revenue for 2018/19 increased by approximately five percent (5%) when compared to 2017/18. NMIAL also performed satisfactorily in the benchmark Airport Council International (ACI) Airport Service Quality (ASQ) survey for Airports in Latin America and the Caribbean. At the beginning of the year our goal was to be ranked number four (4) in the LAC for overall satisfaction with the airport by the end of 2018/19, however, NMIA was ranked 9 out of a total of thirty-five (35) airports. Measures are being implemented towards achieving the target.

The critical equipment that supports the overall operations performed well in most areas as most of the performance targets were either met or surpassed. Some of the targets not met were due to aging equipment and no inventory kept at NMIA of some critical parts. These issues are being addressed. The target and outcome for the different areas of equipment performance are as follows;

- Passenger Loading Bridges Target was 100% availability – Actual was 89%
- Flight Information Display System Target 100% – Actual 100%
- Elevators Target was 98% availability – Actual was 99%
- Escalators Target was 98% availability – Actual was 98%
- Conveyor Belts Target was 100% – Actual 98%

OPERATIONAL AVAILABILITY



SAFETY MANAGEMENT SYSTEM

The mission of the Safety Management System Department is to foster the development of structured aviation business plans to manage safety, reduce accidents and costly safety significant events, while increasing operational efficiency. In doing so the following activities were carried out for the financial year 2018-2019. Continuous safety awareness training and promotion were carried for the year in review. SMS awareness training was conducted for one hundred and eight-two (182) NMIA employees. Also one hundred percent (100%) of SMS key personnel were trained.

The distribution of the Safety Newsletters was done quarterly and the inaugural Safety Week was held from June 18-22 2018. The Safety Desk was established in the ticketing concourse at check in counters 64-66 for airport users and staff to leave suggestions and reports.

Two safety critical activities were conducted during the period, namely an Evacuation Drill and Full Scale Emergency Exercise were in June 2018 and October 2018 respectively. Both were audited by the SMS Department. For the evacuation exercise the Tennant Block was evacuated, while the full-scale emergency exercise was done in the harbor by the Jetty. The response of the APS and outside agencies were assessed and an audit report with the findings and corrective actions sent to the respective departments/agencies.

Ten (10) investigations of reported incidents occurring on the Airport Facility were conducted. Investigation reports with the findings, recommendation and corrective actions were sent to the respective parties.

Continuous hazard identification and risk assessments were conducted throughout the year. The data was analyzed by the Safety Department and as a result Safety Directives were issued. A mandatory PPE directive was issued for all persons going on the airside as a result of increased injury reports.

Eight emergency eyewash machines were installed throughout the Airport facility for use in the event of an emergency. Sensitization on the components and the use of the machine was conducted for eighty-one NMIA employees.

The communication of safety objectives and the role and responsibilities of all stakeholders was done by attending Facilitation and Aviation Security (FalAVSEC) meetings, NMIAL staff meetings and through emails. An addendum to the job descriptions was done including the safety responsibilities of all NMIAL staff members with the unions and staff members committing to these responsibilities.

AVIATION SECURITY

The NMIAL Aviation Security Department has responsibility for all the security functions of the airport. The managing of the airport security is supported by contracted security providers, namely the Port Security Corps Ltd. which has the responsibility to monitor activities on the airside and security restricted areas and Marksman Limited with responsibility for security on the landside. The main airport security procedures are security awareness training, access control, CCTV surveillance, physical security, investigation, traffic management, and daily patrols and inspections.

The overall performance of the CCTV equipment for the year performed at 91.71% while the security screening equipment functioned at a 94.37% serviceability. In addition, the Access Control operated at 97.48%. Daily patrols and inspections were completed at approximately 98%.

The Aviation Security Department procured two new X-Ray machines (Hi-Scan 6040) from Sectus Technologies. These were installed at the Pre-board screening points. Port Security Officers as well as AVSEC Agents were trained on how to use these machines. Two Desktop Trace Detector and two H150 Handheld Trace Detector were procured from Productive Business Solution (PBS) in December 2018.

The Tenant Security Programme Submissions continued throughout the year, of the 57 tenants/stakeholders, 39 submissions have been made. The department continues to work closely with the remaining stakeholders for the submission of their outstanding documents as this is critical for the NMIA certification.

The procurement of a new Restricted Area Pass system continues and will be implemented at the earliest possible time. Training and development of the Aviation Security Agents continued throughout the year, in courses such as Train the Trainer, Airport Security Supervisor Training, Certificate in Airport Security, Emergency & Crisis Management, Audit & Compliance Training, Managing Service Quality among others.

AIRPORTS PROTECTION SERVICE (APS)

The Airports Protection Service (APS) is charged with the responsibility of providing Aircraft Rescue and Firefighting (ARFF) Services to also include responding to all medical, structural, and motor vehicle incidents on the Airport and within the five-kilometer radius. During the year under review the APS responded to ninety-two (92) medical emergencies, one hundred thirty (130) domestic emergencies, two hundred seventy-four (274) aircraft training standby, two (2) motor vehicle accidents and ten (10) aircraft emergencies.

The nurses at the Medical Post had a busy year attending to two thousand eight hundred seventy-nine (2,879) medical cases inclusive of NMIAL staff, passengers and other members of the airport community. Ensuring that NMIA is equipped to adequately respond and treat medical emergencies on the airport, NMIAL ordered five (5) additional Automated External Defibrillators (AED). These will be placed strategically throughout the airport; therefore, complimenting the others that are presently in place.

NMIA AIRPORTS LIMITED | W.Av.E.S 2018
WATER & AVIATION
EMERGENCY SIMULATION

During the year, twenty-one (21) NMIAL staff were recertified as Emergency Medical Technicians basic (EMT-B), seventeen (17) from the APS, three (3) from Operations and one (1) from the Electrical Department. Five (5) members of staff were also trained in Mass Casualty Management, two (2) Nurses, and one (1) AVSEC agent two (2) APS members. Sixty (60) members of staff were trained in Basic Life Support (BLS), forty eight (48) from the APS, four (4) from Operations, three (3) from the Medical Post, three (3) from Security, one (1) from Electrical Dept., and one from Customer Service.

In keeping with our mandate of fire safety, prevention and protection, life safety training was conducted, wherein nine (9) safety marshals participated in live fire training using fire extinguishers. Life safety training was also conducted for stakeholders on the tenant block; this culminated in an evacuation drill. Inter-Agency training on Aircraft Familiarization was conducted with thirty (30) Officers from our response partner the Jamaica Fire Brigade. Fourteen (14) personnel were recruited, trained and employed to increase the ARFF staffing at the APS. Four (4) members were also trained as ARFF driver/operators, thus increasing the number of drivers within the APS department thereby significantly reducing overtime expenditure.

A full-scale emergency exercise (Water Aviation Emergency Simulation, W.Av.E.S.) simulating an aircraft ditching in the Kingston Harbour was conducted in October 2018. Four hundred and forty-five (445) participants and thirty-four (34) agencies participated. The learning experience from this exercise was eye opening, helping us in identifying the areas that need improvements and additional equipment that is required for us to achieve an effective rescue operation in the event such an incident occurred.

