AIRPORTS AUTHORITY OF JAMAICA

2016-2017 | ANNUAL REPORT

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VISION STATEMENT

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

MISSION STATEMENT

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

AAJ'S CORPORATE CORE VALUES

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

PEOPLE

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

CUSTOMER FOCUS

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

INTEGRITY

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

FINANCIAL MANAGEMENT

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

REGULATORY &STATUTORY REQUIREMENTS

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

SAFETY AND SECURITY

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

ENVIRONMENT

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

William Shagoury
Chairman
Airports Authority of Jamaica(AAJ)

BOARD OF DIRECTORS' REPORT

OVERVIEW

On behalf of the newly appointed Board of Directors of the Airports Authority of Jamaica (AAJ), I am pleased to report another successful year of performance by the organization. The AAJ's accomplishments over the previous year is outlined in the Audited Financial Statements and highlighted in the organizational summary within this report. It is to be noted that the scope and activities of the AAJ Group remained unchanged during the year and there were no material adjustments made to the Corporate Plan. We also highlight that whereas the AAJ and its wholly owned subsidiary, NMIA Airports Limited (NMIAL), reported their results jointly in previous reports; this year marks the beginning of separate reporting for the two entities.

The AAJ Group grew its operating revenues by 21% over the previous year, 2015/2016, and increased operating profit by 14% in 2016/2017. Net Profit After Tax, however, showed a marginal 2% reduction. Of note, there was an over 400% rise in corporate taxes when compared with the previous year; moving from a tax credit of $277m in 2015/2016 to an expense of $868m in 2016/2017.

With respect to operational performance, total passenger traffic (arrivals and departures) in the AAJ Group increased by 2.90% to 5,591,867 passengers in the year under review. Total Air freight (cargo and mail) volumes increased by 3.48% in 2016/2017 moving to 19,583,789 kgs; however aircraft movement declined by 6.85% in 2016/2017 when compared to the previous year. The reduction in aircraft movement juxtaposed against higher passenger numbers, indicates a higher passenger enplanement/load factor for the airlines.

The AAJ Board continues to participate in the process to privatize the operations of the Norman Manley International Airport (NMIA) through a Public Private Partnership (PPP) transaction. As reported previously, the NMIA PPP process is being led by a government-appointed Enterprise Team. The International Finance Corporation (IFC) continues to be Lead Advisor for the transaction, while the Development Bank of Jamaica as at the end of March 2017, a Request for Qualification (RFQ) and Information Memorandum (IM) were made available to the market, and submission of RFQ applications were due in April 2017. The Enterprise Team has been meeting regularly to review and discuss the status of the market response to the RFQ and IM once Cabinet approval of the Prequalified Bidders has been obtained, the Bidders will have access to the Virtual Data Room for the purpose of conducting their Due Diligence Exercise. Commercial Closing with the preferred bidder is proposed to take place summer 2018 and Financial Closing by summer 2019.

With respect to the Sangster International Airport (SIA), which has been operated by MBJ Airports Limited (MBJ) since 2003 under a PPP arrangement, the 2016/2017 financial year marked another period of steady growth and improvement in several areas including passenger throughput and staff development. Importantly, SIA was named the Caribbean's Leading Airport in 2016 for the 8th successive year at the World Travel Awards (WTA). This accomplishment underscores the commitment of MBJ's management to deliver a highly distinguishable and mutually rewarding experience for passengers and commercial partners.

The Norman Manley International Airport also continued to experience growth during the fiscal year, albeit at a lower pace during the final quarter. This is thought to be related to changes announced by the government of the United States of America (USA) with respect to Immigration processing, for which there were many uncertainties regarding the likely impact of the new procedures on travel to the USA, particularly on members of the Jamaican Diaspora.

NMIA was also nominated in the category - Caribbean's Leading Airport for 2016 during the WTA's annual awards competition which was eventually won by SIA. In addition, NMIA continued its participation in the Airports Council International (ACI) – Airport Service Quality (ASQ) program. During the period, the number of airports participating in Latin America and the Caribbean (LAC) region grew from 18 to 26. NMIA is now ranked at number 13 and has plans to implement an airport-wide customer service training programme to boost results for the ensuing year.

The Ian Fleming International Airport (IFIA) is set to undergo a further upgrade commencing in 2017/2018. This upgrade of the Airport is being pursued in order to drive economic development, in particular tourism in North-Eastern Jamaica – Portland, St. Mary and St. Ann. The upgrade works will involve the extension of the runway by approximately 700 ft. to 5,500 ft. The project is to be funded by the AAJ and the estimated cost is subject to finalization of the scope and design, driven by the Environmental Impact Assessment (EIA) and cost to flow from geotechnical and environmental studies which are currently being undertaken.

The domestic aerodromes, Ken Jones, Tinson Pen and Negril, continued to play their respective roles in the national public transportation system by facilitating intra-island air transportation services which benefits tourism, flight training, business travel and emergency response. During the period under review the AAJ continued dialogue with Aerodrome stakeholders, including the Jamaica Civil Aviation Authority (JCAA) and the Jamaica Aircraft Operators & Pilots Association, to develop a terms of reference for the conduct of an Airport System Study. The Singapore Aviation Authority was identified as a possible resource for facilitating such a study leading to a National Airport Plan (NAP) and as such discussions are scheduled with the Special Economic Zones Authority (SEZA), which is already in dialogue with the Singaporean Authorities, to explore areas of cooperation in projects that relate to logistics and air transportation. These discussions will be advanced within the upcoming fiscal year.

Having worked closely with the employees at Board and sub-committee meetings, my colleague Board members and I took note of the commitment and dedication of the management and staff of the AAJ and wish to commend the team for their sterling work over the period. The Board also wishes to thank long serving and recently retired Board member, Miss Valerie Simpson, for the tremendous work done over the years in effectively representing the office of the Permanent Secretary of the Ministry of Transport, to address relevant matters at the AAJ.

The airport operators for the two main international airports, MBJ Airports Limited and NMIA Airports Limited, continued to deliver commendable service to the travelling public in partnership with government entities, such as Immigration and Customs, as well as the many private concessionaires and service providers at the airports. Jamaica is therefore well positioned to achieving its vision "*to build and sustain a world-class airport system, which facilitates private investment and partnership and positions Jamaica's airports as the gateway to the Caribbean and the America*." We are therefore pleased to provide oversight to the organization at this time and look forward to another productive year.

William Shagoury

Chairman- AAJ

PRESIDENT'S MESSAGE

Audley Deidrick
President
Airports Authority of Jamaica (AAJ)

Fiscal year 2016/2017 represents the 42nd year of operation for the AAJ and once again, the organization has delivered on its mission "to *develop a modern, safe and profitable airport system that is environmentally responsible, provides world-class service, and contributes substantially to the national economy while promoting the expansion of air transportation and its related industries."*

In 2016, the Airports Council International (ACI) which was formed in 1991 to serve the interest of airports worldwide celebrated 25 years of service to the industry. The AAJ has actively participated in ACI over the years, including service on the Board, and therefore recognized ACI for this milestone.

Under the leadership of a new Board of Directors, and with the explicit change from operating a merged AAJ/NMIAL structure to now having separate Boards and sub-committees, the AAJ continued to seamlessly deliver another year of high quality service to which travellers and the general public have become accustomed at the international airports and designated domestic aerodromes across the island.

The AAJ Group's Operating Revenues for the year was $8,909m versus $7,378m for the previous year, an increase of $1,531m or 21%. Operating Expenses amounted to $4,918m, versus $3,866m for the previous year, an increase of $1,052m or 27%, and when compared with the budget of $4,430m for the current year, represents an increase of $488m or 11%. The Group therefore made an Operating Profit of $4,237m, compared with $3,707m in the previous year, an increase of $530m or 14%. Net Profit After Tax for the year was $3,361m versus $3,441m for the previous year, a decrease of $80m or 2%. AAJ made distributions during the year to the Government of Jamaica totaling $372m versus $400m for the previous year, and paid corporate taxes of $868m versus a tax credit of $277m for the previous year. Capital Expenditure for the AAJ Group was J$705m most of which was implemented at NMIA.

Total passenger traffic (arrivals and departures) in the AAJ Group recorded an increase of 2.90% from 5,434,092 passengers in 2015/2016 to 5,591,867 in the year under review. SIA handled 71% of the total traffic and recorded an increase of 3.29%. NMIA remained at 29% of total traffic and experienced an increase of 2.09% in passenger traffic when compared with the previous year.

The growth of passenger throughput was tempered by factors such as the continued restructuring of operations of Caribbean Airlines (in which the government maintains equity); the deceleration in the rate of growth in the Canadian economy and hence slower than expected growth from that region; the uncertainties of USA immigration policies occasioned by a change in political administration during the last quarter of the fiscal year; as well as improved domestic travel options resulting from the opening of the Kingston to Mamee Bay leg of the North Coast Highway, which reduces travel time by road between the two cities.

Total Air freight (cargo and mail) volumes increased by 3.48% in 2016/2017 when compared with the previous year, moving from 18,925,382 kgs in 2015/2016 to 19,583,789 kgs in 2016/2017. NMIA handled 67% of air freight. Air Freight volumes at SIA, saw an increase of 12.58% over the levels in 2015/2016.

Aircraft movement declined by 6.85% in 2016/2017,when compared to the previous year. A total of 78,475movements were recorded compared to 84,250 in 2015/2016. SIA accounted for approximately 49% of total movements in 2016/2017. NMIA, at 25% of total aircraft movements, experienced a decline of 1.25% in aircraft movements. The Aerodromes and IFIA accounted for approximately 26% of aircraft movements.

One of the key roles of the AAJ continues to be the monitoring of the Concession Agreements with the respective operators of the nation's two main international airports; NMIA Airports Limited in the case of NMIA, and MBJ Airports Limited, in the case of SIA. In this regard, regular meetings are held and site inspections conducted periodically to ensure that the terms and conditions, including service levels, are maintained. At SIA, particular attention is being placed on managing congestion levels during customary peaks and as such, collaboration continued across the network of stakeholders to introduce processes that would reduce waiting time and improve the movement and comfort of airport users. Additional measures (including the introduction of additional self-serve immigration kiosks) have been discussed and are to be implemented during the next financial year, 2017/2018.

A major development for Jamaica's aviation industry was the signing of a "Sister Airport Agreement" on Thursday, February 9 2017, between the Hartsfield-Jackson Atlanta International Airport (ATL), Georgia - USA, and the Airports Authority of Jamaica. The Jamaican delegation was led by the Minister of Transport and Mining, Hon. Lester Mike Henry. The Agreement aims to increase travel and trade between Jamaica's airports (SIA, NMIA and IFIA) and the City of Atlanta. The agreement, which is in the form of a Memorandum of Understanding (MOU), allows both organizations to share their expertise and experience while increasing passenger and cargo movement between the world's busiest airport and Jamaica. This represented the fourth such international MOU signing by City of Atlanta officials with sister airports across the world.

With regard to environmental stewardship the AAJ, through its oversight of the aerodromes and international airports, continues to promote and monitor compliance with both local and international environmental standards. NMIAL remains committed to the principle of sustainability, and is undertaking 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, leases and concession agreements, is a key ingredient in achieving a safe, clean, environmentally-friendly and aesthetic environment. MBJ participated in a joint initiative of the United Nations Development Programme (UNDP) and the International Civil Aviation Organization (ICAO) on Emissions Reduction from International Aviation. The project focused on the construction and installation of an aircraft ground power unit to be supported by solar energy.

For the upcoming year 2017/2018, there is much to anticipate and we are looking forward to the challenge. Some of the major activities will include: (i) The government's plan to advance the NMIA Public Private Partnership (PPP) transaction, with Commercial Close before the end of the financial year, and Financial Close around the end of 2019; (ii) MBJ's plan to upgrade the airport terminal and extend the runway at the Sangster International Airport; (iii) Initiatives, in partnership with key stakeholders, to complete an Airport Systems Study and optimize the operations of our domestic aerodromes while building general aviation; (iv) Plans to further upgrade the Ian Fleming International Airport to accommodate larger aircraft as well as facilitate increased commercial operations in support of the local tourism industry; and (v) Plans to implement the Ministry's directive to commence the development of a new international airport at Vernamfield, in Clarendon, that will support the Logistics Hub initiative of the government and expand the airport infrastructure in terms of aircraft maintenance and air cargo handling.

The work of the AAJ continues to grow and under the guidance and support of the Board, the management and staff remain motivated to deliver high quality, professional service to the industry. I wish to again thank our many stakeholders including our portfolio Minister, the Permanent Secretary and staff at the Ministry of Transport and Mining; our regulators, the Jamaica Civil Aviation Authority; Passport Immigration & Citizenship Agency (PICA); Jamaica Customs; Ministry of Health; Ministry of Agriculture; Airport security providers; airport concessionaires and service providers; whose combined efforts have enabled us to seamlessly deliver on our mission to improve and expand air transportation in Jamaica. We anticipate another year of hard work and success in the new fiscal year.

Audley Deidrick

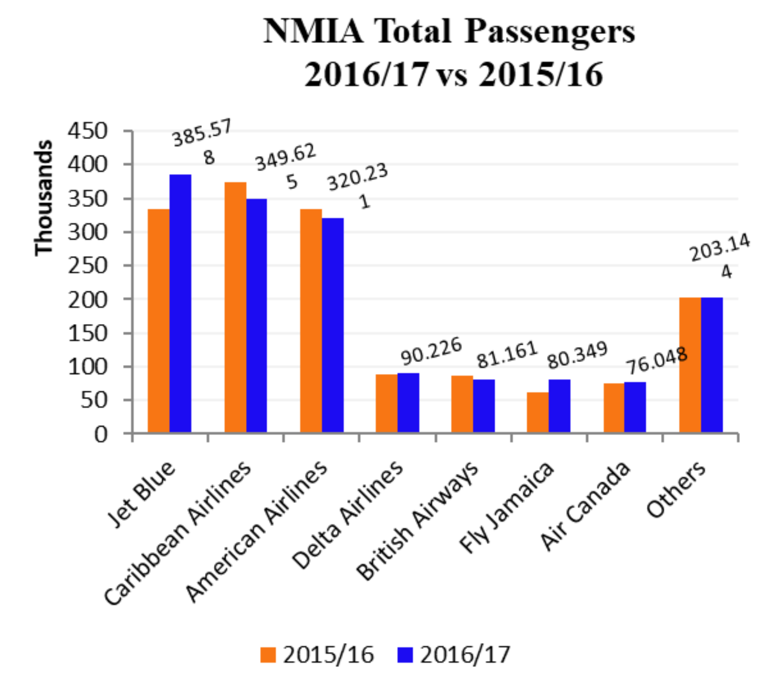
President– AAJ

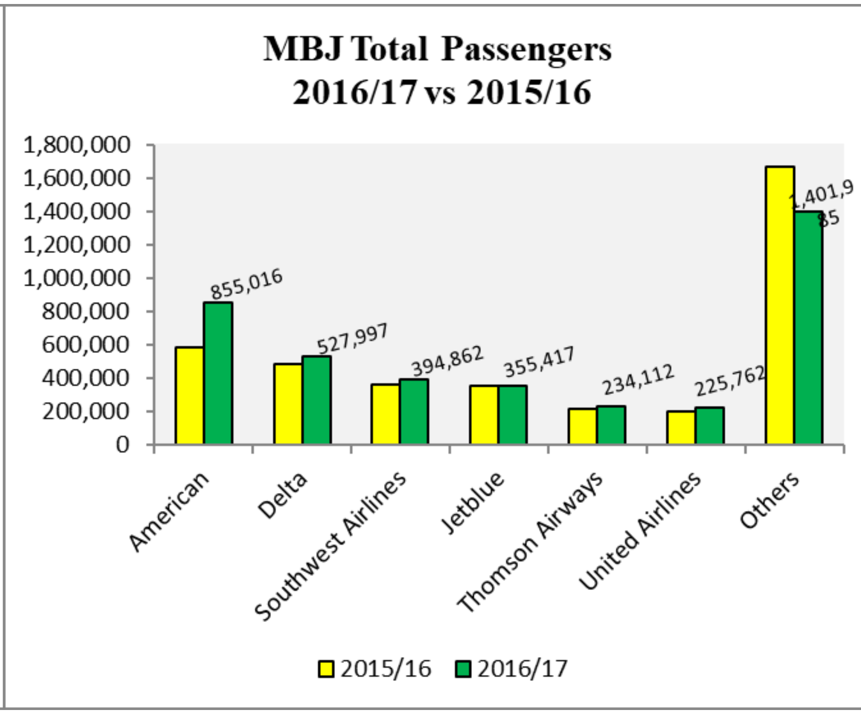
9 February 2017 ATLANTA, GEORGIA. USA - Official Signing Ceremony | Sister Airport Cooperation Agreement between Hartsfield-Jackson Atlanta International Airport (ATL) and Airports Authority of Jamaica (AAJ)

(Left to Right) Candace L. Byrd, Chief of Staff, Office of Mayor; Greg Richardson, Interim Deputy General Manager & CFO; Hon. Lester 'Mike' Henry, Minister of Transport and Mining; Audley Deidrick, President Airports Authority of Jamaica; Hon. Franz Hall, Consulate General of Jamaica in Miami.

