The Port Authority of Jamaica

ANNUAL REPORT 2013 - 2014

MISSION **STATEMENT**

Developers and Regulators
of world class facilities and services that ensure sustainable growth of Jamaica's maritime industry and maximum satisfaction to all stakeholders.

PORT CENTRIC **LOGISTICS**

Jamaica's development into a Logistics Hub is being effected through the expansion of the modes of transportation including sea, air and land while integrating the ports with warehouse, distribution, assembly and manufacturing facilities. This port centric logistics approach will create additional value by maximising supply chain efficiencies and minimising logistics costs between the origin of goods and services and their destination.

VISION

The Western Hemisphere's
BEACON OF MARITIME
EXCELLENCE

VALUES

The Port Authority of Jamaica
is committed to the pursuit of its Vision and Mission within a framework characterized by a motivated and competent workforce; excellence, fairness and equity; integrity and trust; open communication; commitment; accountability and a wholesome physical environment with which to endow future generations

WHAT'S INSIDE

CORPORATE PROFILE

WHO WE ARE

The Port Authority of Jamaica (The Authority or PAJ) is a statutory corporation established by the Port Authority Act of 1972 and falls within the remit of the Ministry of Transport, Works & Housing. It is the principal maritime agency responsible for the regulation and development of Jamaica's seaports.

WHAT WE DO

The Port Authority of Jamaica is mandated to ensure that security systems, standards and procedures at Jamaica's maritime and port facilities comply with the International Maritime Organization/International Ship and Port Facility Security (IMO/ISPS) Code.

As the maritime agency with responsibility for the harbours, ports and port facilities, the PAJ is required to ensure that its operations are executed in accordance with the requisite local laws and relevant International Maritime Conventions.

The PAJ is accountable for the safety of all vessels navigating the ports and harbours and regulation of the tariffs charged on goods passing through the public wharves.

OUR BUSINESS IN BRIEF

The operations of the Port Authority of Jamaica are primarily driven by two business lines, Containerized Cargo and Cruise Shipping, which are supported by Harbours and Port Services.

Containerized Cargo activities are undertaken at the Kingston Container Terminal (KCT) and the Port of Montego Bay.

Cruise Shipping activities are undertaken at four ports namely: Port of Montego Bay, the Historic Falmouth Port, Port of Ocho Rios and the Ken Wright Pier. All marketing initiatives for the Cruise Shipping line of business is executed under the 'Cruise Jamaica' brand.

SUBSIDIARIES, JOINT VENTURE & ASSOCIATED COMPANIES

SUBSIDIARY / RELATED COMPANY	ROLE/BUSINESS UNIT MANAGED
MONTEGO BAY FREE ZONE LTD.	A subsidiary of the Port Authority which was established to manage and operate the Montego Bay Free Zone. The PAJ has 50% ownership and the Government of Jamaica 50%.
KINGSTON FREE ZONE CO. LTD.	A subsidiary of Port Authority, established to manage and operate the Kingston Free Zone and Portmore Informatics Park. The PAJ has 72% ownership and the Government of Jamaica 28%.
PORTS MANAGEMENT & SECURITY LTD.	Established to manage the maintenance of international security standards at the Ports of Kingston and Montego Bay as well as the cruise ship ports (The company is owned by PAJ, Kingston Wharves and Shipping Association of Jamaica, with PAJ being the majority shareholder with 51% ownership)
JAMAICA INTERNATIONAL FREE ZONE DEVELOPMENT LTD.	A subsidiary company set up to acquire, develop and lease property for logistics/distribution and related activities. (PAJ owns 75% of the shares and ZIM Integrated Shipping Services 25%)
PORT AUTHORITY MANAGEMENT SERVICES LTD.	A wholly-owned subsidiary of the Port Authority, this company was established to offer management services to agents of Government entities involved in transportation.
KCT SERVICES LIMITED	A wholly-owned subsidiary of the Port Authority, this company was established to provide personnel services and management of the operations of the Kingston Container Terminal.
BOUNDBROOK WHARVES DEVELOPMENT CO. LTD.	This is a joint venture company established between the Port Authority and Banana Export Company (BECO) to refurbish and subsequently lease Boundbrook Wharf. The Port Authority has 51% ownership in this company and BECO 49%. (The company is in the process of being wound up)
SECURITY ADMINISTRATORS LTD.	A 33% associate company whose primary activity is the provision of security and other related services.
MONTEGO COLD STORAGE LTD.	A 33% associate company whose primary activity is the rental of refrigerated warehouses.

OPERATIONAL FRAMEWORK

Infrastructure Development

Create and deliver value to stakeholders through highly developed and well maintained port facilities and related infrastructure.

Productive and Efficient Operations

Create and sustain high levels of productivity in all operations. Consistently train and develop a workforce to meet the needs of the evolving business environment.

Leverage information technology to improve and sustain high levels of productivity.

Security and Safety

Regulate existing systems to ensure that internationally acceptable levels of safety and security are maintained at the ports and other private facilities.

Financial Viabilty

Maintain long-term financial viability which enables the Port Authority to achieve its objectives and fulfill its mandate.

Pursue strategic partnerships with other public and selected private entities to finance the development of port and related infrastructure.

Strategic Marketing

Implement a dynamic strategic marketing programme to position and promote all business segments.

Strengthen market research and intelligence capabilities to identify and capitalise on opportunities and manage threats.

Human Resource Development

Ensure an efficient organizational design driven by talented, competent and highly skilled employees to promote value and deliver operational excellence.

PERFORMANCE AT A GLANCE

Revenue Sources

TERMINAL & WHARVES	CRUISE SHIPPING	HARBOURS & PORT SERVICES	SUBSIDIARIES	SUPPORT SERVICES
Container Moves	Falmouth	Pilotage	Free Zones	Regulatory
Receival and Delivery	Ocho Rios	Tugs	*Warehousing*	Engineering
Reefer Charges	Montego Bay	**Harbour**	*Manufacturing*	Security
Wharfage	Port Antonio	Dredging and Maintenance	*ICT and Office*	Financial Management
Container Storage		Navigational Aids	*Factory and Paved Land*	Information Technology
All other		Light Houses	Ports Mangement and Security	
$9,584.3 mill (net)	**$2,031.0 mill**	**$1,575.3 mill**	**$1,843.5 mill**	**All other income $1,073 mill**
59.5%	**12.6%**	**9.8%**	**11.4%**	**6.7%**

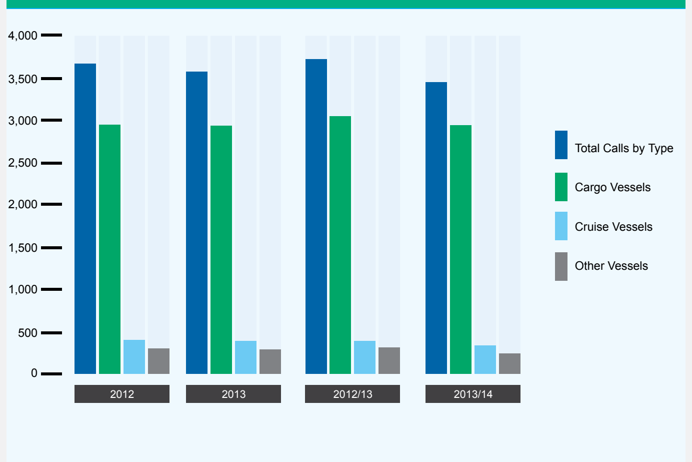
Business Process Outsourcing

Available Space	Office Sq feet	Factory Sq feet	Total Sq feet	Occupancy Sq feet	Occupancy %
MBZ	352,966	249,000	601,966	579,967	96.3%
KFZ	104,229	199,771	304,000	304,000	100.0%
JIFZ	103,590	394,692	498,282	398,282	79.9%
Total	**560,785**	**843,463**	**1,404,248**	**1,282,249**	**91.3%**

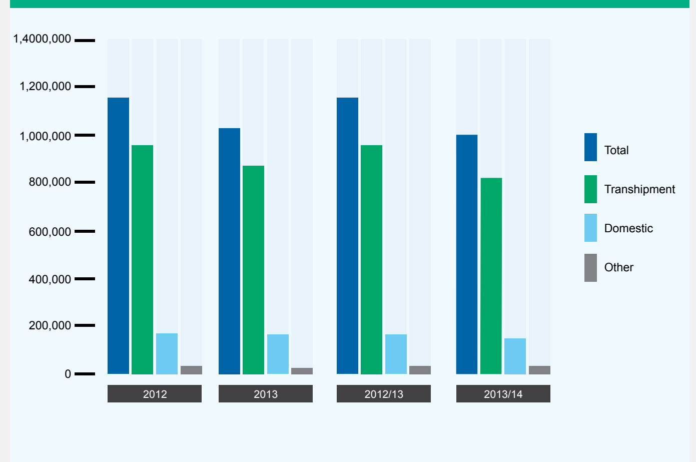
	Number of Entities: Free Zone	Number of Entities: Non Free Zone	Number of Entities: Total	Direct Employment No.	FOREX Earnings US $M
MBZ	16		16	7.202	118.7
KFZ	12	23	35	869	3.5
JIFZ	4		4	621	6.08
Total	**32**	**23**	**55**	**8,692**	**128.3**

Terminal Operations

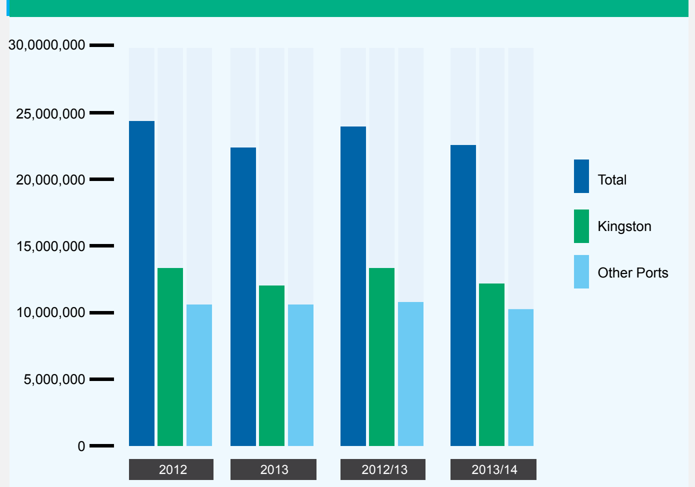
VESSEL CALLS



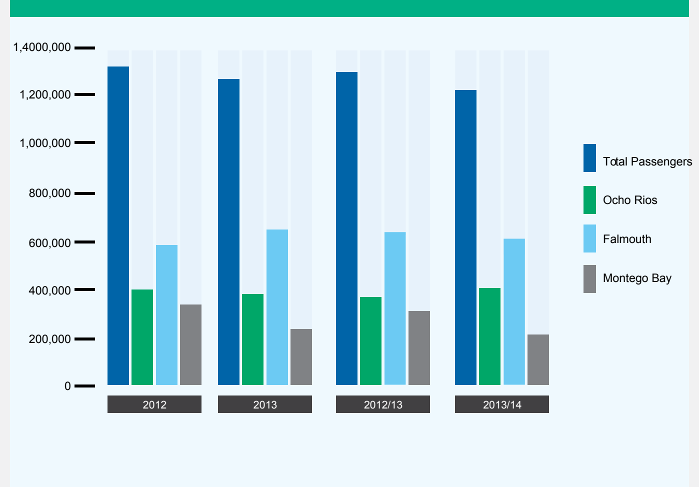
CONTAINER TRAFFIC



CARGO VOLUMES



CRUISE PASSENGERS



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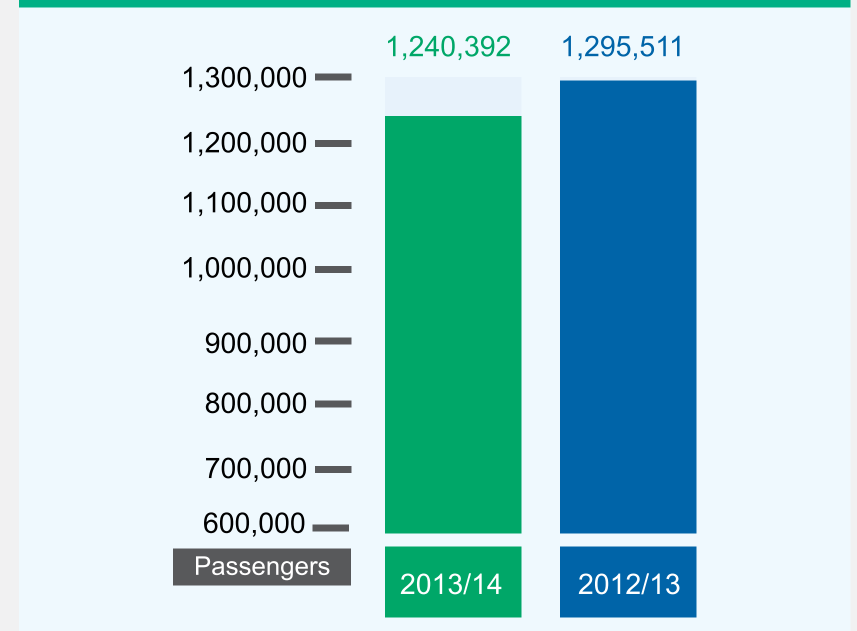
Cruise Shipping

CRUISE VISITOR ARRIVALS



Ports Security Management

NON-INTRUSIVE INSPECTION EQUIPMENT DEPLOYMENT

Location	Mobile VACIS	Pallet VACIS	NUCTECH	Rapiscan PALLET
Kingston Container Terminal (KCT)	2	1	1	0
Kingston Wharves Limited (KWL)	2	3	0	0
Port of Montego Bay	1	1	0	0
Universal Freight Handlers Limited	0	1	0	0
Adolph Levy & Brothers Limited	0	1	0	0
Kingston Logistics Center (KCL)	0	0	0	1
Seaboard Warehouse - Montego Bay	0	0	0	1
Total	5	7	1	2

The Port Authority

MILESTONES

2009

The Port Authority of Jamaica (PAJ) assumes the management of the Kingston Container Terminal (KCT), which was formerly managed by APM Terminals (Jamaica) Ltd under a management agreement with the PAJ.

Commencement of negotiations with Royal Caribbean Cruise Lines (RCCL) for the development of the Port of Falmouth.

2010

Zim Shipping Lines' Antwerp makes inaugural call at KCT, the largest container ship to visit the Port of Kingston.

2011

The Historic Falmouth Port opens and wins an impressive four international awards during its initial year of operations namely:

World Travel Awards 2011 Caribbean's Leading Tourism Development Project

World Travel Awards 2011 World's Leading Tourism Development Project

Seatrade Insider 2011 Port of the Year

Cruise Insight Magazine's 2011 Best Local Initiative

2012

PAJ signs agreement with Mediterranean Shipping Company (MSC) for the commencement of operations at KCT.

Dr. the Hon. Omar Davies, Minister of Transport, Works and Housing which has portfolio responsibility for the PAJ; appoints Enterprise Team with oversight responsibilities for the Privitisation of KCT.

2013

The prestigious Disney Cruise Lines made its inaugural call to the Historic Falmouth Port and by extension, Jamaica.

2014

The PAJ executed a non-binding framework agreement with China Harbour Engineering Company Ltd. (CHEC) for the development of Portland Bight.

BUSINESS HIGHLIGHTS & Events

FAREWELL COCKTAILS
In Honour Of The Hon. Noel Hilton


/1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/3

PAJ SPONSORS
Eisenhower Fellowship Luncheon


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/5


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DISNEY CRUISE LINE'S
Inaugural Call To Jamaica


/7


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/9

/1 **Professor Gordon Shirley**, Chairman, President & CEO, PAJ greets his predecessor, the **Hon. Noel Hylton** at Farewell Cocktails held in Mr. Hylton's honour.

/2 **Hon. Noel Hylton**, former Chairman, President & CEO, PAJ shares a moment with ladies from the PAJ from left, **Rosalie Donaldson, Sherece South, Kerri-Ann McLean, Marvalyn Clarke, Francine Williams and Dr. Carrol Pickersgill**, before cutting a cake in his honour.

/3 **Hon. Noel Hylton** presents a symbolic cheque to Missionaries of the Poor on behalf of the PAJ.

/4 **Professor Gordon Shirley** welcomes **Solomon Cai Chenyu**, 2013 Eisenhower Fellow to a dinner held in his honour. Sharing in the occasion are from left **Mervis Edghill, PAJ**, and past Eisenhower Fellows, **Sandra Glasgow** and **Parris Lyew-Ayee. Chenyu** made a presentation on 'the Proposed Logistics Hub' – What Jamaica Can Learn from Global Industry Leaders' at the Eisenhower Luncheon which was sponsored by the PAJ.

/5 **(left) Kimberley Stiff**, PAJ, greets **Morin Seymour**, member, Eisenhower Fellowships Jamaica, while past and present fellows **Sandra Glasgow and Solomon Cai Chenyu** respectively look on.

/6 **Milton Samuda** (centre left) engages executives of the PAJ (l-r) **Beverley Williamson, Dr. Carrol Pickersgill**, and **Hopeton Delisser**, at the Eisenhower Fellowship Luncheon which was sponsored by the PAJ.

/7 Minister of State in the Ministry of Transport and Works, **Dr. Morais Guy (left), Professor Gordon Shirley**, PAJ; **Captain Mickey Mouse**; Minister of Tourism & Entertainment, **Dr. Wykeham McNeil** (second right); and Attorney General and Member of Parliament for North Trelawny **Patrick Atkinson** share a photo opportunity during the inaugural call of the Disney Wonder at the Historic Falmouth Port.

/8 **(centre) William Tatham**, PAJ, briefs from left, **Professor Gordon Shirley & Minister McNeil** on the activities planned for the visit of the cruise line during the welcome ceremony on board the Disney Wonder.

/9 **L-R: Professor Gordon Shirley, Anthony Bowen** and **Dr. Paul Robertson**, PAJ, converse during the inaugural call of the Disney Wonder at the Port of Falmouth.

BOARD OF DIRECTORS

Our Board of Directors is responsible for the Corporate Governance of the Port Authority of Jamaica and its subsidiaries. The Board is dedicated to the delivery of high governance standards in order to ensure regulatory compliance, enhanced stakeholder value, corporate social responsibility and sustained business growth. It also promotes a culture of integrity, transparency and accountability while protecting the interests of employees, customers and the wider community.

AMBASSADOR A. B. STEWART STEPHENSON
Chief Position: Attorney- at- Law

MAJOR (RET'D) RICHARD REESE
Chief Position: Commissioner Of Customs

MAUREEN VERNON
Chief Position: Advisor – Ministry of Transport, Works & Housing

GARY PEART
Chief Position: CEO, Mayberry Investment Limited.

PROFESSOR THE HON. GORDON SHIRLEY, OJ. **CHAIRMAN**
Chief Position: President & CEO, The Port Authority of Jamaica

HORACE REID
Chief Position: President, Carilinks Trading Network Ltd.

JANINE DAWKINS
Chief Position: Chief Technical Director, Ministry of Transport, Works and Housing.

PETER K. MELHADO
Chief Position: President & CEO, ICD Group.

THE BOARD OF DIRECTORS' REPORT

Overview Of Performance

The commercial business of the Port Authority and its subsidiaries (the Group), is centred around growth and productivity in its four major areas of opportunities, that accounts for approximately 90% of the revenue generated by the Group. Container Terminal and Wharves contributed (60%), Cruise Shipping (12%), Business Process Outsourcing (11%) and Harbours and Port Services (10%). Success in these areas demands operational efficiencies, appropriate technology and a suitably trained staff committed to excellence.

Consolidated group revenue including revaluation gains increased by 28% to $20.3 billion compared to $15.9 billion in 2013. Total assets grew by $4.6 billion (8.7%) over 2013 to $58.2 billion and equity by $1.4 billion (12.1%) to $13.0 billion. Included in fixed assets is $16.4 billion of investment properties. Net performance in 2014 was $1.4 billion compared to a loss of ($2.0) billion in 2013.

The operating and financial performance of the Group for the fiscal year was below the 2014 budgeted targets, particularly from the two main activities, Containerized Cargo and Cruise Shipping. Container volumes of 833,309 were 24.1% below the budget, and cruise passenger arrivals of 1,240,452 were 4% below budget. Consequently, revenue was below the budget by $1.3B or 10%. The other areas of business, Business Process Outsourcing and Harbours and Port Services performed above budget with increases in revenue of $234M (15%).

A detailed analysis of financial performance is presented in the management discussion and analysis section of this Annual Report.

The Board of Directors wishes to thank all members of staff for their cooperation, commitment and sacrifice in facilitating the transformation of the business processes for greater efficiency. The challenges and successes in the past year as well as the plans and prospects for the future are considered hereunder.

KINGSTON CONTAINER TERMINAL

The Shipping Industry

The shipping industry has not escaped the adverse impact of the worldwide economic downturn since 2008 and continues to be affected. The global economy showed signs of strengthening during 2013 with a prognosis for greater traction over the near term. However it is doubtful that the containerized cargo industry will derive the full benefits of the heightened economic activity, due to pervasive industry specific impediments. Chief among them is the adverse impact of excess capacity, which continues to drive rates down. At the same time there is a demand for capital investment in larger ships for greater efficiency which places additional demands on ports for significant investment in infrastructure, equipment and technology to service these ships. This is a vicious cycle, which will undoubtedly be resolved by market forces over time.

At this particular time, financial restructuring is commonplace and strategies to get through this period are crystallizing in the formation of alliances between carriers and other measures to reduce cost and realize efficiencies. In addition carriers have been pursuing a range of other measures to mitigate the impact of the unfavourable business conditions. These include super slow steaming, the suspension of services, scrapping and idling fleet as well as divestment of non-core assets and business lines. A number of the alliances are scheduled to be fully operational in 2014.

In general, the financial results of the carriers during 2013 continued to reflect the unfavourable conditions in the containerized cargo market. Nineteen (19) carriers surveyed by Alphaliner posted a combined operating income of US$247M, but only six reported positive operating margins in 2013, including CMA CGM one of the KCT's major clients. In general, the lackluster financial performance reflected the impact of weak freight rates and occurred despite a 7.1% decline in average bunker prices in 2013.

All stakeholders including the PAJ have over the period accommodated requests from the carriers to make sacrifices. The appeals by major shipping lines have come primarily in the form of request for lower prices and generous credit terms even as volumes fall.

Given the expectation that business conditions will continue to be adversely impacted by the supply/demand imbalance, it is likely that shipping lines will continue to face financial hardships until the disparity is resolved by the market.

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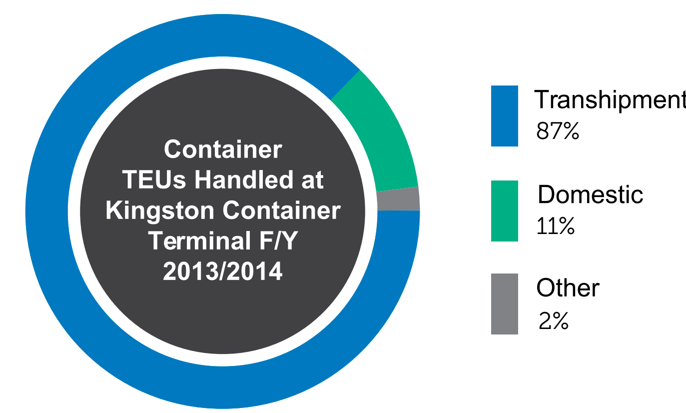
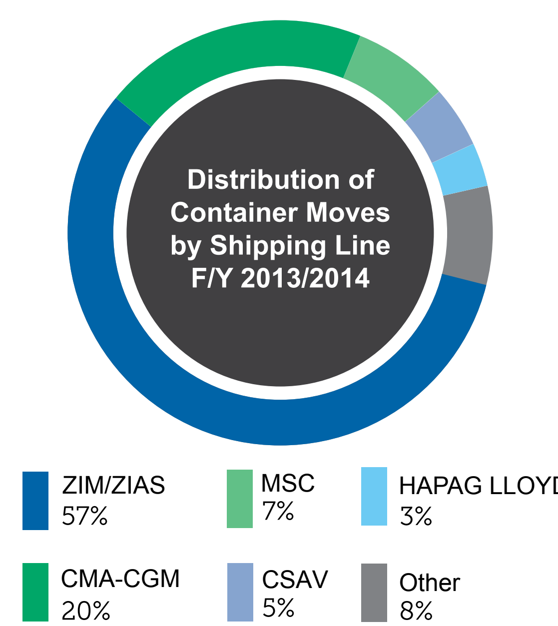
Performance

The Kingston Container Terminal has a throughput capacity of 2.8 million TEUs and has demonstrated the ability to accommodate vessels carrying up to 10,000 TEUs. The combination of these factors ranks KCT as one of the largest transhipment ports in the Central American and Caribbean region.

Container moves in 2013/2014 were 833,309 (1,368,301 TEUs), a decrease of 13.6% when compared to the previous year. Transshipment activity declined while domestic activity remained constant relative to financial year 2012/2013. When compared to the 2013/2014 budget activity levels were below by 24.1%. The performance was affected by slower market growth than anticipated, and budgeted volume increases from one of the major customers did not materialise due to berthing constraints. The dredging project is thefore a high priority if KCT is to increase its volumes, as the shipping lines continue to deploy larger vessels on the trade routes.



The bulk of KCT's volumes continue to be provided by ZIM Container Lines and CMA CGM, which accounted for 57% and 20% respectively. Mediterranean Shipping Company (MSC) accounted for 7%.



Despite the decline in the business, efforts have been focused on positioning the terminal for emerging opportunities. The following initiatives were pursued to increase operational efficiency and productivity:

- Improving the availability of the operating equipment through acquisitions and rehabilitation. Thirteen (13) straddle carriers, three (3) empty container stackers and six (6) road heads were acquired during the year. Four (4) new straddle carriers are on order and are due to be received and commissioned by the end of calendar year 2014.
- The recruitment of personnel to restore to prescribed levels the complement of maintenance technicians that was depleted by attrition and migration. Staff development continued with over 62,000 hours and 70 completed programs dedicated to training exercises.

The Terminal experienced significant and sustained improvements in its Key Performance Indicators (KPIs). Of significance, crane moves per hour were consistently above the FY target of 26.5 moves per hour (mph), averaging 28 mph for the full year.