The projections for 2019-2020 is to have members trained and certified with the following skillset in preparation for privatization, which may create some displacement of skilled personnel:

- Twelve (12) Coxswains (boat handlers)
- Four (4) Certified Occupational Safety Specialist (COSS)
- Four (4) Emergency Medical Technicians (EMT-B)
- Four (4) additional drivers

ENVIRONMENTAL MANAGEMENT AND SUSTAINABILITY

Maintaining an environmentally friendly airport is part of the mission of NMIAL. NMIAL is committed to the principle of sustainability and continues to undertake environmental management programmes that are guided by ISO14001, as well as the mandates of local environmental regulations and relevant international conventions. The incorporation of sustainable environmental requirements into major airport operations is the primary focus so as to streamline environmental management and achieve a safe, environmentally-friendly and aesthetic environment. Wildlife hazard management, waste management, plant quality monitoring, landscaping management and vector control remain significant components within the suite of Environmental Programmes.

The airport 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. This makes the airport an operational facility wholly within an ecologically sensitive zone.

NMIAL continued its role as a major stakeholder in the community. NMIAL made responses to the development of various Parish Development Orders promulgated from the National Environment and Planning Authority (NEPA). Environmental permits and licenses pertinent to the operations of the airport continue to be obtained, renewed and maintained as part of the airport's commitment to regulatory compliance. NMIA's Air Quality license certification was granted by NEPA in respect of Air Quality Regulations (2006). Appropriate due diligence is maintained on the airport property with routine environmental monitoring.

Plans are in progress for a thorough examination of five (5) critical resource aspects at NMIA i.e. solid waste characterization and generation survey; indoor air quality audit for ten public and facility spaces; advanced noise contour development; potable network, network audit; and an airport climate change and adaptation assessment. These works and other planned projects will provide critical metrics and other analyses as well as outline mechanisms to improve airport operations, land use planning and resource management at NMIA.

The outlook in respect of significant environmental issues affecting airports continues to evolve at both the local and international levels, especially with regard to Climate Change. Consideration of climate change resilience is a key objective in corporate environmental sustainability. NMIAL remains responsive to the matter of Climate Change and its potential impacts over the long-term for the operations of the airport.

One of the most important measures that can be used to reduce an entity's carbon footprint or to manage emissions is to make improvements in energy efficiency and conservation, including the use of renewable energy supplies. The ICAO/UNDP pilot 'Solar-At-Gate-Project at NMIA has been noteworthy. Under the project, there was the successful installation of solar facilities. The 'Solar-at-Gate' power supply facility replaced two power sources and reduces the carbon footprint of aircraft while at the gate. NMIAL continues to remain committed to meeting existing as well as changing local and international standards that impact airport operations in the dynamic aviation environment.

HUMAN RESOURCE MANAGEMENT AND ADMINISTRATION

The organization's human capital development programme continued 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 the operational goals of NMIA Airports Limited. As at March 31, 2019 the total number of personnel employed to NMIAL was three hundred and sixteen (316). The areas below outline the organization's achievements for the period.

EMPLOYEE TRAINING

NMIAL's training policy is geared towards functional and developmental training at the departmental level, and is geared towards equipping employees with the necessary technical skills, knowledge and behaviours to perform their current duties effectively while positioning for additional and new duties. To this end, the organization facilitated short term in-class and online training programmes for airport specific knowledge and skills in an effort to build and enhance competence in this area.

For the period, 307 employees out of an average workforce of 316 employees participated in various training programmes totaling 440 man-days of training. This is an average of 1.4 man-days of training per employee for in-class training in relation to the overall workforce. Training programmes for the period included:

- TRAINAIR PLUS Training Instructors Course (TIC)
- ACI Airport Operations
- Masterclass in Private Public Partnership
- Procurement Management
- Intermediate Programmable Logic Controllers (PLC) Training
- Emergency Response – Live Burn Training
- Supervisory Management
- Airport Administration and Services
- Train-the-Trainer
- Working with Annex 14
- Project Management
- ACI Airport Security Course
- ACI Airside Safety Course
- ACI Human Factor Course

EMPLOYEE DEVELOPMENT

For the period training and development opportunities offered business and technical skills development programmes as well as personal development for employees. Vehicles for training and development activities included in-class and on-the-job training in functional areas, job rotation, cross training, job enrichment and special project assignments for employees. NMIAL, in continuance of our support for employees' career and personal development, approved Tuition Assistance awards to 32 employees. The total awards amounted to J$26,915,876.94 for 6 employees reading at the undergraduate level and for 26 employees pursuing degrees at the graduate level.

EMPLOYEE WELFARE PROGRAMME

The primary goal of the Employee Welfare Programme is to encourage and educate employees about the importance of adopting a healthy lifestyle. The main benefits of the Programme are reduced lifestyle illnesses, alertness and ability to deal more effectively with stress and foster a cooperative environment. For this reason, the wellness programme consists of a combination of complimentary initiatives that will assist in the achievement of our objectives. For the period April 2018 to March 2019 there were a number of organized wellness and social activities which took the form of 5K runs/walks, hikes, futsal and netball competitions as well as financial seminar.

In March 2018, 180 employees and guests participated in the Kingston City Run while 12 employees took part in the Forestry Department's Trek to the Cambridge Backlands, Portland. A team of 21 persons participated in the Food for the Poor 5K Run/Walk in May 2018. In July 2018 a team of 27 participants from the organization attended the inaugural Jamaica Moves 5K Run/Walk.

A total of 36 employees accompanied by their friends and family participated in the Digicel Night Run in October 2018. The Heart Foundation's Heroes of the Heart 5K, the first running event for 2019 was held in February with participation from the organization of 22 staff members and their guests.

The annual AAJ/NMIAL Staff Christmas event was held on December 14, 2018 at Hope Gardens; and was the first time the annual event has been held at a location off the airport. The staff event was planned to commemorate the final such activity before take over by GAP.

The hosting of an Inter-departmental Futsal and Netball competition took place in April 20, 2018 in which the Airport Operations Division emerged winners of the both competitions. NMIAL's Annual Summer Movie Bonanza was held in August 2018 and a Karaoke and Games Night was also hosted in October 2018. These events were well supported by staff and afforded attendees an opportunity to interact and fellowship outside of the normal working context.

A Financial and Entrepreneurial Fair was held in March 2019 and involved over 16 financial services providers and private entities. The major objective behind this Fair was to empower employees with as much information as possible, to assist with planning and preparing for their next steps post privatization.

Under the Scholarship for Children of Employees programe, held in connection with the Trade Unions, a total of 44 new awards were made for 25 primary level bursaries, 10 secondary scholarships (secondary lower – 5 & secondary upper – 5), 6 tertiary scholarships and 3 book grants for the 2018 - 2019 academic year. The total disbursement was $ $8,111,145.50 for new and recurring scholarship awards.