AIRPORTS AUTHORITY OF JAMAICA

OVERALL TRAFFIC PERFORMANCE





PASSENGER, AIRCRAFT AND FREIGHT MOVEMENTS

Total passenger traffic (arrivals and departures) in the AAJ Group recorded an increase of 2.90% from 5,434,092 passengers in 2015/2016 to 5,591,867 in the year under review. SIA handled 71% of the total traffic and recorded an increase of 3.29%; moving from 3,867,968 passengers in 2015/2016 to 3,995,151 in 2016/2017.

NMIA with 29% of total traffic experienced an increase of 2.09% in passenger traffic when compared with the previous year, moving from 1,553.928 passengers in 2015/2016 to 1,586.362 passengers in 2016/2017.

Total Air freight (cargo and mail) volumes increased by 3.48% in 2016/2017 when compared with the previous year, moving from 18,925,382 kgs in 2015/2016 to 19,583,789 kgs in 2016/2017. NMIA handled 67% of air freight and had a decline of 1.06% in 2016/2017 when compared to 2015/2016. Air Freight volumes at SIA saw an increase of 12.58% over the levels in 2015/2016.

Aircraft movement declined by 6.85% in 2016/2017 when compared to the previous year. A total of 78,475 movements were recorded compared to 84,250 in 2015/2016. SIA accounted for approximately 49% of total movements in 2016/2017, that is 41,859 in 2015/2016 compared with 40,455 during the reporting period. NMIA experienced a decline of 1.25% in aircraft movements resulting in a total of 20,771 in 2016/2017 down from 21,033 in 2015/2016. The Aerodromes and IFIA accounted for 26% of aircraft movement.

SANGSTER INTERNATIONAL AIRPORT (SIA)

General

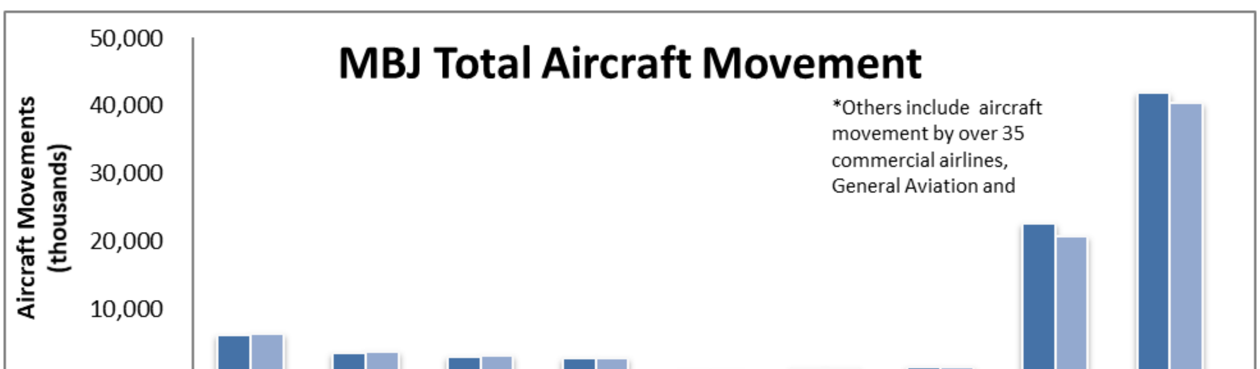
MBJ Airports Limited (MBJ) delivered on its objective to produce steady growth and improvement at SIA in the areas of passenger throughput; route, commercial and capital development; training and people development. The operator also worked to maintain the plant at levels required by international standards.

SIA was named the Caribbean's Leading Airport in 2016 for the 8th successive year at the World Travel Awards. WTA, promotes and develops the global travel and tourism industry by identifying and rewarding excellence and inspiring its practitioners to continually raise the standards of their product and service offering. This accomplishment underscores Management's commitment to deliver a highly distinguishable and mutually rewarding experience for passengers and commercial partners - while maintaining SIA's enviable reputation among its counterparts in the region and further afield.

Passenger, Aircraft and Cargo Movement

International throughput, which accounts for 98% of total traffic at SIA, increased by 3.7%, due to a number of factors including new routes, improved load factors, and increased capacity on existing routes. The USA maintained its position as the leading source market for passengers at SIA, with 68% of market share and growth of 3.7% over the prior year. Deceleration in the pace of growth for the Canadian economy continued to adversely impact traffic growth from that region, however, the market remained resilient with 17.2% of market share, increasing marginally over 2015/2016. Great Britain accounted for 8.6% of market share, while Europe, SIA's fastest growing regional market, accounted for 4.44% of market share, increasing by 22.58% over the prior year.

Aircraft Movement



	American	Delta	Southwest	JetBlue	Thomson	Sunwing	Westjet	Others*	Total
2015/2016	6,187	3,473	3,044	2,843	774	1,300	1,502	22,743	41,866
2016/2017	6,338	3,772	3,149	2,862	786	1,354	1,458	20,732	40,451

Total Aircraft Movement declined 3.37% in 2016/2017 with Domestic aircraft movement recording a significant 39.36% deficit due to the discontinuation of the daily MBJ-KIN service by Caribbean Airlines. International Commercial carriers showed a 1.83% growth, notwithstanding the reduction in aircraft movement from Canada.

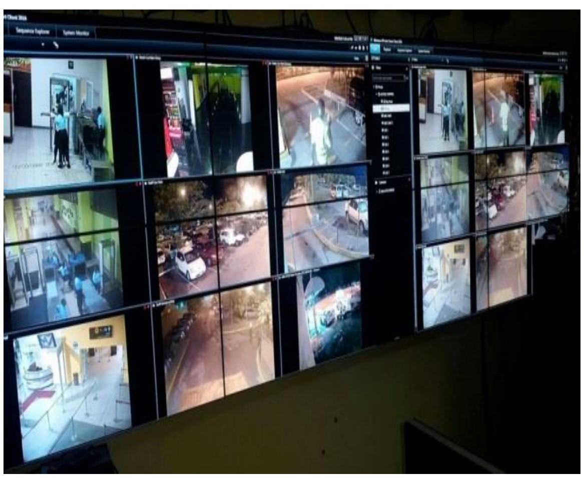
SIA Operations

The Sangster International Airport saw its highest number of passengers during customary peaks in the winter tourist season, which had up to 72 arriving international flights on its busiest day. While there were expected challenges due to limitations in facilities during peak hours, collaboration across our stakeholder network ensured that appropriate mitigating strategies were in place to improve the movement and comfort of airport users, while facilitating the fastest turn-times for airlines. Particular focus was placed on the reconfiguration of subsystems and passenger queuing within the Ticketing and Immigration areas during peak periods to sustain efficiencies. Entities such as the Passport Immigration & Citizenship Agency and Jamaica Customs were also instrumental to efforts to expedite the processing of passengers.

MBJ moved into the second phase of the process to implement a comprehensive Safety Management System (SMS) during the 2016/2017 financial year. Employment of strategies in the SMS contributed to much improved results in the annual Safety Audit conducted by the Jamaica Civil Aviation Authority (JCAA) during the year.

Another significant milestone over the period was MBJ's receipt of a two-year Airport Operator's Certificate from the JCAA consequent on their satisfaction with the consistently smooth running of operations in Montego Bay.

Airport Security



New CCTV Video Wall

Significant improvements were accomplished during the year in the area of Aviation Security. In particular, approximately 6,000 feet of new fencing was installed along the northern and southern ends of the Airports perimeter. There were also major improvements in electronic surveillance accruing from the replacement of a 12 year old analogue based CCTV system. This project saw the implementation of an IP based Video Management System with an integrated storage database.

SIA Commercial Development

Air Service Development

SIA welcomed several new connections during the 2016/2017 financial year, among these were Allegiant Air's weekly service from Cincinnati, Thomas Airways' service from Dublin, a weekly service from Warsaw Poland via Arkefly and two new services via Nowegian Airlines from Milwaukee and Rockford, Chicago, among others.   Further, growth was achieved through growing capacity on existing routes, namely Eurowings' increased rotations from Cologne, Germany which moved from twice to three times fortnightly; Condor Airlines' increased air-sea operations from Frankfurt and Munich; and JetBlue extending its once weekly Boston service from seasonal to year-round.

Commercial Development

Key commercial areas registered expected year-over-year growth in line with increases in international passenger throughput. During the period, MBJ continued its support of Jamaican businesses with the introduction of local brand Café Blue. The opening of Café Blue's third outlet in the western region, in the pre-security area provided airport users with additional food and beverage options.

Efforts from a Request for Proposals process for the Operation of Car Rental concessions resulted in growth in related sales of 10.7% over the prior year due primarily to the introduction of new operator, ATL Automotive Limited, who brought to the market international car rental brands Alamo, Enterprise and National.

MBJ also initiated the process of reorganizing and revamping its commercial offer and passenger retail experience during the year, engaging the services of London-based airport retail consultants Pragma and The Design Solution (TDS). Both companies represent the industry's best, relative to airport retail design and strategic commercial development. The objective of the engagement for MBJ includes optimizing the use of SIA's retail space through identifying the best evolving consumer trends, emerging commercial concepts and the competitive mix required to meet the demands of passengers.

Capital Development

MBJ carried out several Capital Development Projects at SIA during the period under review. The initiatives form part of works planned under a USD 39.7 Million Airport Development programme being rolled-out from 2015 – 2019. Among the projects executed during the 2016/2017 financial year were the rehabilitation of the Airport's main thoroughfare, main entrance roadway and expansion of the Public Car Park. Together, these efforts alleviated traffic-flow problem through SIA and improved the general experience of airport users. The Airport's old Fire Hall was demolished in February 2017 to achieve compliance with ICAO Annex 14 standards and as part of MBJ's thrust to eliminate risks associated with aeronautical activity. The site location of the old Fire Hall was identified as an obstacle on the airfield and its operations were previously relocated.

Road Rehabilitation

Baggage screening operations at SIA were also revamped during the 2016/2017 period in an initiative which involved the upgrade of Servers, installation of a Central Image Data Acquisition System and introduction of five new workstations for the Baggage Handling System, to improve efficiency and system availability.

Works to provide Airlines and Ground Handling companies with additional space to process outbound baggage, having commenced during the 2015/2016 fiscal year, were completed in June 2016. These included the extension of the roofing of the Baggage Make-Up Area, construction of a 5m^3 sump area and the installation of new pipeline to convey storm water away from baggage processing operations.

Environmental Stewardship

In keeping with the focus on environmental sustainability, MBJ participated in an initiative of the United Nations Development Programme (UNDP) and the International Civil Aviation Organization (ICAO) on Emissions Reduction from International Aviation. The initiative focused on the construction and installation of aircraft ground power units, supported by solar energy. Additionally, during the year SIA was registered under the ICAO's Airport Vector Control Programme, under which control measures are continually undertaken with the aim of maintaining a vector-free area within a 400 meters airport perimeter, in keeping with International Health Regulations (IHR).

MBJ continues to work closely with the Ministry of Health, through participation in sensitization sessions to correct deficiencies outlined in the IHR assessment of SIA. MBJ has been assessed at 90% for meeting IHR core capacities since 2015, comparing favorably with the 66% attainment of core capacities in 2013.

Human Resources Development

As part of efforts to maintain a culture of continuous learning, development and employee engagement, MBJ placed major focus on enhancing its training capacity and profile during the 2016/2017 review period. The organization accomplished a significant milestone with its designation, in April 2016, as an Airports Council International (ACI) Global Training Centre and Training Venue.

ACI Global Training Centre

From April 2016 to March 2017, MBJ hosted 40 participants in ACI Global Safety Network (GSN) courses, covering the areas of Airside Safety and Operations; Emergency Planning and Crisis Management; Advanced Safety Management Systems; Aerodrome Auditing and Compliance, among others. Not limited to MBJ employees, course attendees were drawn from entities such as the Jamaica Civil Aviation Authority (JCAA), Airports Authority of Jamaica, NMIA Airports Limited, local ground handling companies and airport counterparts from the wider Caribbean region and as far as Russia. Additionally, MBJ facilitated the ACI/ICAO Aerodrome Certification; Basic Airfield Operations and Advanced Airfield Operations programmes for 24 Technical and Operations staff members in October 2016.

Training

The workforce spent an average of 37 hours in training, per employee, accounting for approximately 6,000 hours, across 160 employees, during the period under review. Training methodologies took online, classroom and immersive formats and covered several functional areas, among them being:

- Strategies and Tactics for Aviation Incidents
- Heartsaver CPR/First Aid/AED Training
- Human Factors
- Air Conditioning and Refrigeration

- Supervisory Management
- Airfield Friction Measurement
- Airports Council International – Global Safety Network Programmes

Holiday Employment Programme

MBJ undertakes its Holiday Employment Programme to introduce students to the world of work, improve its productivity and ability to meet demands during peak seasons and enable students to put into practice, skills and competencies taught in their areas of study. The 2016 programme ran from July to August, engaging 44 persons, including eligible children of employees.

Tuition Assistance Programme

For the period, 20 employees benefitted from more than JMD 3 million in funding towards tertiary level training and degree programmes.

Employees' Children Scholarship Programme

Just over JMD 2 million in scholarships and book grants were disbursed for fiscal year 2016/2017, to 42 students, under MBJ's Employees' Children Scholarship Programme. The funds offset costs associated with studies at the secondary and tertiary levels.

Corporate Social Responsibility

MBJ continued to positively impact the community through its corporate social responsibility initiative dubbed 'Change for Children'.

Members of MBJ's Change for Children Committee outside the Montego Bay Autism Centre

The Montego Bay Autism Center, an educational facility in Western Jamaica that supports children on the Austism Spectrum, benefited from the donation of classroom furniture and funds to purchase ICT equipment. In addition, MBJ engaged in preliminary discussions with Digicel for the provision of WiFi coverage and expansion of ICT at the Mount Salem Primary and Junior High School.

International Coastal Clean-up

The Company also demonstrated its strong commitment to the community by renewing its partnership with the Montego Bay Marine Park to coordinate and enlist a team of airport and other tourism stakeholders to participate in International Coastal Clean-Up 2016. The event involved 53 volunteers, cleaning significant sections of the Tropical Beach premises, located along the northern area of the Airport's perimeter. Approximately 360 pounds of solid waste was collected.

MBJ Coordinated Team at International Coastal Clean-Up 2016

NORMAN MANLEY INTERNATIONAL AIRPORT (NMIA)

The activities of NMIA Airports Limited (NMIAL), the approved operator of the Norman Manley International Airport, will be addressed more extensively in the NMIAL Annual Report. Accordingly, this report will only summarise aspects of the airport's operations and results. NMIAL was nominated by World Travel Awards, along with the Sangster International Airport (SIA) and other airports in the region, for the Caribbean's Leading Airport award. SIA was the winning airport, retaining the coveted award for Jamaica; however NMIAL prides itself for NMIA's recognition in the select group of outstanding regional airports.