Panama Canal Expansion

The expansion of the Panama Canal is scheduled to be completed in 2016 and is considered to be a game-changer within the regional industry. The Port of Kingston, which has the seventh largest natural harbour in the world, 21 square kilometres of navigable water and situated just 32 miles from the trade routes that traverse the Panama Canal, is especially poised to benefit from this development. The implications of the expansion continue to be a major area of focus for the Authority, as it seeks to attract the anticipated increase in business to the Kingston Terminal.

Jamaica's proximity to the north-south trade routes into North and South America and the Caribbean, as well as to the east-west trade routes into Asia and Europe, is a significant initial competitive advantage as it facilitates faster and more cost effective transshipment to these areas. This advantage however, will quickly disappear unless efficiencies and service costs at the port are competitive by international standards.

The Authority is steadfast in its commitment to seize the opportunities to be garnered from the expansion. The major opportunities that the expansion offers are significantly increased volumes and the operation of a logistics hub at the port. Realizing these opportunities demand that the following initiatives be pursued:

- Dredging and widening of the ship channel and turning basin to accommodate larger ships up to 12,500 TEUs requiring a draught of 15.5 metres.
- Upgrading of berthing facilities
- Installation and upgrade to more technologically advanced cargo handling equipment and systems.
- Implementation of an Integrated Port Security System (IPSS). This project will include the upgrade of the technical security capabilities of all public seaports island-wide, through the use of advanced technology.

Development of the logistics hub at the port constitutes a separate and distinct project from privatization of the terminal operations. It is expected to be financed exclusively by public private participation including local and overseas investors.

Privatization of Terminal Operations

In 2012, Cabinet approved the establishment of an Enterprise Team charged with oversight and direction of the Privatization of KCT. The primary objective is the identification of a suitable private sector investor (s) to undertake the expansion and operation of KCT. In accordance with this mandate, twenty-six (26) companies were invited to respond to the Request for Qualification.

At the close of expression of interest on June 12, 2013, five (5) responses were received. A Request for Proposal was developed and released, on February 14, 2014, to three (3) entities, which were judged most responsive, namely, DP World, PSA International and the consortium of CMA CGM, Terminal Link, China Merchants Holdings International (CMHI) and China Harbour Engineering Company Limited.

A draft Concession Agreement was subsequently released to the bidders. The bidders have attended pre-bid meetings in Kingston and requests for clarifications have been ongoing. The bid responses are to be received on July 31, 2014. The evaluation process and the selection of a suitable terminal operator are to be finalized before the end of the 2014 calendar year.

Dredging of the Kingston Harbour Access Channel

The Kingston Harbour Access Channel dredging will be undertaken to provide adequate depth to facilitate berthing of the Post Panama Canal size vessels that will traverse the Panama Canal on completion of its expansion in 2016. It is anticipated that dredging will be undertaken by the successful bidder.

HARBOURS & PORT SERVICES

This business centre comprises activities to ensure the safe passage of ships through the ship channels and harbours. Navigational safety is achieved by way of:

- Well maintained and functioning lighthouses and navigational aids across the island;
- Maintenance of the harbour through the removal of silt that compromises the depth of the harbour, garbage and other material flowing into the harbour that threaten the safety of vessels;
- Provision of an efficient tug service and competent pilots to facilitate the safe passage of vessels through the channel as well as a capable maintenance department to ensure a state of readiness to provide reliable service and meet emergencies.

The business unit in the 2013 calendar year provided tug and pilot service to a total of 3,572 ship calls, of which 2,581 were for ship calls to Kingston and 991 ship calls primarily to ports on the north coast. The team of marine pilots and captains has an enviable track record of safety. The unit earned revenue of $1.5B, which was $101M or 7% above the budgeted target for the fiscal year, while operating expenses were within budget.

This business unit has been brought into sharp focus as these amenities must be in place to effectively service the large vessels which will transit the region in the post-Panama Canal Expansion era. The most critical issue which has been under consideration is the need for timely capital and maintenance dredging of the harbour as well as requisite sustainable funding mechanisms for these activities and general infrastructure development.

The Authority also commenced the process of evaluating the requirements and possible financing options for the rehabilitation and replacement of boats and other equipment. The capacity of the tugs will require immediate upgrading to handle the larger ships to which the industry is now committed. Two large tugs of about 6,000 HP and a 65 ton bollard pull and two medium, intermediate capacity tugs 4,500 – 5,000 HP are required to meet the demand.

CRUISE SHIPPING

Approximately 20.97 million passengers globally participated in cruises in 2013, a 2.5% increase over 2012. This reflects the impact of additional capacity and the cruise lines' pursuit of growth opportunities in some of the world's emerging economies, particularly China and Brazil. The performance was also influenced by innovative marketing by the cruise lines to fill the ships in an environment where lacklustre economic performance in the traditional source markets depressed the demand for cruise products.

According to the Cruise Lines International Association (CLIA), The Caribbean (including The Bahamas and Bermuda) remained the leading cruise destination in 2013, accounting for 45.3% of global ship deployments. Cruise passengers to the region increased by a moderate 2.7% when compared to 2012. There were however, intra-regional disparities in the growth in cruise arrivals in individual destinations which ranged from declines of 21.8% in Grenada to increases of 45.1% in Curacao. These disparities reflect the impact of itinerary changes implemented during the period as cruise lines sought to refresh product offerings. The intra-regional performances could also have been affected by the emerging trend toward home-porting of cruise vessels in Latin America to serve the Southern Caribbean and South America. This practice adversely impacts Caribbean cruise volumes from Florida ports.

Jamaican Cruise Industry

For calendar year 2013, 1,266,905 passengers were received at the cruise ports in Jamaica. This represented a decrease of 4% in passenger throughput relative to 2012 which had shown an increase of 12% above 2011. Arrivals for the financial year of 1,240,452, were below by 4.7% when compared to the budgeted targets. However, revenue of $2.03B was $121M (6%) above budget influenced by a 13% depreciation of the Jamaica Dollar versus the US Dollar.

Notwithstanding the transient decline observed in 2013, cruise passenger arrivals continue to account for an increasing share of the tourist arrivals to Jamaica. This shift towards short stay visits, represents an area of opportunity for the Port Authority and prompted the formulation of strategies to further develop the cruise business with a view to increasing return on investment.

Despite the market challenges, the Port Authority maintained its focus on intensive marketing of the 'Cruise Jamaica' brand, and engagement of all cruise industry stakeholders in shaping Jamaica's image as a premier cruise destination.

Marketing initiatives undertaken throughout the review period included participation in industry shows and events; as well as participation in sales blitzes to existing and new cruise companies. These activities yielded noteworthy results, with Disney Cruise Lines classic vessel, Disney Wonder's inaugural call at the historic Falmouth Port during the last quarter of 2013. Jamaica's port also received inaugural calls from the following vessels during 2013:

- Queen Victoria
- Queen Elizabeth
- Kristina Katarina
- MSC Divina
- AIDA Bella
- Carnival Sunshine

The results of the marketing efforts in maintaining the allure of the Jamaican cruise brand were evidenced by the awards received at the 2013 World Travel Awards, namely:

- World's Leading Cruise Destination - Jamaica
- Caribbean's Leading Cruise Destination - Jamaica
- Caribbean's Leading Cruise Port – Ocho Rios
- Caribbean's Leading Tourism Development Project – Falmouth

Consistent with trends across the region, the Authority, in conjunction with industry stakeholders, initiated projects at the cruise ports, which were geared to improve the aesthetics of the ports and their environs and enhance the overall cruise passenger experience. Specifically, at the Port of Ocho Rios, the PAJ commenced the renovation of the cruise Pier, the terminal building, Turtle River Road and the bus staging area. In respect of the Port in Falmouth, the Authority undertook a Streetscape Improvement Project and began preparatory work for the construction of the new market superstructure to facilitate the relocation of the existing market.

SUBSIDIARIES

Free Zones

The raison d'etre of the three free zones in Kingston and Montego Bay is the creation of employment, transfer of technology and the generation of foreign currency earnings. The freezones together provided 858,000 square feet of rentable office and factory space in the year with 100% occupancy by foreign and local businesses and 395,000 square feet of paved area in Kinston with 75% occupancy.

The Free Zones' income for Fiscal Year 2013/2014 was $1.3 billion, which was $671 million above 2012/2013, influenced by $660M of revaluation gain on investment properties. Operating expenses of $541M was $88M above 2012/2013. Operating income of $634M (excluding revaluation gains on investment properties), was $44M or 7% above the budget, while operating expenses were $18M or 3% above the budget.

There is substantial demand for additional space by existing clients and potential investors. Jamaica International Free Zone Development Limited (JIFZ) serves four (4) major clients. Employment at all locations is encouraging but capable of substantial increase over time with the requisite capital investment for expansion and engagement of new BPO companies. In the coming year the Authority will explore options for greater private participation to meet the backlog of demand for space even as we seek to encourage investment by potential and existing customers who have been hesitant despite forecasts for increased demand for space.

DEVELOPMENT OF LOGISTICS CENTRES

In July 2012, the Authority and China Harbour Engineering Company Limited (CHEC) executed a Memorandum of Understanding (MOU) for the proposed development of a transhipment hub and ancillary facilities at Fort Augusta. Subsequently, feasibility studies were conducted which led to a conclusion that the land identified in the MOU including the Fort Augusta lands were not adequate and/or suitable for the Project. In April 2013, the parties executed an Addendum to the MOU for other areas to be explored for development of the Project. The areas identified comprise lands situated at Portland Bight in Southern Clarendon.

In February 2014 the National Environment & Planning Agency gave approval for geotechnical studies to be conducted on the lands prior to application for an Environmental Assessment Study and development of the lands.

On March 28, 2014, the Ministry of Transport, Works & Housing on behalf of the Government of Jamaica, the Authority as Implementing Agency and CHEC signed an Initial Non-Binding Framework Agreement for the development of the project. In keeping with Cabinet's Decision, various project teams have been established to facilitate consultations with sundry Government Agencies and other Stakeholders.

PORT SECURITY

As the "Designated Authority" for port security, The Port Authority of Jamaica's (PAJ) is responsible for ensuring that security systems, standards and procedures at Jamaica's Marine Port Facilities are in keeping with requirements of the International Maritime Organization/International Ship and Port Facility Security (IMO/ISPS) Code. During the review period this mandate was accorded the requisite priority, as international acceptance of the integrity and effectiveness of security operations is critical to retention and growth of international business at the ports. Accordingly, the Port Authority undertook several initiatives to improve security mechanisms, processes and the efficiency at the ports. These included:

- ISPS Compliance Programme which focused on the re-certification of the sixteen (16) ISPS certified ports eligible for renewal of their certification by June 2014. This is on target for completion in the first quarter of the next Fiscal Year.

- Integrated Port Security System (IPSS): Preparatory work for the implementation of the Integrated Port Security Systems Project (IPSS). This project will include the upgrade of the technical security capabilities at public ports island-wide, with the use of advance technology to provide an integration of the security systems such as CCTV surveillance and access control. The IPSS will be implemented on a phased basis in the next Fiscal Year.

- UNODC/WCO (Container Control Programme)

  Pursuant to a Memorandum of Understanding (MOU) between the Government of Jamaica and United Nations Office on Drugs and Crime (UNODC) and World Customs Organisation (WCO), the Port Authority participated in the establishment of a Container Control Programme (CCP) in Jamaica. This programme involves the creation of container profiling inter-agency port units at selected container terminals across the globe which is electronically linked to facilitate information sharing and appropriate law enforcement and Customs container targeting.

- Workforce development

  As part of the strategy to strengthen the integrity and efficiency of the Non-Intrusive Inspection (cargo scanning) and Security Surveillance Programmes, the Authority sought to further develop a competent and reliable security workforce. Staff participated in a wide range of training programmes during the year, which included a Specialised National Course on Container Control and Security and computer based training at the Caribbean Regional Drug Law Enforcement Training Centre (REDTRAC).

- The Authority continued to engage with stakeholders and multilateral agencies in devising new strategies to manage evolving security risks and received support from the Multi Agency Threat & Risk Assessment (MATRA) Working Group and international agencies such as the United Nations.

ADMINISTRATION

REGULATORY FRAMEWORK

The Port Authority Bill

In tandem with the activities to privatise the Container Terminal and establish the Port Community System, the Authority sought to establish the appropriate legal and regulatory framework to facilitate Public Private Partnership (PPP) arrangements and to enable the effective regulation of privatized activities. The final draft of the Port Authority Bill was prepared by the Office of the Chief Parliamentary Counsel in preparation for submission to the Legislation Committee. In the interim a submission has been made by the Ministry of Transport, Works & Housing for Cabinet to approve drafting instructions for amendments to the Port Authority and the Wharfage Act. The submission proposes to:

.i Amend the Wharfage Act, 1895, to allow operators of transhipment terminals to set the tariff for transhipment cargo.

.ii Amend the Port Authority Act to:

  .a provide express powers for the Port Authority to grant concession;

  .b provide for regulation-making powers for port facilities and services and in particular the Port Community System (PCS) services.

Corporate Governance and Risk Management

A Corporate Governance Charter including Code of Ethics is being drafted for presentation to the Board for approval during the period 2014/15.

As part of its Corporate Governance Strategy, The Port Authority commenced initiatives, for the engagement of risk management specialists, to streamline disparate risk management procedures and implement a comprehensive enterprise risk management programme for the entire organisation. These activities will be accelerated during Fiscal Year 2014/15.

2013 - 2014 ANNUAL REPORT

OUTLOOK

There is substantial scope for meaningful contribution by the Port Authority and its subsidiaries to economic growth and employment in Jamaica. The pillars for that growth are our four major service areas and our pool of talented workers across the organization. The Authority's strategic focus in the short to medium term is geared towards improvement in profitability and financial viability, while contributing to economic development and growth.

Business Process Outsourcing services is one of the main contributors to employment in Jamaica. There is a significant backlog of unfilled demand by present and potential occupants. Timely expansion of terminal operations and logistics hub operations in and around the available acres of adjoining lands at the port offers the potential to increase substantially the scope for business process outsourcing and employment.

Cruise shipping is the present growth area for visitor arrivals to Jamaica. It is anticipated that passenger arrivals will increase by 8% to 1.4 million passengers in the next Fiscal Year. The trend towards short stay visits will likely persist and with it opportunities for increasing the Port Authority's return on investment. Strategic marketing driven by timely analysis of market trends, improvement of the port environment and initiatives to reduce tourist harassment are expected to contribute substantially to growth and employment in the sector. These initiatives will be accelerated in the next Fiscal Year.

Requisite capacity at our harbours to meet the industry shift to larger ships, timely maintenance and adequate equipment to guide ships safely in and out of the Port of Kingston and all other ports across Jamaica constitute the foundation for growth in cargo and cruise shipping operations. Substantial capital is required and must be mobilized efficiently in the coming year through private participation and loan financing at reasonable cost. Our staff has an enviable track record of competence and safety and must through continuous training and education, be kept abreast of changing technology and methodologies that improve productivity and international competitiveness.

Privatization of the Container Terminal will be actively pursued with a view to finalization of negotiations and commencement of operations by the new operators in the next fiscal year. To avoid the adverse consequences of delayed implementation alternative strategies will be pursued simultaneously in the interim to grow our client base through improved market intelligence, increased productivity and profitability and maintaining the port in a state of readiness to provide a world class service at internationally competitive prices. We believe that the benefits of this approach, irrespective of ownership, will accrue to the Authority and Jamaica.

There is scope for improved operational efficiencies through appropriate changes in business processes and shared services across the group. This will require the use of appropriate technology to ensure faster ship turnaround, more effective supervision to improve productivity at shipside and on the port and the adoption of international benchmarks and best practices across all service areas. Reengineering of the maintenance and operations functions commenced during the year and already has materially improved productivity at the port. These initiatives will be pursued aggressively in the coming year.

The foregoing constitutes an ambitious agenda for transformation of operations and improved profitability but with a committed staff and the critical support of our shareholders we are confident in its achievement.

PROFESSOR THE HON. GORDON SHIRLEY, OJ.
CHAIRMAN

CORPORATE GOVERNANCE

The Board of Directors of the Port Authority of Jamaica has responsibility for corporate governance matters and is the prime policy decision-maker of the Authority. They ensure the Authority's sustained growth and development by collectively directing the organization's affairs and maintaining the highest standards of governance whilst meeting the interests of its stakeholders. In its advisory role it provides strategic guidance and oversight of management.

ROLE OF THE BOARD OF DIRECTORS

The Authority executes a range of functions that includes the development and marketing of ports and port facilities, regulation of ports, security and operations. The Board of Directors in this regard, provides guidance, oversight on policy direction, and strategy in all business operations.

Specifically the Board of Directors fulfills the following functions:

- Ensures the presentation of the Corporate Plan to the relevant publics
- Ensures the efficient and effective management of the Authority and ensures the accountability of all persons who manage the resources of the public body
- Advises the Minister of Transport, Works and Housing on matters of general policy relating to the management of the Authority

COMPOSITION OF THE BOARD

During the period under review, the Authority benefitted from the stewardship of a Board of Directors which comprised of 10 members.

BOARD COMMITTEES

The Board assigned specific responsibilities to Board Committees in order to effectively manage the work of the Board, provide emphasis on specific strategic initiatives and strengthen its governance role.

The role of the Committees is foremost to review and monitor policies, with the guidance and ratification of the Board of Directors. The Board acts on the recommendation of the Committees following their review and advice on proposals submitted by PAJ's Management.

Each Committee has its own Terms of Reference which defines the roles and duties of the respective Committees.

The Committees enhance the decision-making process of the Authority and facilitate the efficient flow of information and implementation of policies between the Board and the Management.

2013 - 2014 ANNUAL REPORT

PROJECTS COMMITTEE

THE MEMBERS OF THE PROJECTS COMMITTEE ARE:

Mr. Horace Reid – Chairman

Mrs. Maureen Vernon

Mr. Anthony Pickersgill

The Projects Committee oversees all development projects of the PAJ and its subsidiaries. Its specific roles are outlined below:

- Oversees the implementation of projects.
- Examines the development of project proposals and makes recommendations to the Board on the implementation of such proposals.
- Monitors in-house procedural framework related to the execution of contracts and makes recommendations on adjustment mechanisms to facilitate speedier and more efficient implementation of projects.
- Reviews development projects which are of a commercial nature, as part of the Authority's efforts to diversify its revenue base.
- Makes recommendations with a view to enhance the operations and performance of the Engineering and Operations Departments, in particular, and the Port Authority in general.

FINANCE COMMITTEE

THE MEMBERS OF THE FINANCE COMMITTEE ARE:

Mr. Gary Peart – Chairman

Mr. Peter Melhado

Major (Ret'd) Richard Reese

The Finance Committee functions as follows:

- Performs an advisory role in the Authority's financial operations. Makes recommendations to the Board on matters of finance and accounting in general.
- Highlights any perceived weaknesses in the accounting and financial system, with suitable recommendations to strengthen the system.
- Reviews and makes recommendations to the Board on the following:
- Financial Management Policies and Strategies
- Cost Management
- Cash Flow Management
- Capital Investment
- Budget Administration
- Financial Plans

PILOTAGE **COMMITTEE**

THE PILOTAGE COMMITTEE IS CHAIRED BY

Dr. Janine Dawkins.

The Terms of Reference for the Pilotage Committee are as follows:

- Examines the disciplinary procedures as established in the Pilotage Act and makes recommendations on changes, if any, that are required to harmonize with conventional industrial relations practices.
- Evaluates the administration of the Pilotage Service in relation to recruitment, training, certification, system of remuneration, dispatching procedures with a view to making recommendations on improvements to enhance operations.
- Reviews any other area relating to the provision of Pilotage services which are considered critical to the provision of an efficient service.
- Examines reports of incidents/accidents involving vessels under the Pilotage charge and advises if an enquiry should be scheduled in accordance with the Pilotage Act.

AUDIT **COMMITTEE**

THE MEMBERS OF THE AUDIT COMMITTEE ARE:

Ambassador Stewart Stephenson - Chairman

Mrs. Maureen Vernon

Mr. Anthony Pickersgill

The Audit Committee maintains detailed records of its meetings and which are made available to the external auditor and any examiner of the Authority during any external audit or examination.

The role of the Audit Committee includes:

- Advises the Board on:
- Practices and procedures which will promote productivity and the quality and volume of service.
- The extent to which the objectives of the public body are being achieved.
- The adequacy, efficiency and effectiveness of the accounting and internal controls of the Authority.
- Reviews and advises the Board on the financial statements that are to be included in the annual report of the public body.
- Oversees internal audits of the Authority.
- Reviews and advises the Board on the annual auditor's report.

BOARD AND **COMMITTEE** MEETINGS

During the year under review, the Board of the Port Authority of Jamaica had nine (9) regular monthly meetings and four (4) special meetings. The Committees met on a monthly basis, responded to matters within their remit and advised the Board accordingly.

Do not follow where the path may lead, go instead where there is no path and leave a trail.

Ralph Waldo Emerson

ANTHONY PICKERSGILL

We celebrate the life, while we recognize the loss of a member of our corporate family and dear colleague, Anthony Pickersgill.

Mr. Pickersgill served on the Board of the Port Authority of Jamaica on numerous occasions since May 1989. He also served as Chairman of the Kingston Free Zone Company and Montego Bay Free Zone Company, subsidiaries of the Port Authority.

During his tenure on the Board, Mr. Pickersgill made an invaluable contribution to the Authority as a member of the Audit and Projects Committees, particularly during challenging times. He was committed to the organization and would advocate for projects to be broad-based to involve the people who he believed were at the heart of any development.

Mr. Pickersgill contributed his extraordinary character, business expertise and leadership to help guide the Port Authority towards the achievement of its goals. It was a privilege knowing and working with Mr. Pickersgill. He was one of a kind, and shall be truly missed.

PRESIDENT & CEO'S STATEMENT

Professor Gordon Shirley, OJ

Dear Stakeholders,

There are clear signs that the economic recession that has dictated cautious optimism at best by prudent entrepreneurs in large and small economies is dissipating. The Government of Jamaica has met its targets under the IMF agreement and from all reports the country's favourability to international lending agencies has been enhanced. The latest road show by the Ministry of Finance to test the response of international lenders was positive. The Economic Programme Oversight Committee (EPOC) established to facilitate accountability, transparency, constructive criticism and assistance by the private sector in the national interest has been publicly commended for its unique contribution in moving the country forward. Our local banking and finance community through specific meetings held to introduce them to the tangible development prospects and direction of the Authority has displayed a keen interest in being fully engaged.

The PAJ group of capable employees with an enviable track record of delivering on major projects including the recent development of the Falmouth port are committed to the opportunities that lie ahead in our four major business areas namely Terminal Operations, Harbour and Port Services, Cruise Shipping and Business Process Outsourcing.

The reengineering of our business processes and operations for greater efficiencies commenced in the year and resulted in improved service at lower cost and the delivery of the signed consolidated audited financial statements on April 15, 2014 i.e. 15 days after the end of our financial year ended March 31,2014. This was due in large measure to the hard work of our staff, our accounting service providers and our external auditors Ernst and Young who led the way. This process of transformation will be taken to another level in 2015.

The Boards of Directors across all our service areas have provided unprecedented service during a critical period. Our colleagues in the all branches of the shipping industry, suppliers and service providers including customs, security and financial institutions have been equally supportive. We enjoyed the support of the Ministry of Industry and Commerce which ensures regulatory compliance in the delivery of some of our services.

We consider ourselves fortunate to have the unwavering support of the Government of Jamaica and our portfolio Minister, Dr Omar Davies Minister of Transport and Works and Housing and his team, who remain engaged and readily accessible for guidance on any matter relating to the Port Authority.

The foregoing constitutes a tangible basis for optimism in the economic future of Jamaica and the contribution of the Port Authority in that regard. Thank you all for you invaluable contribution as we look forward to a brighter future together.

On behalf of the Port Authority of Jamaica I wish to thank my predecessor the Hon. Noel A. Hylton for his sterling contribution to the development of the ports of Jamaica and the maritime industry over the past four decades.

PROFESSOR THE HON. GORDON SHIRLEY, OJ
PRESIDENT & CEO

WE SALUTE YOU!

The Hon. Noel A. Hylton, OJ, (Hon.) LL.D, JP

Last year, the Government of Jamaica, the shipping sector and the Port Authority of Jamaica (PAJ) paid their respects to The Hon. Noel A. Hylton, OJ, Hon. LL.D, JP, who has been associated with the Ports of Jamaica, for the past four decades, working in tandem with ten Ministers of Transport & Works; and serving under the Administrations of six Governments of Jamaica.

As President, Chief Executive Officer and Chairman of the Port Authority of Jamaica (PAJ), he fostered the evolution of the country's port infrastructure, and moved the Bustamante Port into the 21st century.

An Accountant by profession, Mr. Hylton served in the Eastern Regional Government of Nigeria, in Africa during 1955-1965; and was appointed by the British Government to a Royal Commission of Inquiry into the Ports of the Fiji Islands, in 1970.

During his tenure as General Manager of the Shipping Association of Jamaica (SAJ), Mr. Hylton was convinced by the late Prime Minister, the Most Hon. Michael Manley, to bring his wealth of financial and shipping expertise to the PAJ in 1975. The PAJ being the principal Jamaican Maritime Agency, with responsibility for the regulation and development of the nation's ports and shipping industry.

The port entered a modern era, as Mr. Hylton galvanised public and private sectors in a systematic upgrading and expansion of the Kingston Trans-shipment Port, the Port of Montego Bay, and the cruise ship terminals at Ocho Rios and Port Antonio; as well as, the Falmouth Cruise Ship Pier, in 2011.

He was also instrumental in building a modern Container Terminal at the Port of Kingston; established the country's first Export Free Zone; and enhanced operations, which resulted in new tariff regulations on goods passing over the public wharves. His astute appreciation for international shipping resulted in some 20 major shipping lines, including ZIM, Evergreen, Maersk, MCS, CMA/CGM, Hapag Lloyd and Seaboard accessing the facilities of the port.

From 1981-1989, he was seconded to serve as President and Managing Director of the national airline, Air Jamaica; and subsequently returned to his substantive post at the PAJ, to oversee the expansion of the Port at Gordon Cay.

In the Port and Shipping sectors, he was— Chairman of Jamaica Maritime Limited, Director of West Indies Shipping Corporation, and a Director of the Maritime Authority of Jamaica. In addition, for the role he played in the historic 1966 Labour Agreement that led to the modernisation of the Port of Kingston, securing the employment of thousands of workers in the shipping industry. Mr. Hylton was recognised by the Joint Industrial Council (JIC) on the occasion of its 60th Anniversary in 2012.