AIRPORT PRIVATIZATION AND CHANGE MANAGEMENT

Further to the planned privatization of the airport, the HRMA Division implemented its Change Management and Transition Programme. This programme facilitated the preparation of employees for the upcoming transition to a private airport operator. Some of the activities included:

- Cultural Integration Seminar
- Managing Personal Change
- General Staff Meetings
- Retirement & Financial
- Information Bulletins
- Resume and Interview Workshop

PUBLIC PRIVATE PARTNERSHIP(PPP)-NORMAN MANLEY INTERNATIONAL AIRPORT

Significant progress was made during the 2018-19 fiscal year in the GoJ's PPP process for NMIA. The GoJ, through the Ministry of Transport and Mining ("MTM") initiated the process of implementing a PPP process identify a private sector operator with proven experience in the aviation sector to finance, develop, operate and maintain the NMIA. Eight (8) bidders pre-qualified and 3 submitted bids.

Following the opening of three (3) bids on July 20, 2018 and subsequent evaluation of the bids by technical committees engaged by the government appointed Enterprise Team, Cabinet approved the proposal submitted by Grupo Aeroportuario del Pacifico (GAP) on September 3, 2018. The PPP tender process culminated in October 2018 with the signing of a 25, plus 5-year Concession Agreement with PAC Kingston Airports Limited (PACKAL), a wholly owned subsidiary of GAP from Mexico. PACKAL is expected to assume take over and operation control of NMIA by October 2019.

The aim of the GoJ's PPP process for NMIA is to:

i. develop and enhance the position of the NMIA as a competitive airport in the region;

ii. increase service quality standards to provide passengers with an improved overall airport experience in line with international best practices;

iii. introduce private sector finance, technical know-how and operational efficiencies to maintain a state-of-the-art aviation facility; and

iv. mobilize additional private sector investment in the Airport's infrastructure.

LEGAL & REGULATORY FRAMEWORK

Jamaica has a well-established aviation policy informed by various pieces of legislation and policy instruments. It is a signatory of the International Civil Aviation Organization (ICAO) and as such adopts its various annexes regulating civil and commercial aviation. The implementation of aviation policy resides with the Minister with responsibility for Transport. The GoJ also has appropriate institutional structures in place to manage and administer PPPs and has a proven track record through the successful implementation of a PPP at the Sangster International Airport, among other GoJ assets.

NMIA is a Scheduled Airport regulated under the Airports (Economic Regulation) Act. This allows for the Jamaica Civil Aviation Authority (JCAA) to regulate and cap maximum airport user charges. Scheduled Airports must be granted Permission to Levy Charges from the JCAA.

Jamaica subscribes to a liberalized regime regarding Air Services Agreements (ASAs). It is the government's policy to grant extra-bilateral rights in cases where an airline has applied for route authority which is not covered by an existing ASA.

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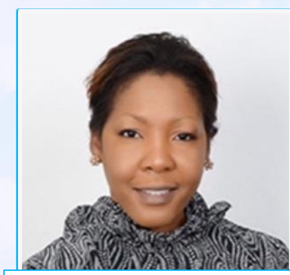
BOARD OF DIRECTORS

Hon. William Shagoury
AAJ Board CHAIRMAN

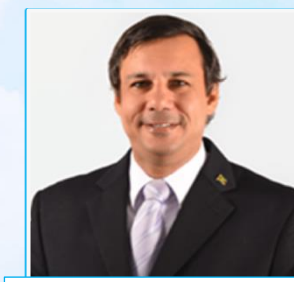
Mr. Newlyn 'Neil' Seaton
CHAIRMAN

Mr. Leroy Lindsay

Mr. Mark Hart

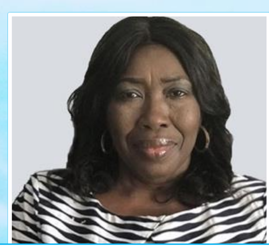


Mrs. Julia
Moncrieffe Wiggan



Mr. Kent Gammon

Mr. Ludlow Johnson



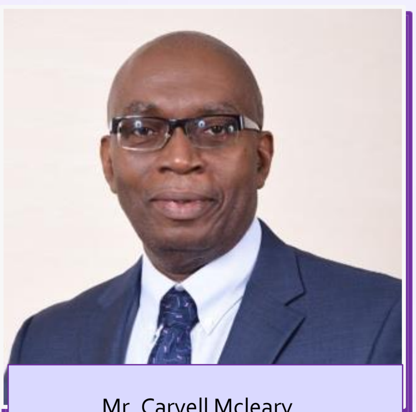
Ms. Donna Reid
Appointed October 2018

Mr. Lloyd Pommells
Appointed October 2018

**Note: CEO Audley Deidrick resigned as a Board Director effective October 2018*

EXECUTIVE TEAM

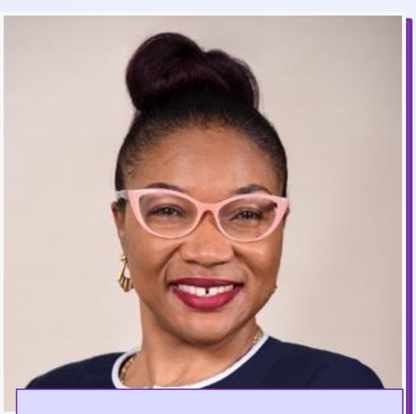
Mr. Audley Deidrick
CHIEF EXECUTIVE OFFICER



Mr. Carvell Mcleary
SNR. DIRECTOR HRM & ADMINISTRATION

Mr. Alfred McDonald
SNR. DIRECTOR, COMMERCIAL DEVELOPMENT & PLANNING

Mr. Horace Bryson
SNR. DIRECTOR ENGINEERING, MAINTENANCE & PROJECTS



Ms. Verona Vacianna
GENERAL COUNSEL

Mr. Dale Davis
CHIEF OPERATIONS OFFICER

Mr. Samuel Manning
SNR. DIRECTOR FINANCE

OPERATIONAL PERFORMANCE

FINANCIAL HIGHLIGHTS

Summary Financial Indicators for NMIA Limited

Description		2017/18	2018/19
Aeronautical to Total Revenue		63%	63%
Aeronautical Revenue (US$'000)			
▪ **Passenger Service Fees**		13,028	13,851
▪ **Security Fees**		7,282	7,657
▪ **Landing Fees**		3,477	3,783
▪ **Other**		1,137	1,201
Non-Aeronautical Revenue (US$'000)			
▪ **Concession Fees**		8,778	9,156
▪ **Car Park**		913	954
▪ **Space Rental**		998	1,194
▪ **Advertising Space Rentals**		430	348
▪ **Utilities Recovery**		546	679
▪ **Other**		3,084	3,221
			Revenue Drivers
Passenger Throughput		1,666,944	1,738,365
Aircraft Landings (approximately 50% of total landings)		10,326	10,608
Cargo Throughput		14,365,218	12,998,358

DIRECTORS' COMPENSATION: April 2018 - March 2019

Name & Position of Director	Fees	Motor Vehicle Upkeep/Travelling or Value of Assignment of Motor Vehicle	Honoraria	All Other Compensation including Non-Cash benefits as applicable	Total
Newlyn Seaton - Chairman	4,510	443	NIL	NIL	4,953
Julia Wiggan-Moncrieffe	3,159	468	NIL	NIL	3,627
Kent Gammon	3,688	390	NIL	NIL	4,078
Leroy Lindsay	1,771	465	NIL	NIL	2,236
Lloyd Pommells	803	202	NIL	NIL	1,004
Ludlow Johnson	4,095	724	NIL	NIL	4,819
Mark Hart	1,416	0	NIL	NIL	1,416
Donna Reid	810	126	NIL	NIL	936
Hon. William Shagoury	864	664	NIL	NIL	1,528
TOTAL	21,116	3,482	NIL	NIL	24,597

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 CEO, who served as a Director up to October 2018, was compensated by the Airports Authority of Jamaica in his substantive role as President/CEO.