ROUTE DEVELOPMENT AND MARKETING INITIATIVES

NMIA was represented at Routes Americas 2017 which was held in Las Vegas, Nevada, USA over the period February 13-17, 2017 including travel time to and from the event. Meetings, including the presentation of business cases to the airlines, were held with 22 entities (airlines/airports/tourism organisations) on behalf of the Airports Authority of Jamaica (AAJ) and in particular, the Norman Manley International Airport. Information included traffic potential and the recent developments in our catchment area, such as the opening of the Kingston to Mamee Bay leg of the North-South Highway as well as planned hotel developments. NMIA also welcomed the first set of passengers to arrive in Kingston as a result of the recently introduced Delta Vacations flight.

COMMERCIAL PROGRAMME

A new kiosk was opened by FLOW at NMIA. The company is calling the investment a significant milestone in its ongoing effort to revamp the experience of its customers. The new venture will offer departing travellers access to a wide range of FLOW's services including technical support and account services.

NMIA AIRPORT ART

The AAJ continued its Schools Art Project at NMIA for the 3rd annual staging of the competition. The competition is fully sponsored by the AAJ and is intended to reward, showcase and celebrate the creativity of Jamaican youngsters. The top 12 pieces from each season are mounted in the main terminal building of the airport and forms part of the passenger experience**.** The competition kicked off at the start of the academic year – September, and closed in November, with a Grand Finale | Brunch, Art Talks & Awards in December 2016.

During the year a 1 day Art Symposium (for art teachers only) was introduced. The event directly engaged over 45 art teachers (mainly from the corporate area schools) with presentations from leading practitioners in the local art community plus workshops. The fruits of the training intervention were evidenced in the overall improved quality of this season's submissions.

A total of 160 Students representing 35 Schools participated in the competition which incorporated all age groups plus special needs children:

- **CATEGORY A** | ages 5-9
- **CATEGORY B** | ages 10-14
- **CATEGORY C** | ages 15-19
- **CATEGORY D** | ages 20yrs and under

1st placement artwork from each category

Themes for 2016 were: Climate Change …the impact on Jamaica; Summer Olympics 2016; and My Vision of Kingston as a Creative City. The top 3 in each category are awarded with trophies and prizes. Consolation prizes are also given to the top 20 outstanding performers across the age categories. All participants received a certificate and County Prizes including the President's trophy and a cash award was presented to the top performing school in each County – Cornwall, Middlesex & Surrey

ICT projects & Activities (2016/2017) – AAJ

During the 2016/2017 financial year, the following ICT projects/activities were completed within AAJ:

<u>Network Equipment & CCTV Surveillance Camera Upgrade</u>

At all 5 remote AAJ sites: Ian Fleming International Airport, Tinson Pen Aerodrome, Ken Jones Aerodrome, Negril Aerodrome and AAJ Mobay Office, replacements and/or upgrades were performed on CCTV

Surveillance Cameras, as well as the main network switches at those sites. These improvements will enhance the overall performance of the network and access to centralized ICT services at NMIA, as well as greater level of clarity & resolution for remote video surveillance at day/night.

Weather Station Replacements

Due to the advanced age and exposure to the elements, the weather stations at the 4 remote sites/aerodromes used for measuring and display of critical local weather information to support aviation activities, had demonstrated increased instances of failure and inaccurate information. A program has been initiated to replace the existing weather stations with new units. This will continue in the upcoming financial year including the proposed installation of an advanced unit to better support aviation activities (i.e. domestic & international) at the Ian Fleming International Airport.

CORPORATE SOCIAL RESPONSIBILITY

Kingston City Run

AAJ and its subsidiary, NMIAL, participated in the fifth (5th) staging of the Jamaica Hotel and Tourist Association (JHTA) – Kingston Chapter's Kingston City Run, ½ marathon, 10k and 5k. A key objective of the run, which sought to raise $5m was to cause awareness of the growing number of homeless families and persons suffering from ill-fate. The approved charities were the Open Arms Drop-In Centre, Marie Atkins Night Shelter, Alpha Boys' School, Food For The Poor and Missionaries for the Poor. Over 120 employees of AAJ and NMIAL participated in the event.

Labour Day

Ms. Shelly McIntosh - Operations Officer Tinson Pen Aerodrome making the cheque

The Theme for National Labor Day 2016 was: *"For Health's sake keep it clean."* The AAJ/NMIAL once again partnered with selected schools and a Police Station in the airport/aerodrome catchment areas to improve the environment and facilities. The institutions were: Donald Quarrie High School, Harbour View Primary School, and Majestic Gardens Infant School in Kingston; Port Antonio Police Station in Portland; Boscobel Primary School in St. Mary. Based on the urgency of clean-up activities associated with the Aedes Aegypti mosquito and the unwanted spread of associated diseases, the schools and community stakeholders were on board to address needy projects. AAJ made a contribution of $250,000 to the National Labour Day Project and spent approximately $300,000 in executing the projects.

NMIA CAPITAL DEVELOPMENT PROGRAMME

The NMIA Capital Development Programme (CDP) was prepared based on the need to expand and modernize the terminal building and other airport infrastructure. The Phase 1B CDP, which started in 2013, continued apace and was aimed at addressing matters such as risk mitigation; maintenance & upgrade, as well as efficiency improvements. Decisions concerning the NMIA Public Private Partnership (PPP) transaction will determine the next steps regarding certain aspects of the CDP (including extension of the runway to accommodate RESA) which still needs to be implemented.

ENVIRONMENTAL MANAGEMENT AND SUSTAINABILITY

NMIAL continued its role as a major stakeholder and made responses to the National Environment and Planning Authority (NEPA) Revised Protected Area regulations for the PPRA (2017-2020) as well as the almost finalized Development Order for Kingston and St. Andrew. The first NMIA Wildlife Hazard Assessment study, 5KM wildlife survey and Wildlife Hazard Management training programme was implemented. Environmental projects geared at examining aviation noise, water management, waste characterization, climate change adaptation and indoor air quality are in various stages of undertaking.

A new license is in progress with the application for NMIA's Air Quality license certification in respect of Air Quality Regulations (2006), for which approval is being awaited from NEPA. NMIAL remains committed to meeting existing as well as changing local and international standards that impact airport operations in the dynamic aviation environment.

IFIA AND THE AERODROMES

Operations at the Ian Fleming International Airport (IFIA) and the domestic aerodromes continued to be subsidized by the AAJ. The AAJ, through meetings and other interventions, continued its collaborations with stakeholders of the IFIA and aerodromes. This is essential to the continued building of partnership towards a mutually agreeable solution for:

- Growing the waning local aviation industry
- Regularizing tenancy arrangements
- Re-establishing a framework for improved financial and operational performance at the facilities
- Marketing the facilities to attract new business and sustaining the existing ones
- Improving commercial flight and general aviation activities at IFIA and the aerodromes

Ian Fleming International Airport

HUMAN RESOURCE MANAGEMENT AND ADMINISTRATION

The AAJ Group continued its human capital development programme in fulfillment of its mandate to develop, implement and support initiatives which facilitate improved employee performance, empowerment, growth and retention, welfare and safety in support of AAJ's operational goals. As at March 31, 2017 the total number of personnel employed to Airports Authority of Jamaica was three hundred and fifty three (353). The areas below outline the organization's achievements for the period.

Employee Training

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

For the period, 290 employees out of an average workforce of 353 employees participated in various training programmes totaling 821 man-days of training. This is an average of 2.33 man-days of training per employee in relation to the overall workforce. Training programmes for the period included:

- ACI Airports Economics Course
- ICAO Security Management Training
- ACI/ICAO Airport User Charges Seminar

- Infrastructure Construction and Management Seminar
- Conflict Management and Resolution Strategies
- Project Management
- Public Sector Procurement
- Installing and Configuring Windows Server 2012
- Strategic and Corporate Planning
- Occupational Safety and Health in the Workplace
- Information Security Management Systems (ISMS) ISO 27001
- Unlocking the Mystery of Financial Statements
- Innocent Flirtation or Punishable Sexual Harassment
- Emergency Medical Technician
- Certified Occupational Safety Specialist (COSS)
- Online Training Methodology and Practice Project
- Emergency Planning and Crisis Management Training
- Wildlife Hazard Management Training
- Basic Air Traffic Services (BATS) Training
- Exceptional Customer Service

Employee Development

Developmental opportunities continued throughout the period to include on-the-job training in all functional areas, cross training, job rotation, job enrichment and special project assignments for employees. In continuing our support for employees' career and personal development, AAJ made Tuition Assistance awards to 4 employees in reading for 1st degrees and for 2 employees to pursue 2nd degrees. A total of approximately $4.2m was disbursed in this regard.

Employee Welfare Programme

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

The Scholarship for Children of Employees programme was expanded to include the primary level along with the existing secondary, tertiary and book grant categories. There were 15 awards at the primary level, 4 awards for secondary scholarships, 1 tertiary scholarship and 8 book grants were awarded for the 2016-2017 academic year. The total disbursement was approximately $ 2.6m for new and recurring scholarship holders.

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AIRPORTS AUTHORITY OF JAMAICA

BOARD OF DIRECTORS

Hon. William Shagoury
Chairman

Dr. Meredith Hypolite Derby

Mr. Leroy Lindsay

Mrs. Fay Hutchinson

Mr. Denton Campbell

Mrs. Juliet Mair Rose

Ms. Claudette Ramdanie

Ms. Valerie Simpson

Mr. Audley Deidrick
President & CEO

EXECUTIVE TEAM

AUDLEY H. DEIDRICK
PRESIDENT - AAJ & CEO -NMIAL

CARVELL MCLEARY
SNR. DIRECTOR HRM & ADMINISTRATION

VERONA VACIANNA
GENERAL COUNSEL

ALFRED MCDONALD
SNR. DIRECTOR, COMMERCIAL DEVELOPMENT & PLANNING

HORACE BRYSON
SNR. DIRECTOR,ENGINEERING, MAINTENANCE & PROJECTS

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

SAMUEL MANNING SNR. DIRECTOR (ACTG.), FINANCE

PAULETTE TULLOCH
DIRECTOR (ACTG.), AVIATION SECURTY

RICHARD GIBBS
DIRECTOR, ICT

OPERATIONAL PERFORMANCE

FINANCIAL HIGHLIGHTS

Table 1: Actual and Projected Financial Performance for AAJ Consolidated

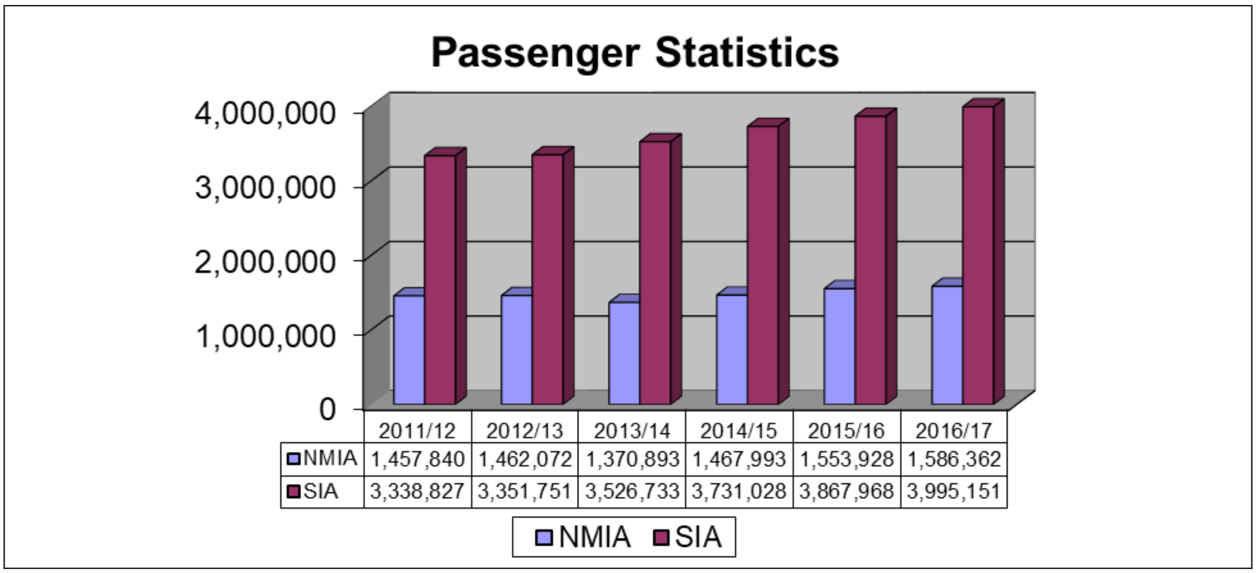
Key Performance Indicators (KPI's)	Actual 31-Mar-17 J$'000	Budget 2016-17 J$'000	Budget 2017-18 J$'000
Operating Revenue	8,908,972	9,343,136	10,186,893
Operating Expenses	(4,918,046)	(4,430,192)	(4,692,705)
Other income (Expenditure)	238,050	(329,928)	(712,025)
Taxation	(867,647)	(816,528)	(1,195,476)
Net Profit	3,361,330	3,766,488	3,586,687
Capital Expenditure	704,837	625,652	3,091,090

Table 2: Actual and Projected Financial Performance for AAJ

Key Performance Indicators (KPI's)	**Actual 31-Mar-17 J$'000**	**Budget 2016-17 J$'000**	**Budget 2017-18 J$'000**
Operating Revenue	4,473,038	4,321,241	4,567,378
Operating Expenses	(692,125)	(721,304)	(802,970)
Other income (Expenditure)	(219,279)	(333,824)	(712,025)
Taxation	(860,294)	(816,528)	(763,096)
Net Profit	**2,701,340**	**2,449,585**	**2,289,287**
Capital Expenditure	**38,662**	**36,111**	**1,386,028**

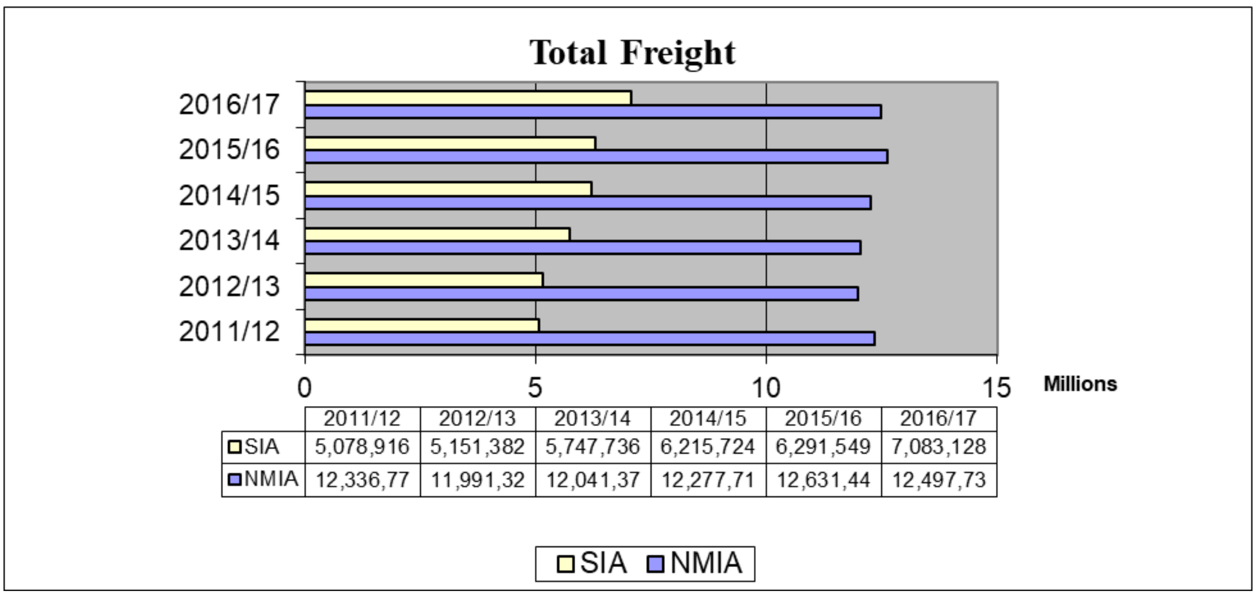
Traffic Performance

FIN. YR.	NMIA	% CHANGE	SIA	% CHANGE	IFIA + Aerodromes	% CHANGE	AAJ GROUP TOTAL	% CHANGE
2011/12	1,457,840		3,338,827		25,881		4,822,548	
2012/13	1,462,072	0.29%	3,351,751	0.39%	21,665	-16.29%	4,835,488	0.27%
2013/14	1,370,893	-6.24%	3,526,733	5.22%	11,020	-49.13%	4,908,646	1.51%
2014/15	1,467,993	7.08%	3,731,028	5.79%	11,217	1.79%	5,210,238	6.14%
2015/16	1,553,928	5.85%	3,867,968	3.67%	12,196	8.73%	5,434,092	4.30%
2016/17	1,586,362	2.09%	3,995,151	3.29%	10,354	-15.10%	5,591,867	2.90%
Total	**8,899,088**		**21,811,458**		**92,333**		**30,802,879**	