Mr. Hylton served on several boards in the Financial Sector; and made significant contributions to the public sector.

In 1996, in recognition of his service and dedication to the growth of the Ports of Jamaica and the Shipping Industry, Mr. Hylton was appointed as a Member of the Order of Distinction (OJ), which is one of the highest national honours. He was previously awarded the Order of Distinction, Commander Class (CD), for service to shipping in 1979; and He was also conferred with the Honourary Degree of Doctors of Laws (Hon. LL.D) by The University of the West Indies in 2001.

Mr. Hylton's brilliant career is also reflected in the many corporate honours that have been bestowed on him, including: Personality of 1993 by the Shipping Association of Jamaica; Outstanding Manager of 1996 by the Jamaican Institute of Management; Gleaner Honour Award 2003; Man of the Year 2003," by the Gleaner Company Limited; Caribbean Luminary 2005, by the American Foundation for The University of the West Indies, in 2005; and, The 2005 Lifetime Achievement Award, from the Shipping Association of Jamaica.

We at the PAJ express our profound appreciation to Noel Hylton for the corporate discipline and acumen that he brought to the management of the nation's port facilities over the past 38 years. His management and operation resulted in the international prominence of the ports of Jamaica, which will influence our development to become a logistics hub. We wish Mr. Hylton all the best in his retirement.

SENIOR EXECUTIVE TEAM

BEVERLEY WILLIAMSON
SVP, Business Management & Special Projects

MERVIS EDGHILL
SVP, Engineering & Port Development

DR. CARROL PICKERSGILL
SVP, Legal, Regulatory & Corporate Affairs

ELVA WILLIAMS-RICHARDS
SVP, Finance

ROSALIE DONALDSON
SVP, International Marketing & Client Services

PROFESSOR GORDON SHIRLEY, OJ.
President & CEO

EXECUTIVE TEAM CORPORATE

FROM LEFT: D.C.P. Linval Bailey, **VP Security**; Ms. Belinda Ward, **VP Human Resource & Administration**; Mr. Ishmael Leon, **VP Finance**; Mr. Richard Roberts, **VP Legal Services**; Mr. William Tatham, **VP Cruise Shipping & Marina Operations**; Mr. Wilburn Pottinger, **VP Information Systems**; Mr. David Powell - **VP & Chief Group Internal Auditor**; Capt. Hopeton DeLisser, **VP Harbours & Port Services**; Mrs. Flora Garth, **VP Materials Management**; Mr. Gary Lawrence, **VP Engineering**, and Mr. Paul Rosseau, **VP Project Engineer**.

EXECUTIVE TEAM
TERMINAL OPERATIONS

FROM **LEFT:** Nelson Barton **Human Resource & Industrial Relations Manager** ; Almando Jones **Chief Financial Officer**
Glenroy Levy **Engineering Manager** ; Francine Staple **Security & Safety Manager**
Courtney Bennett **Information Technology Manager** ; Michael Belcher **Managing Director**
Dwane Forrester **Operations Manager** ; Ronald Salmon **Quality Assurance Manager**

Directors & Corporate Data

DIRECTORS

Professor Gordon Shirley
Chairman

Janine Dawkins

Peter k. Melhado

Gary Peart

Anthony Pickersgill

Major (Ret'd) Richard Reese

Horace Reid

Ambassador A.B. Stewart Stephenson

Maureen Vernon

AUDITORS

Ernst & Young Chartered Accountants

CORPORATE SECRETARY

Dr. Carrol Pickersgill
15 -17 Duke Street, Kingston

REGISTERED OFFICE

15 -17 Duke Street, Kingston
Tel: 876-922-0290-8
Fax: 876-924-9437

EMAIL & WEBSITE

Email: paj@portjam.com
Website: www.portjam.com

Senior Management

CORPORATE HEAD OFFICE

Professor Gordon Shirley
President & Chief Executive Officer

Rosalie Donaldson
SVP, International Marketing & Client Services

Elva Williams-Richards
SVP, Finance & Information Services

Dr. Carrol Pickersgill
SVP, Legal, Regulatory & Corp. Affairs

Mervis Edghill
SVP, Engineering & Port Development

Beverley Williamson
SVP, Business Mgmt. & Special Projects

Belinda Ward
VP, Human Resource & Admin.

Capt. Hopeton DeLisser
VP, Harbours & Port Services

Richard Roberts
VP, Legal Services

Gary Lawrence
VP, Engineering

Wilburn Pottinger
VP, Information Systems

Paul Rousseau
VP, Engineering

Ishmael Leon
VP, Accounting & Projects

Edmond Marsh
VP, Business Development

William Tatham
VP, Cruise Shipping & Marina Operations

DCP Linval Bailey
VP, Security

Flora Garth
VP, Materials Management

David Powell
Chief Group Internal Auditor

Dr. Paul Robertson
Director, Government Relations

Hortense Ross-Innerarity
Superintendent of Pilotage

Christopher Hamilton
Project Manager

Capt. Gimen Mendes
Port Captain

Raquel Forbes
AVP Legal Services

Merl Dundas
AVP, Compliance, Secretary Subsidiary Company

Candice Bonjoko
AVP, Management Accounting

Nadine Gordon
AVP, Financial Accounting

Kesha-Ann Harper
AVP, Subsidiaries

Sharnakae Stewart
AVP, Corporate Planning & Research

Karla Huie
AVP, Business Operations

Ewart Henry
AVP, Business System & Support

Paul Dadd
General Manager Errol Flynn Marina

Errol Grant
AVP, Security

Keisha Holness-Feanny
AVP, Group Internal Audit

Kimberley Stiff
AVP, Marketing Communications

Francine Williams
AVP, Internal Audit - Risk & Compliance

TERMINAL OPERATIONS

Capt. Michael Belcher
Managing Director

Adrian Brown
Corporate Communications Manager

Almando Jones
Chief Financial Officer

Michelle Smith-Cooke
Finance Manager

Kathleen Watson
Accountant

Kennesha Thomas
Cost Accountant

Marilyn Hayre
Administrative Manager

Winston Hart
Claims Manager

Nelson Barton
HR & Safety Manager-Acting

Andrea Lothian
Manager, HR Services

Val Meeks
Employee Relations Manager

Ronald Salmon
Quality Assurance Manager

Grace Miller
Risk & Compliance Manager

Dwane Forrester
Operations Manager

Johnathan Chin
Planning Manager

Clifford Anglin
Logistics Manager

Cecil Maragh
Manager, Domestic Operations

Glenroy Levy
Engineering Manager

Christopher Soltau
Manager, Special Projects & Maintenance

Mark Harley
Manager, Quay Cranes

Neville Walker
Assistant Engineering Manager

Wayne Johnson
Assistant Engineering Manager

Francine Staple
Security Manager

Norman Lindo
Business Solutions Manager

Courtney Bennett
IT Manager

Duane Wittaker
Assistant Manager, IT

SUBSIDIARIES

KCT Services Limited
Chairman: Peter K. Melhado
Managing Director: Captain Michael Belcher

Kingston Free Zone Limited
Chairman: Clive Fagan
Operations and Customer Relations
Manager: Beverley Lee

Ports Management and Security Limited
Chairman: Major (Ret'd) Richard Reese
Chief Operating Officer: DCP Linval Bailey

Montego Bay Free Zone Limited
Chairman: Andral Shirley
Manager: Gloria Henry, AVP Operations

Jamaica International Free Zone Development Limited
Chairman: Ambassador A.B. Stewart Stephenson
Operations and Customer Relations
Manager: Beverley Lee

Port Authority Management Services
Chairman: Horace Reid
Administrative and Technical Services
Manager: Laurel Robinson

MANAGEMENT DISCUSSION & ANALYSIS

The information presented in the Management Discussion and Analysis (MD&A) highlights the results, changes, developments and achievements of the Port Authority of Jamaica (PAJ) against previous years and analyses financial performance as reflected in its 2014 audited financial statements.

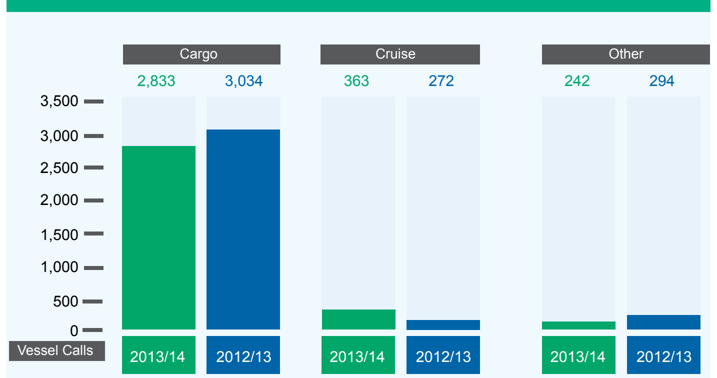
OUR CORE BUSINESS

Vessel Calls & Cargo: 2013 to 2014

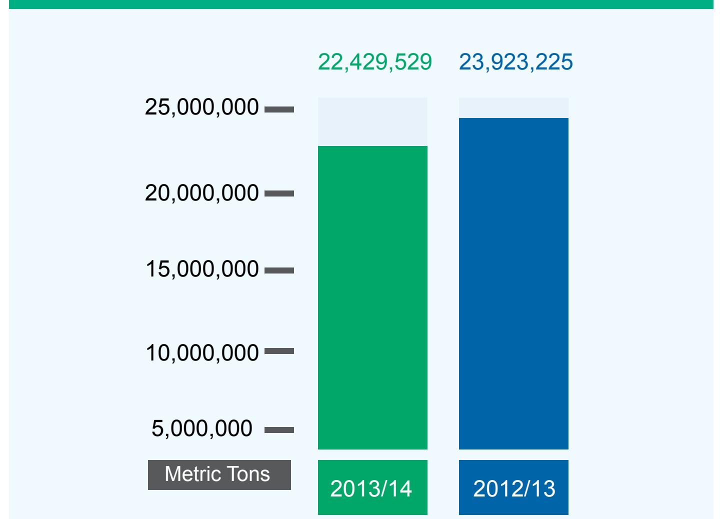
Jamaica's ports received **3,572** vessel calls in the 2013 calendar year, a decrease of 2.6% compared to 2012.

During Fiscal Year 2013/14 vessel calls totalled **3,448**, with Kingston accounting for the majority of the vessel calls. The Port of Kingston received **2,480** vessel calls during the period, **235** less than the previous Fiscal Year. The Port of Montego Bay received 231 calls. The Ports of Ocho Rios and Falmouth received 146 and 145 calls, respectively. A total of 446 vessels called at all other ports.

SHIP CALLS BY TYPE



TOTAL CARGO VOLUMES: ALL PORTS



Cargo Volumes

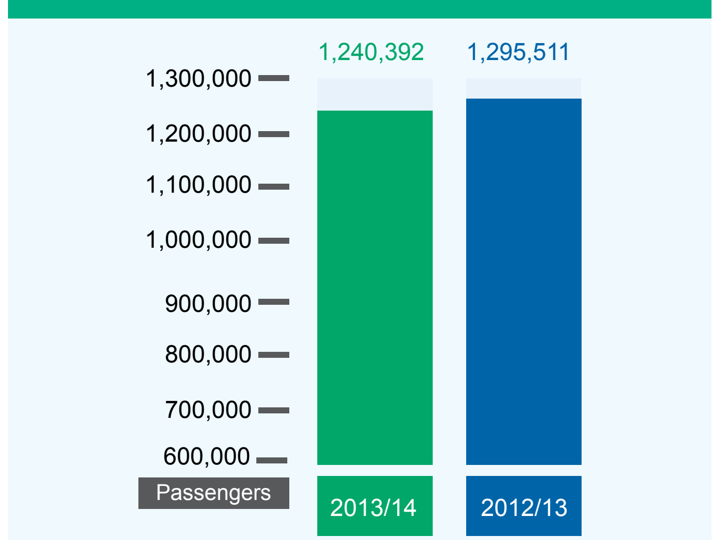
The volume of cargo handled at the island's ports during the Fiscal Year 2013/14 totalled **22,429,529 metric tonnes**, a decrease of 6.2% when compared to the previous Fiscal Year. The reduction in tonnage was experienced across all ports.

During the calendar year 2013, Jamaica's port processed a total of **22,424,771 metric tonnes** of cargo, down from **23,963,542 metric tonnes** from the previous year. This reflects a decrease of 6.4% relative to the year under review.

Cruise Shipping

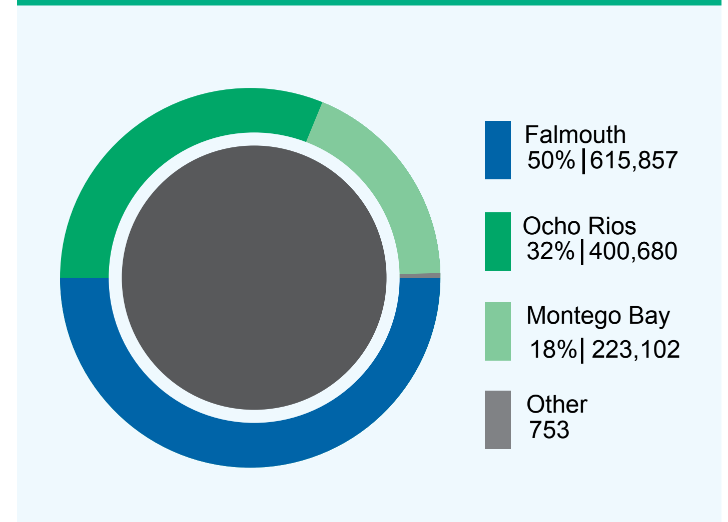
During 2013/14, the Port Authority increased marketing and promotion of the 'Cruise Jamaica' brand, implemented plans for the improvement and development of cruise ports and port facilities, as well as engaged local and international stakeholders to support shaping Jamaica's image as a premier cruise destination.

CRUISE VISITOR ARRIVALS



Of the total cruise passengers that visited Jamaica in 2013, the Historic Port of Falmouth received 615,857 passengers or 50%, and the Port of Montego Bay received 223,102 passengers or 18%. The Port of Ocho Rios received 400,680 passengers or 32%, a decline of 4.2% relative to the previous year.

PASSENGER ARRIVALS BY PORT F/Y 2013/14



During the 2013/2014 Fiscal Year, a total of 363 cruise ships called at Jamaican ports, 9 calls fewer than the previous Fiscal Year. Of this total, 144 vessels or 39% visited Falmouth; 133 cruise vessels or 37% called at the Port of Ocho Rios and Montego Bay welcomed 82 cruise liners or 22.6% of the total. The remaining ports welcomed 5 cruise vessels or 1.4%.

Projections for Cruise Market

As a result of marketing initiatives undertaken in former years, cruise passenger arrival is expected to increase by 17% for the 2014/15 Fiscal Year.

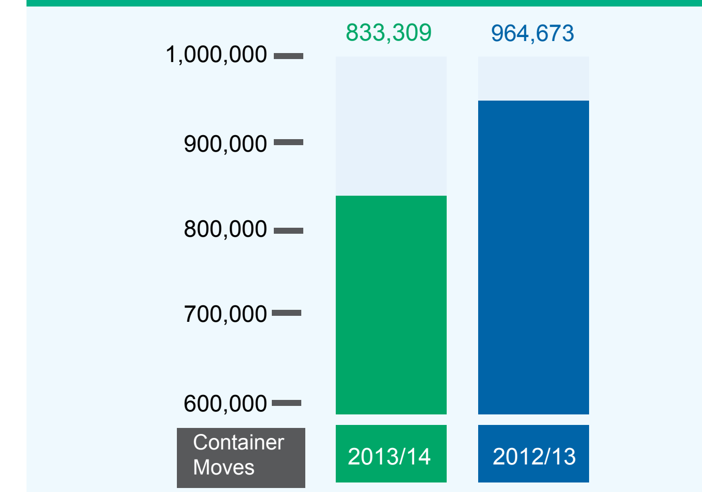
The strategic focus for the 2014-2015 Fiscal Year

- Increase passenger traffic by 17% through the following initiatives:
  - Renegotiate expiring agreements with cruise lines and negotiate new medium term agreements with other cruise lines.
  - Secure additional calls to fill some available berthing slots at the cruise ports. This will be achieved through face to face sales meetings with existing and new cruise companies and the hosting of key cruise executives and decision makers on familiarization trips to Jamaica.
- Initiate a long term plan to increase its regional market share as well as in increase in the financial return on its cruise facility investments.
- Implement systems and processes to achieve greater efficiency of passenger movements and improve passenger experience.

Kingston Container Terminal

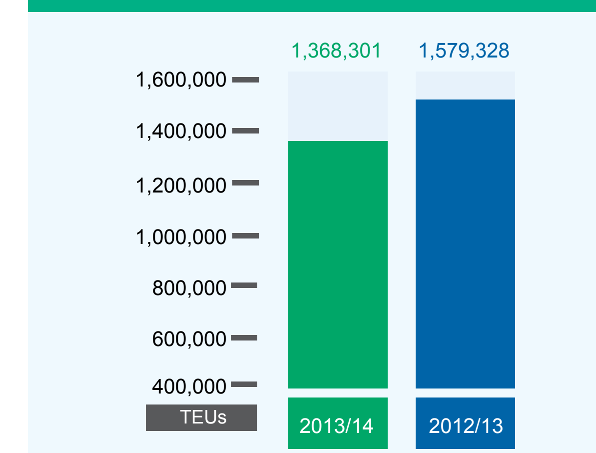
During the Fiscal Year 2013/2014 container moves totalled 833,309 in comparison to 964,673 during FY 2012/13, which represents a decrease of 13.6%.

CONTAINER TRAFFIC IN MOVES

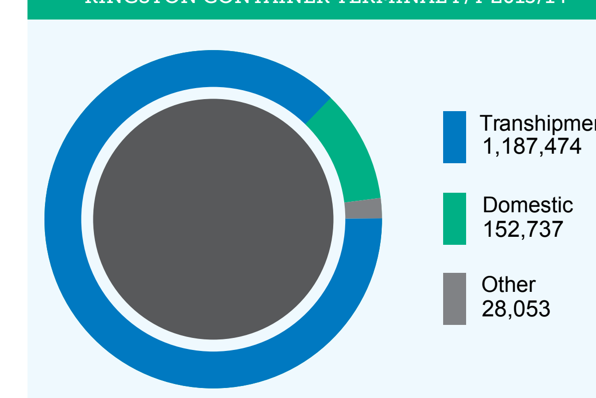


The reduction in container volumes reflected the decrease in transhipment activity while domestic activity remained constant relative to financial year 2012/2013.

CONTAINER TRAFFIC IN TEUs



CONTAINER TEUs HANDLED AT KINGSTON CONTAINER TERMINAL F/Y 2013/14



The bulk of KCT's volumes were provided by ZIM Container lines and CMA CGM which accounted for 57% and 20% respectively, while Mediterranean Shipping Company (MSC) accounted for 7.2%, of the volumes handled at the Terminal. The other lines accounted for the remaining volumes.

Logistics Hub Initiative

The development of a Logistics Hub is an ideal opportunity for Jamaica to leverage its strategic location and to become an integral link in the Global Supply Chain, while supporting the country's growth strategy.

The expansion of the Panama Canal creates opportunities for the ports in Jamaica as well as in the Caribbean. Thus, the market environment can be characterized as one of 'competitive development' as several countries in the region are pursuing similar objectives and are seeking to gain an advantage from changes in the maritime sector and benefit from foreign investment in maritime projects.

However, Jamaica does have locational advantages relevant to the Container Cargo and Cruise Shipping Industries, making it a model candidate for development into an important Maritime Hub. In addition, Jamaica possesses additional strengths which enhance this advantage such as the Kingston Container Terminal which is one of the region's largest container ports that enjoys a first class reputation as well as Jamaica's popularity as a cruise destination.

Jamaica's development into a Maritime Hub will further facilitate its transition into a Logistics Hub through the expansion of the modes of transportation including sea, air and land while integrating the ports with warehouse, distribution, assembly and manufacturing facilities. This port centric logistics approach will create additional value by maximising supply chain efficiencies and minimising logistics costs between the origin of goods and services and their destination.

Privatisation

The Kingston Container Terminal (KCT) has operated as a transhipment hub in excess of twenty-five years and as a result of its strategic location and operational efficiencies, has experienced a steady increase in traffic levels. In order to ensure the continued growth of trade, it has become necessary to consider expansion and development of its port facilities and shipping business to capitalize on Jamaica's strategic location.

The Privatization of KCT is being pursued against the background of the expansion of the Panama Canal, which is expected to be completed in 2016. Industry experts share the view that Caribbean ports are likely beneficiaries of increased throughput resulting from the expansion. KCT's distinguished position of being the port with the least deviation from the main cargo routes is ideally poised to be the region's leading transhipment hub. However, this requires further infrastructure developments and improved operational efficiencies, to be able to accommodate these very large ships and benefit from the significant increase in cargo that the port would handle.

Privatization will facilitate the achievement of the afore mentioned objectives. The provision of funding for further expansion of the port is expected to be provided by experienced investors that are capable of sourcing the necessary financing without Government Guarantees and bring the necessary world-class operational techniques for further improvement in efficiencies and international competitiveness.

Port Community System

In accordance with Cabinet directive, the Authority in collaboration with the Customs Department has started negotiations and planning for the establishment of a Port Community System (PCS) based on a Public Private Partnership Model.

As a neutral and open electronic platform, a PCS will enable intelligent and secure exchange of information between public and private stakeholders by integrating multiple systems operated by a variety of organizations that make up a seaport, airport or inland port community. Thus, it creates a single window for the ports of Jamaica as it is established, organized and used by firms within the same sector – in this case, a port community

The PCS implementation is an opportunity to substantially promote efficient and effective trading practices, while reducing the overall cost of conducting business and is an essential element of the Logistics Hub's operational framework. Its introduction is critical for Jamaica to take advantage of the 2016 Completion of the Panama Canal Expansion project.

As a key structural benchmark under the IMF agreement, the PCS was a major area of strategic focus during Fiscal Year 2013/14. The Authority achieved several important targets as outlined in the Operational Plan. These include:

- The completion of the Stage 1 tender evaluation which led to the selection of Bureau Veritas B.I.V.A.C. BV (Netherlands) & SOGET (France), SGS Socie'te' Generale de Surveillance SA (Switzerland) to proceed to Stage 2.
- The engagement of the PCS Technical Consultants (IDOM-PORTIC Barcelona), a consortium from Spain to support the pre-implementation activities of the project. Specifically the technical, financial and legal aspects.
- The engagement of a PCS Legal Consultant
- The initiation of the Stage 2 tender process including the preparation and submission of the draft concession agreement to the shortlisted bidders.

Port Management And Security Limited

Ports Management and Security Limited (PMSL), the entity which implements and maintains ISPS requirements at the public port, performed creditably during the period under review as initiatives implemented in the prior year started to yield results. Accordingly there was a significant improvement in the financial status of the company; however, the year was not without operational challenges.

PMSL collaborated with industry stakeholders in implementing a number of projects to improve the security of the port facilities and cargo. The primary focus was the implementation of technology enabled security solutions, namely, the Security Labeling Project. In addition substantial preparatory work was undertaken on the Integrated Port Security System project, which is slated for implementation in 2014/15.

Other initiatives that were undertaken included the establishment of the inter-agency United Nations Office on Drugs and Crime/World Customs Organization (UNODC/ WCO) Container Control Programme (CCP) in Kingston and Montego Bay. The CCP is charged with the responsibility of carrying out container targeting in conjunction with UNODC, WCO, local and international intelligence and law enforcement agencies.

Consistent with the strategic objective to maintain an environmentally sustainable operation, a radiation survey was undertaken and the findings revealed that the working environs were safe.

As PMSL operations transitioned, the capacity of the Non-Intrusive Inspection Programme (NIIP) was strengthened with additional personnel being employed to fill some of the vacancies that have been created over the years.

In respect of the financial out turn, PMSL performed above the budgeted target, realizing a net profit of J$169.11 million as against the targeted profit of J$146.58 million. This reflected an improvement in revenues, which was driven mainly by the exchange rate gains resulting from the devaluation of the Jamaican dollar.

In the coming year, PMSL will continue to address with urgency, issues which may affect the long term viability of the Company. In this regard, the issue of the business model under which the company currently operates, will be addressed. Accordingly, consultations with stakeholders which were initiated during Fiscal Year 2013/14 will continue with a view to identifying and implementing the changes that are necessary to positively impact the performance of the company in the long run and enable PMSL to fulfil its mandate.

Kingston Freezone Company Limited

The KFZ caters primarily to warehousing and distribution and to a lesser extent manufacturing, The Portmore Informatics Park 50,000 sq. ft. office building used for the ICT/BPO sector has significant potential for additional development. The demand for space at the KFZ increased significantly over the 2013/14 period moving from 89% in the previous year to 96% in Fiscal year 2013/14.-There is also a waiting list for 50,000 sq. ft. of space.

During the Fiscal Year the client base increased from 33 companies to 35.

BREAKDOWN OF ACTIVITIES AND COMPANIES

	2012/2013 KFZ & PORTMORE INFORMATICS			
	Free Zone	Non- Free Zone	Total	% of Total
Warehousing	8	14	22	67
Manufacturing	2	5	7	21
ICT	1	-	1	3
Office	-	3	3	9
Total	11	22	33	100
	2013/2014 KFZ & PORTMORE INFORMATICS			
	Free Zone	Non- Free Zone	Total	% of Total
Warehousing	9	14	23	66
Manufacturing	2	6	8	23
ICT	1	-	1	3
Office	-	3	3	8
Total	12	23	35	100

With the growth in the number of firms in the zone, there was a concomitant increase in employment, which grew from 736 in the previous year to 869 (18%) in 2013/14. The increase was most noticeable in the manufacturing sector which grew by 37%.

The KFZ recorded net profit of J$677.45 million for the 2013/2014 Fiscal Year. This is a vast improvement on the net profit of J$50.95 million realized for Fiscal Year 2012/13. The net profit was mainly due to fair value gain on Investment Property in the amount of J$640.00 million.

Montego Bay Freezone Company Limited

The Montego Bay Free Zone (MBFZ) is the primary location for offshore ICT/BPO companies. It houses 12 of the 18 overseas based BPO companies operating in Jamaica and 4 of the 6 local based BPO operators. Two of the Top Ten Global Outsourcing companies, Xerox and Teleperformance are located within the MBFZ.