SENIOR EXECUTIVE COMPENSATION: April 2018 - March 2019

POSITION OF SENIOR EXECUTIVE		SALARY	GRATUITY	TRAVELLING ALLOWANCE	PENSION OR OTHER RETIREMENT BENEFITS	OTHER ALLOWANCES	NON-CASH	GRAND TOTAL
AAJ Staff		US$	US$	US$	US$	US$	US$	US$
Chief Execurive Officer	- Audley Deidrick *							
General Counsel	- Verona Vacianna*							
NMIAL Staff								
Chief Operating Oficer	- Dale Davis	65,383		22,794	-	12,874	1,884	102,935
Snr Director Finance	- Samuel Manning	59,467	14,733	22,794	-	22,235	1,524	120,753
Snr Director HRMA	- Carvell Mcleary	62,441	14,900	22,794	-	19,200	1,259	120,594
Snr Director CD&P	- Alfred McDonald	59,082	13,939	22,794	-	20,089	1,757	117,660
Snr Director EMP	- Horace Bryson	55,766		22,794	-	13,051	1,449	93,062
		302,140	**43,571**	**113,970**	**-**	**87,499**	**7,872**	**555,004**

Notes

- ✓ Asterisks denote AAJ paid staff: Chief Executive Officer and General Counsel.
- ✓ 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 labeled “Travelling Allowance.
- ✓ The non-taxable upkeep totaled $6,260,912 and the non-cash items (health & life insurance) of US$7,872 are not reflected in nor regarded as management compensation shown in the audited financial statements.
- ✓ All payments to executives are due and made in Jamaican Dollars.

NMIA AIRPORTS LTD. BOARD MEMBERS ATTENDANCE MAY 2018 – MARCH 2019

MONTHLY SCHEDULE MEETINGS

Names	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	TOTAL
Mr Newlyn Seaton	✓	✓	✓	✓	-	✓	✓	✓	✓	Meeting	✓	✓	10
Mr Mark Hart	A	A	A	✓	-	✓	A	A	A	Cancelled	✓	A	3
Mr Ludlow Johnson	✓	✓	✓	✓	-	✓	✓	✓	A		✓	✓	9
Mr Kent Gammon	✓	A	✓	A	-	✓	✓	✓	✓		✓	✓	8
Mr Leroy Lindsay	✓	✓	A	✓	-	✓	✓	A	✓		A	✓	7
Mrs Julia Moncrieffe Wiggan	A	A	✓	✓	-	✓	✓	✓	A		✓	A	6
Mr Audley Deidrick	✓	✓	✓	✓	-	✓	✓	R					6
Hon William Shagoury	✓	A	✓	A	-	✓	✓	A	✓		A	A	5
*Ms Donna Reid								✓	A		✓	A	2
*Mr Lloyd Pommells								✓	✓		✓	A	3

Notes:

1. Tick denotes present.
2. 'A' denotes absent.
3. "R" denotes Resigned. CEO Audley Deidrick resigned as a Board Director effective October 2018
4. *Mr Lloyd Pommells and Ms Donna Reid were appointed as Directors effective October 2018.
5. Board goes on recess in August of each year.

AWARDS & EVENT HIGHLIGHTS

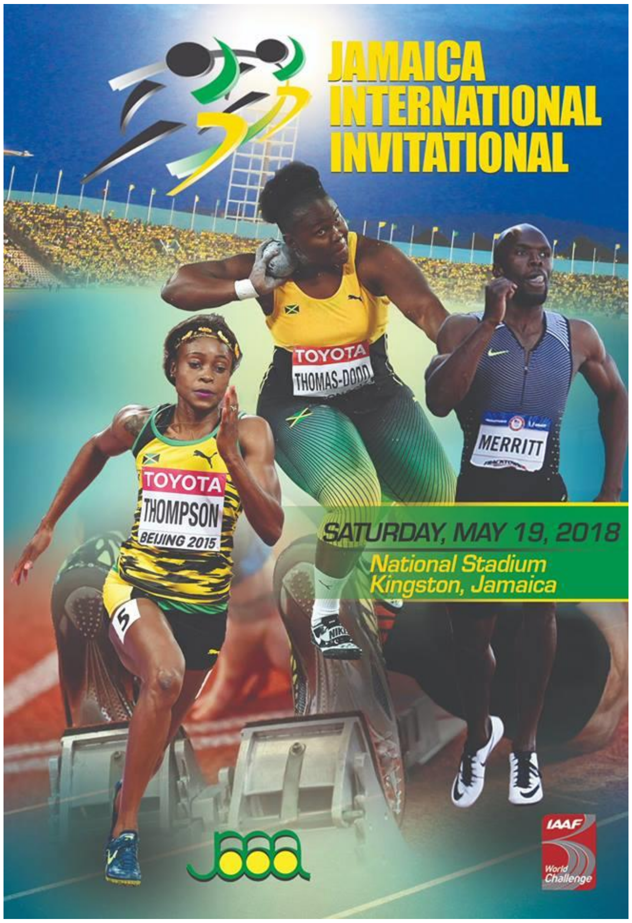
COMMUNITY OUTREACH| LABOUR PROJECTS DAY 2018


TO SERVE 1896 AND PROTECT
POLICE STATION


Quarrie
High School

AWARDS & EVENT HIGHLIGHTS

CORPORATE SPONSORED EVENT



NMIAL Chief Operations Officer—Dale Davis read and signed the Safety Pledge with other members of the executive team.

(L) Dir. General Jamaica Civil Aviation Authority (JCAA) - Nari Williams Singh made his contribution to the aviation safety agenda via the keynote address at the Official Launch of NMIAirport Safety Awareness Week

(R) NMIAL Chief Operations Officer / SMS Director —Dale Davis received and badged the new Safety Marshals.

NMIA Nurse Sheryl Haynes and Fire Chief Everton Blair showed off their catch-of-the-day from the Leadership FOD Walk

Leadership FOD Walk / AIRSIDE

Member of the Airport Protection Services responds during the recent Evacuation Drill of the Tenant Block

FINANCIAL STATEMENTS

NMIA Airports Limited

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31 March 2019

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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 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and with 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 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *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.

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

L.A. McKnight P.E. Williams B.L. Scott B.J Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K.Moore T.N. Smith DaSilva

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

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

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

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

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.