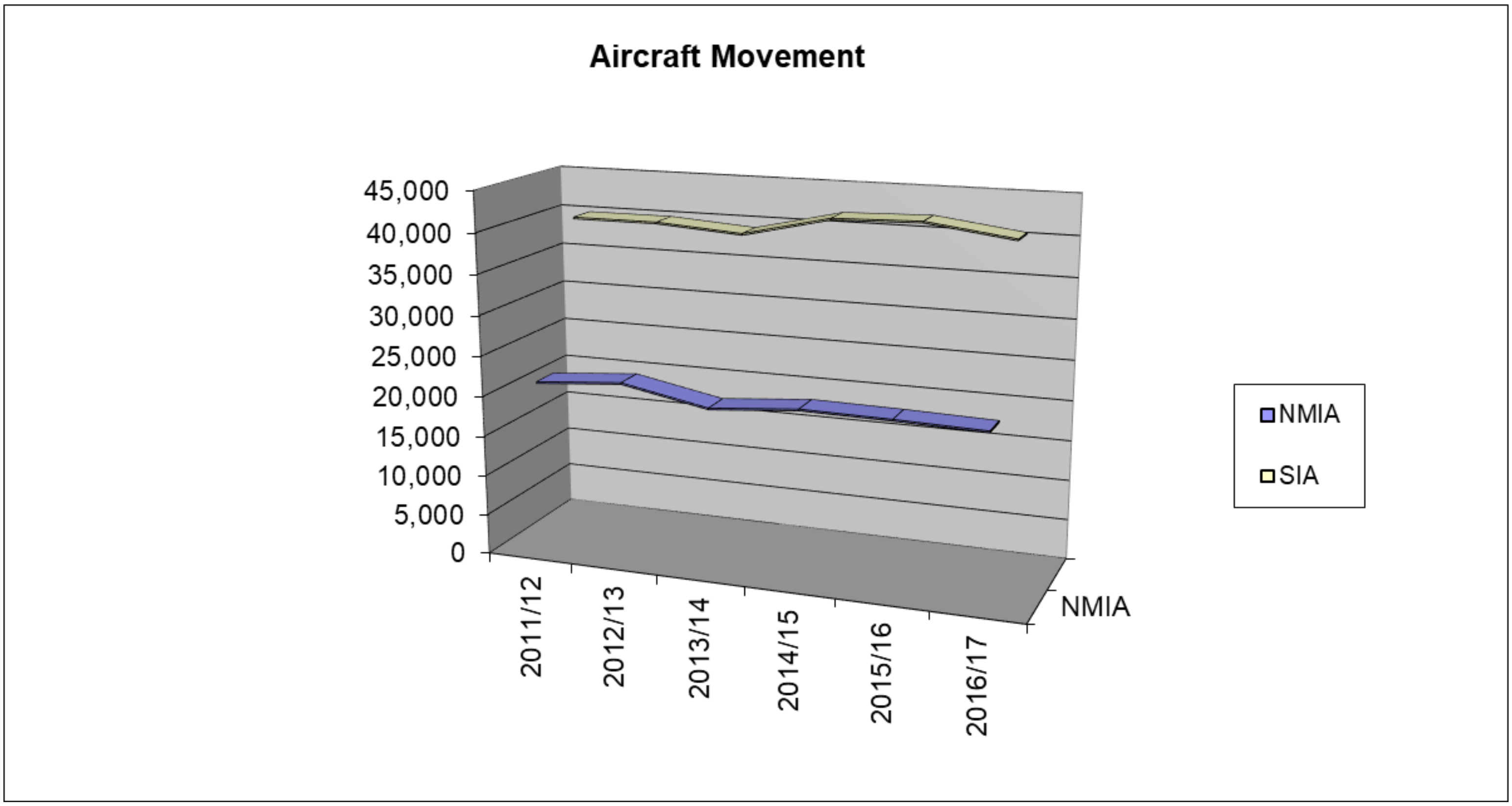
Freight Performance

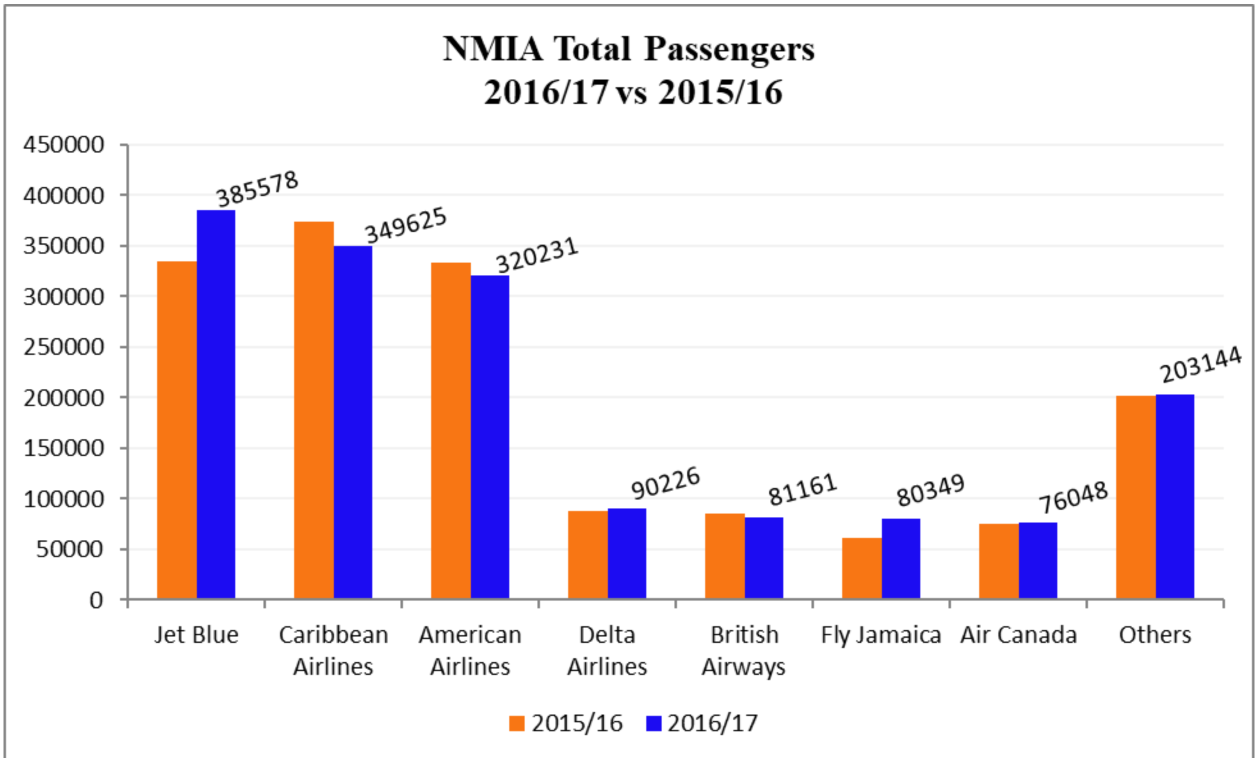
FIN. YR.	NMIA	% CHANGE	SIA	% CHANGE	IFIA + Aerodromes	% CHANGE	AAJ GROUP TOTAL	% CHANGE
2011/12	12,336,776		5,078,916		4,746		17,420,438	
2012/13	11,991,323	-2.80%	5,151,382	1.43%	4,000	-15.72%	17,146,705	-1.57%
2013/14	12,041,376	0.42%	5,747,736	11.58%	4,640	16.00%	17,793,752	3.77%
2014/15	12,277,715	1.96%	6,215,724	8.14%	3,452	-25.60%	18,496,891	3.95%
2015/16	12,631,448	2.88%	6,291,549	1.22%	2,385	-30.91%	18,925,382	2.32%
2016/17	12,497,732	-1.06%	7,083,128	12.58%	2,929	22.81%	19,583,789	3.48%
Total	**73,776,370**		**35,568,435**		**22,152**		**109,366,957**	
	67%		33%		0%			

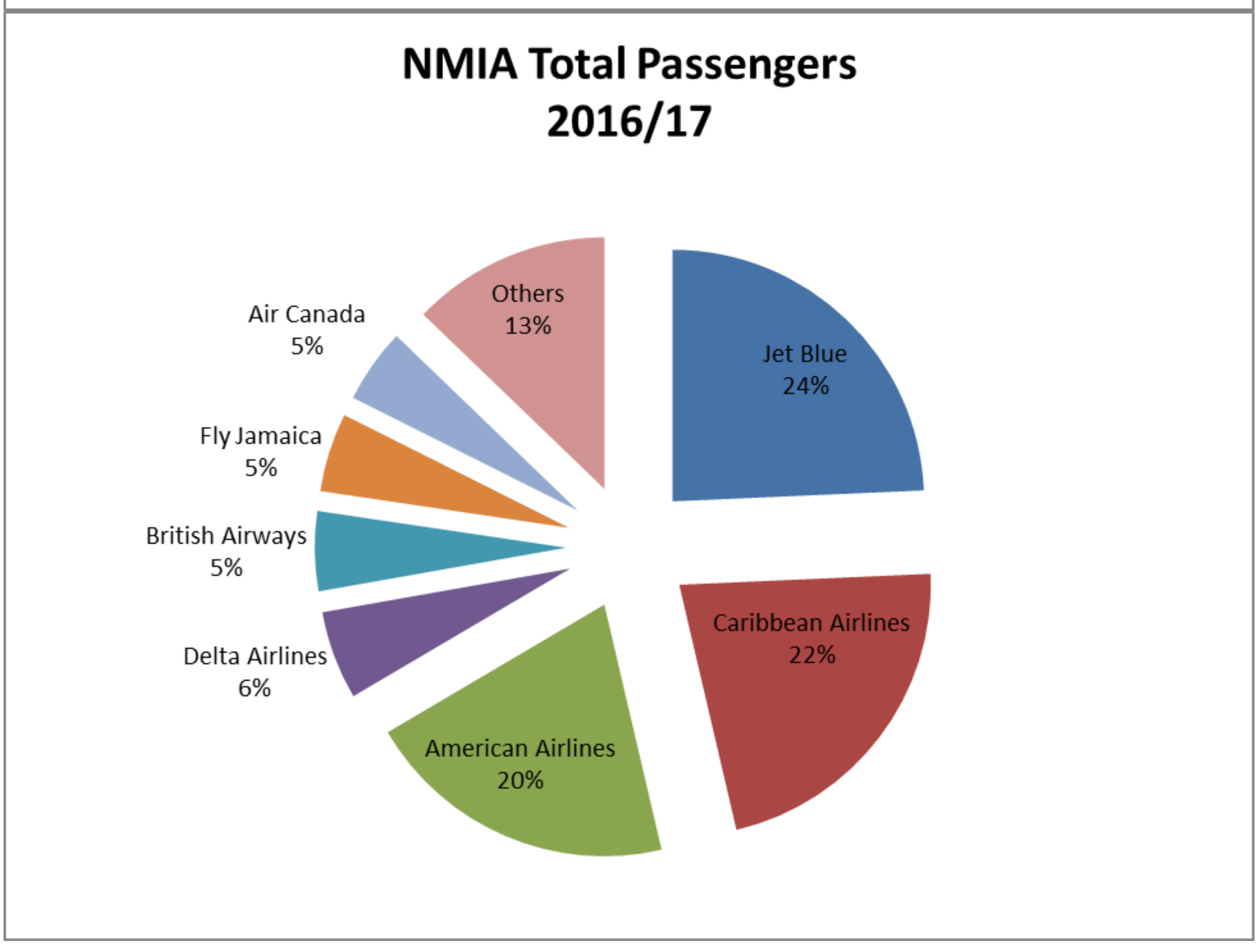


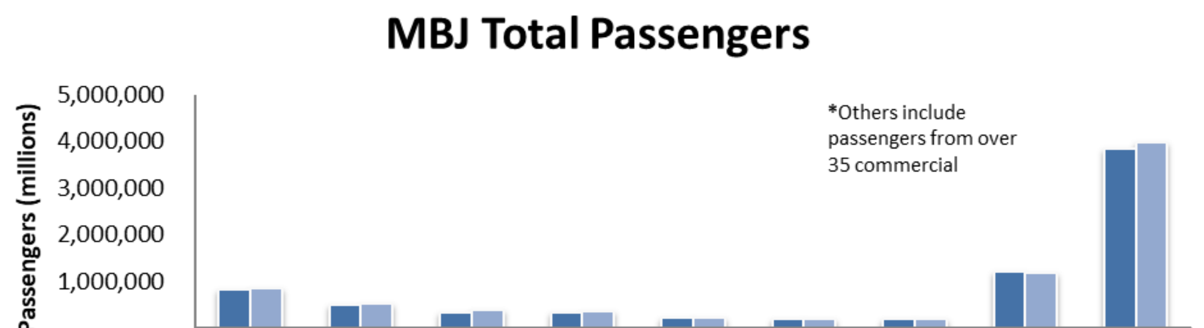
Aircraft Movements

FIN. YR.	NMIA	% CHANGE	SIA	% CHANGE	IFIA + Aerodromes	% CHANGE	AAJ GROUP TOTAL	% CHANGE
2011/12	21,437		39,815		23,035		84,287	
2012/13	22,313	4.09%	39,830	0.04%	24,408	5.96%	86,551	2.69%
2013/14	20,243	-9.28%	39,084	-1.87%	20,531	-15.88%	79,858	-7.73%
2014/15	21,175	4.60%	41,574	6.37%	20,034	-2.42%	82,783	3.66%
2015/16	21,033	-0.67%	41,859	0.69%	21,358	6.61%	84,250	1.77%
2016/17	20,771	-1.25%	40,455	-3.35%	17,249	-19.24%	78,475	-6.85%
Total	**126,972**		**242,617**		**126,615**		**496,204**	




NMIA Total Passengers
2016/17 vs 2015/16
450000
400000
350000
300000
250000
200000
150000
100000
50000
0
385578
349625
320231
90226
81161
80349
76048
203144
Jet Blue
Caribbean Airlines
American Airlines
Delta Airlines
British Airways
Fly Jamaica
Air Canada
Others
2015/16
2016/17


NMIA Total Passengers
2016/17
Others 13%
Air Canada 5%
Fly Jamaica 5%
British Airways 5%
Delta Airlines 6%
American Airlines 20%
Caribbean Airlines 22%
Jet Blue 24%



	American	Delta	Southwest	JetBlue	Thomson	Sunwing	Westjet	Others*	Total
2015/2016	836,811	495,753	340,636	351,883	217,068	193,175	208,381	1,206,251	3,849,958
2016/2017	852,676	530,443	391,307	353,382	232,937	212,317	207,096	1,198,894	3,979,052