During the period under review, the MBFZ continued to fulfil its mandate of creating employment, facilitating technology transfer and the generation of foreign currency earnings. This was evidenced by the following noteworthy achievements.

- **Full occupancy** of all rentable spaces (office and factory), as the three new entities commenced operations during the year. These include the Elephant Group, a new service provider based in Miami; Accent Marketing Company and ADS Global, both overseas operators which expanded their centres from Kingston and Fairview Montego Bay, respectively.

The table below shows the composition of space under management:

OWNERSHIP	OFFICE SPACE		FACTORY SPACE	
	Space Sq. ft.	% Owned	Space Sq. ft.	% Owned
PAJ	259,266	73.46	102,000	41
FCJ	93,700	26.54	147,000	59
TOTAL	352,966	100	249,000	100

- **Direct employment** increased by 20.27% to 7,022 in 2014 compared to 5,988 in 2013. The increase in employment was largely driven by the new seats created by three new operators as well as existing operators, Xerox, Teleperformance, Global Gateway Solutions and Island Outsourcing. The table below shows employment at the end of period compared with the previous year.

SECTORS	NO. OF WORKERS		% Change
YEARS	March 2013	March 2014	March 2014
ICT	5,739	6,923	20.63
Manufacturing	129	150	16.27
Warehousing	120	129	7.5
Total	5,988	7,202	20.27

- **ISO Standardization** The staff underwent a series of training towards preparation for ISO9001:2008 Quality Management Certification. The Quality Management Standard (QMS) will be implemented during fiscal year 2014/15.

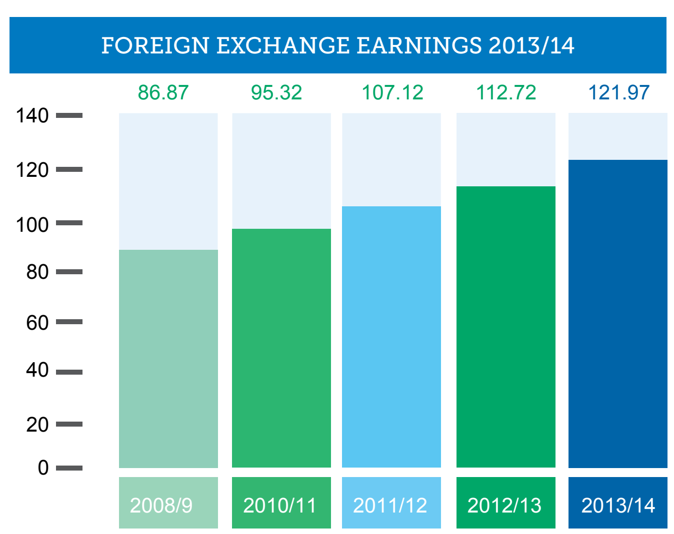
- **Infrastructure** The Free Zone's competitive position was enhanced with Digicel's launch of its underground fibre-optic project, which will include a multiprotocol label switching (MPLS). This will enable a more robust and resilient connectivity for Free Zone operators. Digicel will become the third telecommunications provider in the Montego Bay Free Zone.

- **Training** A Memorandum of Understanding for the training of call centre agents was signed on June 14, 2013 between the HEART Trust NTA and the Business Process Industry Association of Jamaica (BPIAJ). During the period HEART trained three batches of agents, many of whom subsequently received employment at Teleperformance. Plans are underway for HEART to utilize a facility within the MBFZ during the next fiscal year for the training of call centre agents.

  The BPIAJ, which works closely with the MBFZ, submitted and received approval from the Inter-American Development Bank (IDB) in November 2013 for funding to operate a Start-Up Centre within the Montego Bay Free Zone. The funding of US$500,000 will cover the cost of providing equipment, training of agents and salary for a Cluster Coordinator, while the MBFZ will provide the space. This project is earmarked to commence in July 2014 and will further propel the Zone towards a full-service centre for business process outsourcing.

- **Foreign Exchange Earnings/Trading Activities**

  At the end of the Fiscal Year 2013/2014 total foreign exchange earnings facilitated or earned by the MBFZ was US$121.97 Million. The ICT/ BPO sector continued to be the dominant sector for foreign exchange earnings with total inflows of US$118.75 Million or 97.36% of total earnings.



Jamaica International Freezone Development Ltd

Occupancy The property is comprised of a combination of warehousing and office space as well as large areas of paved land.

The property is occupied by four (4) clients, Kingston Logistics Centre [KLC]; Xerox, ISOCON – JLB International and LIME. The following is a breakdown of the occupied/ unoccupied space on the JIFZDL as of March 2014:

RENTABLE SPACE	BUILDING SPACE	PAVED AREA
TOTAL AVAILABLE	103,590	394,692
OCCUPIED	103,590	294,698
PERCENTAGE OCCUPIED	100%	75%

Employment Employment increased by approximately 14% from five hundred and forty four (544) workers at the end of the 2012/13 fiscal year to 621 workers at the end of 2013/14. Most of the jobs created and all of the increase recorded was attributable to the call centre operations. The logistics operations of has not recovered from the worldwide economic downturn in 2008/2009.

Foreign Exchange Earnings A total of US$6.08 million was generated to the local economy for the current Fiscal year, which represents a decrease of 21.83% in comparison to the previous year.

Expenditure in Local Currency Expenditure in local currency by companies on the JIFZDL amounted to J$676.96 million, a decrease of J$91.64 million when compared to the previous year.

Port Authority Management Services Limited

The Port Authority of Jamaica is contracted by the MTWH to manage the Centre on its behalf.

The Centre earns revenue from user fees paid by the Jamaica Urban Transit Company (JUTC), In addition, there are 17 shops of varying sizes, 3 commercial kiosks, 1 ABM machine and 2 hot dog carts which are leased to private individuals with businesses in the following areas:

- Pharmacy
- Financing
- Pastry
- Food
- Photo Shop
- Variety Store
- Mobile Phone
- Shoe Repair
- Costume Jewelry & Appliances

Revenue is also earned from an advertising concession and rental of space to host various events. Over 50% of the commuters using the HWTTC are students, whose spending power is not considered strong enough to support the commercial activities available.

FINANCIAL REVIEW
FOR THE PORT AUTHORITY & ITS SUBSIDIARIES FOR YEAR ENDED *MARCH 31, 2014*

STATEMENT OF PROFIT & LOSS & OTHER COMPREHENSIVE INCOME

Income

For the financial year March 31, 2014, the Port Authority and its subsidiaries (The Group) earned revenue of $20.38B, an increase of $4.47B (28%) over the $15.91B earned for March 31, 2013. The main sources of revenue and their contribution to total income were, container handling revenue $10.16B (50%), fair value gains on Investment properties $4.28B (21%) and facility fees $2.03B (10%).The increase in income of $4.47 billion over 2012/13 resulted from the following:

Revenue	2013 $'M	2014 $'M	Increase/2013 $'M	%	% of 2014 Revenue
Container terminal	10,080	10,164	84	0.8%	49.9%
Facility fees	1,810	2,031	222	12.2%	10.0%
Wharfage	859	946	87	10.1%	4.6%
Harbour Fees	661	743	83	12.5%	3.6%
Tug Fees	570	658	88	15.5%	3.2%
Equipment Lease	54	82	28	52.6%	0.4%
Land and Building lease	440	531	90	20.6%	2.6%
Port Antonio Marina	74	76	1	1.8%	0.4%
Oil Royalty	94	105	11	12.0%	0.5%
Pilotage	83	98	14	17.3%	0.5%
Ground lease Falmouth	79	68	(11)	-13.8%	0.3%
Other	579	605	26	4.4%	3.0%
	15,385	16,108	723	4.7%	7.90%
Investment properties fair value	527	4,277	3,750	711.4%	21.0%
Total	15,912	20,385	4,473	28.1%	100.0%

a. The increase in fair value gain on investment properties of $3.75 billion resulted from an increase in market values as per valuation for land and buildings and accounted for 84% of the total increase. Of the remaining 16%, Facility fees accounted for 5% while Terminal, Wharfage, Harbour fees and Tug fees each accounted for 2% approximately.

b. b) Terminal and facilities fees together accounted for 60% of total revenue and fair value gains an additional 21% .Together these revenue categories accounted for 81% of total revenue.

Expenses

Total expenses were $13.37B, an increase of $1.12B (9%) over the $12.25B as at March 31, 2013. Operating expenses accounted for $11.38B of total expenses. The main expense items were salary and wages ($4.59B), fuel, electricity and other utilities ($1.51B), security cost ($676.91M), repairs and maintenance ($1.59M), and insurance ($640.17M). The increase in expenses of $1.12 billion resulted mainly from the following:

	Increase /Decrease $M
Pension contribution (a)	(95)
Personnel emoluments and allowances (b)	41
Insurance (c)	(52)
Maintenance of building	13
Professional Fees	14
Tugs and boats (d)	(142)
Container terminal (e)	1,023
Loss on disposal of PPE	(39)
Harbours	63
Bad Debt Trade Receivable	64
Other	180
	1,070
Subsidiaries	50
	1,120

a. IFRS valuation adjustment in the supplemental pension benefits to the members of the defined contribution fund.

b. The increase in the personnel emoluments is due mainly to payment of increments and the attendant increases other related statutory cost and pension.

c. Decrease in insurance is due to reduced insurance premium rates for the year.

d. The $141.91 million decrease in Tug & Boat expense is due mainly to no dry-docking expense being incurred during the year.

e. Container Terminal cost increased by $1,023 million due primarily to:
- Obsolete inventory provision of $133.57 million
- Write off of uncollectable GCT & SCT of $439.20 million
- Increase in KCT operating expenses, salary & wages, fuel & electricity

SURPLUS FROM OPERATIONS

Operating Surplus of $7.01B for the year represents an increase of $3.35B (92%) over the $3.66B as at March 31, 2013. Net Profit before taxation was $1.82B after adjustments for foreign exchange loss of $3.85B arising from retranslation of foreign currency loans and interest and finance charge of $2.11B.

The increase of $3.78B in profit before taxation compared to the loss of $1.96B for March 31, 2013 was influenced by fair value gains on investment properties of $4.28B.

EXCHANGE LOSS ON FOREIGN CURRENCY LOANS

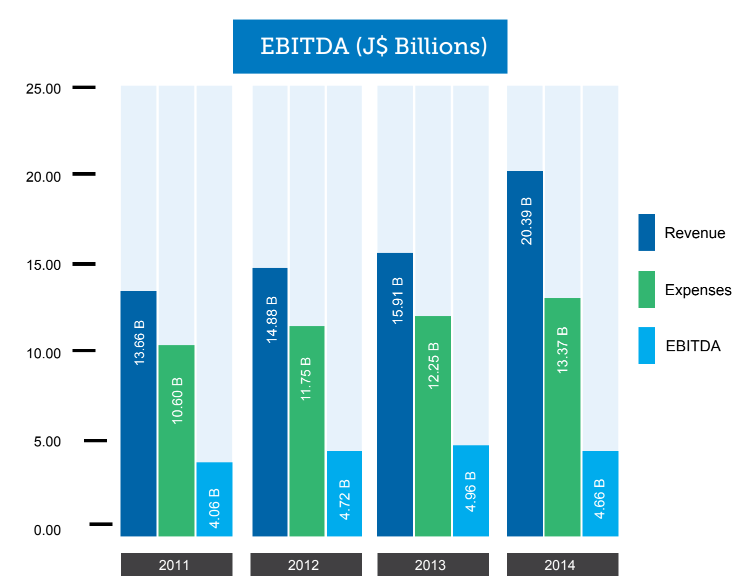
Based on International Financial Reporting Standards (IFRS) the Authority is required to report its foreign currency loans at the year-end rate. Approximately 89% of the Authority's long-term loans are denominated in US Dollars. The 11% depreciation in the JM dollar vs. the US dollar for year ending March 2014 (2014 $109.57: 2013 $98.89) resulted in the $3.85B unrealized exchange losses.

Approximately 80% of the Authority's annual income is denominated and collected in USD, while its operating expenses are mainly JMD. This creates a natural currency hedge in terms of net US earnings and cash flow.

The Management and Board of the Directors as part of its corporate and strategic focus have implemented measures to reduce the exchange rate exposure. This includes refinancing a percentage of its existing loans to the JMD equivalent.

OVERVIEW OF PERFORMANCE INCOME & EXPENSES

The financial performance of the Authority over last 4 years is illustrated in the graph below.



The Group's Earnings Before Interest, Tax, Depreciation (EBITDA) of $4.66B continues to be positive with marginal fluctuations over the four (4) year period, and decrease of (6%) when compared to March 31, 2013. This was achieved despite the continued negative impact of the global recession on the Group's core businesses and increase in fuel and electricity cost over the period.

STATEMENT OF FINANCIALPOSITION (BALANCE SHEET)

The asset base of the Group was $58.2B, an increase of $4.64B (9%) over March 31, 2013. Property, Plant and Equipment continues to be the most significant class of assets, accounting for 54% of the total assets.

Property, Plant and Equipment (PP&E) $31.41 billion

a. The net decrease of approximately $3.41 billion in PP&E resulted primarily from the following:
- Additions for the year of $790.3 million, relating mainly to the purchase of container handling equipment.
- Transfer of $306 million from Inventory to PP&E in keeping with the amendments to IAS 16- Property, Plant and Equipment.
- Transfer of lands (Hunts Bay, Fort Augusta and Zero Bay) in the amount of $2.5 billion from PP&E to Investment Property.
- Depreciation charges of $1.93B
- Impairment adjustment of $57million

Investment Properties $16.4 billion

The increase of approximately $6.7 billion resulted primarily from the following:

a. The fair value increases $4.3 billion (2013: $527.1M) comprising land of $3.47 billion and buildings of $803 million.

b. Transfer of lands (Hunts Bay, Fort Augusta and Zero Bay) in the amount of $2.52 billion from PP&E to Investment Property. Based on an optimization study for the Container Terminal Operations, these lands were identified as being available for non-operational activities.

Trade and Other Receivables $2.93 billion

The decrease of approximately $908.5 million (inclusive of the change in the current portion of long-term receivables) was primarily due to the following changes:

	$M Incr/(Decr)
Trade receivables	(92)
GCT recoverable	(388)
Prepaid expenses	63
Sundry & Other receivables	(64)
Current portion of long term receivables	(328)
	(909)

The bad debt provision (trade and other receivables) amounted to $194.4 million (2013: $236.1 million)

Total liabilities were $44.21B, an increase of $2.93B (7%) over the $41.28B in 2013. Of this amount, long term loans amounted to $40.79B which increased by $2.83B (8%), mainly impacted by the $3.85B from unrealized exchange loss. Loan and interest payment for the year was $4.71B and $2.09B respectively.

Cash and short-term deposits were $5.44B, an increase of $2.29B (73%) when compared to $3.15B as at March 31, 2013.

The year ended with net current assets of J$1.95B, an increase of $531M (37%) over $1.42B at March 2013. Trade receivables were $2.94B compared to $3.85B at March 31, 2013 and Trade Payables $2.41B, compared to $2.2B at March 31, 2013.

Debt has been the main source of financing for the Group's capital programmes and this is reflected in the carrying value of loans amounting to $40.79B and the $6.8B payment for loans and interest cost for the year.

Alternative sources of funding other than debt financing are being pursed for future capital expansion. In this regard, the privatization of the operations at the Kingston Container Terminal is a high priority and strategic focus, as the Government of Jamaica (GOJ) and the Authority seek to engage a Global Terminal Operator (GTO). The GTO will have the responsibility to develop, operate and position the Port of Kingston to take advantage of the opportunities to be derived from the completion of the upgrade to the Panama Canal in 2015.
Request for proposals were made to three of the world's largest GTOs for the development and operations of KCT. The responses are expected to be received by the end of July 2014 and negotiations concluded by the end of fiscal year 2015. The transaction structure for the privatization is a concession agreement under which the successful applicant will assume responsibility for the operations and capitalization of Container Terminal Operations, by way of a long-term lease agreement on terms to be negotiated.

SUBSIDIARIES, JOINT VENTURE **& ASSOCIATED COMPANIES**

The subsidiaries and related companies of the Authority as at March 31, 2014 reflected combined net assets of $2.85B and net profit of $958.7M, inclusive of $660M gain on the revaluation of investment properties.

EQUITY

The Group's equity, excluding non-controlling interest increased to $13.1 billion which was $1.41 billion or 12.1% above the prior year equity of $11.65 billion. The period ended with net current assets of $1.95 billion compared to net current assets of $1.42 billion as at March 31, 2013. For the period to March 31, 2014, total assets increased by$4.64 billion to $58.20 billion while total liabilities increased by $2.93 billion to $44.20 billion.

EXECUTIVE **EMOLUMENTS**

During the financial year, the salaries for the Authority's Senior Executive Staff were as follows:

Position/ of Senior Executive	Salary ($)	Gratuity or Performance Incentive ($)	Travelling Allowance or Value of Assigment of Moto Vehicle ($)	Pension or Other Retirement Benefits ($)	Other Allowances ($)	Non-Cash Benefits ($)	Total ($)
President & CEO	10,400,801	2,886,520	1,652,889	NIL	843,835	NIL	15,784,045
President & CEO (Retired during the year)	14,858,288	3,714,572	100,000	NIL	795,801	NIL	19,468,661
SVP Finance & Information Services	8,697,912	2,612,468	2,215,668	NIL	NIL	NIL	13,526,048
SVP Finance & Information Services (Retired during the year)	7,616,487	2,232,615	1,838,592	NIL	NIL	NIL	11,687,694
SVP International Marketing & Client Services	10,519,668	NIL	2,451,456	1,227,163 (Note 1)	NIL	NIL	14,198,287
SVP Legal, Regulatory & Corporate Affairs	9,539,442	2,822,851	2,451,456	NIL	NIL	NIL	14,813,749
SVP Engineering & Port Development	9,539,442	2,822,851	2,451,456	NIL	NIL	NIL	14,813,749
SVP Business Management & Special Projects	10,155,316	2,976,820	2,451,456	NIL	NIL	NIL	15,583,592
Chief Group Internal Auditor Assurance & Risk Management Services	9,628,322	2,727,177	2,451,456	NIL	NIL	NIL	14,806,955
VP Business Development	8,980,866	2,565,313	1,979,880	NIL	NIL	NIL	13,526,059
VP Harbours & Port Services	8,980,866	2,565,313	1,979,880	NIL	NIL	NIL	13,526,059
VP Security	11,956,259	(Note 2)	1,979,880	NIL	NIL	NIL	13,936,139
VP Human Resource & Administration	8,333,561	NIL	1,979,880	961,395 (Note 1)	NIL	NIL	11,274,836
VP Legal, Regulatory & Corporate Affairs	8,333,561	2,403,487	1,979,880	NIL	NIL	NIL	12,716,928
VP Information Systems	8,333,561	2,403,487	1,979,880	NIL	NIL	NIL	12,716,928
VP Cruise Shipping & Marina Services	8,333,561	2,403,487	1,979,880	NIL	NIL	NIL	12,716,928
VP Finance	7,439,387	2,179,943	1,979,880	NIL	NIL	NIL	11,599,210
VP Engineering	8,333,561	2,403,487	1,979,880	NIL	NIL	NIL	12,716,928
Senior Director Government Relations	7,685,561	2,241,487	1,979,880	NIL	NIL	NIL	11,906,928
VP Operations & Engineering	7,038,953	2,079,835	1,979,880	NIL	NIL	NIL	11,098,668
VP Materials Management	6,121,974	NIL	1,979,880	740,232 (Note 1)	NIL	NIL	8,842,086
TOTAL	$190,827,349	$44,041,713	$41,822,989	$2,928,790	$1,639,636	NIL	$281,260,477

Note:
1) These executives are members of the PAJ's staff pension fund and are not paid gratuity.
2) VP Security is on secondment from the Ministry of National Security.

Directors	Fees	Motor Vehicle Upkeep Traveling or Value of Assignment of Motor Vehicle	Honoraria	All Other Compensation including Non- Cash Benefits as applicable	Total
Directors	181,791	50,000.00	NIL	NIL	231,791
Directors	157,291	45,000.00	NIL	NIL	202,291
Directors	42,791	15,000.00	NIL	NIL	57,791
Directors	178,291	50,000.00	NIL	NIL	228,291
Directors	174,791	55,000.00	NIL	NIL	229,791
Directors	206,291	50,000.00	NIL	NIL	256,291
Directors	164,291	50,000.00	NIL	NIL	214,291
Directors	185,291	50,000.00	NIL	NIL	235,291
Directors	157,291	50,000.00	NIL	NIL	207,291
Directors	17,291	5,000.00	NIL	NIL	22,291
Total	1,465,410	420,000.00	NIL	NIL	1,885,410

Note:

1. The salary of Board Chairman is included in the Senior Executive compensation.
2. All Committees are made up of Board Members and Executive Management Staff.

In addition, the Senior Executive Management team participated in the Authority's group life insurance coverage, which is non-contributory and is available to all permanent employees.

FINANCIAL STATEMENTS

THE PORT AUTHORITY
AND ITS SUBSIDIARIES
YEAR ENDED MARCH 31, 2014

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2013 - 2014 ANNUAL REPORT

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Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the directors of The Port Authority

Report on the Financial Statements

We have audited the financial statements of The Port Authority and its subsidiaries (the Group), and the financial statements of the Port Authority (the Authority), which comprise the Group's and the Authority's statements of financial position as at March 31, 2014, the Group's and the Authority's statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the requirements of the Port Authority Act and the Jamaican Companies Act, 2004, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Report on the financial statements (Cont'd)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Authority as at March 31, 2014 and of the Group's and the Authority's financial performance and cash flows for the
Financial Reporting Standards.

Other Matter

The financial statements of the Group and the Authority for the year ended March 31, 2013 were audited by another auditor who expressed an unmodified opinion on those financial statements on August 8, 2013.

Report on additional requirements of the Port Authority Act and the Jamaican Companies Act, 2004

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained and the financial statements are in agreement therewith and give the information required in the manner so required.

Ernst & Young

Chartered Accountants

Kingston, Jamaica
April 15, 2014

THE PORT AUTHORITY
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT MARCH 31, 2014

	Notes	2014 $'000	2013 $'000	2012 $'000
ASSETS				
Non-current assets				
Property, plant and equipment	5	31,445,234	34,858,398	35,907,787
Investment properties	6	16,422,582	9,701,657	9,364,338
Intangible assets	7	13,447	19,113	17,442
Investment in associates	8	112,999	101,719	93,500
Other investments	9	740,273	658,987	568,033
Long-term receivables	10	484,854	173,423	735,346
Deferred tax assets	11	2,589	28,422	53,302
		49,221,978	45,541,719	46,739,748
Current assets				
Inventories	12	605,436	1,012,222	939,509
Other investments	9	-	10,526	30,571
Trade and other receivables	13	2,937,047	3,845,523	2,822,472
Cash and short-term deposits	14	5,435,265	3,148,402	1,808,685
		8,977,748	8,016,673	5,601,237
Total assets		58,199,726	53,558,392	52,340,985
EQUITY AND LIABILITIES				
Equity				
Reserves	15	6,437,397	6,466,559	6,382,247
Retained earnings	16,34	6,621,809	5,183,102	7,332,657
		13,059,206	11,649,661	13,714,904
Non-controlling interests	17	931,962	627,011	567,652
		13,991,168	12,276,672	14,282,556
Non-current liabilities				
Retirement benefit liability	18,34	76,208	138,013	91,306
Long-term liabilities	19	36,401,958	33,784,997	30,499,478
Deferred income	20	694,136	758,553	480,492
Deferred tax liabilities	11	11,747	5,731	5,566
		37,184,049	34,687,294	31,076,842
Current liabilities				
Provisions	21	202,313	215,007	209,321
Current portion of long-term liabilities	19	4,388,417	4,171,105	4,426,519
Trade and other payables	22	2,413,815	2,196,126	2,298,287
Bank overdrafts (unsecured)		19,964	12,188	47,460
		7,024,509	6,594,426	6,981,587
Total equity and liabilities		58,199,726	53,558,392	52,340,985

The accompanying notes form an integral part of the Financial Statements.

The financial statements were approved and authorised for issue by the Board of Directors on April 15, 2014 and are signed on its behalf by:

Professor Gordon Shirley - President

Gary Peart - Director

THE PORT AUTHORITY
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED MARCH 31, 2014

	Notes	2014 $'000	2013 $'000
Revenue	23,34	20,385,337	15,911,907
Expenses			
Direct operating	34	(11,382,556)	(10,393,251)
Administrative	34	(1,990,238)	(1,859,746)
		(13,372,794)	(12,252,997)
		7,012,543	3,658,910
Share of associate companies results	8(a)	11,280	8,219
Interest income		97,520	61,534
Other gains and losses	24	(3,188,012)	(3,807,252)
Finance charges and interest on loans	25	(2,111,672)	(1,879,449)
PROFIT (LOSS) BEFORE TAXATION		1,821,659	(1,958,038)
Taxation	26	(93,608)	(41,609)
PROFIT (LOSS) AFTER TAXATION	27	1,728,051	(1,999,647)
Profits attributable to non-controlling interests	17	(304,951)	(59,359)
NET PROFIT (LOSS) FOR THE YEAR	28,34	1,423,100	(2,059,006)
Other comprehensive loss:			
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:			
Remeasurement losses on retirement benefit plans	18,34	(13,555)	(6,237)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		(13,555)	(6,237)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		1,409,545	(2,065,243)

The accompanying notes form an integral part of the Financial Statements.