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.

Chartered Accountants
7 August 2019
Kingston, Jamaica

NMIA Airports Limited
Statement of Comprehensive Income
Year ended 31 March 2019
(expressed in United States dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Revenue	5	42,044	39,673
Operating expenses	6	(36,518)	(33,938)
Other income	8	9,003	10,279
Operating Profit		14,259	16,014
Finance costs	9	(3,721)	(4,188)
Profit before taxation		10,808	11,826
Taxation	10	(734)	(594)
Net Profit, being Total Comprehensive Income for the Year		10,074	11,232

NMIA Airports Limited
Statement of Financial Position
31 March 2019
(expressed in United States dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Non-Current Assets			
Property, plant and equipment	11	112,894	111,837
Deferred tax asset	12	8,432	8,490
Intangible assets	13	178	120
Investments	14	12,982	3,289
		134,486	123,736
Current Assets			
Inventories		493	457
Receivables	15	8,775	9,603
Cash and short term deposits	16	25,779	30,416
		35,047	40,476
Current Liabilities			
Payables	17	2,772	2,446
Taxation payable		764	88
Due to the Authority	19	10,122	9,293
		13,658	11,827
Net Current Assets		21,389	28,649
		155,875	152,385
Shareholder's Equity			
Share capital	18	4,100	4,100
Retained earnings		20,730	11,186
		24,830	15,286
Non-Current Liability			
Due to the Authority	19	131,045	137,099
		155,875	152,385

Approved for issue by the Board of Directors on 5 August 2019 and signed on its behalf by:

Newlyn Seaton Chairman

Kent Gammon Director

NMIA Airports Limited

Statement of Changes in Equity

Year ended 31 March 2019

(expressed in United States dollars unless otherwise indicated)

	Number of Shares	Share Capital	Accumulated (Deficit)/Retained Earnings	Total
		$'000	$'000	$'000
Balance at 1 April 2017	328,000	4,100	(46)	4,054
Total comprehensive income – Net profit	-	-	11,232	11,232
Balance at 31 March 2018	328,000	4,100	11,186	15,286
Total comprehensive income – Net profit	-	-	10,074	10,074
Dividend paid	-	-	(530)	(530)
Balance at 31 March 2019	328,000	4,100	20,730	24,830

NMIA Airports Limited
Statement of Cash Flows
Year ended 31 March 2019
(expressed in United States dollars unless otherwise indicated)

	2019 $'000	2018 $'000
Cash Flows from Operating Activities		
Net profit	10,074	11,232
Items not affecting cash resources:		
Depreciation and amortisation charges	6,577	6,952
Interest income	(942)	(770)
Income tax	734	594
Foreign exchange losses on foreign balances	101	137
Amortisation of grants	(11,319)	(13,091)
Interest expense	7,123	7,748
	12,348	12,802
Changes in operating assets and liabilities:		
Inventories	(36)	(15)
Restricted cash	-	216
Receivables	(72)	(168)
Payables	376	(890)
Cash provided by operating activities	12,616	11,945
Income tax paid	-	(431)
Net cash provided by operating activities	12,616	11,514
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(6,827)	(4,816)
Purchase of intangibles	(75)	(99)
Proceeds of disposal of property, plant and equipment	-	37
Purchase of Investment	(9,710)	(3000)
Interest received	942	770
Net cash used in investing activities	(15,670)	(7,108)
Cash Flows from Financing Activities		
Borrowings repaid	(8,982)	(16,907)
Dividends paid	(530)	-
Interest paid	(5,898)	(7,744)
Grants received	11,319	10,662
Drawdown on loan facility	2,570	4,616
Net cash used in financing activities	(1,521)	(9,373)
Decrease in cash and cash equivalents	(4,575)	(4,967)
Effects of foreign exchange movements on cash and cash equivalents	(62)	(51)
Cash and cash equivalents at beginning of year	30,416	35,332
Cash and Cash Equivalents at End of Year (Note 16)	25,779	30,416

NMIA Airports Limited
Notes to the Financial Statements
31 March 2019
(expressed in United States dollars unless otherwise indicated)

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 company is domiciled in Jamaica.
The registered office of the company is located at the Norman Manley International Airport, Palisadoes, Kingston, Jamaica.

The Norman Manley International Airport is scheduled to be handed over to a new operator, PAC Kingston Airport Limited (PACKAL) on 9 October 2019. This transfer of the management and operation of the Airport is being done within the Government of Jamaica's policy of privatizing assets via Public Private Partnerships.

The financial statements were approved and authorised for issue as indicated on the statement of financial position. The directors have the power to amend and reissue the financial statements.

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 management's best knowledge of current events and actions, 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:

IFRS 9, 'Financial instruments' (effective for annual periods beginning on or after 1 January 2018). This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

NMIA Airports Limited
Notes to the Financial Statements
31 March 2019
(expressed in United States dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

IFRS 9 has three classification categories for debt instruments: amortised cost, fair value through other comprehensive income ('FVOCI') and fair value through profit or loss ('FVPL'). Classification under IFRS 9 for debt instruments is based on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ('SPPI'). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity. That is, an entity's business model determines whether the cash flows will result from collecting contractual cash flows, selling financial assets or both.

If a debt instrument is held to collect contractual cash flows, it is classified as amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect assets' contractual cash flows and to sell the assets are classified as FVOCI. Under the new model, FVPL is the residual category - financial assets should therefore be classified as FVPL if they do not meet the criteria of FVOCI or amortised cost.

IFRS 9 introduces a new model for the recognition of impairment losses - the expected credit losses (ECL) model. The ECL model constitutes a change from the guidance in IAS 39 and seeks to address the criticisms of the incurred loss model which arose during the economic crisis. In practice, the new rules mean that entities will have to record a day 1 loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). IFRS 9 contains a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

The adoption of IFRS 9 from 1 April 2018 resulted in changes in accounting policies but did not result in adjustments to the amounts recognised in the financial statements opening retained earnings. Details of the new accounting policy in relation to IFRS 9 are outlined in Note 2 (c).

IFRS 15, 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018). The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service; so the notion of control replaces the existing notion of risks and rewards.

A key change to current practice is the point at which revenue is able to be recognised, which may shift so that some revenue that is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa. Other effects of the new standard include variable consideration that involve contracts with customers which provide a right of return, trade discounts or volume rebates which in some cases result in more revenue being deferred. The treatment of customer loyalty programmes is also affected.

NMIA Airports Limited
Notes to the Financial Statements
31 March 2019
(expressed in United States dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)
The company has reviewed the main types of commercial arrangements used with customers under the model and has concluded that the adoption of IFRS 15 does not have a material impact on the results or financial position based on the nature of services offered by the company.

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 adoption of this interpretation did not have any significant impact on the operations of the company.

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 2019 or later periods, but the company has not early adopted them:

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.

Annual improvements 2015 -2017 (Effective for annual periods beginning on or after 1 Janaury 2019). Amendments to IAS 23 Borrowing Costs. A company treats as part of general borrowings any borrowing originally made to develop an asset after the asset is ready for its intended use or sale.