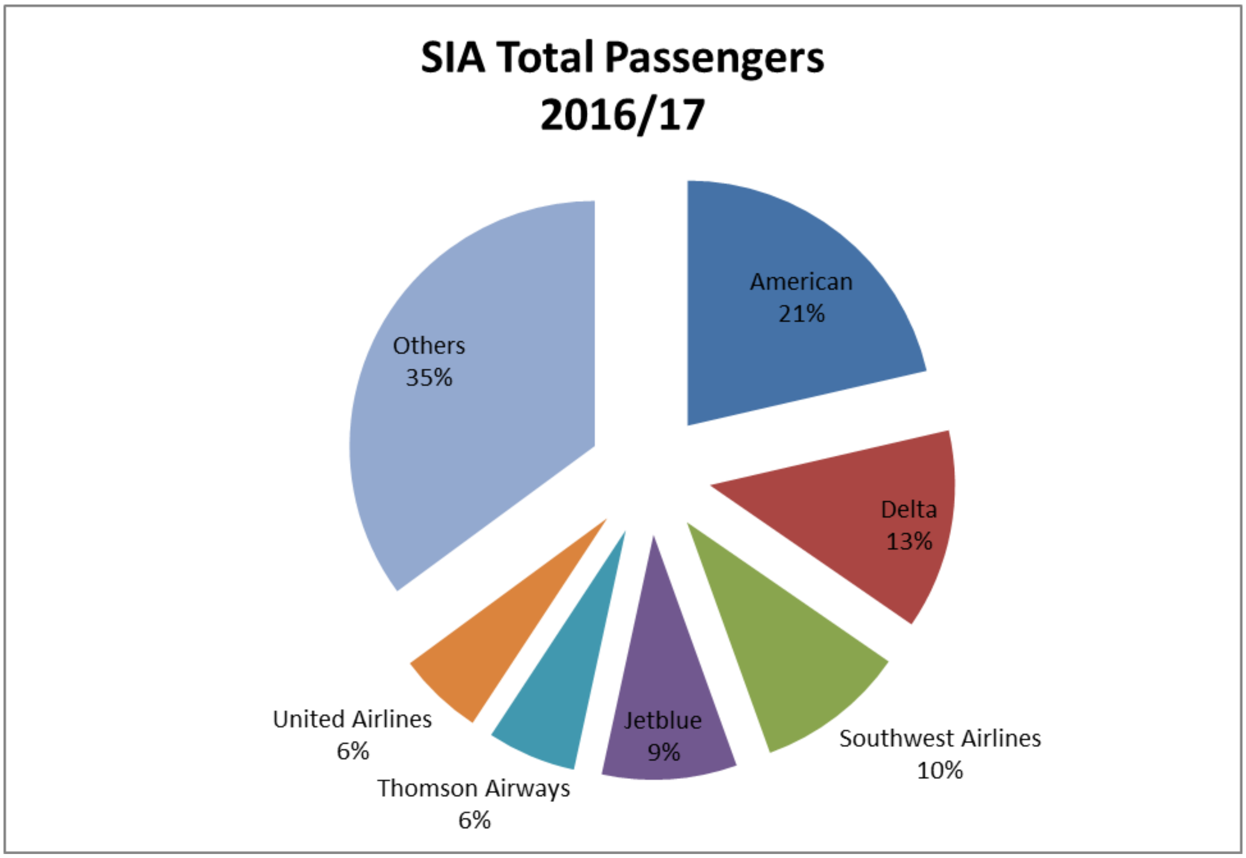


Table 4: Actual Financial Performance 2016/2017 versus 2015/2016 for AAJ Consolidated:

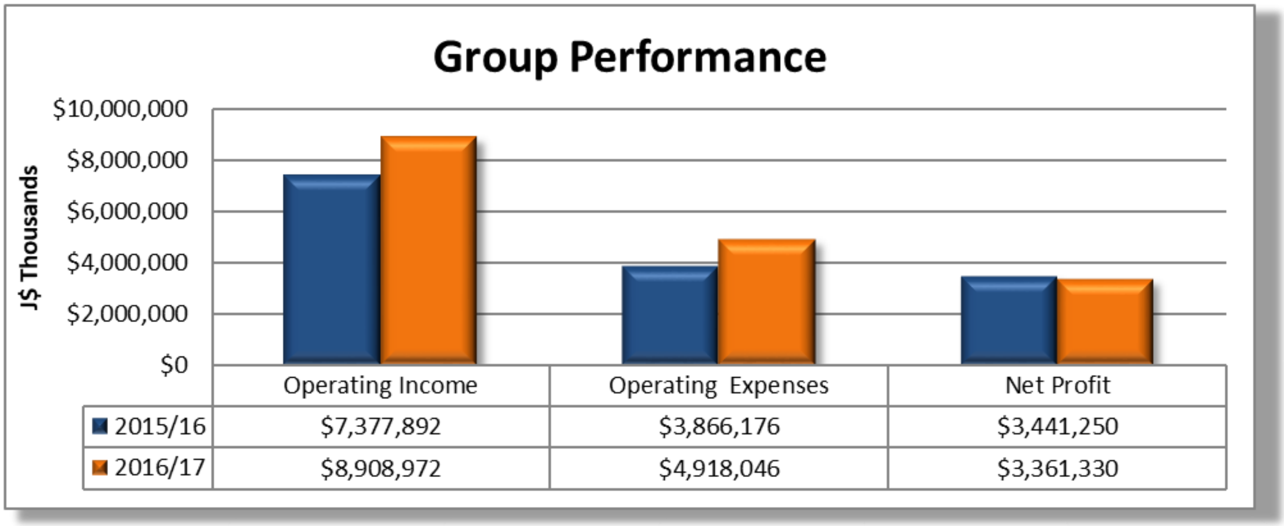
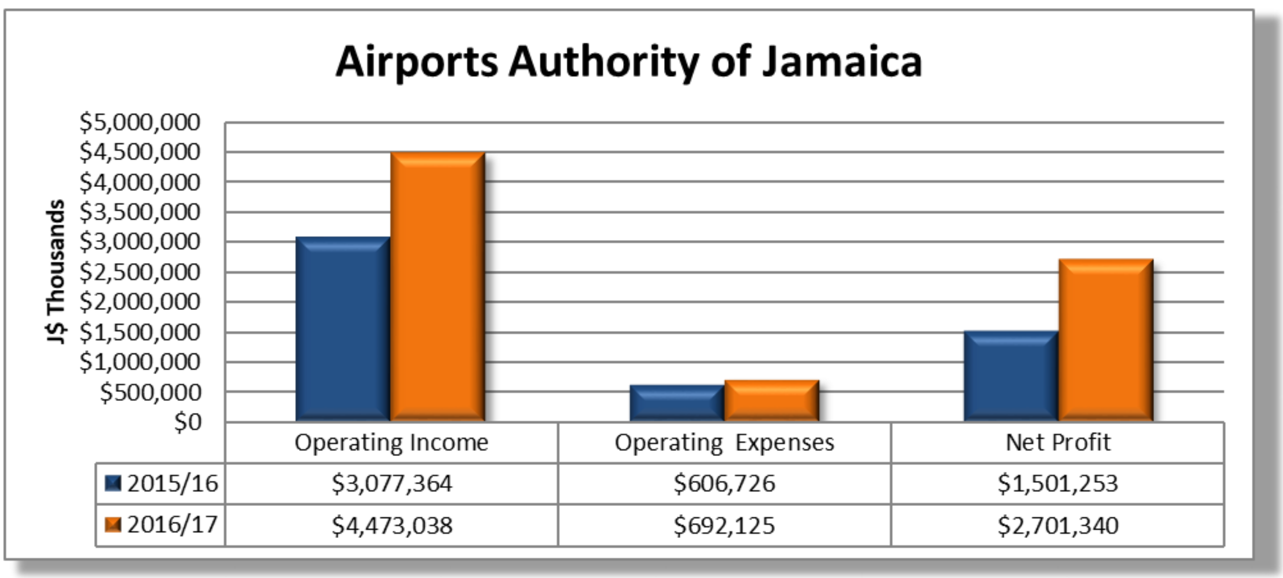


Table 5: Actual Financial Performance 2016/2017 versus 2015/2016 for AAJ:



DIRECTORS' COMPENSATION: April 2016 - March 2017

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
	($)	($)	($)	($)	($)
Hon William Shagoury- Chairman of the AAJ Board	244,900.00	123,616.00			368,516.00
Mr Leroy Lindsay- Chairman of the Projects Sub-committee	307,900.00	50,337.00			358,237.00
Dr Meredith Hypolite Derby- Chairperson of the finance Committee	399,900.00	56,024.00			455,924.00
Ms Claudette Ramdanie- Chairperson of Audit & Risk Subcommitte	267,900.00	44,857.00			312,757.00
Denton Campbell- Chairman of Operations & Business Development Subcommittee	378,700.00	612,994.96			991,694.96
Fay Hutchinson- Director	239,056.00	52,934.00			291,990.00
Juilet Mair Rose-Director	236,600.00	51,976.00			288,576.00
Valerie Simpson-Director	381,568.00	62,557.00			444,125.00
	2,456,524.00	1,055,295.96	-	-	3,511,819.96

Notes

1. Fees are paid for Board Meetings and Sub-Committee Meetings
2. Directors receive a travelling allowance for meetings attended.
3. Other compensation represents payment of business related telephone charges.

   See Executive compensation for the Director /President

SENIOR EXECUTIVE COMPENSATION: April 2016 - March 2017

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

Notes

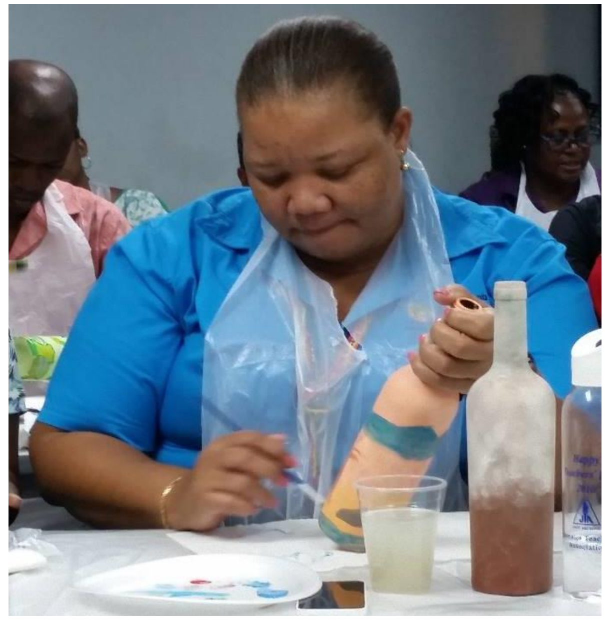
- ✓ All members of the Executive Management are eligible to receive 25% of their annual basic salary as gratuity in lieu of pension benefits.
- ✓ Executives are eligible to receive travelling allowance
- ✓ Other Allowances is comprised of meal, clothing and laundry allowances
- ✓ Non-cash Allowances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

BOARD MEMBERS ATTENDANCE APRIL 2016 – MARCH. 2017

	Hon. William Shagoury Chairman	Mr. Audley Deidrick	Mr. Denton Campbell	Dr. Meredith Derby	Mr. Leroy Lindsay	Mrs. Juliet Mair Rose	Mrs Faye Hutchinson	Ms. Claudette Ramdanie	Miss Valerie Simpson
Apr. 2016	✓	✓	✓	✓	✓	✓	✓	✓	✓
May 2016	✓	✓	✓	✓	✓	✓	✓	✓	✓
June. 2016		✓	✓	✓	✓	✓	✓	✓	✓
July. 2016		✓	✓	✓	✓	✓	✓	✓	✓
Aug. 2016	-	-	-	-	-	-	-	-	-
Sep. 2016	✓	✓	✓	✓	✓	✓	✓	✓	✓
Oct. 2016	✓	✓	✓		✓	✓	✓	✓	✓
Nov. 2016	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dec. 2016	✓	✓	✓	✓	-	✓	✓	✓	✓
Jan. 2017	✓	✓	✓	✓	-	-	✓	✓	✓
Feb. 2017	-	✓	✓	✓	✓	✓	✓	✓	✓
Mar. 2017	✓	✓	✓	✓	✓	✓	✓	✓	✓
TOTAL	8	11	11	10	9	10	11	11	11

AIRPORTS AUTHORITY OF JAMAICA

AWARDS & EVENT HIGHLIGHTS



Location : AAJ Learning & Development Centre
Participants of the 1DAY ART SYMPOSIUM pose proudly with their up -cycled artwork.

Airports Authority of Jamaica

Schools' Art Project 2016

Over 40 Years of Service

Airports Authority of Jamaica

1974 – 2016

HIGHLIGHTS OF THE AAJ ART AWARDS

Wednesday, December 14th

Norman Manley International Airport

CATEGORY A
Age 5 - 9 years

Presenter:
The Hon. Lester 'Mike' Henry CD, MP
Minister of Transport & Mining

1st Place Winner
Prudent Salmon
Corinaldi Avenue Primary

2nd Place Winner
Sade Sinclair | Corinaldi Avenue Primary

3rd Place Winner
Tyler Brown | The Queen's Preparatory School

CATEGORY B
Age 10 - 14 years

Presenters:
(i) [illegible]
- Country Manager, InterCaribbean Airways

(ii) Dr. [illegible]
- Director Airports Authority of Jamaica

1st Place Winner
Janey B. Hall
Sydney Pagon S.T.E.M. Academy

2nd Place Winner
Michael Bent | Newell High School
(Art teacher collects award on behalf of student)

3rd Place Winner
Chantae Samuels | Herbert Morrison Technical High

CATEGORY C
Age 15 - 19 years

Presenter:
Director [illegible]
- Airports Authority of Jamaica

1st Place Winner
Omali Mullings
Newell High School

2nd Place Winner
Javon Turner | Manchester High School

3rd Place Winner
Haleem Lazarus | Pembroke Hall High School

CATEGORY D
Special Needs < 20 years

Presenters:
(i) Ronnie A. Campbell
- JetBlue Air Lines Inc. - Station Manager (KIN)

(ii) Laura Facey
- Award Winning Jamaican Sculptor

1st Place Winner
Ashley Hussey
Genesis Academy

2nd Place Winner
Courtney Thompson | Genesis Academy
presenter: (i) Kim Lee - FLOW

3rd Place Winner
Andre Hibbert | Genesis Academy

HIGHLIGHTS OF AAJ SCHOOLS' ART PROJECT 2016 | ART TALKS & AWARDS CEREMONY

NormanManleyInternational

Please join us for the annual

Airports Authority of Jamaica Schools' Art Project 2016

BRUNCH, ART TALKS & AWARDS CEREMONY

Wednesday, December 14th

Official Tour of COLLECTION 2016
AAJ Learning & Development Centre @ 10:00am

Brunch with Laura Facey
Viewing Gallery Café @ 11:00am

Presentation of Awards
The Carl Abrahams Corner @ 12:30pm

NORMAN MANLEY INTERNATIONAL AIRPORT
PALISADOES, KINGSTON

SCHOOL COUNTY AWARDS

Highest quality / quantity submissions

CORNWALL | St. James
Presenter: Audley Deidrick - AAJ President & NMIA CEO

SURREY | THE QUEEN'S PREPARATORY | Kingston

MIDDLESEX | MANCHESTER HIGH SCHOOL | Manchester
Presenter: Hon. Lester 'Mike' Henry, CD, MP, Minister of Transport & Mining

Official Cake Cutting of THE CHAMPIONS

From left to right:
Renee A. Campbell - Station Manager (KIN) Delta Air Lines Inc., Audley Deidrick - AAJ President & NMIA CEO, Kim Lee - FLOW, ... Hall, ..., Hon. Lester 'Mike' Henry, CD, MP - Minister of Transport & Mining, Prudent Salmon, Elizabeth Emanuel - Programme Director of Vision 2030 Jamaica, Laura Facey - Distinguished Jamaican Artist, Trudy Dixon - Country Manager Copa Airlines

SPECIAL THANKS TO OUR PRIZE SPONSORS:

Vision 2030 Jamaica National Development Plan | DELTA | CopaAirlines | Cayman Airways | interCaribbean Airways Connecting you and the Caribbean | InselAir | FLOW

AIRPORTS AUTHORITY OF JAMAICA

JAMAICA INTERNATIONAL INVITATIONAL

AAJ President & NMIAL CEO - Audley Deidrick made the official presentations to the top 3 participants for the 400metres Men A- Race

AAJ HOSPITALITY A-TEAM

AAJ sponsored Jamaica Senior Championships Meet 2016 | National Stadium, Kingston

AIRPORTS AUTHORITY OF JAMAICA

FINANCIAL STATEMENTS

Airports Authority of Jamaica

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31 March 2017

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31 March 2017

pwc

Independent auditor's report

To the Members of Airports Authority of Jamaica

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Airports Authority of Jamaica (the Authority) and its subsidiary (together 'the Group' and the stand-alone financial position of the Authority as at 31 March 2017, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Airports Authority Act.