THE PORT AUTHORITY
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED MARCH 31, 2014

		RESERVES												
	Note	General 15(a) $'000	Capital 15(b) $'000	Development 15(c) $'000	Equalisation 15(d) $'000	Stabilization 15(e) $'000	Fixed Assets Replacement 15(f) $'000	Insurance 15(g) $'000	Wharfage 15(h) $'000	Total Reserves $'000	Retained Earnings $'000	Total $'000	Non-Controlling Interests $'000	Total $'000
Balance at April 1, 2012		359,450	5,089,330	305,150	1,630	32	509,564	37,500	79,591	6,382,247	7,361,564	13,743,811	567,652	14,311,463
Adjustment in respect of IAS 19 Employee Benefits)	34	-	-	-	-	-	-	-	-	-	(28,907)	(28,907)	-	(28,907)
Balance at April 1, 2012 (as restated)	34	359,450	5,089,330	305,150	1,630	32	509,564	37,500	79,591	6,382,247	7,332,657	13,714,904	567,652	14,282,556
Net loss (as restated)	34	-	-	-	-	-	-	-	-	-	(2,059,006)	(2,059,006)	59,359	(1,999,647)
Other comprehensive loss (as restated)	34	-	-	-	-	-	-	-	-	-	(6,237)	(6,237)	-	(6,237)
Total comprehensive loss (as restated)	34	-	-	-	-	-	-	-	-	-	(2,065,243)	(2,065,243)	59,359	(2,005,884)
Transfer to reserves of managed operations	34	-	-	-	-	-	32,948	30,000	21,364	84,312	(84,312)	-	-	-
Balance at March 31, 2013 (as restated)	34	359,450	5,089,330	305,150	1,630	32	542,512	67,500	100,955	6,466,559	5,183,102	11,649,661	627,011	12,276,672
Net profit		-	-	-	-	-	-	-	-	-	1,423,100	1,423,100	304,951	1,728,051
Other Comprehensive loss	18	-	-	-	-	-	-	-	-	-	(13,555)	(13,555)	-	(13,555)
Total Comprehensive Income		-	-	-	-	-	-	-	-	-	1,409,545	1,409,545	304,951	1,714,496
Transfer to reserves of managed operations		-	-	-	-	-	32,692	30,000	27,596	90,288	(90,288)	-	-	-
Amounts utilized		-	-	-	-	-	(100,540)	-	(18,910)	(119,450)	119,450	-	-	-
Balance at March 31, 2014		359,450	5,089,330	305,150	1,630	32	474,664	97,500	109,641	6,437,397	6,621,809	13,059,206	931,962	13,991,168

The accompanying notes form an integral part of the Financial Statements.

THE PORT AUTHORITY
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2014

	2014	2013
	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit (Loss)	1,423,100	(2,059,006)
Adjustments for:		
Depreciation and amortisation	1,937,153	1,839,806
Adjustment to property, plant and equipment	-	8,638
Impairment of property, plant and equipment	56,693	69,210
(Gain) Loss on disposal of property, plant and equipment	(493)	39,277
Gain on disposal of investment properties	(19,946)	-
Increase in fair value on investment properties	(4,277,312)	(527,136)
Interest income	(97,520)	(61,534)
Foreign exchange loss (net)	3,811,937	4,289,836
Retirement benefit expense	3,667	54,155
Provision charge	197,539	80,457
Profits attributable to non-controlling interests	304,951	59,359
Amortisation of deferred income	(67,217)	(50,927)
Impairment loss recognised on trade receivables	43,205	95,512
Amortised costs adjustment on long-term receivables	21,414	(45,687)
Loan fees amortised	65	65
Taxation charge	93,608	41,609
Share of associates profits	(11,280)	(8,219)
Finance charges and interest on loans	2,111,672	1,879,449
	5,531,236	5,704,864
Decrease (Increase) in operating assets		
Trade and other receivables	527,434	(508,826)
Inventories	100,748	(72,713)
Increase (Decrease) in operating liabilities		
Trade and other payables	178,055	(102,161)
Retirement benefit contributions	(79,027)	(13,685)
Provisions utilised	(210,233)	(74,771)
Cash generated by operations	6,048,213	4,932,708
Income taxes paid	(12,413)	(9,964)
Interest paid	(2,086,835)	(1,873,378)
Net cash from operating activities	3,948,965	3,049,366

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THE PORT AUTHORITY
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2014

	2014	2013
	$'000	$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	97,199	61,502
Acquisition of property, plant and equipment	(790,337)	(722,843)
Proceeds on disposal of property, plant and equipment	504	4,936
Acquisition of investment properties	-	(183)
Proceeds on disposal of investment properties	98,287	-
Investments (net)	(70,439)	(70,877)
Decrease (Increase) in long-term receivables	(4,720)	(8,727)
Acquisition of intangible assets	(606)	(1,306)
Increase in deferred income	2,800	328,988
Net cash used in investing activities	(667,312)	(408,510)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of long-term loans	3,342,600	2,633,921
Repayment of long-term loans	(4,708,626)	(4,287,664)
Decrease in prepaid credit insurance	224,665	262,484
Net cash used in financing activities	(1,141,361)	(1,391,259)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,140,292	1,249,597
OPENING CASH AND CASH EQUIVALENTS	3,136,214	1,761,225
Effect of foreign exchange rate changes	138,795	125,392
CLOSING CASH AND CASH EQUIVALENTS	5,415,301	3,136,214
Cash and cash equivalents comprises:		
Cash and short-term deposits	5,435,265	3,148,402
Bank overdraft	(19,964)	(12,188)
	5,415,301	3,136,214

The accompanying notes form an integral part of the Financial Statements.

THE PORT AUTHORITY
STATEMENT OF FINANCIAL POSITION AT MARCH 31, 2014

	Notes	2014 $'000	2013 $'000	2012 $'000
ASSETS				
Non-current assets				
Property, plant and equipment	5	31,413,020	34,838,109	35,891,786
Investment properties	6	14,062,582	8,001,657	7,794,338
Intangible assets	7	13,447	19,113	17,442
Investments in subsidiary, joint venture and associated companies	8	30,508	30,508	30,508
Other investments	9	710,244	639,140	568,033
Long-term receivables	10	561,080	249,649	817,173
		46,790,881	43,778,176	45,119,280
Current assets				
Inventories	12	605,436	1,012,222	939,509
Trade and other receivables	13	2,734,743	3,668,763	2,770,607
Cash and short-term deposits	14	4,800,473	2,753,908	1,464,830
		8,140,652	7,434,893	5,174,946
Total assets		54,931,533	51,213,069	50,294,226
EQUITY AND LIABILITIES				
Equity				
Reserves	15,34	6,431,404	6,460,566	6,376,254
Retained earnings	34	4,832,441	4,017,723	6,305,295
		11,263,845	10,478,289	12,681,549
Non-current liabilities				
Retirement benefit liability	18,34	76,208	138,013	91,306
Long-term liabilities	19	36,198,100	33,574,924	30,290,857
Deferred income	20	694,136	758,553	480,492
		36,968,444	34,471,490	30,862,655
Current liabilities				
Provisions	21	56,171	77,201	74,511
Current portion of long-term liabilities	19	4,350,919	4,136,971	4,404,136
Trade payables and accruals	22	2,276,483	2,039,204	2,232,532
Bank overdraft (unsecured)		15,671	9,914	38,843
		6,699,244	6,263,290	6,750,022
Total equity and liabilities		54,931,533	51,213,069	50,294,226

The accompanying notes form an integral part of the Financial Statements.

The financial statements were approved and authorised for issue by the Board of Directors on April 15, 2014 and are signed on its behalf by:

....

Professor Gordon Shirley - President
Gary Peart - Director

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THE PORT AUTHORITY
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED MARCH 31, 2014

	Notes	2014 $'000	2013 $'000
Revenue	23	18,932,251	15,223,285
Interest income		79,877	49,508
Expenses			
Administration	34	(1,666,941)	(1,547,155)
Marine operations	34	(10,616,515)	(9,668,502)
Finance charges and interest on loans	25	(2,102,376)	(1,869,593)
		4,626,296	2,187,543
Loss on exchange on foreign currency loans		(3,827,185)	(4,384,566)
NET PROFIT (LOSS) FOR THE YEAR	27,34	799,111	(2,197,023)
Other comprehensive loss:			
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:			
Remeasurement losses on retirement benefit plans	18	(13,555)	(6,237)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	34	(13,555)	(6,237)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	34	785,556	(2,203,260)

The accompanying notes form an integral part of the Financial Statements.

THE PORT AUTHORITY
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED MARCH 31, 2014

	Note	General 14(a) $'000	Capital 14(b) $'000	Development 14(c) $'000	Equalisation 14(d) $'000	Stabilisation Fund 14(e) $'000	Fixed Assets Replacement 14(f) $'000	Insurance 14(g) $'000	Wharfage 14(h) $'000	Total Reserves $'000	Retained Earnings $'000	Total $'000
		RESERVES										
Balance at April 1, 2012		359,450	5,083,337	305,150	1,630	32	509,564	37,500	79,591	6,376,254	6,334,202	12,710,456
Adjustment in respect of IAS 19 Employee Benefit	34	-	-	-	-	-	-	-	-	-	(28,907)	(28,907)
Balance at April 1, 2012 (as restated)	34	359,450	5,083,337	305,150	1,630	32	509,564	37,500	79,591	6,376,254	6,305,295	12,681,549
Net Loss (as restated)	34	-	-	-	-	-	-	-	-	-	(2,197,023)	(2,197,023)
Other Comprehensive loss (as restated)	34	-	-	-	-	-	-	-	-	-	(6,237)	(6,237)
Total Comprehensive loss (as restated)	34	-	-	-	-	-	-	-	-	-	(2,203,260)	(2,203,260)
Transfer to reserves of managed operations (as restated)	34	-	-	-	-	-	32,948	30,000	21,364	84,312	(84,312)	-
Balance at March 31, 2013 (as restated)	34	359,450	5,083,337	305,150	1,630	32	542,512	67,500	100,955	6,460,566	4,017,723	10,478,289
Net Profit		-	-	-	-	-	-	-	-	-	799,111	799,111
Other Comprehensive loss		-	-	-	-	-	-	-	-	-	(13,555)	(13,555)
Total Comprehensive income	18	-	-	-	-	-	-	-	-	-	785,556	785,556
Transfer to reserves of managed operations		-	-	-	-	-	32,692	30,000	27,596	90,288	(90,288)	-
Amounts utilised		-	-	-	-	-	(100,540)	-	(18,910)	(119,450)	119,450	-
Balance at March 31, 2014		359,450	5,083,337	305,150	1,630	32	474,664	97,500	109,641	6,431,404	4,832,441	11,263,845

The accompanying notes form an integral part of the Financial Statements.

THE PORT AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2014

	2014 $'000	2013 $'000
OPERATING ACTIVITIES		
Net Profit (Loss)	799,111	(2,197,023)
Non-cash items included in net profit (loss):		
Interest income	(79,877)	(49,508)
Foreign exchange loss adjustment (net)	3,659,121	4,263,902
Finance cost	2,102,376	1,869,593
Provision for impairment loss recognised on trade receivables	83,641	98,435
Amortised cost adjustment recognised on long-term receivables	21,414	(45,687)
Change in fair value of investment properties	(3,617,312)	(397,319)
Depreciation and amortisation	1,933,865	1,836,343
Gain on disposal of investment properties	(19,946)	-
Gain (Loss) on disposal of property, plant and equipment	(493)	38,899
Impairment adjustment to property, plant and equipment	56,693	69,210
Adjustment to property, plant and equipment	-	8,638
Increase in provisions	75,563	61,762
Amortisation of deferred income	(67,217)	(50,927)
Post retirement benefit liability	3,667	54,155
	4,950,606	5,560,473
Decrease (Increase) in operating assets		
Trade and other receivables	521,135	(379,135)
Inventories	100,748	(72,713)
(Decrease) Increase in operating liabilities		
Trade payables and accruals	237,279	(193,328)
Provisions utilised	(96,593)	(59,072)
Deferred income	2,800	328,988
Contributions to defined benefit and retiree medical plans	(79,027)	(13,685)
Cash generated by operations	5,636,948	5,171,528
Interest paid	(1,973,066)	(1,863,522)
Cash provided by operating activities	3,663,882	3,308,006
INVESTING ACTIVITIES		
Interest received	80,803	48,159
Increase in long-term receivables	(4,720)	(3,126)
Other investments (net)	(70,911)	(70,877)
Acquisition of intangible assets	(606)	(1,306)
Acquisition of property, plant and equipment	(775,124)	(714,714)
Proceeds on disposal of property, plant and equipment	504	4,936
Proceeds on disposal of investment properties	98,287	-
Cash used in investing activities	(671,767)	(736,928)
FINANCING ACTIVITIES		
Receipt of long-term loans	3,342,600	2,633,921
Repayment of long-term loans	(4,686,636)	(4,270,140)
Decrease in prepaid credit insurance	224,665	262,484
Cash used in financing activities	(1,119,371)	(1,373,735)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,872,744	1,197,343
OPENING CASH AND CASH EQUIVALENTS	2,743,994	1,425,987
Effect of foreign exchange rate changes	168,064	120,664
CLOSING CASH AND CASH EQUIVALENTS	4,784,802	2,743,994
Cash and cash equivalents comprise:		
Cash and short-term deposits	4,800,473	2,753,908
Bank overdraft	(15,671)	(9,914)
	4,784,802	2,743,994

The accompanying notes on form an integral part of the Financial Statements.

THE PORT AUTHORITY
AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014

1 GROUP IDENTIFICATION

(a) The Port Authority (the Authority) is a statutory body, incorporated in Jamaica by the Port Authority Act. Its principal objectives are to provide and regulate all port facilities in Jamaica. The registered office of the Authority is 15-17 Duke Street, Kingston.

The Authority's subsidiary companies and their principal activities are as follows:

Subsidiaries	Place of incorporation and operation	Proportion of ownership interests	Proportion of voting rights	Principal activity
Kingston Free Zone Company Limited	Jamaica	72%	72%	Rental of warehouses and property management.
Montego Bay Free Zone Company Limited	Jamaica	50%	50%	Rental of offices and factory space located in the Montego Bay Export Free Zone area.
Ports Management and Security Limited	Jamaica	51%	51%	Provision of security services at ports.
Jamaica International Free Zone Development Limited	Jamaica	75%	75%	Acquiring, developing and leasing property for the purpose of logistics and distribution activities.
Port Authority Management Services Limited	Jamaica	100%	100%	Managing Half-Way-Tree Transportation Centre on behalf of the Ministry of Transport and Works
KCT Services Limited	Jamaica	100%	100%	Provision of personnel services as well as the management of Kingston Container Terminal.

The Authority is also a party in the following joint venture:

Joint venture	Place of incorporation and operation	Proportion of ownership interests	Proportion of voting rights	Principal activity
Boundbrook Wharves Development Company Limited	Jamaica	51%	51%	Undertaking the rehabilitation and refurbishing of Boundbrook Wharves, which was leased to the Banana Export Company Limited (see Note 8(b)).

The Authority's associated companies and their principal activities are as follows:

Associates	Place of incorporation and operation	Proportion of ownership interests	Proportion of voting rights	Principal activity
Security Administrators Limited	Jamaica	33.33%	33.33%	Provision of security at Port Bustamante
Montego Cold Storage Limited	Jamaica	33.33%	33.33%	Rental of refrigerated warehouse

The Authority and its subsidiary companies, associated companies and joint venture are collectively referred to in the financial statements as "The Group". The financial statements of the Authority are also presented separately.

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THE PORT AUTHORITY
AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014

1 GROUP IDENTIFICATION (Cont'd)

(b) Accounting period

The Authority and all the companies in the group have prepared financial statements for the year ended March 31, 2014 (2013: March 31, 2013).

(c) Reporting currency

These financial statements are expressed in Jamaican dollars.

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 Standards and Disclosures affecting amounts reported and/or disclosures in the current period (and/or prior periods)

In the current year, the Group has applied a number of new and revised IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the accounting period. These are listed below:

IFRS 12 *Disclosure of Interest in Other Entities*
IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previous existing disclosure requirements for subsidiaries, joint arrangement, associates and structured entities. The additional IFRS 12 disclosures are provided in Note 8.

IFRS 13 *Fair Value Management*
IFRS 13 establishes a single source of guidance of fair value measurements and disclosures about fair value measurements. The scope of IFRS is broad; the fair value measurement requirements of IFRS 13 apply to both financial instruments and non-financial instruments for which other IFRS require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price. IFRS 13 also includes extensive disclosure requirements.

IFRS 13 requires prospective application from January 1, 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standards in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by IFRS 13 for the 2013 comparative period (Please see Notes 6 and 32 for the 2013/2014 disclosures). Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the financial statements.

Amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*
The amendments to IAS 1 introduce new terminology, whose use is not mandatory, for the statements of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. The Group adopted the change in name. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

THE PORT AUTHORITY
AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

2.1 Standards and Disclosures affecting amounts reported and/or disclosures in the current period (and/or prior periods) (Cont'd)

Annual Improvements to IFRS 2009 – 2011 Cycle issued in May 2012

- ***Amendments to IAS Presentation of Financial Statements***
  The Annual Improvements to IFRS 2009 – 2011 have made a number of amendments to IFRS. The amendments that are relevant to the Group are listed below.

  The amendments to IAS 1 give guidance regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

  In the current year, the Group has applied a number of new and revised IFRS, which has resulted in changes to the information presented in the Statement of Financial Position as at April 1, 2012. In accordance with the amendments to IAS 1, the Group has presented a third statement of financial position as at April 1, 2012 without the related notes except for the disclosure requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* as detailed below.

- ***Amendments to IAS 16 Property, Plant and Equipment***
  The amendments to IAS 16 clarify that spare parts, standby equipment and servicing equipment should be classified as Property, Plant and Equipment when they meet the definition of Property, Plant and Equipment in IAS 16 and as inventory otherwise.

  The Group adopted this amendment during the year and the quantitative impact of the application of this amended standard is provided below:

	The Group and the Authority Year ended 31/3/14 $'000
Increase in Property, Plant and Equipment (Net of depreciation for the period)	132,154
Decrease in inventory	(306,038)
Net decrease in profit (resulting from depreciation charges)	(173,884)

IAS 19 *Employee Benefits (as revised in 2011)*
In the current year, the Group has applied IAS 19 *Employee Benefits* (as revised in 2011) and the related consequential amendments for the first time.

IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of change in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on the plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. The amended standard requires retrospective application with certain limited exceptions. In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures. (See Notes 18 and 34 for disclosures of the effects of the changes).

The Group has applied the relevant transitional provisions.

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2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

2.2 *Standards and Interpretations adopted with no effect on financial statements*

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

Amendments to Standards		Effective for annual periods beginning on or after
IAS 1, 32, 34 and IFRS 1	Amendment arising from 2009 - 2011 Annual Improvements to IFRS	January 1, 2013
IAS 27	Consolidated and Separate Financial Statements - Reissued as IAS 27 Separate Financial Statements	January 1, 2013
IAS 28	Investments in Associates - Reissued as IAS 28 Investments in Associates and Joint Ventures	January 1, 2013
IFRS 7	Financial Instruments: Disclosures - Amendments enhancing disclosures about offsetting financial assets and financial liabilities	January 1, 2013
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 10, 11, and 12	Consolidated Financial Statements, Joint Arrangements, and Disclosure of Interests in Other Entities - Transition guidance	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRIC 20	Stripping costs in the Production Phase of a Surface Mine	January 1, 2013

2.3 *Standards and interpretations in issue not yet effective*

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not effective or early adopted for the financial period being reported on:

New and Revised Standards		Effective for annual periods beginning on or after
IAS 16, 24, 38 and IFRS 2, 3, 8 and 13	Amendments arising from 2010 – 2012 Annual Improvements to IFRS	July 1, 2014
IAS 40 and IFRS 1, 3 and 13	Amendments arising from 2011 – 2013 Annual Improvements to IFRS	July 1, 2014
IAS 19	Employee Benefits – Amendment to clarify the requirements that relate to how contributions from employees or third parties linked to service should be attributed to periods of service	July 1, 2014
IAS 32	Financial Instruments: - Amendments to application guidance on the offsetting of financial assets and financial liabilities	January 1, 2014
IAS 39	Financial Instruments: Recognition and Measurement - Amendments to permit an entity to continue to apply hedge accounting requirements	When IFRS 9 is applied
IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendment for Government loan with a below-market rate of interest when transitioning to IFRS	July 1, 2013

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

2.3 *Standards and interpretations in issue not yet effective* (Cont'd)

		Effective for annual periods beginning on or after
New and Revised Standards (Cont'd)		
IFRS 7	Financial Instruments: Disclosures	
	- Amendments requiring disclosures about the initial application of IFRS 9	January 1, 2015 (or otherwise when IFRS 9 is first applied)
	- Additional hedge accounting disclosures (and consequential amendments)	When IFRS 9 is applied
IFRS 9	Financial Instruments: Classification and Measurement of financial assets	January 1, 2018
IFRS 10, 12 and IAS 27	Consolidated Financial Statements, Disclosure of Interests In Other Entities, and Separate Financial Statements	
	- Amendments for investment entities	January 1, 2014
New and Revised Interpretations		
IFRIC 21	Levies	January 1, 2014

New and Revised Standards and Interpretations in issue not yet effective that are relevant
The Board of Directors and management have assessed the impact of all the new and revised Standards and Interpretations in issue not yet effective and have concluded that the following are relevant to the operations of the Authority and are likely to impact amounts reported in the Group's financial statements:

IFRS 9 *Financial Instruments*

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The directors and management anticipate that the application of IFRS 9 may impact the amounts reported in respect of the Group's financial assets and liabilities. However, the directors and management have not yet completed their detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the likely impact.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of Compliance

The financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS).

3.2 Basis of preparation

The financial statements have been prepared under the historical cost basis except for the revaluation of investment properties and available-for-sale investments that are measured at revalued amounts or fair value as explained in the accounting policies below. Historical cost is usually based on the fair value of the consideration given in exchange for assets.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Authority and entities controlled by the Authority. Control is achieved when the Authority:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When the Authority has less than a majority of the voting rights of an investee, the Authority considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- the size of the Authority's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Authority;
- contractual arrangements with other vote holders of the investee
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Authority has the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Authority reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Authority obtains control over the subsidiary and ceases when the Authority loses control of the subsidiary. Specifically, assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Authority gains control until the date when the Authority ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Authority and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Basis of consolidation (Cont'd)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries
Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Authority.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, as the cost on initial recognition of an investment in an associate or a joint venture.

3.4 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 *Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Business combinations (cont'd)

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below. (see Page 25).

3.6 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.7 Fair value measurement

The Group measures financial instruments and non-financial assets such as investment properties, at fair value at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or
In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Board of Directors determines the policies and procedures for both recurring fair value measurement, such as investment properties.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained and are executed by tender process every 3 years. At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies.

The Group, in conjunction with the external valuers, also compares each of the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Property, plant and equipment

All property, plant and equipment held for use in the supply of goods or services, or for administrative purposes, are stated in the statement of financial position at historical or deemed cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Cost includes professional fees, cost of replacing part of the property, plant and equipment and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy (See Borrowing costs at Page 32) if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Assets in the course of construction for operations or administrative purposes, are carried at cost less any recognised impairment loss. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as for other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction), less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period with the effect of any change in estimate being accounted for on a prospective basis. No depreciation is provided on land.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where, there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, over the shorter of the useful life of the asset and the lease term.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.9 Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes), are measured initially at cost including transaction costs. Subsequent to initial recognition investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

3.10 Intangible assets - purchased

These represent application software acquired and are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is de-recognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is de-recognised.

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3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.12 Financial Instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities.

Financial assets of the Group include any asset that is:

(a) cash;
(b) an equity instrument of another entity;
(c) a contractual right:

  (i) to receive cash or another financial asset from another entity; or
  (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Group.

Financial liabilities of the Group include any liability that is a contractual obligation:

(i) to deliver cash or another financial asset to another entity; or
(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group.

Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities are fair value through profit or loss where such costs are expensed) are added to or deducted from the fair value of the financial assets or financial liabilities or are recognised immediately in profit or loss, as appropriate, on initial recognition.

The fair values of financial instruments are discussed in Note 32.

Listed below are the specific accounting policies relating to the Group's financial assets and liabilities.

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3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.12 Financial Instruments (Cont'd)

3.12.1 *Financial assets*

Financial assets are classified into the following specified categories: 'loans and receivables', 'held to maturity' (HTM) and 'available-for-sale' (AFS) financial assets. The classification depends on the nature and purpose of the financial sets and is determined at the time of initial recognition.

Purchases and sales of financial assets are recognised or derecognised on a trade date basis that require delivery of assets within the timeframe established by regulation or convention in the market place.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

(a) *Loans and receivables*

These are non-derivative financial assets with a fixed term or determinable payments that are not quoted in an active market. Loan and receivables (including other investments, long-term receivables, trade and other receivables and cash and short-term deposits) are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate except for short-term receivables when recognition of interest would be immaterial.

Related party identification

A party is related if:

(i) directly, or indirectly through one or more intermediaries, the party:
  - controls, is controlled by, or is under common control with, the Group;
  - has an interest in the entity that gives it significant influence over the Group; or
  - has joint control over the Group;
(ii) the party is an associate of the Group;
(iii) the party is a joint venture in which the Group is a venturer;
(iv) the party is a member of the key management personnel of the entity or its parent;
(v) the party is a close family member of any individual referred to in (i) or (iv);
(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

Related party transactions are initially recorded at agreed group rates and interest is not charged since settlement is anticipated in the near future.

(b) *Held-to-maturity investments*

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity subsequent to initial recognition. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

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3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.12 Financial Instruments (Cont'd)

3.12.1 Financial assets (Cont'd)

(c) *Available-for-sale (AFS) investments*

AFS financial investments include equity and debt securities. Equity investments classified as AFS are those neither classified as held for trading nor designated at fair value through profit or loss.

Debt securities in this category are those intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates, or market prices.

The Group has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets. AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of fair value and other reserves. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the fair value and other reserves is reclassified to profit or loss.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

The available for-sale securities held by the Group include investment in associates and investment in joint venture, unquoted shares, and unsecured debenture.

<u>Investments in associates and joint ventures</u>
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

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3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.12 Financial Instruments (Cont'd)

3.12.1 Financial assets (Cont'd)

(c) *Available-for-sale (AFS) investments (Cont'd)*

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(d) *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that have occurred after initial recognition of the financial assets, the estimated future cash flows of the assets have been affected.

For shares (listed and unlisted) classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including long-term receivables, objective evidence of impairment would include:

a significant financial difficulty of the issuer or counterparty;
breach of contract, such as default or delinquency in the interest or principal payments;
it becoming probable that the borrower will enter bankruptcy or financial re-organisation;
the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

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3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.12 Financial Instruments (Cont'd)

3.12.1 Financial assets (Cont'd)

(d) *Impairment of financial assets* (Cont'd)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return of a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously provided for reduce the amount of the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. Recoveries of amounts previously written off are credited to income.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what amortised cost would have been had impairment not been recognised. In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated under the heading of fair value and other reserves. In respect of AFS debt securities, impairment losses are consequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(e) *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire; or the Group transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.12 Financial Instruments (Cont'd)

3.12.1 Financial assets (Cont'd)

(e) *Derecognition of financial assets* (Cont'd)

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.12.2 *Financial liabilities and equity*

a) Financial liabilities

<u>Classification as debt</u>
Debt instruments issued by the Group are classified as financial liabilities in accordance with the substance of the contractual arrangements and the definition of a financial liability.