There was also minor amendments to IFRS 3, "Business Combinations", IFRS 11, "Joint Arrangements" and IAS 12, "Income Taxes"; none of which were relevant to the company.

IFRIC 23, 'Uncertainty over income tax treatments' (effective for annual periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes' are applied where there is uncertainty over income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether the treatment will be accepted by the tax authority. The company is currently assessing the impact of this interpretation.

NMIA Airports Limited
Notes to the Financial Statements
31 March 2019
(expressed in United States dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

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

Amendments to IAS 1 & IAS 8 (Effective for annual periods beginning on or after 1 January 2020). These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

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 2019
(expressed in United States dollars unless otherwise indicated)

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.

Accounting policy applied from 1 April 2018
Financial assets

(i) Classification
Classification of the company's financial assets depends on the company's business model for managing such assets and the contractual terms of the cash flows. From 1 April 2018 the company classifies its financial assets as those measured at amortised cost and fair value thought profit or loss.

(ii) Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred control of the assets.

(iii) Measurement
Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in the income statement using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the income statement.

On the adoption of IFRS 9, there have been no changes in the subsequent measurement of the company's financial instruments from that noted in the previous year under IAS 39.

Equity instruments
The company measures all equity investments at fair value.

(iv) Impairment
From 1 April 2018, the company assesses on a forward looking basis the expected credit losses associated with its financial instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. See note 3(a) for further details.

The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward looking information.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst other, the failure of a debtor to engage in a repayment plan with the company.

NMIA Airports Limited

Notes to the Financial Statements
31 March 2019
(expressed in United States dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

(iv) Impairment (continued)

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

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.

The adoption of IFRS 9 from 1 April 2018 resulted in changes in accounting policies, however, there were no adjustments to the amounts recognised in the financial statements as at 1 January 2018 as adjustments were considered to be immaterial by the company's management.

Accounting policy applied until 31 March 2018

The company applied IFRS 9 on 1 April 2018 and had elected not to restate comparative information in accordance with the transitional provisions in IFRS 9 [7.2.15]. However, with the adoption of IFRS 9 and applying the simplified approach, there was no impact on the opening balance.

The company classified its financial assets as loans and receivables. The classification depended on the purpose for which the financial assets were acquired. Management determined the classification of its financial assets at initial recognition.

Regular purchases and sales of financial assets are recognised on trade date – the date on which the company commits to purchase or sell the asset. Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables are derecognised when the rights to receive cash flows from these financial assets have expired or where the company has transferred substantially all risks and rewards of ownership.

Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. They were classified as current assets, except for maturities greater than 12 months, on the statement of financial position, which were classified as non-current assets. Loans and receivables comprised receivables, and cash and cash equivalents.

A provision for impairment 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 cashflows discounted at the market rate of interest for similar borrowing.

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 reporting date, the company's financial liabilities comprise payables and loans.

The determination of the fair values of the company's financial instruments is discussed in Note 3(d).

NMIA Airports Limited
Notes to the Financial Statements
31 March 2019
(expressed in United States dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(d) Revenue recognition

Revenue comprises landing, terminal and security fees, rental charges, and recovery of utility costs from airlines; concession income; rental charges from other tenants; car park fees and miscellaneous income.

From 1 April 2018, the company adopted IFRS 15. There was no significant impact to accounting policies or amounts recognised in the financial statements.

Revenue is recognised as performance obligations are satisfied, that is, over time or at a point in time. Where a customer contract contains multiple performance obligations, the transaction price is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services being provided to the customer. A contract liability, representing amounts payable to customers, is recognised for advance consideration for which the related performance obligation has not yet been satisfied.

(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 2019
(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
Motor vehicles	5 years
Computer equipment	5 years
Plant and machinery and furniture and fixtures	10 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 recognised initially at the amount of consideration that is unconditional. The company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other operating income in profit or loss. Impairment testing of trade receivables is described in Note 2(c).

(k) Cash and cash equivalents
Cash and cash equivalents are carried in the statement of financial position 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.

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

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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 and cash flow interest rate 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. 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
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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit review process

The company has established an operations and business development committee whose responsibility involves regular review of commercial activities and transactions with counterparties.

(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.

Impairment of trade receivables
The company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for these assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles over a period of 48 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the GDP and the unemployment rate of Jamaica to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Previous accounting policy for impairment of receivables
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

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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:

	2019	2018
	$'000	$'000
Advertising	42	218
Airlines	3,079	2,957
Car rentals	332	226
Concession	264	529
Food and beverage	160	195
Fuel	771	831
Ground handling and taxi service	215	277
Others	4,652	3,976
	9,515	9,209
Less: Provision for impairment	(3,353)	(3,545)
	6,162	5,664

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

NMIA Airports Limited
Notes to the Financial Statements
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3. Financial Risk Management (Continued)

(a) Credit risk (continued)
Trade receivables loss allowance

The loss allowance as at 31 March 2019 and 1 April 2018 (on adoption of IFRS 9) was determined as follows for trade receivables:

	Current $'000	31-60 $'000	61-90 $'000	Over 90 days $'000	Total $'000
31 March 2019					
Expected loss rate	11.0%	18.9%	24.3%	43.0%	
Gross carrying amount trade receivables	1,704	654	190	6,967	9,515
Loss Allowance	187	124	46	2,996	3,353

	Current $'000	31-60 $'000	61-90 $'000	Over 90 days $'000	Total $'000
1 April 2018					
Expected loss rate	11.0%	23.3%	17.9%	49.0%	
Gross carrying amount trade receivables	1,964	521	279	6,445	9,209
Loss Allowance	216	121	50	3,158	3,545

Movement analysis of trade receivables loss allowance

The movement on the trade receivables loss allowance was as follows:

	2019 $'000	2018 $'000
At 1 April	3,545	3,986
Recoveries and write-offs	(192)	(441)
At 31 March	3,353	3,545

The creation and release of provisions 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
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3. Financial Risk Management (Continued)

(b) Liquidity risk

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

Liquidity risk management process
The company's liquidity management process includes:

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

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

(iii) Maintaining committed lines of credit; and

(iv) Optimising cash returns on investment.