What we have audited

The Group's financial statements comprise:

- the consolidated and stand-alone statement of financial position as at 31 March 2017;
- the consolidated and stand-alone statement of comprehensive income for the year then ended;
- the consolidated and stand-alone statement of changes in equity for the year then ended;
- the consolidated and stand-alone 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 consolidated and stand-alone 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 Group 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, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

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

Other information

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

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

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

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

Responsibilities of management for the financial statements

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

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone 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 consolidated and stand-alone 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 consolidated and stand-alone 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.

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- 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 Group'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 Group'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 consolidated and stand-alone 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone 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.

PricewaterhouseCoopers
Chartered Accountants
Kingston, Jamaica
31 July 2017

Airports Authority of Jamaica

Consolidated Statement of Comprehensive Income

Year ended 31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 $'000	2016 $'000
Revenue			
Airports		7,810,953	6,130,604
Aerodromes		28,389	21,170
		7,839,342	6,151,774
Direct expenses			
Airports		(4,425,789)	(3,459,665)
Aerodromes		(245,665)	(210,817)
		(4,671,454)	(3,670,482)
Gross Profit		3,167,888	2,481,292
Other operating income	5	1,069,630	1,226,118
Administration expenses		(246,591)	(195,694)
Privatisation costs		(48,259)	(55,215)
Finance income/(cost)	8	286,309	(291,973)
Profit before Taxation		4,228,977	3,164,528
Taxation	9	(867,647)	276,722
Net Profit	10	3,361,330	3,441,250
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurement of post-employment benefits, net of taxes		(7,888)	2,054
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation adjustments		(35,722)	(15,967)
Total other comprehensive income		(43,610)	(13,913)
Total Comprehensive Income		3,317,720	3,427,337

Airports Authority of Jamaica

Consolidated Statement of Financial Position

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 $'000	2016 $'000
Non-Current Assets			
Property, plant and equipment	11	15,951,375	15,620,626
Intangible assets	12	4,729	12,623
Investments	13	72,344	72,390
Deferred income tax asset	15	1,316,455	1,331,017
		17,344,903	17,036,656
Current Assets			
Inventories	16	56,449	112,709
Receivables	17	2,964,131	1,890,533
Cash and short term deposits	18	8,821,831	6,891,556
		11,842,411	8,894,798
Current Liabilities			
Payables	19	500,525	386,364
Borrowings	20	1,069,580	705,418
Taxation payable		723,546	495,925
		2,293,651	1,587,707
Net Current Assets		9,548,760	7,307,091
		26,893,663	24,343,747
Shareholders' Equity			
Share capital	21	20,091	20,091
Unissued capital	22	55,607	55,607
Retained earnings	10	12,635,452	9,654,075
Other reserves		(509,948)	(474,226)
		12,201,202	9,255,547
Non-Current Liabilities			
Borrowings	20	14,013,192	14,132,655
Grants	23	496,538	795,864
Post-employment benefit obligations	24	182,731	159,681
		14,692,461	15,088,200
		26,893,663	24,343,747

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

William Shagoury Chairman

Audley Deidrick President

Airports Authority of Jamaica

Consolidated Statement of Changes in Equity

Year ended 31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares	Share Capital	Unissued Capital	Retained Earnings	Other Reserves	Total
	'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2015	20,091	20,091	55,607	6,610,771	(458,259)	6,228,210
Net profit	-	-	-	3,441,250	-	3,441,250
Re-measurements of post-employment benefits, net of taxes	-	-	-	2,054	-	2,054
Foreign currency translation adjustment	-	-	-	-	(15,967)	(15,967)
Total comprehensive income	-	-	-	3,443,304	(15,967)	3,427,337
Dividends paid	-	-	-	(400,000)	-	(400,000)
Balance at 31 March 2016	20,091	20,091	55,607	9,654,075	(474,226)	9,255,547
Net profit	-	-	-	3,361,330	-	3,361,330
Re-measurements of post-employment benefits, net of taxes	-	-	-	(7,888)	-	(7,888)
Foreign currency translation adjustment	-	-	-	-	(35,722)	(35,722)
Total comprehensive income	-	-	-	3,353,442	(35,722)	3,317,720
Dividends paid	-	-	-	(372,065)	-	(372,065)
Balance at 31 March 2017	20,091	20,091	55,607	12,635,452	(509,948)	12,201,202

Airports Authority of Jamaica

Consolidated Statement of Cash Flows

Year ended 31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

	2017 $'000	2016 $'000
Cash Flows from Operating activities		
Net profit	3,361,330	3,441,250
Items not affecting cash resources:		
Depreciation and amortisation	1,117,121	1,097,968
Interest income	(218,809)	(641,764)
Exchange gains on foreign balances	(395,808)	(308,866)
Taxation charge	867,647	(276,722)
Grants amortised	(1,266,679)	(1,012,380)
Interest expense	569,429	1,072,145
Change in post-employment benefit obligation	12,533	12,726
	4,046,764	3,384,357
Changes in operating assets and liabilities:		
Inventories	56,260	(72,867)
Receivables	(1,073,598)	(773,497)
Payables	134,123	(12,518)
	3,163,549	2,525,475
Translation adjustment	230,282	250,820
Taxation paid	(567,859)	(363,977)
Cash provided by operating activities	2,825,972	2,412,318
Cash Flows from Investing Activities		
Purchase of property, plant and equipment and intangible assets	(704,837)	(694,709)
Financial instruments	-	210,261
Interest received	218,855	645,175
Cash provided (used in)/ by investing activities	(485,982)	160,727
Cash Flows from Financing Activities		
Interest paid	(460,732)	(873,107)
Grants received	939,778	801,198
Long term loans received	912,006	502,131
Loan repayments	(1,567,572)	(251,675)
Dividend paid	(372,065)	(400,000)
Cash used in financing activities	(548,585)	(221,453)
Effect of changes in exchange rates on cash and cash equivalents	131,144	97,204
Increase in cash and cash equivalents	1,791,405	2,351,592
Cash and cash equivalents at beginning of year	6,871,685	4,422,889
Cash and Cash Equivalents at End of Year (Note 18)	8,794,234	6,871,685

Airports Authority of Jamaica

Authority Statement of Comprehensive Income

Year ended 31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 $'000	2016 $'000
Revenue –			
Airports		3,262,950	1,972,522
Aerodromes		28,389	21,170
		3,291,339	1,993,692
Direct expenses –			
Airports		(199,868)	(200,215)
Aerodromes		(245,665)	(210,817)
		(445,533)	(411,032)
Gross Profit		2,845,806	1,582,660
Other operating income	5	1,181,699	1,083,672
Administration expenses		(246,591)	(195,694)
Privatisation costs		(48,259)	(55,215)
Finance costs	8	(171,021)	(299,672)
Profit before Taxation		3,561,634	2,115,751
Taxation	9	(860,294)	(614,498)
Net Profit	10	2,701,340	1,501,253
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurement of post-employment benefits, net of taxes		(7,888)	2,054
Total Comprehensive Income		2,693,452	1,503,307

Airports Authority of Jamaica

Authority Statement of Financial Position

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 $'000	2016 $'000
Non-Current Assets			
Property, plant and equipment	11	1,646,907	1,825,270
Investments	13	35,995	36,034
Investment in subsidiary	14	305,377	305,377
Due from subsidiary	14	20,286,794	18,858,164
Deferred income tax asset	15	155,825	300,283
		22,430,898	21,325,128
Current Assets			
Receivables	17	1,765,020	703,638
Due from subsidiary	14	46,496	25,469
Cash and short term deposits	18	4,279,940	3,621,298
		6,091,456	4,350,405
Current Liabilities			
Payables	19	103,627	106,060
Borrowings	20	1,069,580	705,418
Taxation payable		656,822	377,705
		1,830,029	1,189,183
Net Current Assets		4,261,427	3,161,222
		26,692,325	24,486,350
Shareholders' Equity			
Share capital	21	20,091	20,091
Unissued capital	22	55,607	55,607
Retained earnings	10	12,236,717	9,915,330
		12,312,415	9,991,028
Non-Current Liabilities			
Borrowings	20	14,013,192	14,132,655
Grants	23	183,987	202,986
Post-employment benefit obligations	24	182,731	159,681
		14,379,910	14,495,322
		26,692,325	24,486,350

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

William Shagoury	Chairman	Audley Deidrick	President

Airports Authority of Jamaica

Authority Statement of Changes in Equity

Year ended 31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares	Share Capital	Unissued Capital	Retained Earnings	Total
	'000	$'000	$'000	$'000	$'000
Balance at 31 March 2015	20,091	20,091	55,607	8,812,023	8,887,721
Net profit	-	-	-	1,501,253	1,501,253
Re-measurements of post-employment benefits, net of taxes	-	-	-	2,054	2,054
Total Comprehensive Income	-	-	-	1,503,307	1,503,307
Dividends paid	-	-	-	(400,000)	(400,000)
Balance at 31 March 2016	20,091	20,091	55,607	9,915,330	9,991,028
Net profit	-	-	-	2,701,340	2,701,340
Re-measurements of post-employment benefits, net of taxes	-	-	-	(7,888)	(7,888)
Total comprehensive income	-	-	-	2,693,452	2,693,452
Dividends paid	-	-	-	(372,065)	(372,065)
Balance at 31 March 2017	20,091	20,091	55,607	12,236,717	12,312,415

Airports Authority of Jamaica

Authority Statement of Cash Flows

Year ended 31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

	2017 $'000	2016 $'000
Cash Flows from Operating activities		
Net profit	2,701,340	1,501,253
Items not affecting cash resources:		
Depreciation	217,026	218,515
Interest income	(1,132,650)	(1,034,555)
Exchange gains on foreign balances	(398,408)	(339,356)
Taxation charge	860,294	614,498
Grants amortised	(18,999)	(18,997)
Interest expense	569,429	639,028
Change in post-employment benefit obligation	12,533	12,726
	2,810,565	1,593,112
Changes in operating assets and liabilities:		
Receivables	(1,050,978)	(480,412)
Due from subsidiary	(45,011)	(544,133)
Payables	(2,433)	29,828
	1,712,143	598,395
Taxation paid	(434,090)	(367,016)
Cash provided by operating activities	1,278,053	231,379
Cash Flows from Investing Activities		
Purchase of property, plant and equipment and intangible assets	(38,663)	(33,631)
Financial instruments	-	210,430
Loans repaid by subsidiary	535,902	251,675
Loans issued to subsidiary	(912,006)	(502,131)
Interest received	1,132,689	1,037,975
Cash provided by investing activities	717,922	964,318
Cash Flows from Financing Activities		
Interest paid	(460,732)	(439,990)
Long term loans received	912,006	502,131
Loan repayments	(1,567,572)	(251,675)
Dividend paid	(372,065)	(400,000)
Cash used in financing activities	(1,488,363)	(589,534)
Increase in cash and cash equivalents	507,612	606,163
Effect of changes in exchange rates on cash and cash equivalents	151,030	118,882
Cash and cash equivalents at beginning of year	3,621,298	2,896,252
Cash and Cash Equivalents at End of Year (Note 18)	4,279,940	3,621,298

Airports Authority of Jamaica
Notes to the Financial Statements
31 March 2017
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

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

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

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

As of 11 April 2003, the Donald Sangster International Airport, which is owned by the Authority, is being operated by MBJ Airports Limited under a 30-year Concession Agreement. The Authority earns concession revenue from MBJ Airports Limited, the calculation of which is based on passenger traffic, cargo transported, and increased profits. Under the Agreement, The Authority earned concession revenue amounting to $2,942,817,000 (2016 – $1,678,264,000) from MBJ Airports Limited during the year.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretations Committee (IFRIS IC) applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Authority's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Airports Authority of Jamaica

Notes to the Financial Statements
31 March 2017
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

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

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortization In this amendment the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This amendment did not have a significant impact on the Group's financial statements.

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

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

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 Group
The Group has concluded that the following standards which are published but not yet effective, are relevant to its operations and will impact the Group's accounting policies and financial disclosures as discussed below. These standards and amendments to existing standards are mandatory for the Group's accounting periods beginning after 1 April 2017 or later periods, but the Group has not early adopted them:

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

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

IFRS 15, 'Revenue from Contracts with Customers', (effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group is currently assessing the impact of future adoption of the new standard on its financial statements.

Airports Authority of Jamaica

Notes to the Financial Statements
31 March 2017
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

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

IAS 7, 'Statement of cash flows on Disclosure Initiative – Amendments' (effective for accounting periods beginning on or after 1 January 2017). Going forward, entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (eg drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences. Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities. Entities may include changes in other items as part of this disclosure, for example by providing a 'net debt' reconciliation. However, in this case the changes in the other items must be disclosed separately from the changes in liabilities arising from financing activities. The information may be disclosed in tabular format as a reconciliation from opening and closing balances, but a specific format is not mandated. The Group is currently assessing the impact of future adoption of the amendment on its financial statements.

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

Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses (effective annual periods beginning on or after 1 January 2017). These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The Group is currently assessing the impact of future adoption of the amendments on its financial statements.

The Group 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.

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation

Subsidiaries

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

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

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

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

Airports Authority of Jamaica

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(c) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

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

Group companies

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

(a) Assets and liabilities for each statement of financial position presented are translated at year end rates,

(b) Items affecting the statement of comprehensive income are translated at average rates, and

(c) The resultant gains or losses are recognised in other comprehensive income as translation gains or losses.

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2. Summary of Significant Accounting Policies (Continued)

(d) Revenue recognition

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

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

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

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

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

(e) Income taxes

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

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

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

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

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

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

Airports Authority of Jamaica

2. Summary of Significant Accounting Policies (Continued)

(f) Property, plant and equipment

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

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

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

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

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

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

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

(g) Investments

The Group classifies its investment securities as available-for-sale and held to maturity. Management determines the classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

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

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

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

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Where the Group sells other than an insignificant amount of held-to-maturity assets, the entire category would be compromised and reclassified as available-for-sale. Held-to-maturity investments are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost, using the effective interest method.

Airports Authority of Jamaica

2. Summary of Significant Accounting Policies (Continued)

(h) Impairment of non-current assets

Non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows.

(i) Inventories

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

(j) Trade receivables

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

(k) Cash and cash equivalents

Cash and cash equivalents are carried in the 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 overdrafts.

(l) Payables

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

(m) Borrowings

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

(n) Grants

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

Airports Authority of Jamaica

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2. Summary of Significant Accounting Policies (Continued)

(o) Employee benefits (continued)

Pension obligations

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

The Authority 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 Authority recognises a cost equal to its contributions payable in respect of each accounting period in arriving at profit or loss.