These are classified as "other financial liabilities" and comprise borrowings and payables.

Other financial liabilities (including borrowings) are initially measured at fair value net of transaction costs and are subsequently remeasured at amortised cost, using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial liability or where appropriate, a shorter period, to the net carrying amount on initial recognition.

<u>Derecognition of financial liabilities</u>
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received net of direct issue costs.

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3 **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

3.13 **Taxation**

Income tax expense represents the sum of tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of comprehensive income because of items of income or expense 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 using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors and management reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on disposal of its investments properties.

Current and deferred tax for the year
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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3 **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

3.14 **Inventories**

Inventories are stated at the lower of cost, determined on a first-in, first-out basis, and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs necessary to make the sale.

3.15 **Reserves**

At the discretion of the Board of Directors, transfers are made from the retained earnings to reserves to provide for the expansion and/or improvement in port facilities and to provide future insurance coverage for the Group's assets as well as for future claims against employer's liability insurance.

3.16 **Employee Benefits**

a) Pension plans

The Group operates two pension plans:

(i) Defined contribution plan

This plan provides post retirement benefits that are based on the value of accumulated contributions and interest earned. The plan is funded by contributions from employees and employer with employees contributing 5% of annual salary (with the option of increasing this up to 10%) and the Group contributing 10% of annual salary. These costs are charged as expenses as they fall due. The Group bears no obligation for the provision of benefits beyond the terms of the plan except as indicated under 3(a)(ii) below.

(ii) Defined benefit plan

The Group has established a defined benefit pension scheme for its employees (in its employ subsequent to July 31, 2007 but before August 16, 2012) that is administered by Trustees and managed by Guardian Life Limited. The Scheme's assets are separately held and the Scheme is funded by employee contributions of 5% of pensionable salaries (with the option of contributing an additional 5%) and the Group's contributions as recommended by external actuaries.

Under the rules of this plan, members of the defined contribution plan, referred to above, are entitled to a supplemental pension under certain circumstances. Such supplementary pension (if any) shall top up the pension which can be provided from the member's Scheme account to an amount equivalent to 2% of the member's pensionable service up to the date of retirement times the final pensionable emoluments.

The cost of providing benefits is determined using the Projected Unit Credit Method with external actuarial valuations being carried out at the end of each reporting period. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

The date of the plan amendment or curtailment, and
The date that the Authority recognises restructuring-related costs

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3 **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

3.16 Employee Benefits (Cont'd)

a) Pension plans (Cont'd)

(ii) Defined benefit plan (Cont'd)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'administration expenses' in the statement of profit or loss:

Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
Net interest expense or income

b) Other post-retirement obligations

The Group also provides retiree medical and group life benefits to certain retired employees of a company that previously managed one of its operations. The cost of providing these benefits is determined using the Projected Unit Credit Method with independent actuarial valuations being carried out at the end of each reporting period.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation.

c) Termination obligations

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve (12) months after the end of the reporting period are discounted to present value.

d) Leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave for services rendered by employees up to the end of the reporting period and is classified as current or non-current when the payment is expected to be made.

3.17 **Deferred income - Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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3 **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

3.17 **Deferred income -** Government grants (Cont'd)

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

3.18 **Provisions**

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.19 **Revenue**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts recoverable for services provided in the normal course of business, net of discounts and sale related taxes. Revenue in respect of the provision of services is recognised when the service is provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease (See Leasing below).

Dividend income from investments is recognised when the Group's rights to receive payments have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

3.20 **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.20 Leasing (Cont'd)

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of the incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are carried.

3.22 Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Jamaican Dollars, which is the functional currency and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of those transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at rates prevailing at that date. Non-monetary item carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. The gain or loss arising on the translation of non-monetary items incurred at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item. Other exchange gains and losses are recognised in profit or loss for the period in which they arise except for exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where such exchange differences are regarded as an adjustment to interest cost on foreign currency borrowings.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors and management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Critical Judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (See below), that the directors and management have made in the process of applying the entity's accounting policies and that have the most significant impact on the amounts recognised in the financial statements.

Contractors' Levy

Included in Trade Payables and Accruals (Note 22) are amounts totalling $217.355 million in respect of unpaid contractors' levy associated with the development of the Falmouth cruise ship pier. Management believes a waiver will be obtained with respect to these amounts and any associated penalty for non-payment at the due dates as the project was a directive of the Government of Jamaica. Discussions are being conducted with the Ministry of Finance and Planning in this regard.

Held-to-maturity financial assets

Management and directors have reviewed the Group's held-to-maturity financial assets in light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intent and ability to hold those assets to maturity. The carrying amount of the held-to-maturity financial assets is $30.029 million (2013: $30.373 million). (Note 9).

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Property, plant and equipment

a) In 2006, management estimated that with routine maintenance, dredging of the sea channel at Kingston Container Terminal capitalised had a remaining useful life of 20 years. The carrying value at March 31, 2014 is $296.988 million (2013: $350.686 million) with management estimating remaining useful life as approximately 12 years (2013: 13 years).

b) In 2011/2012, management estimated that with routine maintenance, the dredging of the channel at Falmouth had a useful life of 20 years. The carrying value at March 31, 2014 is $3.574 billion (2013: $3.784 billion) with management estimating remaining useful life as approximately 18 years (2013: 19 years).

c) The pier and building of the joint venture has not been in use since December 2009 due to the termination of the joint venture agreement between The Authority and Banana Export Company Limited. Based on the advice of in-house engineers, management has determined that the leasehold improvements at the pier (docks) are fully impaired based on its current condition and indeterminable future use. (See Note 5(i)).

Revaluation of investment properties

The Group carries its investment properties at fair value totaling $16.423 billion (2013: $9.702 billion), with changes in fair value being recognised in the statement of profit or loss. The Authority engaged an external valuation specialist to determine the appropriate valuation techniques and inputs for fair value measurement. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available.

Information about the valuation techniques and inputs used in determining the fair value of investment properties is disclosed in Note 6.

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4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Employee benefit – retiree medical and group life plan

As disclosed in Note 18, the Group operates a defined benefit pension plan and provides health benefits to certain retired employees of a company that previously managed one of its operations. The amounts shown in the statement of financial position of a liability of approximately $46.053 million (2013: $108.175 million) in respect of the defined benefit plan and a liability of approximately $30.155 million (2013: $29.838 million) in respect of the retiree medical and group life plans are subject to estimates in respect of periodic costs which net costs would be dependent on future returns on assets, future discount rates, rates of salary increases and mortality rates in respect of the pension plan, and inflation rates and rates of increases in health cost for the retiree medical and group life plan. External actuaries are contracted by the Group in this regard. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. The assumptions are reviewed at each reporting date.

The discount rates which are used to determine the present value of estimated cash outflows expected to be required to settle any future pension, medical and health obligation is determined at the end of each reporting period by contracted external actuaries. The Group's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds or in their absence certain Government of Jamaica bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of the bonds include the issue size of the bonds and the quality of the bonds.

The cost of benefits is derived using premium rates supplied by the company to which the retired employees were previously employed. For the benefits scheme, the benefit is derived using information supplied by the Group and the Fund managers in relation to full members of the scheme.

Judgement is also exercised in determining the proportionate share of the health obligation and cost as well as the extent that the surplus or deficit in the plan may affect the future contributions to the plan.

Details of sensitivity analyses in respect of the defined benefit plans are disclosed at Note 18(h).

Income taxes

Estimates are required in determining the provision for income taxes and tax losses. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. 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 (see Notes 11 and 26).

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5 PROPERTY, PLANT AND EQUIPMENT

	The Group												
	Freehold Land $'000	Freehold Buildings $'000	Leasehold Improvements $'000	Tugs, Cranes, Trailers, Straddle Carriers, and other Equipment $'000	Lighting Berths Berths 10 &11, Pavements $'000	Furniture and Office Equipment $'000	Motor vehicles/ Motor cycles $'000	Infrastructure $'000	Dredging $'000	Computers $'000	Equipment Spares $'000	Capital Works-in Progress $'000	Total $'000
At cost or valuation													
April 1, 2012	8,475,800	1,836,139	70,607	14,600,157	11,595,838	199,558	150,435	5,992,183	5,104,529	330,268	-	1,162,128	49,517,642
Additions	-	42,694	242	332,361	67,094	13,980	5,063	79,047	42,705	5,952	-	133,705	722,843
Disposals	-	-	-	(19,629)	-	(5,070)	(14,212)	(58,373)	-	(17,306)	-	-	(114,590)
Transfer from works-in-progress	-	23,948	-	183,441	14,111	13,126	-	583,804	-	34,141	-	(852,571)	-
Transfer from investment properties (Note 6)	170,000	20,000	-	-	-	-	-	-	-	-	-	-	190,000
Transfer to intangible assets (Note 7)	-	-	-	-	-	-	-	-	-	-	-	(7,864)	(7,864)
Adjustment (Note 5(h))	-	-	-	-	-	-	-	-	-	-	-	(8,638)	(8,638)
March 31, 2013	8,645,800	1,922,781	70,849	15,096,330	11,677,043	221,594	141,286	6,596,661	5,147,234	353,055	-	426,760	50,299,393
Additions	-	11,294	1,209	33,931	-	11,223	2,800	726	-	19,494	-	709,660	790,337
Disposals	-	-	-	-	-	(91)	(3,303)	-	-	(113)	-	-	(3,507)
Transfer from works-in-progress	503	10,211	-	574,071	335	-	-	181	387	-	-	(585,688)	-
Transfer to investment properties (Note 6)	(2,331,580)		-	-	-	-	-	-	-	-	-	(190,374)	(2,521,954)
Transfer from inventory (Note 2)	-	-	-	-	-	-	-	-	-	-	306,038	-	306,038
Adjustment	-	(73)	-	-	-	22	-	-	-	(59)	-	-	(110)
Reclassification	(92)	-	-	-	-	(1,154)	-	-	-	1,154	-	92	-
March 31, 2014	6,314,631	1,944,213	72,058	15,704,332	11,677,378	231,594	140,783	6,597,568	5,147,621	373,531	306,038	360,450	48,870,197
Depreciation													
April 1, 2012	-	335,698	63,965	8,462,293	1,811,047	145,764	135,481	1,663,186	746,326	246,095	-	-	13,609,855
Charge for year	-	57,069	785	822,870	300,026	14,909	7,181	331,790	266,064	31,613	-	-	1,832,307
On disposals	-	-	-	(16,686)	-	(4,692)	(14,212)	(17,512)	-	(17,275)	-	-	(70,377)
Impairment adjustment (Note 5(g))	-	-	-	69,210	-	-	-	-	-	-	-	-	69,210
March 31, 2013	-	392,767	64,750	9,337,687	2,111,073	155,981	128,450	1,977,464	1,012,390	260,433	-	-	15,440,995
Charge for year	-	57,541	738	784,702	292,729	14,869	5,788	309,668	263,987	26,975	173,884	-	1,930,881
On disposals	-	-	-	-	-	(80)	(3,303)	-	-	(113)	-	-	(3,496)
Impairment adjustment (Note 5(g))	-	-	-	56,693	-	-	-	-	-	-	-	-	56,693
Adjustment	-	(73)	-	-	-	(37)	-	-	-	-	-	-	(110)
March 31, 2014	-	450,235	65,488	10,179,082	2,403,802	170,733	130,935	2,287,132	1,276,377	287,295	173,884	-	17,424,963
Net book value													
March 31, 2014	6,314,631	1,493,978	6,570	5,525,250	9,273,576	60,861	9,848	4,310,436	3,871,244	86,236	132,154	360,450	31,445,234
March 31, 2013	8,645,800	1,530,014	6,099	5,758,643	9,565,970	65,613	12,836	4,619,197	4,134,844	92,622	-	426,760	34,858,398

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5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Authority

	Freehold Land	Freehold Buildings	Tugs, Cranes, Trailers, Straddle Carriers, Vessels and Other Equipment	Lighting, Docks, Berths 10 and 11	Infrastructure	Dredging	Furniture and Office Equipment	Computers	Motor Vehicles	Equipment Spares	Capital Works-in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At cost												
April 1, 2012	8,475,800	1,836,139	14,600,157	11,595,838	5,992,183	5,104,529	137,455	329,474	147,640	-	1,162,128	49,381,343
Additions	-	42,694	332,361	67,094	79,047	42,705	6,515	5,952	5,063	-	133,283	714,714
Disposals	-	-	(19,629)	-	(58,373)	-	-	(17,306)	(14,078)	-	-	(109,386)
Transfer from works-in-progress	-	23,948	183,441	14,111	583,804	-	13,126	34,141	-	-	(852,571)	-
Transfer from Investment Properties (Note 6)	170,000	20,000	-	-	-	-	-	-	-	-	-	190,000
Transfer to Intangible Asset (Note 7)	-	-	-	-	-	-	-	-	-	-	(7,864)	(7,864)
Adjustment (Note 5(h))	-	-	-	-	-	-	-	-	-	-	(8,638)	(8,638)
March 31, 2013	8,645,800	1,922,781	15,096,330	11,677,043	6,596,661	5,147,234	157,096	352,261	138,625	-	426,338	50,160,169
Additions	-	11,294	33,931	-	726	-	8,064	19,494	2,800	-	698,815	775,124
Disposals	-	-	-	-	-	-	(91)	(113)	(3,303)	-	-	(3,507)
Reclassification	(92)	-	-	-	-	-	(1,154)	1,154	-	-	92	-
Transfer from works-in-progress	503	10,211	574,071	335	181	387	-	-	-	-	(585,688)	-
Transfer to Investment Properties (Note 6)	(2,331,580)	-	-	-	-	-	-	-	-	-	(190,374)	(2,521,954)
Transfer from inventory (Note 2)	-	-	-	-	-	-	-	-	-	306,038	-	306,038
Adjustment	-	(73)	-	-	-	-	32	(59)	-	-	-	(100)
March 31, 2014	6,314,631	1,944,213	15,704,332	11,677,378	6,597,568	5,147,621	163,947	372,737	138,122	306,038	349,183	48,715,770
Depreciation												
April 1, 2012	-	335,698	8,462,293	1,811,047	1,663,186	746,326	92,791	245,340	132,876	-	-	13,489,557
Charge for year	-	57,069	822,870	300,026	331,790	266,064	12,262	31,603	7,160	-	-	1,828,844
On disposals	-	-	(16,686)	-	(17,512)	-	-	(17,275)	(14,078)	-	-	(65,551)
Impairment adjustment (Note 5(g))	-	-	69,210	-	-	-	-	-	-	-	-	69,210
March 31, 2013	-	392,767	9,337,687	2,111,073	1,977,464	1,012,390	105,053	259,668	125,958	-	-	15,322,060
Charge for year	-	57,541	784,702	292,729	309,668	263,987	12,371	26,965	5,746	173,884	-	1,927,593
On disposals	-	-	-	-	-	-	(80)	(113)	(3,303)	-	-	(3,496)
Impairment adjustment (Note 5(g))	-	-	56,693	-	-	-	-	-	-	-	-	56,693
Adjustment	-	(73)	-	-	-	-	(27)	-	-	-	-	(100)
March 31, 2014	-	450,235	10,179,082	2,403,802	2,287,132	1,276,377	117,317	286,520	128,401	173,884	-	17,302,750
Net book value												
March 31, 2014	6,314,631	1,493,978	5,525,250	9,273,576	4,310,436	3,871,244	46,630	86,217	9,721	132,154	349,183	31,413,020
March 31, 2013	8,645,800	1,530,014	5,758,643	9,565,970	4,619,197	4,134,844	52,043	92,593	12,667	-	426,338	34,838,109

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5 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) The following rates are used for the depreciation of property, plant and equipment:

Buildings	-	20 - 40 years
Leasehold improvements	-	5 & 40 years
Tugs, cranes, trailers, straddle carriers and other equipment	-	10 - 25 years
Lighting, docks and berths	-	20 - 40 years
Furniture and office equipment	-	5 -10 years
Motor vehicles	-	5 & 10 years
Infrastructure and dredging	-	15 - 20 years
Computers	-	3 - 10 years
Equipment Spares	-	10 - 20 years

(b) Property, plant and equipment stated at deemed cost based on valuations per IFRS 1 are as follows:

- Land

  Land included at $3.3 billion was valued at March 31, 2002 by Allison Pitter & Company, Chartered (Valuation) Surveyors.

- Freehold buildings

  Freehold buildings included at $52.94 million were valued at March 31, 2002 by Allison Pitter & Company, Chartered (Valuation) Surveyors.

- Port equipment, plant and machinery

  Port equipment, plant and machinery included at $1.02 billion were valued by Deryck A. Gibson, Licensed Real Estate Appraiser, at March 31, 2000.

- Lighthouses, harbour lights, beacons including associated buildings located in Westmoreland, St. Elizabeth, St. Thomas, Clarendon, Portland, St. Mary and Port Royal included at $165 million were valued by Winston Madden for Commissioner of Land (Valuation) in February 2003 on the transfer of these assets to the Authority by the Government of Jamaica.

All valuations were recorded at the respective dates of valuation.

Subsequent additions are stated at cost.

(c) Capitalised interest included in acquisition of property, plant and equipment during the year amounted to approximately $Nil (2013: $1.017 million) (Note 25).

(d) The Authority has pledged certain equipment (included in Tugs, Cranes, Tractors, Straddle Carriers, Vessels and Other Equipment) with a carrying value of $Nil (2013: $28.936 million) as security for certain long-term liabilities. (Note 19(d)).

(e) Included in property, plant and equipment is land with a carrying value of approximately $514.8 million (2013: $514.8 million) for which the Group does not hold a registered title as the legal formalities in this regard have not been completed.

(f) The Group self insures straddle carriers with a carrying value of $731.782 million (2013: $771.08 million).

(g) During the year, (a crane with a cost of $285.87 million) included in Tugs, Cranes, Trailers, Straddle Carriers, Vessels and Other Equipment was written down by an amount of $56.69 million based on value in use.

In 2012/2013, included in Tugs, Cranes, Trailers, Straddle Carriers, Vessels and Other equipment were cranes at a cost of $284.51 million which were written down by an amount of $69.21 million based on value in use.

(h) During 2012/2013, the Authority embarked upon a review of assets in capital works-in-progress resulting in the write off of amounts totaling $8.64 million not deemed to fulfill the criteria for capitalisation under IAS 16, Property, Plant and Equipment.

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5 **PROPERTY, PLANT AND EQUIPMENT** (Cont'd)

(i) The pier of a subsidiary has not been in use since December 2009 due to the termination of the joint venture agreement between The Port Authority of Jamaica and Banana Export Company Limited. In 2010/2011, management determined that the leasehold improvements at the pier (docks) were fully impaired based on its current condition and indeterminable future use.

6 **INVESTMENT PROPERTIES**

	The Group		
	Land	Buildings	Total
	Note 6(a)	Note 6(b)	
	$'000	$'000	$'000
Fair Value, April 1, 2012	4,724,468	4,639,870	9,364,338
Additions	-	183	183
Transfer to property, plant and equipment (Note 5 and Note 6(e))	(170,000)	(20,000)	(190,000)
Increase in fair value (Note 23)	218,024	309,112	527,136
March 31, 2013	4,772,492	4,929,165	9,701,657
Transfer from property, plant and equipment (Note 5 and Note 6(e))	2,521,954	-	2,521,954
Disposal	(78,341)	-	(78,341)
Increase in fair value (Note 23)	3,473,829	803,483	4,277,312
March 31, 2014	10,689,934	5,732,648	16,422,582

	The Authority		
	Land	Buildings	Total
	(Note 6(a))	(Note 6(b))	
	$'000	$'000	$'000
Fair value, April 1, 2012	4,724,468	3,069,870	7,794,338
Transfer to property, plant and equipment (Notes 5 and 6(e))	(170,000)	(20,000)	(190,000)
Increase in fair value (Note 23)	218,024	179,295	397,319
March 31, 2013	4,772,492	3,229,165	8,001,657
Transfer to property, plant and equipment (Notes 5 and 6(e))	2,521,954	-	2,521,954
Disposal	(78,341)	-	(78,341)
Increase in fair value (Note 23)	3,473,829	143,483	3,617,312
March 31, 2014	10,689,934	3,372,648	14,062,582

(a) Investment Properties (Land)

Comprise mainly land retained for future development.

(b) Investment Properties (Buildings, Leasehold additions and caravans)

Comprise commercial, office and residential buildings held for long-term rental and are not occupied by the Group.

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6 **INVESTMENT PROPERTIES** (Cont'd)

(c) Fair value of Investment Properties

The fair value of the Group's investment properties at the end of the reporting period has been arrived at on the basis of valuations carried out between January 22 and January 24, 2014 (2013: between April 29, and May 13, 2013) by C.D. Alexander Realty Company Limited external valuers not connected with the Group. C.D. Alexander Realty Company Limited are licensed real estate valuers with the Real Estate Board, and have appropriate qualifications and relevant experience in the valuation of similar properties. In the opinion of the Board of Directors, the carrying values of the investment properties at March 31, 2014 would not differ significantly from market values of such properties at the date of the valuations.

Fair value hierarchy disclosures are provided in Note 32.

The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

(d) The property rental income earned by the Group from its investment properties all of which are leased under operating leases amounts to $422.821 million (2013: $357.954 million). Direct operating expenses arising from the investment properties during the period amount to $66.256 million (2013: $60.472 million).

(e) During the year, based on a recent optimisation study for the container terminal operations of the Authority, lands identified as available for non-operational activities were transferred from the category of Property, Plant and Equipment to Investment Properties. It is projected that these lands will be leased in the future.

During 2012/13, a property was identified for administrative purposes, accordingly the property was transferred to the category of Property, Plant and Equipment due to the change in use of the property.

(f) Certain charges in respect of a long-term loan have been registered on property valued at $1.320 million (2013: $1.300 million) at the end of the reporting period (See Note 19(d) and 19(g)).

7 **INTANGIBLE ASSETS**

	The Group	The Authority
	$'000	$'000
Cost		
Balance, April 1, 2012	94,790	94,594
Additions	1,306	1,306
Transfer from Property, Plant and Equipment (Note 5)	7,864	7,864
Balance, March 31, 2013	103,960	103,764
Additions	606	606
Balance, March 31, 2014	104,566	104,370
Amortisation		
Balance, April 1, 2012	77,348	77,152
Charge for the year	7,499	7,499
Balance, March 31, 2013	84,847	84,651
Charge for the year	6,272	6,272
Balance, March 31, 2014	91,119	90,923
Carrying amount:		
March 31, 2014	13,447	13,447
March 31, 2013	19,113	19,113

This consists primarily of software purchased and developed, the costs of which are being amortised over a period of three years.

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8 INVESTMENTS IN SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES

(a) Investments in associates

	The Group	
	2014	2013
	$'000	$'000
Shares at cost		
Security Administrators Limited	7,353	7,353
Montego Cold Storage Limited	20	20
Reserves		
Share of reserves at acquisition	12,331	12,331
Dividend received	(7,000)	(7,000)
Share of post acquisition profits	100,295	89,015
	112,999	101,719

Summarised financial information in respect of the Group's associates is as follows:

	The Group	
	(Unaudited)	(Unaudited)
	2014	2013
	$'000	$'000
Total assets	351,250	468,871
Total liabilities	(52,733)	(203,714)
Net assets	298,517	265,157
Group's share of associates' net assets	99,506	88,385
Revenue	507,496	462,451
Profit for the period	33,840	24,657
Group's share of associates' profit for the period	11,280	8,219

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8 INVESTMENTS IN SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES (Cont'd)

(b) Investments in subsidiaries and joint ventures

	The Authority		
	2014	2013	
	$'000	$'000	
Shares at cost			
Subsidiary companies			
Kingston Free Zone Co. Ltd. (KFZ)	12,410	12,410	
Montego Bay Free zone Co. Ltd. (MBFZ)	-	-	*
Ports Management and Security Ltd. (PMS)	-	-	**
Jamaica International Free Zone Development Ltd. (JIFZ)	10,725	10,725	***
Port Authority Management Services Ltd. (PAMS)	-	-	****
KCT Services Limited	-	-	*****
	23,135	23,135	
Joint venture			
Boundbrook Wharves Development Company	-	-	******
Associated companies			
Security Administrators Ltd.	7,353	7,353	
Montego Cold Storage Limited	20	20	
	7,373	7,373	
Total investments in subsidiaries and joint venture	30,508	30,508	

* Denotes 1 ordinary share
** Denotes 51 ordinary shares
*** Denotes 10,725,075 ordinary shares
**** Denotes 500 ordinary shares
***** Denotes 200 ordinary shares
****** Denotes 102 ordinary shares

Financial information of subsidiaries that have material non-controlling interests are provided below:

					The Group	
	KFZ	MBFZ	PMS	JIFZ	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000
Total assets	1,233,716	437,334	364,800	1,391,844	3,427,694	2,515,801
Total liabilities	(61,679)	(151,433)	(119,865)	(416,486)	(749,463)	(766,667)
Net assets	1,172,037	285,901	244,935	975,358	2,678,231	1,749,134
Revenue	837,570	377,926	1,540,428	101,935	2,857,859	2,014,909
Profit for the period	677,926	43,998	172,247	34,926	929,097	199,621
Attributable to non-controlling interest	189,819	21,999	84,401	8,732	304,951	59,359

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8 **INVESTMENTS IN SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES** (Cont'd)

(b) Investments in subsidiaries and joint ventures (Cont'd)

Summarised unaudited financial information in respect of the Authority's joint venture is as follows:

	The Authority	
	2014	2013
	$'000	$'000
Total assets	5,486	5,486
Total liabilities	(35,968)	(35,968)
Net liabilities	(30,482)	(30,482)
Revenue	-	46
Loss for the period	-	(12,182)

The joint venture is currently not trading. It is the intention of the Authority to wind up the joint venture. As at March 31, 2014, the process had not yet commenced. As the joint venture is currently not operating, the Authority has committed to settle the joint venture's day to day expenses in the interim.