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

	Within 1 Year $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
		2019		
Payables	2,772	-	-	2,772
Due to the Authority	11,117	50,077	96,762	157,956
	13,889	50,077	96,762	160,728
		2018		
Payables	2,446	-	-	2,446
Due to the Authority	12,752	51,187	102,202	166,141
	15,198	51,187	102,202	168,587

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

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

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3. Financial Risk Management (Continued)

(c) Market risk

The company takes on exposure to market risks, which is the risk that the fair value of 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$	Jamaican$	Total
	US$'000	US$'000	US$'000
		2019	
Financial assets			
Investments	12,700	282	12,982
Trade receivables	-	6,162	6,162
Cash and short term deposits	22,836	2,943	25,779
Total financial assets	35,536	9,387	44,923
Financial liabilities			
Payables	-	(2,772)	(2,772)
Due to the Authority	(139,555)	(1,612)	(141,167)
Total financial liabilities	(139,555)	(4,384)	(143,939)
Net financial position	(104,019)	5,003	(99,016)

NMIA Airports Limited
Notes to the Financial Statements
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3. Financial Risk Management (Continued)

(c) Market risk (continued)
Currency risk (continued)

	US$	Jamaican$	Total
	US$'000	US$'000	US$'000
		2018	
Financial assets			
Investments	3,000	289	3,289
Trade receivables	-	5,664	5,664
Cash and short term deposits	27,329	3,087	30,416
Total financial assets	30,329	9,040	39,369
Financial liabilities			
Payables	-	(2,446)	(2,446)
Due to the Authority	(146,262)	(130)	(146,392)
Total financial liabilities	(146,262)	(2,576)	(148,838)
Net financial position	(115,933)	6,464	(109,469)

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

	% Change in Currency Rate 2019	Effect on Profit Before Tax 2019 $'000	% Change in Currency Rate 2018	Effect on Profit Before Tax 2018 $'000
Currency:				
JMD – devaluation	-6%	(300)	-4%	(258)
JMD – revaluation	+4%	200	+2%	129

NMIA Airports Limited
Notes to the Financial Statements
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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.

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

	Within 1 Year	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
			2019		
Financial Assets					
Investments	-	5,081	282	7,619	12,982
Trade receivables	-	-	-	6,162	6,162
Cash and short term deposits	25,447	-	-	332	25,779
	25,447	5,081	282	14,113	44,923
Financial Liabilities					
Payables	-	-	-	(2,772)	(2,772)
Due to the Authority	(6,144)	(39,053)	(67,092)	(28,878)	(141,167)
	(6,144)	(39,053)	(67,092)	(31,650)	(143,939)
Total interest re-pricing gap	19,303	(33,972)	(66,810)	(17,537)	(99,016)
Cumulative interest re-pricing gap	19,303	(14,669)	(81,479)	(99,016)	

NMIA Airports Limited

Notes to the Financial Statements
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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Cash flow and fair value interest rate risk (continued)

	Within 1 Year	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
			2018		
Financial assets					
Investments	-	3,000	289	-	3,289
Trade receivables	-	-	-	5,664	5,664
Cash and short term deposits	29,994	-	-	422	30,416
	29,994	3000	289	6,086	39,369
Financial liabilities					
Payables	-	-	-	(2,446)	(2,446)
Due to the Authority	(8,477)	(39,054)	(71,357)	(27,504)	(146,392)
	(8,477)	(39,054)	(71,357)	(29,950)	(148,838)
Total interest re-pricing gap	21,517	(36,054)	(71,068)	(23,864)	(109,469)
Cumulative interest re-pricing gap	21,517	(14,537)	(85,605)	(109,469)	

Interest rate sensitivity
All interest bearing financial assets and liabilities have fixed interest rates, accordingly there is no interest rate sensitivity impact on the profit and loss.

NMIA Airports Limited

Notes to the Financial Statements

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3. Financial Risk Management (Continued)

(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.

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.

3. Financial Risk Management (Continued)

(f) Financial instruments by category

Financial assets:
The following table summarises the results of management's reclassification of financial assets from IAS 39 categories to their IFRS 9 categories:

	IAS 39 Classification	Carrying value at 31 March 2018	IFRS 9 classification	Carrying value at 1 April 2018
		$'000		$'000
Cash at bank balances	Loans and receivables	30,416	Amortised cost	30,416
Trade receivables	Loans and receivables	5,664	Amortised cost	5,664
Government Jamaica Securities	Held to maturity	289	Amortised cost	289
Corporate bonds	Held to maturity	3,000	Amortised cost	3,000
Total financial assets		39,369		39,369

(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.

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

Key sources of estimation uncertainty (continued)

Depreciable assets

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

5. Revenue

	Aeronautical Charges $'000	Non-Aeronautical Charges $'000	2019 Total $'000	2018 Total $'000
Advertising space rental and maintenance charges	-	1,542	1,542	1,430
Car park and car pound charges	-	954	954	913
Common User Terminal Equipment (CUTE)	-	2,505	2,505	2,434
Concession fees – fuel throughout	-	1,902	1,902	1,953
Concession fees – other	-	7,254	7,254	6,825
Incinerator income	-	377	377	354
Landing fees	3,783	-	3,783	3,477
Loading bridge charges	1,133	-	1,133	1,082
Maintenance charges	-	338	338	294
Parking fees	68	-	68	55
Passenger service fees	13,852	-	13,852	13,028
Security fees	7,657	-	7,657	7,282
Utilities recovery	-	679	679	546
	26,493	15,551	42,044	39,673

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6. Expenses by Nature

Total operating expenses:

	Aeronautical Charges $'000	Non-Aeronautical Charges $'000	2019 Total $'000	2018 Total $'000
Auditors' remuneration	12	13	25	24
Commissions and discounts	269	-	269	279
Concession fee expense (Note 25(b))	2,500	-	2,500	2,367
Depreciation and amortisation	5,696	881	6,577	6,952
Impairment charge on bad and doubtful debts, net of recoveries	(96)	(96)	(192)	(441)
Insurance	1,143	177	1,320	1,065
Irrecoverable GCT	1,621	-	1,621	1,268
Motor vehicle expenses	143	216	359	283
Office supplies	98	97	195	190
Other	387	1,115	1,502	1,430
Professional fees	641	641	1,282	1,422
Public relations	104	104	208	214
Regulatory fees and taxes	431	-	431	378
Rental and lease	98	226	324	197
Repairs and maintenance	1,909	2,139	4,048	4,270
Security	1,797	308	2,105	2,077
Staff costs (Note 7)	4,537	4,602	9,139	7,094
Training	302	302	604	573
Traveling and entertainment	27	26	53	69
Utilities	3,826	322	4,148	4,227
	25,445	11,073	36,518	33,938

Cost of inventories recognised in profit or loss amounts to $62,451 (2018 - $32,750).

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7. Staff Costs

	2019 $'000	2018 $'000
Wages and salaries	4,955	4,015
Payroll taxes, employer's portion	859	669
Benefits and allowances	2,828	1,984
Redundancy costs	92	104
Other	405	322
	9,139	7,094

8. Other Income

	2019 $'000	2018 $'000
Amortisation of grant (Note 20)	7,816	9,394
Interest income	942	770
Discounts received	49	31
Other	196	84
	9,003	10,279

9. Finance Costs

	2019 $'000	2018 $'000
Interest expense	7,123	7,748
Amortisation of grant (Note 20)	(3,503)	(3,697)
	3,620	4,051
Net foreign exchange losses	101	137
	3,721	4,188

10. Taxation

Subject to agreement with Tax Administration Jamaica, losses of approximately $12,784,000 (2018 – $16,697,000) 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%:

	2019 $'000	2018 $'000
Current tax	676	-
Deferred taxation (Note 12)	58	594
	734	594

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

	2019 $'000	2018 $'000
Profit before tax	10,808	11,826
Tax calculated at a tax rate of 25%	2,702	2,957
Adjusted for the effects of:		
Income not subject to tax	(1,821)	(2,424)
Expenses not deductible for tax purposes	180	61
Employment Tax Credit	(327)	-
	734	594