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

Termination benefits

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

Incentive plans

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

Accrued vacation

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

(p) Provisions

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

(q) Financial instruments

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

Financial assets

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

Airports Authority of Jamaica

2. Summary of Significant Accounting Policies (Continued)

(q) Financial instruments (continued)

Financial liabilities

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

(r) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

3. Financial Risk Management

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

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

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

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

(a) Credit risk

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

Airports Authority of Jamaica

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit review process

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

(i) *Trade and other receivables*

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

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

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

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

(ii) *Cash and short term deposits*

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

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Ageing analysis of trade receivables that are past due but not impaired
Trade receivables that are less than 90 days past due are not considered impaired. As of 31 March 2017, trade receivables of $200,310,000 (2016 – $154,692,000) for the Group and $63,713,000 (2016 – $14,985,000) for the Authority were past due but not impaired. These relate to a number of concessionaries and airlines for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	The Group		The Authority	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
16 - 30 days	28,318	53,568	89	-
31 - 60 days	70,297	54,903	1,190	245
61 - 90 days	40,055	32,325	794	844
Over 90 days	61,640	13,896	61,640	13,896
	200,310	154,692	63,713	14,985

Ageing analysis of trade receivables that are impaired
As of 31 March 2017, trade receivables of $570,964,000 (2016 – $239,251,000) for the Group and $61,640,000 (2016 – $47,240,000) for the Authority were considered impaired and were fully provided for. The individually impaired receivables mainly relate to concessionaires and airlines who are in unexpected difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

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

	The Group		The Authority	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
At 1 April	239,251	520,007	47,240	285,077
Provision for receivables impairment	321,582	88,407	14,400	53,523
Bad debts write off	-	(383,270)	-	(291,360)
Translation difference	10,131	14,107	-	-
At 31 March	570,964	239,251	61,640	47,240

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

Airports Authority of Jamaica

Notes to the Financial Statements

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit exposure for trade receivables

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

	The Group		The Authority	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Airlines (scheduled and unscheduled)	434,566	451,846	58,438	50,193
Concessionaires	103,172	339,371	-	-
Fuel through-put	119,131	85,099	3,312	1,513
Food and beverage	36,533	27,314	-	-
Car rental and tour operations	25,725	31,372	4,418	6,693
Advertising	23,690	10,621	83	110
Ground handling and taxi service	55,888	35,759	380	296
Other	711,632	596,535	170,642	558,756
	1,510,337	1,577,917	237,273	617,561
Less: Provision for impairment	(570,964)	(239,251)	(61,640)	(47,240)
	939,373	1,338,666	175,633	570,321

Airports Authority of Jamaica

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3. Financial Risk Management (Continued)

(b) Liquidity risk

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

Liquidity risk management process

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

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

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

(iii) Maintaining committed lines of credit;

(iv) Optimising cash returns on investment;

Undiscounted cash flows of financial liabilities

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

	The Group			
	2017			
	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000
Payables	500,525	-	-	500,525
Borrowings	1,490,760	9,216,606	7,681,938	18,389,305
	1,991,285	9,216,606	7,681,938	18,889,825
	2016			
Payables	386,364	-	-	386,364
Borrowings	883,225	6,430,829	12,075,394	19,389,448
	1,269,589	6,430,829	12,075,394	19,775,812

Airports Authority of Jamaica

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3. Financial Risk Management (Continued)

(b) Liquidity risk (Continued)

	The Authority			
	2017			
	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000
Payables	103,627	-	-	103,627
Borrowings	1,490,760	9,216,606	7,681,938	18,389,305
	1,594,387	9,216,606	7,681,938	18,492,932
	2016			
Payables	106,060	-	-	106,060
Borrowings	883,225	6,430,829	12,075,394	19,389,448
	989,285	6,430,829	12,075,394	19,495,508

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

Airports Authority of Jamaica

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3. Financial Risk Management (Continued)

(c) Market risk

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

Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

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

	The Group		
	Jamaican$ J$'000	US$ J$'000	Total J$'000
		2017	
Financial Assets			
Investments	72,344	-	72,344
Trade receivables	559,330	380,043	939,373
Other receivables	1,654,510	-	1,654,510
Cash and short term deposits	1,964,225	6,857,606	8,821,831
	4,250,409	7,237,649	11,488,058
Financial Liabilities			
Payables	500,525	-	500,525
Borrowings	-	15,082,772	15,082,772
	500,525	15,082,772	15,583,297
Net Financial Position	3,749,884	(7,845,123)	(4,095,239)
		2016	
Financial Assets			
Investments	72,390	-	72,390
Trade receivables	192,922	1,145,744	1,338,666
Other receivables	255,359	-	255,359
Cash and short term deposits	2,159,239	4,732,317	6,891,556
	2,679,910	5,878,061	8,557,971
Financial Liabilities			
Trade payables	386,364	-	386,364
Borrowings	-	14,838,073	14,838,073
	386,364	14,838,073	15,224,437
Net Financial Position	2,293,546	(8,960,012)	(6,666,466)

Airports Authority of Jamaica
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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk (continued)

	The Authority		
	Jamaican$ J$'000	US$ J$'000	Total J$'000
		2017	
Financial Assets			
Investments	35,995	-	35,995
Due from subsidiary *	-	20,333,289	20,333,289
Trade receivables	86,642	88,991	175,633
Other receivables	1,442,078	-	1,442,078
Cash and short term deposits	1,324,331	2,955,609	4,279,940
	2,889,046	23,377,889	26,266,935
Financial Liabilities			
Payables	103,627	-	103,627
Borrowings	-	15,082,772	15,082,772
	103,627	15,082,772	15,186,399
Net Financial Position	2,785,419	8,295,117	11,080,536
		2016	
Financial Assets			
Investments	36,034	-	36,034
Due from subsidiary *	-	18,883,633	18,883,633
Trade receivables	49,228	521,093	570,321
Other receivables	18,447	-	18,447
Cash and short term deposits	1,630,340	1,990,958	3,621,298
	1,734,049	21,395,684	23,129,733
Financial Liabilities			
Payables	106,060	-	106,060
Borrowings	-	14,838,073	14,838,073
	106,060	14,838,073	14,944,133
Net Financial Position	1,627,989	6,557,611	8,185,600

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

Airports Authority of Jamaica

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

(c) Market risk (continued)

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

	The Group			
	% Change in Currency Rate 2017	Effect on Profit Before Tax 2017 $'000	% Change in Currency Rate 2016	Effect on Profit Before Tax 2016 $'000
Currency:				
USD - revaluation	1%	78,451	1%	89,600
USD - devaluation	(6%)	(470,707)	(6%)	(537,601)

	The Authority			
	% Change in Currency Rate 2017	Effect on Profit Before Tax 2017 $'000	% Change in Currency Rate 2016	Effect on Profit Before Tax 2016 $'000
Currency:				
USD - revaluation	1%	(82,951)	1%	(65,576)
USD - devaluation	(6%)	497,707	(6%)	393,457

Airports Authority of Jamaica

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

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

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

(d) Fair values of financial instruments

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

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

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

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

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

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

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

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

Airports Authority of Jamaica

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

(e) Capital management

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

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

(f) Offsetting of financial instruments

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

(g) Financial instruments by category

Financial assets

	The Group		
	Loans and receivables $'000	**Held to Maturity $'000**	**Total $'000**
		2017	
Investments	-	72,344	72,344
Trade receivables	939,373	-	939,373
Other receivables	1,654,510	-	1,654,510
Cash and short term deposits	8,821,831	-	8,821,831
Total financial assets	11,415,714	72,344	11,488,058
		2016	
Investments	-	72,390	72,390
Trade receivables	1,338,666	-	1,338,666
Other receivables	255,359	-	255,359
Cash and short term deposits	6,891,556	-	6,891,556
Total financial assets	8,485,581	72,390	8,557,971

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3. Financial Risk Management (Continued)

(g) Financial instruments by category (continued)

	The Authority		
	Loans and receivables $'000	**Held to Maturity $'000**	**Total $'000**
		2017	
Investments	-	35,995	35,995
Due from subsidiary	20,333,289	-	20,333,289
Trade receivables	175,633	-	175,633
Other receivables	1,442,078	-	1,442,468
Cash and short term deposits	4,279,940	-	4,279,940
Total financial assets	26,230,940	35,995	26,266,935
		2016	
Investments	-	36,034	36,034
Due from subsidiary	18,883,633	-	18,883,633
Trade receivables	570,321	-	570,321
Other receivables	18,447	-	18,447
Cash and short term deposits	3,621,298	-	3,621,298
Total financial assets	23,093,699	36,034	23,129,733

Financial liabilities
Other financial liabilities at amortised cost

	The Group	
	2017	**2016**
	$'000	**$'000**
Payables	500,525	386,364
Borrowings	15,082,772	14,838,073
	15,583,297	15,224,437

	The Authority	
	2017	**2016**
	$'000	**$'000**
Payables	103,627	106,060
Borrowings	15,082,772	14,838,073
	15,186,399	14,944,133

4. Critical Judgements and Key Sources of Estimation Uncertainty

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

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

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

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

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

Key sources of estimation uncertainty (continued)

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

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

5. Other Operating Income

	The Group		The Authority	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Amortisation of grants (Note 23)	806,749	541,074	18,999	18,997
Expenses reimbursed - Project Execution Unit	26,205	21,343	26,205	21,343
Interest income	218,809	641,764	1,132,650	1,034,555
Other	17,867	21,937	3,845	8,777
	1,069,630	1,226,118	1,181,699	1,083,672

Included in the interest income for the Authority is $998,598,000 (2016 – $454,473,000) which has been charged on disbursements to its subsidiary to assist with the Norman Manley International Airport expansion project. Interest is charged on the outstanding balance at a rate of 10% per annum.

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6. Expenses by Nature

Total direct and administration expenses:

	The Group		The Authority	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Advertising and public relations	22,663	11,516	12,306	7,783
Auditors' remuneration	7,770	7,510	4,195	4,195
Bad debts	319,181	50,199	14,400	13,676
Commissions and discounts	30,579	(797)	271	56
Depreciation and amortisation	1,117,363	1,097,968	217,026	218,515
Insurance	202,366	208,311	9,934	11,312
Irrecoverable GCT	186,475	109,056	13,480	11,715
Motor vehicle expenses	32,251	32,444	1,383	979
Office supplies	35,800	14,813	10,000	7,677
Other	201,208	101,480	29,710	27,391
Professional fees	186,732	170,677	19,866	11,399
Regulatory fees and taxes	64,543	46,460	19,958	7,948
Rental and lease	32,235	29,434	569	535
Repairs and maintenance	545,568	365,575	33,168	21,998
Security	292,344	274,172	58,116	50,179
Staff costs (Note 7)	1,131,688	889,448	224,154	193,465
Training	33,355	22,955	-	-
Traveling and entertainment	15,436	7,638	10,514	4,768
Utilities	460,488	427,317	13,074	13,135
	4,918,045	3,866,176	692,124	606,726

7. Staff Costs

	The Group		The Authority	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Wages and salaries	942,669	733,053	173,882	153,031
Payroll taxes – employer's portion	103,042	84,650	18,906	15,885
Pension and other retirement benefits -				
Medical benefits (Note 24)	18,701	18,694	18,701	18,694
Redundancy payments	13,464	7,227	-	-
Other	53,812	45,824	12,665	5,855
	1,131,688	889,448	224,154	193,465

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8. Finance Income/(Costs)

	The Group		The Authority	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Interest expense	(569,429)	(1,072,145)	(569,429)	(639,028)
Amortisation of grants (Note 23)	459,930	471,306	-	-
	(105,584)	(600,839)	(569,429)	(639,028)
Net foreign exchange gains	395,808	308,866	398,408	339,356
	286,309	(291,973)	(171,021)	(299,672)

9. Taxation

The Minister of Finance and Planning, in accordance with the power conferred by section 86 of the Income Tax Act, had formally agreed to grant the Group relief from income tax in respect of that portion of taxable profits which had been retained for capital development, for a period of ten years for the subsidiary commencing 1 April 2005. The relief was granted upon requests for remission of tax made annually to the Minister and notice of the tax remitted published in the Jamaica Gazette Supplement.

Subject to agreement with the Tax Administration Jamaica, losses of approximately $1,565,715,000 (2016 – $2,038,934,000) for the subsidiary are available for set off against future profits of the subsidiary and may be carried forward indefinitely.

Further to announcements by the Minister of Finance and Planning in 2015, the Income Tax Act was amended to impose a corporate income tax rate of 25% on the income of all companies other than regulated companies, with effect from 1 January 2016 and a rate of 30% for large unregulated companies, effective 1 April 2015. A "large unregulated company" is defined as an unregulated company which has gross annual income of not less than $500 million.

During 2014, the Government of Jamaica continued its reform of taxes. As a result of this, The Fiscal Incentives (Miscellaneous Provisions) Act which was signed into law on 20 December 2014, amended the Income Tax Act to reduce the tax rate for large unregulated companies from 30% to 25%, effective 1 January 2014. Consequently, this rate was applied in determining the amounts for current and deferred taxation in the financial statements as at 31 March 2017.

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9. Taxation (Continued)

The taxation charge for the year comprises:

	The Group		The Authority	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Income tax –				
Current year	824,003	609,019	713,207	443,970
Employment tax credit –				
Current	(28,523)	(49,868)	-	-
Prior year	-	10,000	-	10,000
Deferred tax (Note 15)	72,167	(845,873)	147,087	160,528
	867,647	(276,722)	860,294	614,498

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

	The Group		The Authority	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Profit before taxation	4,228,816	3,164,528	3,561,634	2,115,750
Tax calculated at an effective tax rate of 25%	1,057,204	791,132	890,409	528,938
Adjusted for the effects of –				
Prior year under accrual of deferred tax charge	-	101,620	-	101,620
Income not subject to tax	(273,276)	(207,393)	(76,278)	(75,321)
Deferred tax not recognised in prior years	-	(973,306)	-	-
Expenses not deductible for tax purposes	112,379	51,304	46,301	49,527
Other	(138)	(211)	(138)	(266)
	896,169	(236,854)	860,294	604,498
Employment tax credit	(28,523)	(39,868)	-	10,000
	867,646	(276,722)	860,294	614,498

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10. Net Profit and Retained Earnings

	2017 $'000	2016 $'000
(a) Net profit is dealt with as follows in the financial statements of:		
The Authority	2,701,340	1,501,253
The subsidiary	659,990	1,939,997
	3,361,330	3,441,250
(b) Retained earnings are dealt with as follows in the financial statements of:		
The Authority	12,236,717	9,915,330
The subsidiary	398,735	(261,255)
	12,635,452	9,654,075

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11. Property, Plant and Equipment

	The Group					
	Land, buildings, runways and taxiways	Storage tanks and fuel lines	Motor vehicles	Computer equipment, plant and machinery, furniture and fixtures	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost -						
At 1 April 2015	16,913,073	973,595	95,880	4,611,237	181,628	22,775,413
Additions	6,137	-	-	66,743	621,829	694,709
Disposals	-	-	(121)	-	-	(121)
Transfers	240,928	-	20,874	10,559	(272,361)	-
Translation adjustment	800,570	-	5,596	261,595	10,170	1,077,931
At 31 March 2016	17,960,708	973,595	122,229	4,950,134	541,266	24,547,932
Additions	3,500	-	-	91,577	609,760	704,837
Disposals	-	-	(7,155)	-	-	(7,155)
Transfers	221,675	-	-	442,711	(664,386)	-
Translation adjustment	758,342	-	6,308	247,230	27,196	1,039,076
At 31 March 2017	18,944,225	973,595	121,382	5,731,652	513,836	26,284,690
Depreciation -						
At 1 April 2015	4,315,918	626,621	72,821	2,530,969	-	7,546,329
Charge for the year	531,689	48,680	10,475	500,372	-	1,091,216
Disposals	-	-	(121)	-	-	(121)
Translation adjustment	132,248	-	4,381	153,253	-	289,882
At 31 March 2016	4,979,855	675,301	87,556	3,184,594	-	8,927,306
Charge for the year	563,796	48,680	12,044	484,108	-	1,108,628
Disposals	-	-	(7,155)	-	-	(7,155)
Translation adjustment	138,865	-	4,475	161,196	-	304,536
At 31 March 2017	5,682,516	723,981	96,920	3,829,898	-	10,333,315
Net Book Value -						
31 March 2017	13,261,709	249,614	24,462	1,901,754	513,836	15,951,375
31 March 2016	12,980,853	298,294	34,673	1,765,540	541,266	15,620,626

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11. Property, Plant and Equipment (Continued)

	The Authority					
	Land, buildings, runways and taxiways	Storage tanks and fuel lines	Motor vehicles	Computer equipment, plant and machinery, furniture and fixtures	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost -						
At 1 April 2015	3,846,113	973,595	4,547	255,157	8,522	5,087,934
Additions	6,137	-	(1)	9,945	17,550	33,631
At 31 March 2016	3,852,250	973,595	4,546	265,102	26,072	5,121,565
Additions	3,500	-	-	20,412	14,751	38,663
At 31 March 2017	3,855,750	973,595	4,546	285,514	40,823	5,160,228
Depreciation -						
At 1 April 2015	2,273,864	626,621	3,784	173,511	-	3,077,780
Charge for the year	145,067	48,680	762	24,006	-	218,515
At 31 March 2016	2,418,931	675,301	4,546	197,517	-	3,296,295
Charge for the year	143,794	48,680	-	24,552	-	217,026
At 31 March 2017	2,562,725	723,981	4,546	222,069	-	3,513,321
Net Book Value -						
31 March 2017	1,293,025	249,614	-	63,445	40,823	1,646,907
31 March 2016	1,433,319	298,294	-	67,585	26,072	1,825,270

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

Property, plant and equipment include assets at cost totaling $3,090,899,000 (2016 - $3,090,899,000) were acquired under the Airport Reform and Improvement Programme which is being funded by loans from the Inter-American Development Bank, Export-Import Bank of Japan, Bank of Tokyo-Mitsubishi Limited and the Government of Jamaica.