9 **OTHER INVESTMENTS**

	The Group		The Authority	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Loans and receivable				
Deposit (See 9(a) below)	681,730	612,048	681,730	612,048
Staff mortgage deposits (See 9(b) below)	28,514	27,092	28,514	27,092
	710,244	639,140	710,244	639,140
Held to maturity				
Government of Jamaica Investment Debenture (Note 9(c))	19,934	19,847	-	-
Government of Jamaica Fixed Rate Benchmark Investment Note (Note 9(c))	10,095	10,056	-	-
Government of Jamaica Variable Rate Benchmark Investment Note (Note 9(d))	-	470	-	-
	30,029	30,373	-	-
	740,273	669,513	710,244	639,140
Comprising:				
Long-term portion	740,273	658,987	710,244	639,140
Current portion	-	10,526	-	-
	740,273	669,513	710,244	639,140

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9 **OTHER INVESTMENTS** (Cont'd)

(a) This amount includes approximately US$6,237,000 (2013: US$6,232,000) on deposit in an offshore bank trust account in the names of the Authority and the European Investment Bank (EIB). The deposit is made in accordance with the EIB loan agreements 20.553 and 20.729, Articles 1.04A(e) and (c), which stipulate a specific ratio in respect of the aggregate principal on loans outstanding and the balance in the trust account. The loans are to be repaid by March 2020 and July 2021 respectively (Note 19(e)). The Group maintains the deposit at an amount to meet the required ratio which was met at the end of the reporting period. At year end the rate of interest on this deposit ranged from 0.0781% to 0.125% (2013: 0.0781% to 0.125%) per annum. At March 31, 2014, interest receivable on deposits amounted to $0.250 million (2013: $0.071 million).

(b) This represents savings account balances held at Victoria Mutual Building Society at a rate of approximately 7% (2013: 7%) per annum. At March 31, 2014, interest receivable amounted to $0.360 million (2013: $0.346 million).

(c) These investments mature in February 2016 (2013: February 2014 and 2016) and earn interest at a fixed rate of 7.25% (2013: 7.25%) per annum payable semi-annually.

(d) This represented an investment at an interest rate of 3% per annum which matured in August 2013.

(e) At March 31, 2014, interest receivable in amounts at (c) and (d) amounted to $0.295 million (2013: $0.167 million).

10 **LONG-TERM RECEIVABLES**

	The Group		The Authority	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Motor car loans (Note 10(a))	277	1,104	277	1,104
Staff housing assistance fund (Note 10(b))	16,780	18,383	16,780	18,383
Deposit – Jamaica Public Service Co. Ltd.	3,475	3,475	3,475	3,475
Due from shipping lines approximately US$6,754,700 (2013: US$7,830,600) net of amortised cost adjustment of US$433,800 (J$47.281 million) (2013: US$264,100 (J$25.867 million) (Note 10(c))	736,226	766,890	736,226	766,890
Advances to related companies (net) (Note 10(d))	-	-	76,226	76,226
Other	18,188	1,788	18,188	1,788
	774,946	791,640	851,172	867,866
Current portion included in Trade and other receivables (Note 13)				
- other	(4,379)	(5,011)	(4,379)	(5,011)
- shipping lines	(285,713)	(613,206)	(285,713)	(613,206)
	(290,092)	(618,217)	(290,092)	(618,217)
	484,854	173,423	561,080	249,649

(a) Motor car loans

The balance relates to amounts outstanding under motor car lease agreements between the Authority and its staff. It is recoverable over a period of three to five years and bears interest at 5% - 8% per annum calculated on the reducing balance basis. The loans are secured by bills of sale over the motor cars.

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10 LONG-TERM RECEIVABLES (Cont'd)

(b) Staff housing assistance fund

This represents the balance on a revolving fund used to provide housing benefits to staff members of the Authority. The loan amounts are between $200,000 and $500,000 with repayment terms ranging between 7 to 10 years. Loans are granted at an average interest rate of 6% per annum.

(c) Due from shipping lines

This balance outstanding at March 31, 2014 represents amounts from a shipping line, and is repayable by July 2017 (2013: October 2014). Repayment commenced April 2013. No interest is charged on the balance due from the shipping line. A consequent adjustment of $47.281 million (2013: $25.867 million) to record the outstanding interest free balance at amortised cost was effected during the year.

(d) Advances to related companies (net)

This comprises the following:

	The Authority	
	2014	2013
	$'000	$'000
Montego Bay Free zone Company Limited	(4,500)	(4,500)
Jamaica International Free zone Development Limited	80,726	80,726
	76,226	76,226

These amounts are unsecured, non-interest bearing and there are no stipulated repayment terms.

11 DEFERRED TAX (LIABILITIES) ASSETS

This comprises:

	The Group	
	2014	2013
	$'000	$'000
By Transaction type		
Deferred tax assets	38,224	62,556
Deferred tax liabilities	(47,382)	(39,865)
	(9,158)	22,691
By entity		
Deferred tax assets	2,589	28,422
Deferred tax liabilities	(11,747)	(5,731)
	(9,158)	22,691

The movement during the year in the Group's net deferred tax position was as follows:

	2014	2013
	$'000	$'000
Balance at beginning of the year	22,691	47,736
Credited to income for the year (Note 26(a))	(31,849)	(25,045)
Balance at end of the year	(9,158)	22,691

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11 DEFERRED TAX ASSETS (LIABILITIES) (Cont'd)

The movement in deferred tax assets and liabilities recognised by the Group and movements thereon during the period is as follows:

	Deferred tax assets						Deferred tax liabilities				
	Interest Payable	Depreciation charges in excess of capital allowances	Tax losses	Accrued Vacation leave	Unrealised Foreign exchange loss	Total	Capital allowances in excess of depreciation charges	Interest receivable	Unrealised Foreign exchange gain	Reimbursable expenses	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At April 1, 2012	-	934	50,572	46,033	-	97,539	(5,443)	(353)	(487)	(43,520)	(49,803)
Credited (Charged) to income for the year	603	(13)	(24,626)	(11,582)	635	(34,983)	450	135	(1,967)	11,320	9,938
At March 31, 2013	603	921	25,946	34,451	635	62,556	(4,993)	(218)	(2,454)	(32,200)	(39,865)
(Charged) Credited to income for the period	(39)	107	(25,850)	2,085	(635)	(24,332)	(697)	(207)	(4,909)	(1,704)	(7,517)
At March 31, 2014	564	1,028	96	36,536	-	38,224	(5,690)	(425)	(7,363)	(33,904)	(47,382)

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12 INVENTORIES

	The Group and the Authority	
	2014	2013
	$'000	$'000
Spares	692,703	972,025
Fuel	48,554	46,946
Other	6,034	8,254
Goods in transit	28,850	21,434
	776,141	1,048,659
Provision for obsolescence	(170,705)	(36,437)
	605,436	1,012,222

The cost of inventories recognised as an expense during the year was $1.371 billion (2013: $1.158 billion).

The cost of inventories recognised as an expense includes $134.268 million (2013: $1.291 million) in respect of write-downs of inventory to net realisable value.

During the year, inventory items such as spare parts, standby equipment and servicing equipment totaling $306.038 million meeting the definition of Property, Plant and Equipment (PP&E) in IAS 16 were classified as PP&E in accordance with Annual Improvements 2009 – 2011 as regards IAS 16. (See Note 2).

13 TRADE AND OTHER RECEIVABLES

	The Group		The Authority	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade	2,523,541	2,756,799	2,182,336	2,405,042
Provision for bad debts	(194,373)	(236,115)	(95,822)	(91,914)
	2,329,168	2,520,684	2,086,514	2,313,128
Deposits and prepayments	85,714	23,079	84,207	21,975
Staff receivables	84,155	82,388	83,905	82,334
GCT recoverable	14,029	401,559	-	387,859
Advances to (from) subsidiaries and joint venture (Note 13(a))	-	-	59,648	62,332
Lease receivable – Ports Management and Security Limited	-	-	-	2,735
Current portion of long-term receivables (Note 10)	290,092	618,217	290,092	618,217
Sundry receivables	133,889	189,884	130,377	180,183
Income tax recoverable	-	9,712	-	-
	2,937,047	3,845,523	2,734,743	3,668,763

The average credit period on services rendered is 30 days.

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13 TRADE AND OTHER RECEIVABLES (Cont'd)

It is the policy of the Group to minimise credit and the associated risks of non-collection. The management of credit risk is therefore given priority. Therefore, despite the majority of the Group's major debtors being entities within the maritime industry which have developed long-standing relationships with the Group, the Group has established a credit quality review process, and has credit policies and procedures which require regular analysis of the ability of debtors to meet their obligations.

The credit policy requires that each customer must be analysed individually for creditworthiness prior to the Group offering them a credit facility. Management also has the option to strengthen the credit terms for individual accounts if it is felt that the customer's financial strength has declined.

The credit evaluation process includes inter alia, reviewing the number of years that the customer has been in business, the volume of business conducted with the Group, reviewing financial statements and obtaining bank references for the customer. In certain instances an irrevocable bank guarantee is required prior to granting credit. The credit policy also addresses specific actions that will be taken when receivables are outstanding for periods in excess of the credit periods granted.

The Group assesses the probability of default of individual counterparties using internal ratings. Clients of the Group are segmented into two groups as follows:

Rating	Description of the grade
Grade A	Standard
Grade B	Potential problem credit

As at March 31, 2014, trade and other receivables of $1.456 billion (2013: $1.903 billion) was past due but not impaired. These relate to a number of independent customers for whom there is no history of default. The Group does not hold any collateral over these balances. The average age of these receivables is 57 days (2013: 51 days).

Ageing of past due but not impaired

	The Group		The Authority	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
31-60 days	707,200	742,679	669,139	709,634
61-90 days	163,006	277,754	136,937	268,596
Over 90 days	585,540	882,688	518,414	856,227
	1,455,746	1,903,121	1,324,490	1,834,457

Quarterly reviews are performed on all receivables to verify the quality of the receivables as well as to determine whether the amounts outstanding are collectible.

Among the matters considered are the age of the receivable, the payment patterns of the customer, whether there is any history of default, whether there are any known difficulties in the cash flows of the customer, as well as the circumstances surrounding the specific balances being reviewed. Provisions are made where balances owed are considered to be impaired.

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13 TRADE AND OTHER RECEIVABLES (Cont'd)

Movement in the allowance for impaired receivables

	The Group		The Authority	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Balance at beginning of the year	236,115	140,615	91,914	10,518
Impairment losses recognised	43,205	95,512	83,641	81,396
Impairment losses reversed	(84,947)	(12)	(79,733)	-
Balance at end of the period/year	194,373	236,115	95,822	91,914

In determining the recoverability of a receivable, the Group considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The directors believe that at the end of the reporting period, there is no further credit provision required in excess of the allowance for impaired receivables.

Ageing of impaired trade and other receivables

	The Group		The Authority	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Over 90 days	194,393	236,115	95,822	91,914

(a) Advances to subsidiaries and joint venture

This comprises the following:

	The Authority	
	2014	2013
	$'000	$'000
Kingston Free Zone Company Limited	2,767	1,167
Montego Bay Free Zone Company Limited	1,597	4,795
Ports Management and Security Limited	18,692	22,642
Jamaica International Free Zone Company Limited	12,319	12,469
Port Authority Management Services Limited	104,967	108,529
Boundbrook Wharves Development Company Limited	18,313	18,936
	158,655	168,538
Provision for impairment losses	(99,007)	(106,206)
	59,648	62,332

These amounts are unsecured, non-interest bearing and have no stipulated repayment terms.

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13 TRADE AND OTHER RECEIVABLES (Cont'd)

Movement in the allowance for impairment

	The Authority	
	2014	2013
	$'000	$'000
Balance at the beginning of the year	106,206	89,167
Impairment losses recognized	(7,199)	17,039
Balance at the end of the period/year	99,007	106,206

14 CASH AND SHORT-TERM DEPOSITS

		The Group				The Authority			
		2014		2013		2014		2013	
		US$'000	J$'000	US$'000	J$'000	US$'000	J$'000	US$'000	J$'000
Cash	- J$	-	2,651,467	-	381,764	-	2,628,128	-	364,514
	- US	8,167	890,161	6,624	648,591	6,762	736,965	5,842	572,106
Short-term deposits	- J$	-	275,933	-	1,321,114	-	106,262	-	1,267,982
	- US$	14,830	1,617,704	8,111	796,933	12,183	1,329,118	5,608	549,306
		22,997	5,435,265	14,735	3,148,402	18,944	4,800,473	11,450	2,753,908

Short-term deposits have an original maturity of three (3) months or less and are being held to meet short-term cash needs. Included in this balance are amounts totaling $260.565 million (2013: $260.61 million) designated in respect of the partial funding of fixed asset replacement (Note 15(f), employer's liability insurance reserve (Note 15(g) and wharfage reserves (Note 15(h)). Additionally, there is a fixed deposit of US$68,000 (J$7.378 million) (2013: US$67,000 (J$6.594 million)) hypothecated to secure a long-term loan. (See Note 19(g)).The Jamaican dollar deposits are at interest rates ranging from 1% - 9.4% (2013: 1% - 5.75%) per annum for the Group and 3.25% - 8.75% (2012: 2.65% - 5.75%) per annum for the Authority. The United States dollar deposits are at interest rates ranging from 0.75% - 3.8% (2013: 1.155% - 4.1%) per annum for the Group and 3% - 3.55% (2013: 1.65% - 3%) per annum for the Authority.

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15 **RESERVES**

	The Group		The Authority	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
General (Note 15(a))	359,450	359,450	359,450	359,450
Capital (Note 15b))	5,089,330	5,089,330	5,083,337	5,083,337
Development (Note 15(c))	305,150	305,150	305,150	305,150
Equalisation (Note 15(d))	1,630	1,630	1,630	1,630
Stabilisation (Note 15(e))	32	32	32	32
Fixed assets replacement (Note 15(f))	474,664	542,512	474,664	542,512
Insurance (Note 15(g))	97,500	67,500	97,500	67,500
Wharfage (Note 15(h))	109,641	100,955	109,641	100,955
	6,437,397	6,466,559	6,431,404	6,460,566

(a) General

This represents transfers from retained earnings at the discretion of the directors.

(b) Capital

This represents the unrealised surplus on the revaluation of property, plant and equipment.

(c) Development

This represents transfers from the retained earnings at the discretion of the directors to provide for the expansion and/or improvement of the port facilities.

(d) Equalisation

This represents profits realised from the hiring of motor vessels by the Pilotage Department transferred from retained earnings.

(e) Stabilisation

This represents profits from the operation of a tug service on behalf of the Authority transferred from retained earnings.

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15 **RESERVES** (Cont'd)

(f) Fixed assets replacement

This represents transfers from retained earnings to offset the cost of replacing fixed assets. It is partially funded by bank deposits totaling $94.797 million (2013: $160.960 million) (Note 14).

This comprises:

	The Group and the Authority	
	2014	2013
	$'000	$'000
Transfer from retained earnings	679,191	646,498
Amounts received from wharf operators from the Special Wharfage Fund as reimbursement to the Authority for certain capital expenditure	4,996	4,996
Amounts used to effect repairs to wharves	(31,330)	(31,330)
Amounts used to acquire property	(178,193)	(77,652)
	474,664	542,512

This reserve is used to fund the operations at the Authority as well as the Container Terminal and Montego Bay Operations.

(g) Insurance reserve

This includes amounts transferred from retained earnings for a partially unfunded insurance reserve to provide for future insurance coverage of the Authority's assets. This also includes a reserve for $60 million (2013: $30 million) for future claims against employer's insurance liability for the Authority's Container Terminal Operations which is funded by bank deposits of $59.278 million (2013: $Nil). (Note 14).

(h) Wharfage fund reserve

This represents a percentage of gross wharfage revenue that is transferred annually to a reserve fund for any port development and expenditure. The percentage transferred for the year represents 16% (2013: 16%) of total direct gross wharfage revenue. It is partially funded by bank deposits totaling $106.490 million (2013: $99.650 million (Note 14).

This comprises:

	The Group and the Authority	
	2014	2013
	$'000	$'000
Transfers from retained earnings	253,849	226,253
Amount drawn down for property purchase	(144,208)	(125,298)
	109,641	100,955

16 **RETAINED EARNINGS**

This comprises accumulated surplus as follows:

	The Group	
	2014	2013
	$'000	$'000
The Authority	4,832,441	4,017,723
Its Subsidiaries	1,689,073	1,076,364
Its Associates	100,295	89,015
	6,621,809	5,183,102

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17 NON-CONTROLLING INTEREST IN SUBSIDIARY COMPANIES

Non-controlling interests are in respect of shares in the following subsidiary companies:

	The Group 2014	The Group 2013
	$'000	$'000
Ordinary shares in:		
Kingston Free Zone Company Limited	5,965	5,965
Montego Bay Free Zone Company Limited*	-	-
Boundbrook Wharves Development Company Limited**	-	-
Ports Management and Security Limited *** (Note 17(a))	128,600	128,600
Jamaica International Free zone Limited	3,575	3,575
	138,140	138,140
Share of profits in subsidiary companies attributable to minority shareholders' interest	790,234	485,283
	928,374	623,423
Share of capital reserve	2,331	2,331
Share of pre-acquisition profits	1,257	1,257
	931,962	627,011

* Denotes 1 ordinary share totalling $1.00.
** Denotes 98 'B' ordinary shares totalling of $98.
*** Denotes 49 ordinary shares totalling $49 and 23 non-redeemable preference shares totalling $128.6 million.

a) The 23 preference shares valued at $128.6 million issued to the Shipping Association of Jamaica (SAJ):

(i) do not confer any right to preferential dividend;
(ii) do not confer the right to any participation in the profits or assets of the company;
(iii) do not entitled SAJ to participate in annual audited profits/loss or interest or dividends;
(iv) do not entitle the holders to receive notice of or attend or vote at any general meeting; and
(v) will not be redeemed in any manner subject to the relevant provisions of the statutes.

The preference shares shall not on a winding up, entitle the holders of such preference shares to have any of the assets or liabilities of the subsidiary available for distribution.

18 POST EMPLOYMENT BENEFIT

Defined benefit pension plans
The Group has established a defined benefit plan for its employees (in its employ subsequent to July 31, 2007 but before August 16, 2012). The Plan is administered by Trustees and managed by Guardian Life Insurance Company Limited. The Board of Trustees includes representatives from the employer and members of the plan.

Each year, the Board of Trustees reviews the level of funding. Such review includes the asset liability matching strategy and investment risk management policy. The Board of Trustees decides its contribution based on the results of this annual review. Generally it aims to have a portfolio mix of 75% of the total asset portfolio in the Deposit Administration Fund and 25% in the Pooled Pension Fund of Guardian Life Insurance Company Limited.

The plan is exposed to inflation, interest rate risk and changes in the life expectancy for pensioners. As the plan assets include investments in quoted equities, the plan is exposed to market risk.

The Plan is funded by contributions from the employees and the Authority. The employees contribute at a rate of 5% of annual pensionable salaries and may also elect to pay additional voluntary contributions of 5% of pensionable salaries in order to secure additional benefits on retirement or otherwise. Pension benefits are determined on a prescribed basis and are payable at a rate of 2% of the employee's average earnings over the three years prior to retirement from the fund times the number of years pensionable service. Normal retirement is 65 years. The Group meets the balance of the cost of the Plan's benefits and administrative expense as determined by the external actuary. As at March 31, 2014, the Authority contributed at a rate of 10% (2013: 10%) of pensionable salaries.

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18 POST EMPLOYMENT BENEFITS (Cont'd)

Defined benefit pension plans (Cont'd)
The most recent actuarial valuation of the plan's assets and the present value of the defined benefit obligations were carried out on March 7, 2014 (2013: June 9, 2013) by Duggan Consulting Limited, Fellow of the Institute of Actuaries. This valuation was in respect of balances at March 31, 2014 (2013: March 31, 2013). The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

Retiree medical and group life plan
The Group provides health benefits to certain retired employees of a company that previously managed one of its operations.

The most recent actuarial valuation of the retiree medical plan assets and the present values of the obligations were carried out at February 13, 2014 (2013: April 5, 2013) by Eckler Partners Limited (Consulting Actuaries) in respect of obligations as at March 31, 2014 (2013: March 31, 2013). The present value of the obligation and the related current service costs and past service cost, were measured using the projected unit credit method.

(a) Key assumptions used:

	The Group and the Authority 2014	The Group and the Authority 2013
	%	%
Discount rate	9.5	10.0
Future salary increases	5.0	5.5
Future pension increases	NIL	2.1
Health cost inflation	6.5	8.0
	Years	
Life expectancy for pensioners retiring at the age of 65:		
- Defined Benefit Plan		
Male	18.74	
Female	23.38	
- Retiree Medical Plan		
Male	19.01	
Female	21.63	

(b) Amounts included in the statement of financial position in respect of these plans are as follows:

	The Group and the Authority					
	Defined Benefit Plan		Retiree Medical Plan		Total	Total
	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000
Present value of obligation	47,491	36,823	30,155	29,838	77,646	66,661
Fair value of plan assets	(65,318)	(34,653)	-	-	(65,318)	(34,653)
	17,827	2,170	30,155	29,838	12,328	32,008
Adjustments for supplemental pension for members of the defined contribution plan (*)	63,880	106,005	-	-	63,880	106,005
Net liability recognised in statement of financial position	46,053	108,175	30,155	29,838	76,208	138,013

(*) During the year, $18 million was paid in respect of supplemental pension due for the defined contribution plan and $24.125 million was written back based on a special valuation as at March 31, 2013 dated September 19, 2013 conducted by the external actuary.

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18 POST EMPLOYMENT BENEFITS (Cont'd)

(c) Movements in the net liability (asset) in the year were as follows:

	The Group and the Authority					
	Defined Benefit Plan		Retiree Medical Plan		Total	Total
	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000
Balance, beginning of the period	108,175	60,413	29,838	30,893	138,013	91,306
Net expense to profit and loss	915	51,220	2,752	2,935	3,667	54,155
Total re-measurement to other comprehensive income	11,339	7,143	2,216	(906)	13,555	6,237
Contributions by employer:						
- regular	(32,251)	(10,601)	(4,651)	(3,084)	(36,902)	(13,685)
- supplemental	(18,000)	-	-	-	(18,000)	-
Adjustment for supplemental pension for members of the defined contribution plan	(24,125)	-	-	-	(24,125)	-
Balance, end of the period	46,053	108,175	30,155	29,838	76,208	138,013

(d) Amounts recognised in the statement of profit and loss and other comprehensive income in respect of the plans are as follows:

	The Group and the Authority					
	Defined Benefit Plan		Retiree Medical Plan		Total	Total
	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000
Current service cost	1,845	1,972	-	-	1,845	1,972
Past service cost – vested benefits	-	(57,028)	-	-	-	(57,028)
Interest obligation	3,927	3,454	2,752	2,935	6,679	6,389
Interest income on plan asset	(4,857)	(3,183)	-	-	(4,857)	(3,183)
Adjustments for supplemental pension for members of the defined contribution plan	-	106,005	-	-	-	106,005
Net costs for year included in profit and loss	915	51,220	2,752	2,935	3,667	54,155
Items in Other Comprehensive Income:						
Remeasurement (gain) loss on obligation	9,315	5,526	2,216	(906)	11,531	4,620
Remeasurement (gain) loss on assets	2,024	1,617	-	-	2,024	1,617
Total remeasurement for other comprehensive income	11,339	7,143	2,216	(906)	13,555	6,237
Total	12,254	58,363	4,968	2,029	17,222	60,392

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18 POST EMPLOYMENT BENEFITS (Cont'd)

(e) Changes in the present value of the defined benefit obligation were as follows:

	The Group and the Authority					
	Defined Benefit Plan		Retiree Medical Plans		Total	Total
	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000
Opening defined benefit obligation	36,823	84,761	29,838	30,893	66,661	115,654
Current service cost	1,845	1,972	-	-	1,845	1,972
Past service cost – vested benefits	-	(57,028)	-	-		(57,028)
Interest cost	3,927	3,454	2,752	2,935	6,679	6,389
Contributions from plan participants						
- compulsory	5,624	5,300	-	-	5,624	5,300
- voluntary	1,326	1,103	-	-	1,326	1,103
Benefits paid	(11,369)	(2,039)	(4,651)	(3,084)	(16,020)	(5,123)
Payment to the defined contribution plan	-	(6,226)	-	-	-	(6,226)
Remeasurement (gain/loss) on obligation for Other Comprehensive Income	9,315	5,526	2,216	(906)	11,531	4,620
Closing defined benefit obligation	47,491	36,823	30,155	29,838	77,646	66,661

The remeasurement loss on the defined benefit pension plan comprises:

	$'000
- changes in financial assumption	2,520
- experience adjustment	6,795
	9,315

(f) Movement in the present value of the plan assets in the current period were as follows:

	The Group and the Authority					
	Defined Benefit Plan		Retiree Medical Plan		Total	Total
	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000
Opening fair value of plan assets	34,653	24,348	-	-	34,653	24,348
Interest income on plan assets	4,857	3,183	-	-	4,857	3,183
Contributions (employer and employees)	39,201	17,004	-	-	39,201	17,004
Benefits paid	(11,369)	(2,039)	-	-	(11,369)	(2,039)
Payment to the defined contribution plan	-	(6,226)	-	-	-	(6,226)
Remeasurement gain (loss) on obligation for Other Comprehensive Income	(2,024)	(1,617)	-	-	(2,024)	(1,617)
Closing fair value of the plan assets	65,318	34,653	-	-	65,318	34,653

(g) The major categories of plan assets at the end of the reporting period:

	2014	2013
	$'000	$'000
Deposit Administrator Fund	55,813	27,967
Pooled Investment Fund	3,941	2,932
Pooled Money Market Fund	5,564	3,754
	65,318	34,653

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18 **POST EMPLOYMENT BENEFITS** (Cont'd)

(h) Quantitative sensitivity analyses for significant assumptions at the end of the reporting period are shown below:

	The Group and the Authority			
Assumptions	Sensitivity Level Increase	Impact on defined Benefits obligation $	Sensitivity Level decrease	Impact on defined Benefits obligations $
Financial				
Estimated health care cost increase	1%	23,234	1%	28,287
Discount rate	1%	41,394	1%	64,243
Future salary increase	1%	51,808	1%	45,733
Demographic				
Life expectancy of pensioners	1 year	49,066	1 year	46,214

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

(i) The Authority expects to make a contribution of $10.694 million (2013: $7.497 million) to the health benefit scheme and $8.805 million (2013: $49.51 million) to the defined benefit plan during the next financial year.