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11. Property, Plant and Equipment

	Buildings, runways and taxiways	Motor vehicles	Computer equipment, plant and machinery, furniture and fixtures	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000
Cost -					
At 1 April 2017	120,175	929	42,630	3,704	167,438
Additions	-	-	811	4,005	4,816
Disposals	-	(56)	-	-	(56)
Transfers	1,798	-	680	(2,478)	-
At 31 March 2018	121,973	873	44,121	5,231	172,198
Additions	-	43	770	6,014	6,827
Transfers	968	-	47	(225)	790
At 31 March 2019	122,941	916	44,938	11,020	179,815
Depreciation -					
At 1 April 2017	24,485	723	28,236	-	53,444
Charge for the year	3,349	75	3,512	-	6,936
Relieved on disposals	-	(19)	-	-	(19)
At 31 March 2018	27,834	779	31,748	-	60,361
Charge for the year	3,397	36	3,127	-	6,560
At 31 March 2019	31,231	815	34,875	-	66,921
Net Book Value -					
31 March 2019	91,710	101	10,063	11,020	112,894
31 March 2018	94,139	94	12,373	5,231	111,837

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12. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a tax rate of 25%. The movement in the deferred tax assets during the year is as follows -

	2019 $'000	2018 $'000
At the beginning of year	8,490	9,084
Charge to profit or loss (Note 10)	(58)	(594)
Balance as at 31 March	8,432	8,490

Deferred income tax assets and liabilities are due to the following items –

	2019 $'000	2018 $'000
Interest payable	3,727	3,421
Foreign exchange losses	5	20
Accrued vacation	190	119
Carry-forward losses	3,196	4,174
Accelerated depreciation and amortisation	1,397	796
Interest receivable	(83)	(40)
	8,432	8,490

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

	2019 $'000	2018 $'000
Deferred tax assets to be recovered after more than 12 months	4,593	4,970

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13. Intangible Assets

Comprising computer software –

	$'000
At Cost -	
At 31 March 2017	358
Additions	99
At 31 March 2018	457
Additions	75
At 31 March 2019	532
Accumulated Amortisation -	
At 31 March 2017	321
Charge for the year	16
At 31 March 2018	337
Charge for the year	17
At 31 March 2019	354
Net Book Value -	
31 March 2019	178
31 March 2018	120

14. Investments

	2019 $000	2018 $000
Equity investment	500	-
Unit trust	7,119	-
Corporate bonds	5,081	3,000
Government of Jamaica securities	282	289
	12,982	3,289

The Government of Jamaica securities are 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.

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15. Receivables

	2019 $'000	2018 $'000
Trade receivables	9,515	9,209
Less: Provision for impairment	(3,353)	(3,545)
	6,162	5,664
Prepayments	112	83
Withholding tax recoverable	1,046	861
Mobilization payments	36	1,431
Advances	1,419	1,564
	8,775	9,603

16. Cash and Short Term Deposits

	2019 $'000	2018 $'000
Cash at bank	1,637	1,618
Short term deposits	24,142	28,798
Cash and cash equivalents as reflected in the statement of cash flows	25,779	30,416

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 $331,000 (2018 - $159,000).

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

	2019 %	2018 %
Denominated in United States dollars	1.83	1.46
Denominated in Jamaican dollars	3.42	5.18

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17. Payables

	2019 $'000	2018 $000
Trade payables	852	817
Accruals	867	831
Due to Airport Improvement Fund	48	130
Security deposit	437	415
Employee related expenses	223	182
Other	345	71
	2,772	2,446

18. Share Capital

	2019 $'000	2018 $'000
Authorised, issued and fully paid –		
328,000 (2018 – 328,000) ordinary shares of no par value	4,100	4,100

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19. Due to the Authority

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.

	2019 $'000	2018 $'000
Current portion	10,122	9,293
Non-current portion	131,045	137,099
	141,167	146,392
Due to parent company – short term	1,612	130
Due to parent company – long term	36,392	35,182
Shareholders' loan	26,566	26,688
	64,570	62,000
Loans on-lent-		
Caribbean Development Bank (i)	15,333	16,667
European Investment Bank (ii)	31,667	35,000
PetroCaribe Fund (iii)	9,435	10,886
PetroCaribe Fund 2 (iv)	19,462	21,153
Accrued interest	700	686
	76,597	84,392
	141,167	146,392

19. Due to the Authority (Continued)

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 (2018 - $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 4.8% per annum.

(ii) A loan of $40 million (2018 - $40 million) from European Investment Bank was acquired to assist with the funding of the Norman Manley Airport expansion project. The loan is repayable in 24 semi-annual payments of $1,667,000 commencing March 2017 and a final payment of $1,659,000. Interest was charged at the variable rate of LIBOR plus 1.23% per annum up to March 2014, and the fixed rate of 4.041% per annum since April 2014.

(iii) A loan of $22.5 million (2018 - $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 (2018 - $22 million) was acquired from the PetroCaribe Fund for financing the Norman Manley Airport expansion project. It is repayable in equal semi-annual amounts beginning after the facility was fully drawn down and to end by June 2030. Interest is charged at 4% per annum. This facility was fully drawn down in 2017.

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

The tables below sets out the reconciliation of liabilities arising from financing activities:

	Opening balance	*Loans received*	*Loans repaid*	*Net interest*	*Foreign exchange gain*	*Closing balance*
			2019			
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Borrowings	146,392	2,570	(8,982)	1,225	(38)	141,167
			2018			
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Borrowings	158,687	4,616	(16,907)	4	(8)	146,392

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20. Grants

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

Annual transfers equivalent to interest 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:

	2019 $'000	2018 $'000
At start of year	-	2,429
Additions	11,319	10,662
Transfer to the statement of comprehensive income -		
Transfer to profit or loss (Notes 8)	(7,816)	(9,394)
Transfer to profit or loss (Notes 9)	(3,503)	(3,697)
At end of year	-	-

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

21. Capital Commitments

At 31 March 2019, the company had authorised capital expenditure amounting to $2,379,562 (2018 - $1,391,402), of which $4,919,101 (2018 - $2,076,063) had been contracted for.

22. Related Party Transactions and Balances

(a) The statement of financial position includes balances with the Authority as detailed in Note 19.

(b) The statement of comprehensive income includes transactions, in the ordinary course of business, with the Authority as follows:

Interest charge

	2019 $'000	2018 $'000
The Authority	3,580	4,018

Administrative and other expenses

	2019 $'000	2018 $'000
Concession fees charged by the Authority (Note 6)	2,500	2,367

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22. Related Party Transactions and Balances (Continued)

(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

	2019 $'000	2018 $'000
Directors emoluments -		
Fees	25	17
Wages and salaries	555	265
Payroll taxes – employer's portion	50	26
	630	308

23. Contingent Liabilities

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

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

24. 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:

	2019 $'000	2018 $'000
Not later than 1 year	88	132
Subsequent to 1 year but less than 5 years	-	88
	88	220

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