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12. Intangible Assets

Comprising computer software:

	The Group	The Authority
	$'000	**$'000**
Cost -		
At 1 April 2015	41,247	260
Translation adjustment	2,461	-
At 31 March 2016	43,708	260
Translation adjustment	2,294	-
At 31 March 2017	46,002	260
Amortisation -		
At 1 April 2015	22,814	260
Charge for the year	6,752	-
Translation adjustment	1,519	-
At 31 March 2016	31,085	260
Charge for the year	8,493	-
Translation adjustment	1,695	-
At 31 March 2017	41,273	260
Net Book Value -		
31 March 2017	4,729	-
31 March 2016	12,623	-

13. Investments

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

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14. Related Party Transactions and Balances

The following transactions were carried out with related parties:

(a) Key management compensation

	The Group		The Authority	
	2017 **$'000**	**2016** **$'000**	**2017** **$'000**	**2016** **$'000**
Wages and salaries	50,110	46,389	18,051	20,044
Payroll taxes – employer's portion	4,403	4,722	1,217	1,975
	54,513	51,111	19,268	22,019
Directors' emoluments -				
Management remuneration	17,021	12,980	17,021	12,980
Fees	2,474	1,474	2,474	1,474

(b) Due from subsidiary

	2017 **$'000**	**2016** **$'000**
Non-current portion	20,286,794	18,858,164
Current portion	46,496	25,469
	20,333,289	18,883,633

(c) Shares, at cost	305,377	305,377

The Authority earned concession and other fees amounting to $280,006,000 (2016 – $255,872,000), and interest and other income as detailed in Note 5, from the subsidiary during the year.

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15. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a tax rate of 25% (2016 - 25%).

	The Group		The Authority	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
At beginning of year	1,331,017	461,495	300,283	461,495
(Charged)/credited to profit or loss during the year (Note 9)	(72,167)	845,873	(147,087)	(160,528)
Credited/(charged) to other comprehensive income	2,629	(684)	2,629	(684)
Exchange difference	54,976	24,333	-	-
At end of year	1,316,455	1,331,017	155,825	300,283

Deferred tax assets/(liabilities) were due to the following:

	The Group		The Authority	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Interest payable	1,065,539	874,767	336,632	309,458
Accelerated depreciation and amortisation	564,726	460,643	543,006	519,140
Post-employment benefits	45,682	39,823	45,682	39,823
Accrued vacation	18,811	14,500	3,735	3,214
Carry forward losses	394,543	508,268	-	-
Net foreign exchange gains	(27,281)	(84,310)	(113,084)	(91,228)
Interest receivable from subsidiary	(629,415)	(474,572)	(629,415)	(474,572)
Interest receivable	(116,150)	(8,102)	(30,731)	(5,552)
	1,316,455	1,331,017	155,825	300,283

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

	The Group		The Authority	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Deferred tax assets to be recovered after more than 12 months	610,408	500,466	588,688	558,963
Deferred tax liabilities to be settled after more than 12 months	(629,415)	(474,472)	(629,415)	(474,572)

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15. Deferred Income Taxes (Continued)

	Group and The Authority					
	2017			2016		
	Before tax $'000	Tax charge $'000	After tax $'000	Before tax $'000	Tax credit $'000	After tax $'000
Item that will not be reclassified to profit or loss						
Re-measurement of post-employment benefits obligations, net of taxes	(10,517)	2,629	(7,888)	2,738	(684)	2,054

16. Inventories

This represents spare parts and supplies.

17. Receivables

	The Group		The Authority	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade	1,510,337	1,577,917	237,273	617,561
Less: Provision for impairment	(570,964)	(239,251)	(61,640)	(47,240)
	939,373	1,338,666	175,633	570,321
Mobilisation payment	114,731	95,964	-	-
Prepayments	67,736	66,833	47,303	44,882
Advances	217,186	242,966	4,754	6,174
GCT recoverable	3,390	3,607	3,390	3,607
Other	1,437,324	12,393	1,437,324	12,273
	2,779,740	1,760,429	1,668,404	637,257
Withholding tax recoverable	184,391	130,104	96,616	66,381
	2,964,131	1,890,533	1,765,020	703,638

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18. Cash and Cash Equivalents

	The Group		The Authority	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Cash at bank and in hand	614,422	346,482	140,726	144,801
Short term deposits	8,179,812	6,525,203	4,139,214	3,476,497
Cash and cash equivalents as reflected in the statement of cash flows	8,794,234	6,871,685	4,279,940	3,621,298
Restricted cash	27,597	19,871	-	-
	8,821,831	6,891,556	4,279,940	3,621,298

Included in short term deposits is interest receivable of $133,989,000 (2016 – $112,283,000) for the Group and $121,809,000 (2016 - $102,541,000) for the Authority. Short term deposits have original maturity of ninety (90) days or less.

The weighted average interest rate on short term deposits denominated in Jamaican dollars was 5.87% (2016 – 6.63%) and on short term deposits denominated in United States dollars was 1.19% (2016 – 2.23%), and these securities mature in 30 days.

The restricted cash represents funds held by a bank for the subsidiary's employee loans.

19. Payables

	The Group		The Authority	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade payables	97,974	120,400	29,204	35,100
Accruals	149,168	138,804	71,489	67,292
Airport Improvement Fund	111,560	36,203	-	-
Other	141,823	90,957	2,934	3,668
	500,525	386,364	103,627	106,060

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20. Borrowings

	The Group and Authority	
	2017	**2016**
	$'000	**$'000**
Current		
Current portion of long term loans	1,069,580	705,418
Non-Current -		
Long term loans	12,121,769	12,433,886
Accrued interest	1,891,423	1,698,769
	14,013,192	14,132,655
	15,082,772	14,838,073

Long term loans

	The Group and Authority	
	2017	**2016**
	$'000	**$'000**
Facilities acquired with the Government of Jamaica as an intermediary:		
(a) Inter-American Development Bank	1,896,971	2,678,622
(b) Export-Import Bank of Japan and The Bank of Tokyo-Mitsubishi Limited	983,675	917,252
(c) Nordic Development Fund	447,908	420,140
(d) European Investment Bank	4,932,243	4,881,684
(e) Caribbean Development Bank	2,316,010	2,359,481
Other facilities		
(f) Petrocaribe Development Fund	4,418,258	3,500,122
(g) Other	87,707	80,772
	15,082,772	14,838,073
Less Current Portion:		
European Investment Bank	(428,891)	(203,404)
Petrocaribe Development Fund	(295,647)	(177,158)
Caribbean Development Bank	(257,334)	(244,084)
Accrued interest	(87,708)	(80,772)
	(1,069,580)	(705,418)
	14,013,192	14,132,655

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20. Borrowings (Continued)

The following tables show the maturity profile for loans.

	The Group and The Authority			
	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000
		2017		
(a) Inter-American Development Bank	-	-	1,896,971	1,896,971
(b) Export-Import Bank of Japan and The Bank of Tokyo-Mitsubishi Limited	-	983,675	-	983,675
(c) Nordic Development Fund	-	447,908	-	447,908
(d) European Investment Bank	428,890	1,715,565	2,787,788	4,932,243
(e) Caribbean Development Bank	257,335	686,225	1,372,450	2,316,010
(f) Petrocaribe Development Fund	295,648	1,618,074	2,504,536	4,418,258
(g) Other	87,707	-	-	87,707
	1,069,580	5,451,447	8,561,745	15,082,772
		2016		
(a) Inter-American Development Bank	-	-	2,678,622	2,678,622
(b) Export-Import Bank of Japan and The Bank of Tokyo-Mitsubishi Limited	-	917,252	-	917,252
(c) Nordic Development Fund	-	420,140	-	420,140
(d) European Investment Bank	203,404	1,627,228	3,051,052	4,881,684
(e) Caribbean Development Bank	244,084	650,893	1,464,504	2,359,481
(f) Petrocaribe Development Fund	177,158	1,415,783	1,907,181	3,500,122
(g) Accrued interest	80,772	-	-	80,772
	705,418	5,031,296	9,101,359	14,838,073

Airports Authority of Jamaica

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20. Borrowings (Continued)

(a) This represents proceeds drawn down to date of loan contract #887/OC-JA between the Government of Jamaica and the Inter-American Development Bank, which have been on-lent to the Authority under the Airport Reform and Improvement Programme. The loan was disbursed in 2001 and will expire twenty years from the disbursement date. This facility is unsecured and bears interest at 6.25% per annum.

(b) This represents proceeds drawn down to date of loan contract #041844 between the Government of Jamaica and the Export-Import Bank of Japan and the Bank of Tokyo-Mitsubishi Limited, which have been on-lent to the Authority under the Airport Reform and Improvement Programme. The loan was disbursed in 2001 and will expire eighteen years from the disbursement date. This facility is unsecured and bears interest at 2.5% per annum.

(c) This represented proceeds drawn down to date of loan contract #165 between the Government of Jamaica and the Nordic Development Fund, which have been on-lent to the Authority under the Airport Reform and Improvement Programme. The loan was disbursed in 2001 and will expire thirty years from the disbursement date. This facility is unsecured and bears interest at 1.5% per annum.

(d) This represents a US$40 million loan between the European Investment Bank and the Airports Authority of Jamaica which was on-lent to the subsidiary to fund the Norman Manley International Airport expansion project and repay existing loans. The loan is repayable in 30 equal payments semi-annually commencing five years after the date of disbursement. The loan was disbursed in February 2010.

(e) This represents a US$20 million loan between the Caribbean Development Bank and the Airports Authority of Jamaica which was on-lent to the subsidiary to fund the Norman Manley International Airport expansion project and repay existing loans. The loan is unsecured and is repayable in 30 equal payments semi-annually commencing five years after the date of disbursement. The facility was disbursed in July 2009 and bears interest at 3.83% per annum.

(f) This balance represents two loans from Petrocaribe Fund as follows:

i. A loan of $22.5million (2016 – $22.5 million) from Petrocaribe Fund was acquired to provide interim financing for the Norman Manley Airport expansion project. The loan is repayable in 31 semi-annual payments of $725,807. Interest is charged at 6% per annum. This loan is unsecured.

ii. An additional loan of $22 million is available from the Petrocaribe Fund for financing the Norman Manley Airport Expansion project which is repayable in equal semi-annual amounts beginning after the facility is fully drawn down and to end by June 2030. Interest is charged at 4% per annum. As at March 2017 the amount of draw down is $22,000,000 (2016 - $14,889,000).

(g) This relates to accrued interest on loans that becomes due on demand.

Airports Authority of Jamaica

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21. Share Capital

	2017 $'000	2016 $'000
Authorised -		
30,000 ordinary shares		
Issued and fully paid -		
20,091 ordinary shares	20,091	20,091

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

22. Unissued Capital

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

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

23. Grants

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

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

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

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

Airports Authority of Jamaica
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23. Grants (Continued)

Capital Grant (continued)

The movement in grants during the year was as follows:

	The Group		The Authority	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
At start of year	795,864	967,580	202,986	221,983
Additions	939,778	801,198	-	-
Transfer to the statement of comprehensive income -				
Amortisation of grants (Note 5)	(806,749)	(541,074)	(18,999)	(18,997)
Amortisation of grants (Note 8)	(459,930)	(471,306)	-	-
Translation adjustment	27,575	39,466	-	-
At end of year	496,538	795,864	183,987	202,986

24. Post-Employment Benefits

	The Group and The Authority	
	2017	**2016**
	$'000	**$'000**
Liability recognised in the statement of financial position		
Medical benefits	182,731	159,681
Amounts recognised in arriving at profit or loss (Note 7)		
Medical benefits	18,701	18,694
Amounts recognised in arriving at other comprehensive income		
Medical benefits	10,517	2,738

Airports Authority of Jamaica

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31 March 2017
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24. Post-Employment Benefits (Continued)

Medical benefits

The Group offers retirees medical benefits. Funds are not built up to cover the obligations under the medical benefit scheme.

The liability recognised in the statement of financial position was determined as follows:

	The Group and The Authority	
	2017	**2016**
	$'000	**$'000**
Present value of obligations	182,731	159,681

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

	The Group and The Authority	
	2017	**2016**
	$'000	**$'000**
At beginning of year	159,681	149,693
Current service cost	-	4,741
Interest cost	18,701	13,953
Re-measurements -		
Experience gain	10,517	(1,353)
Gain from change in demographic assumptions	-	(1,155)
Gain from change in financial assumptions	-	(230)
Benefits paid	(6,168)	(5,968)
At end of year	182,731	159,681

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

	The Group and The Authority	
	2017	**2016**
	$'000	**$'000**
Current service cost	4,598	4,741
Interest cost	14,103	13,953
Total included in staff costs (Note 7)	18,701	18,694

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

	The Group and The Authority	
	2017	**2016**
	$'000	**$'000**
Re-measurement loss on obligation/components of defined benefit cost recorded in OCI	10,517	(2,738)

Airports Authority of Jamaica

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24. Post-Employment Benefits (Continued)

Medical benefits (continued)

The distribution of the obligations was as follows:

	The Group and The Authority	
	2017	**2016**
	$'000	**$'000**
At start of year	159,681	149,693
Pension expense	18,701	18,694
Re-measurements included in OCI	10,517	(2,738)
Contributions paid	(6,168)	(5,968)
At end of year	182,731	159,681

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

	The Group and The Authority		
	Impact on Medical benefit obligations		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		2017	
Discount rate	1%	(27,392)	35,645
Health inflation rate	1%	35,197	(27,556
		2016	
Discount rate	1%	(23,000)	29,728
Health inflation rate	1%	29,516	(23,241)

24. Post-Employment Benefits (Continued)

Principal actuarial assumptions used in valuing post-employment benefits

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

	The Group and The Authority	
	2017	**2016**
Discount rate	9.50%	9.00%
Long term inflation rate (CPI)	6.50%	5.50%
Health Inflation above (CPI)	1.50%	1.50%

The average expected remaining service life of the employees for the medical scheme is 17.9 years (2016 – 17.0years).

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

25. Contingent Liabilities

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

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

26. Capital Commitments

At 31 March 2017, the Group had authorised capital expenditure amounting to $1,049,550,960 (2016 – $1,630,116,000), of which $62,373,741 (2016 – $592,097,000) has been contracted for.

27. Operating Lease

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

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

	2017 $'000	2016 $'000
Not later than 1 year	16,984	16,110
Subsequent to 1 year but less than 5 years	28,307	42,959
	45,291	59,069

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AIRPORTS AUTHORITY OF JAMAICA

THINKING DEVELOPMENT...
MOVING AHEAD

NMIA
AIRPORTS LIMITED
A subsidiary of the Airports Authority of Jamaica

NORMAN MANLEY INT'L AIRPORT
KINGSTON
MKJP (KIN)

mbj

SANGSTER INT'L AIRPORT
MONTEGO BAY
MKJS (MBJ)

IAN FLEMING
Int'L Airport

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

DOMESTIC AERODROMES

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

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

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

AIRPORTS AUTHORITY
OF JAMAICA