The weighted average duration of the defined benefit obligation at the end of the reporting period is 15 years.

Defined Contribution Plan
The Group participates in a defined contribution pension scheme administered by the Trustees and managed by Guardian Life Insurance Company Limited. The Scheme is funded by eligible employees' contribution of five percent (5%) plus an optional contribution of five percent (5%). The Authority contributes at a rate of ten percent (10%) of pensionable salaries. The contributions for the year amounted to $36.266 million (2013: $35.212 million).

19 **LONG-TERM LIABILITIES**

	The Group		The Authority	
These comprise:	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
(a) Non-government loans				
Foreign currency loans (Note 19(d)(i))	22,659,986	24,306,226	22,425,799	24,069,188
Local currency loan (Note 19(d)(ii))	4,457,616	1,540,000	4,457,616	1,540,000
	27,117,602	25,846,226	26,883,415	25,609,188
(b) Government loans (Note 19(h))				
Foreign currency loans	13,859,841	12,507,887	13,859,841	12,507,887
Local currency loans	38,143	38,143	30,974	30,974
	13,897,984	12,546,030	13,890,815	12,538,861
(c) Lease liability				
Foreign currency (Note 19(i))	28,967	17,121	28,967	17,121
	41,044,553	38,409,377	40,803,197	38,165,170
Loan interest payable	356,249	331,412	356,249	331,412
Prepaid credit insurance (Note 19(m))	(508,134)	(732,799)	(508,134)	(732,799)
Loan fees	(102,293)	(51,888)	(102,293)	(51,888)
	40,790,375	37,956,102	40,549,019	37,711,895
Current portion:				
Long-term liabilities	(4,574,613)	(4,390,962)	(4,537,115)	(4,356,828)
Prepaid credit insurance	173,740	210,853	173,740	210,853
Amortised loan fees	12,456	9,004	12,456	9,004
Current portion of long-term liabilities	(4,388,417)	(4,171,105)	(4,350,919)	(4,136,971)
	36,401,958	33,784,997	36,198,100	33,574,924

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19 **LONG-TERM LIABILITIES (Cont'd)**

(d) Non-government loans

				The Group			
				2014		2013	
Interest Rate %	Lender	Repayment Instalments		Foreign Currency $'000	JMD $'000	Foreign Currency $'000	JMD $'000
(i) Foreign currency loans							
5.21	HSBC S/Carrier – $23.27M	Semi-annually until 2014/2015	US$	2,745	300,734	5,499	543,739
LIBOR + 1.50	HSBC US$121.65M (Falmouth Cruise Ship Development)	Semi-annually until 2020/2021	US$	79,885	8,753,322	91,638	9,061,757
3.00	European Investment Bank Loan #1.7391	Semi-annually until 2015/2016)	US$	402	44,072	657	64,924
	MBFZ 70 Acre	)	YEN	3,640	3,874	5,941	6,209
		)	SF	249	30,782	407	42,076
		)	STRL	19	3,533	32	4,820
		)	EURO	27	4,047	44	5,530
3.00	European Investment Bank Loan #20.729 (KCT 3 WESTERN EXPANSION) (Note 19(e))	Annually until 2020/2021	EURO	6,263	943,627	7,056	889,403
3.56	European Investment Bank Loan #20.553 (KCT 3 WESTERN EXPANSION) (Note 19(e))	Semi-annually until 2019/2020	US$	13,457	1,474,582	15,453	1,528,045
3.38	European Investment Bank Loan #1.8902	Semi-annually until 2016/2017)	US$	4,406	482,747	6,069	600,104
	Gordon Cay	)	SF	348	42,993	479	49,591
		)	STRL	124	22,495	171	25,903
5.9	Exim Bank of China – BLASH 2006001	Semi-annually 2013/2014	US$	-	-	1,895	187,396
Nil	Commerzbank	Semi-annually until 2015/2016)	EURO	996	150,001	1,493	188,233
LIBOR +0.25	WellsFargo Bank N.A. X-ray Loan – Tranche A	Semi-annually until 2014/2015	US$	1,713	187,720	3,386	334,814
LIBOR +0.25	Wells Fargo Bank N.A. X-ray Loan – Tranche B	Semi-annually until 2016/2017	US$	838	91,781	1,107	109,509
	Carried forward				12,536,310		13,642,053

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19 LONG-TERM LIABILITIES (Cont'd)

(d) Non-government loans (Cont'd)

Interest Rate %	Lender	Repayment Instalments		The Group 2014 Foreign Currency $'000	The Group 2014 JMD $'000	The Group 2013 Foreign Currency $'000	The Group 2013 JMD $'000
(i)	Foreign currency loans (Cont'd)						
	Brought forward				12,536,310		13,642,053
8.755	Bank of Nova Scotia (US$44M) refinanced (Note 19(j)(i))*	Quarterly until 2020/2021	US$	27,724	3,037,819	31,997	3,164,061
5.97	Bank of Nova Scotia – Europe (US$48.65M)	Quarterly until 2017/2018	US$	18,225	1,996,983	23,083	2,282,581
8.95	Bank of Nova Scotia – (US$39.4M) refinanced (Note 19(j)(ii))*	Quarterly until 2021/2022	US$	31,458	3,446,956	35,401	3,500,642
LIBOR+0.35	FirstCaribbean International Bank (Note 19(f))	Quarterly until 2021/2022	US$	12,018	1,316,912	13,056	1,291,068
LIBOR+2.62	FirstCaribbean International Bank (Note 19(g))	Quarterly until 2020/2021	US$	2,137	234,187	2,404	237,038
3.05	Insurance Financing	Monthly until 2012/2013	US$	-	-	1,909	188,783
3.05	Insurance Financing	Monthly until 2013/2014	US$	829	90,819		-
					22,659,986		24,306,226
(ii)	Local currency loan						
8.44	Scotia Investments Jamaica Limited (Note 15(j)(iii))	Semi-annually until 2016/2017			1,957,616		1,540,000
14.5	National Commercial Bank	In full March 2054			2,500,000		-
					4,457,616		1,540,000
	TOTAL				27,117,602		25,846,226

	2014 JMD $'000	2013 JMD $'000
Secured		
Guaranteed by the Government of Jamaica	19,658,364	20,520,953
Letters of undertaking by the Government of Jamaica	3,037,819	3,164,061
Charge on the assets (Note 5(d))	3,013,688	681,361
Unsecured - Evidenced by Promissory Notes	1,407,731	1,479,851
	27,117,602	25,846,226

LIBOR at March 31, 2014 was 0.3467% (2013: 0.4569%)

Prime at March 31, 2014 was 3.25% (2013: 3.25%).

* These loans were restructured in 2008/2009 resulting in an extension of the repayment period (Note 19(j)).

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19 LONG-TERM LIABILITIES (Cont'd)

(d) Non-government loans

Interest Rate %	Lender	Repayment Instalments		The Authority 2014 Foreign Currency $'000	The Authority 2014 JMD $'000	The Authority 2013 Foreign Currency $'000	The Authority 2013 JMD $'000
(i)	Foreign currency loans						
5.21	HSBC S/Carrier – $23.27M	Semi-annually until 2014/2015	US$	2,745	300,734	5,499	543,739
LIBOR + 1.50	HSBC US$121.65M (Falmouth Cruise Ship Development)	Semi-annually until 2020/2021	US$	79,885	8,753,322	91,638	9,061,757
3.00	European Investment Bank Loan #1.7391 MBFZ 70 Acre	Semi-annually until 2015/2016)	US$	402	44,072	657	64,924
		)	YEN	3,640	3,874	5,941	6,209
		)	SF	249	30,782	407	42,076
		)	STRL	19	3,533	32	4,820
		)	EURO	27	4,047	44	5,530
3.00	European Investment Bank Loan #20.729 (KCT 3 WESTERN EXPANSION) (Note 19(e))	Annually until 2020/2021	EURO	6,263	943,627	7,056	889,403
3.56	European Investment Bank Loan #20.553 (KCT 3 WESTERN EXPANSION) (Note 19(e))	Semi-annually until 2019/2020	US$	13,457	1,474,582	15,453	1,528,045
3.38	European Investment Bank Loan #1.8902 Gordon Cay	Semi-annually until 2016/2017)	US$	4,406	482,747	6,069	600,104
		)	SF	348	42,993	479	49,591
		)	STRL	124	22,495	171	25,903
5.9	Exim Bank of China – BLASH 2006001	Semi-annually 2013/2014	US$	-	-	1,895	187,396
Nil	Commerzbank	Semi-annually until 2015/2016)	EURO	996	150,001	1,493	188,233
LIBOR +0.25	Wells Fargo Bank N.A. X-ray Loan – Tranche A	Semi-annually until 2014/2015	US$	1,713	187,720	3,386	334,814
LIBOR +0.25	Wells Fargo Bank N.A. X-ray Loan – Tranche B	Semi-annually until 2016/2017	US$	838	91,781	1,107	109,509
	Carried forward				12,536,310		13,642,053

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19 **LONG-TERM LIABILITIES (Cont'd)**

(d) Non-government loans (Cont'd)

Interest Rate %	Lender	Repayment Instalments		The Authority 2014 Foreign Currency $'000	2014 JMD $'000	2013 Foreign Currency $'000	2013 JMD $'000
	(i) Foreign currency loans (Cont'd)						
	Brought forward				12,536,310		13,642,053
8.755	Bank of Nova Scotia (US$44M) refinanced (Note 19(j)(i))*	Quarterly until 2020/2021	US$	27,724	3,037,819	31,997	3,164,061
5.97	Bank of Nova Scotia – Europe (US$48.65M)	Quarterly until 2017/2018	US$	18,225	1,996,983	23,083	2,282,581
8.95	Bank of Nova Scotia – (US$39.4M) refinanced (Note 19(j)(ii))*	Quarterly until 2021/2022	US$	31,458	3,446,956	35,401	3,500,642
LIBOR+0.35	FirstCaribbean International Bank (Note 19(f))	Quarterly until 2021/2022	US$	12,018	1,316,912	13,056	1,291,068
3.05	Insurance Financing	Monthly until 2012/2013	US$	-	-	1,909	188,783
3.05	Insurance Financing	Monthly until 2013/2014	US$	829	90,819		-
					22,425,799		24,069,188
	(ii) Local currency loan						
8.44	Scotia Investments Jamaica Limited (Note 15(j)(iii))	Semi-annually until 2016/2017			1,957,616		1,540,000
14.5	National Commercial Bank	In full March 2054			2,500,000		-
					4,457,616		1,540,000
	TOTAL				26,883,415		25,609,188
	Secured						
	Guaranteed by the Government of Jamaica				19,658,364		20,520,953
	Letters of undertaking by the Government of Jamaica				3,037,819		3,164,061
	Charge on the assets (Note 5(d))				2,779,501		444,323
	Unsecured - Evidenced by Promissory Notes				1,407,731		1,479,851
					26,883,415		25,609,188

LIBOR at March 31, 2014 was 0.3461% (2013: 0.4569%)

Prime at March 31, 2014 was 3.25% (2013: 3.25%).

* These loans were restructured in 2008/2009 resulting in an extension of the repayment period (Note 19(j)).

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19 **LONG-TERM LIABILITIES** (Cont'd)

(e) In accordance with the loan agreements, a deposit is maintained in an offshore bank trust account to cover a specific ratio in respect of the aggregate principal on loans outstanding (Note 9(a)).

(f) The loan from FirstCaribbean International Bank Limited was disbursed on September 1, 2011. The loan is for a period of 10 years and principal is repayable in 39 equal quarterly installments which commenced December 2011. Interest is charged at a rate of LIBOR plus 3.5% per annum

(g) On March 22, 2007, a subsidiary entered into a 15 year loan facility with FirstCaribbean International Bank, inclusive of 12 months moratorium on principal payable, by way of a promissory note for US$3,600,000 for contribution towards the purchase price of commercial real estate. Up to December 31, 2011, interest was charged based on the US dollar six months LIBOR plus a spread of 2.62% or such other rate as declared by the Bank every five years. Effective October 2012, the rate was changed by the Bank to 4.24% per annum and then in September 2013 the rate was changed to 3.92%.

During the 12-month moratorium on principal, interest was paid quarterly, commencing 90 days from initial disbursement date. After the moratorium period the loan is being amortised over 14 years by fifty-six (56) quarterly payments of US$64,286 towards principal plus interest payable separately on the reducing balance each quarter in arrears.

The loan is secured as follows:

a) Promissory note for US$3,600,000.
b) US$3,600,000 first mortgage charge over commercial real estate being 15.944 acre commercial real estate, inclusive of buildings located at Newport West, registered at Vol. 1180 Folio 336 (Note 6).
c) Fire & Peril Insurance over subject properties with bank's interest noted over the abovementioned properties.
d) Hypothecation of fixed deposits in the amount of US$67,695 (2013: US$66,478) (excluding interest receivable with a financial institution (Note 14)) with 10-day top up (cure) feature, failing which unconditional guarantees, joint and several of partners are required (i.e. minority interest 100% and the Authority 100%). In the event that only one party provides its guarantee then that party must be the Authority with 100% cover.

At the end of the reporting period, the subsidiary complied with the covenants of the loan facility.

(h) Government of Jamaica (GOJ) - Loans

		The Group 2014 $'000	The Group 2013 $'000	The Authority 2014 $'000	The Authority 2013 $'000
(i)	Lands at Gordon Cay				
	Interest Rate %				
	Prime + 1.25)	7,500	7,500	7,500	7,500
	LIBOR + 2)	4,100	4,100	4,100	4,100
		11,600	11,600	11,600	11,600
	Add: Accrued interest	7,770	7,770	7,770	7,770
		19,370	19,370	19,370	19,370
(ii)	Purchase of Montego Wharves 12% payable semi-annually 1991 - 1996, to be evidenced by promissory notes	10,098	10,098	10,098	10,098
	Add: Accrued interest	16,938	16,938	16,938	16,938
		27,036	27,036	27,036	27,036
(iii)	Development of Montego Bay Free Zone Company Limited	7,169	7,169	-	-
(iv)	Payments to the Accountant General (Note 19(k))	(15,091)	(15,091)	(15,091)	(15,091)
(v)	Payment of Caribbean Development Bank loan for GOJ re Ocho Rios cruise ship pier	(341)	(341)	(341)	(341)
Carried forward		38,143	38,143	30,974	30,974

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19 **LONG-TERM LIABILITIES** (Cont'd)

(h) Government of Jamaica (GOJ) – Loans (Cont'd)

	The Group		The Authority	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Brought forward	38,143	38,143	30,974	30,974
(vi) *Foreign currency loans:* GOJ Petro Caribe 5% payable semi-annually in arrears 2012 - 2037 (US$126.52 million) (evidenced by promissory notes (Note 19(j)(vi))	13,859,841	12,507,887	13,859,841	12,507,887
	13,897,984	12,546,030	13,890,915	12,538,861

(i) Lease liability

	The Group 2014	The Group 2013	The Authority 2014	The Authority 2013
X-ray machine Seaboard Freight (US$0.201 million) at 0% per annum repayable monthly until 2014/2015	11,627	17,121	11,627	17,121
X-ray machine Kingston Logistic Centre (US$0.203 million) at 0% per annum repayable monthly until 2015/2016	17,340	-	17,340	-
	28,967	17,121	28,967	17,121

	Minimum lease payment	
	2014	2013
	US$	US$
No later than 1 year	134,845	67,021
Between 1 – 5 years	118,357	94,947
	253,202	161,968

The original lease principals of US$0.201 million and US$0.203 million are for a period of three years with monthly repayments on principal of US$5,585 and US$5,652 respectively. The leases are interest free and the lessee has an option to purchase the assets at the end of each lease term for US$1 provided that all payments due to the lessor have been made and there have been no breaches or default of covenants.

(j) Loans with moratorium on repayment

i) Bank of Nova Scotia (US$44 million) – the principal amount is repayable in 34 equal quarterly instalments which commenced May 15, 2012.
ii) Bank of Nova Scotia (US$39.4 million) – the principal is repayable in 44 equal quarterly instalments which commenced May 15, 2012.
iii) Scotia Investments Jamaica Limited $1.9 billion loan is for a period of five years with principal being repaid in full on maturity of loan on June 30, 2016. The loan was disbursed in tranches. Interest is payable every six months and commenced June 30, 2013 and thereafter each six month period expiring on June 30 and December 31 each year, but in respect of the last interest period, commencing on the penultimate interest payment date continuing up to but excluding the maturing date.
iv) Effective June 30, 2012, the Petrocaribe Loans (See Note 19(h)(vi)) were merged to form a consolidated loan of US$126.513 million. The loan is for a period of 25 years inclusive of a five year moratorium on principal and is repayable semi-annually beginning December 31, 2017.

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19 **LONG-TERM LIABILITIES** (Cont'd)

(k) Payments to Accountant General

The payment of $15.091 million (Note 19(h)(iv)) has been applied in reduction of loans payable to the GOJ.

(l) The loans from the GOJ, including the Petro Caribe loans, are unsecured.

(m) Prepaid credit insurance

This represents credit insurance on certain long-term loans. This amount is being amortised over on the respective lives (5-11 years) of these loans

(n) Breach of loan agreements

During the 2012/2013, the Group was late in making payment of certain loan installments on loans with carrying amounts as noted below. The loan installments outstanding in the respective currencies as noted below were paid in full prior to the end of that reporting period, including interest and penalties. In respect of the current reporting period, the Authority did not meet certain debt covenant ratios (debt service and leverage ratios). The lenders did not request accelerated repayment of the loans and the terms of the loans were not changed.

	The Group and the Authority	
	2013	
	Carrying amount of loan	Principal and interest in breach
	$'000	$'000
United States loan	187,396	96,033

There was no breach as at March 31, 2014.

20 **DEFERRED INCOME**

	The Group and the Authority	
	2014	2013
	$'000	$'000
Balance at the beginning of the year	758,553	480,492
Additions during the year (Note 20(b))	2,800	328,988
Amortised during the year	(67,217)	(50,927)
Balance at the end of the year	694,136	758,553
Comprising:		
Government grants (Note 20(a))	44,213	62,828
Assets transferred (Note 20(b))	649,923	695,725
	694,136	758,553

(a) This represents:

Two grants that were received during 2010/2011 from the Netherlands Government in respect of:

(i) Construction of a tug;
(ii) Dredging of ship's channel at Kingston Harbour.

The two grants are being amortised over 20 years.

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20 **DEFERRED INCOME** (Cont'd)

(b) This represents:

(i) The transfer of lighthouses and associated buildings to the Authority by the Government of Jamaica. The grant is being amortised over 40 years, the estimated lives of the respective assets.
(ii) Transfer of land valued at $19.5 million in 2009/2010 to the Authority by the Government of Jamaica. The grant is being amortised over 40 years which is the period equivalent to the life of the building on the property.
(iii) Transfer of Boundbrook land and building valued at $198.5 million and Boundbrook land (Marina section) valued at $79.2 million to the Authority during 2010/2011 by the Government of Jamaica for development of the Port Antonio Marina. The grants are being amortised over the lives of the buildings of 20 years and 33 years respectively.
(iv) Building valued at $25.796 million was received in December 2012 from Royal Caribbean Cruise Line. The grant is being amortised over 40 years.
(v) X-ray machine valued at $303.192 million was received in September 2012 from the Chinese Government. The grant is being amortised over 10 years.
(vi) A motor vehicle valued at $2.8 million was received in November 2012 but was not officially transferred to the PAJ until July 2013) from E. Phil & Sons. This grant is being amortised over 3 years.

21 **PROVISIONS**

	The Group		The Authority	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At April 1	215,007	209,321	77,201	74,511
Provision for the year	197,539	80,457	75,563	61,762
Utilised during the year	(210,233)	(74,771)	(96,593)	(59,072)
At March 31	202,313	215,007	56,171	77,201

This represents amounts provided for in respect of annual vacation leave entitlement for employees.

22 **TRADE AND OTHER PAYABLES**

	The Group		The Authority	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade	487,271	480,817	392,507	342,581
Amounts to be disbursed in respect of specific projects	311,950	438,308	311,950	438,308
Accruals	487,806	578,025	457,458	529,807
Rental deposits	144,222	133,478	-	-
Related company (Note 22(a))	28,795	28,795	-	-
Advances from subsidiary companies (Note 22(b))	-	-	268,308	269,141
Income tax payable	39,634	-	-	-
Others	914,137	536,703	846,260	459,367
	2,413,815	2,196,126	2,276,483	2,039,204

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22 **TRADE AND OTHER PAYABLES (Cont'd)**

(a) This represents amounts owed by a subsidiary to its minority shareholder, ZIM International Shipping Services Limited. Amounts are unsecured and will be settled in cash.

(b)

	The Authority	
	2014	2013
	$'000	$'000
Montego Bay Free Zone Co. Ltd.	100,000	100,604
KCT Services Limited	156,337	168,537
Ports Management & Security Limited	11,971	-
	268,308	269,141

These amounts are unsecured, non-interest bearing and have no stipulated repayment terms.

23 **REVENUE**

	The Group		The Authority	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Container terminal	10,163,757	10,080,168	8,638,202	8,708,914
Facility fees – net	2,031,265	1,809,738	2,031,265	1,809,738
Wharfage	946,132	859,412	946,132	859,412
Harbour fees	743,477	660,906	743,477	660,906
Tug fees	658,431	570,132	658,431	570,132
Equipment lease	81,922	53,698	602,256	610,947
Land and building lease	530,641	440,177	184,345	181,070
Port Antonio Marina	75,595	74,277	75,595	74,277
Oil Royalty	105,394	94,100	105,394	94,100
Pilotage	97,816	83,390	97,816	83,390
Ground lease – Falmouth	68,425	79,345	68,425	79,345
Other	605,170	579,428	508,604	498,948
Investment property fair value adjustment (Note 6)	4,277,312	527,136	3,617,312	397,319
Foreign currency gain	-	-	634,558	594,787
Gain on disposal of Property, Plant and Equipment and Investment Properties	-	-	20,439	-
	20,385,337	15,911,907	18,932,251	15,223,285

24 **OTHER GAINS AND LOSSES**

	The Group	
	2014	2013
	$'000	$'000
Foreign exchange loss (net) (Note 24(a))	(3,118,012)	(3,807,252)

(a) This includes a foreign exchange loss of $3.851 billion (2013: $4.413 billion) arising on retranslation of foreign currency loans held by the Authority and a subsidiary company.

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25 FINANCE CHARGES AND INTEREST ON LOANS

	The Group		The Authority	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Interest on long-term liabilities	1,944,350	1,813,218	1,935,054	1,803,362
Interest on overdraft and other	167,322	67,248	167,322	67,248
	2,111,672	1,880,466	2,102,376	1,870,610
Less interest included in additions to property, plant and equipment (Note 5(c))	-	(1,017)	-	(1,017)
	2,111,672	1,879,449	2,102,376	1,869,593

26 TAXATION

Current and deferred tax have been calculated using the tax rate of 25% (2013: 25%).

(a) The total charge for the year in respect of tax on profits of subsidiary companies is as follows:

	The Group	
	2014	2013
	$'000	$'000
Current taxation	61,759	16,564
Deferred tax adjustments (Note 11)	31,849	25,045
	93,608	41,609

(b) The tax charge for the year is reconciled to the profit as per the consolidated statement of profit and loss and other comprehensive income as follows:

	The Group	
	2014	2013
	$'000	$'000
Profit (Loss) before taxation	1,821,659	(1,958,038)
Tax at the domestic income tax rate of 25%	455,415	(489,510)
Tax effect of expenses not deductible for tax purposes	9,755	(27,288)
Tax effect of expenses not subject to tax	12	(69)
Tax effect of income not subject to tax	(365,798)	481,816
Tax effect of unused tax losses	3,004	(6,690)
Tax effect of employment tax credit	(7,704)	-
Tax effect of expenses deductible for tax purposes	25,850	132
Tas effect of tax losses utilised	(26,926)	-
	93,608	(41,609)

(c) Subject to the agreement of the Commissioner General, Tax Administration Jamaica, tax losses of subsidiary companies aggregating approximately $115.035 million (2013: $271.141 million) are available to be set off against future taxable profits of those companies. A deferred tax asset of $0.096 million (2013: $25.946 million) has been recognised in respect of $0.384 million (2013: $103.784 million) of such losses. No deferred tax has been recognised for the remaining $114.651 million (2013: $167.357 million) due to the unpredictability of future taxable profits.

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27 PROFIT (LOSS) AFTER TAXATION

Profit (loss) is stated after taking into account the following items:

	The Group		The Authority	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
(a) Revenue (expense) on:				
Interest income on financial asset at amortised cost				
Interest income on long-term receivables	2,330	2,149	2,330	2,149
Held to maturity investments	2,023	3,504	-	-
Income from short-term deposits	93,145	55,881	77,547	47,359
Other	22	-	-	-
	97,520	61,534	79,877	49,508
Impairment recoveries (losses) on financial assets at amortised costs				
- Trade receivables	41,742	(95,500)	(3,908)	(81,396)
- Advances to subsidiaries, associates and joint venture	-	-	7,199	(17,039)
Amortised costs adjustment on financial assets				
- Long-term receivables	(21,414)	45,687	(21,414)	45,687
Finance changes and interest on loan at amortised cost	(2,111,672)	(1,879,449)	(2,102,376)	(1,869,593)
b) Gains (losses)				
Net foreign exchange (losses) gains on financial instruments at amortised costs				
- Foreign currency loans	(3,850,797)	(4,412,813)	(3,827,185)	(4,384,566)
- Short-term deposits and other investments	662,785	605,561	634,558	594,787
c) Other				
Audit fees - current year	16,631	12,982	12,477	9,597
- prior year	-	4,891	-	4,703
Cost of inventories recognised in expenses	1,371,046	1,158,369	1,371,046	1,158,369
Impairment of property, plant and equipment	56,693	69,210	56,693	69,210
(Gain) Loss on disposal of investment properties	(19,946)	-	(19,946)	-
(Gain) Loss on disposal of property, plant and Equipment	(493)	38,899	(493)	38,899
Depreciation and amortisation	1,937,153	1,839,806	1,933,865	1,836,343
Fair value gain on investment properties	4,277,312	527,136	3,617,312	397,319

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28 NET PROFIT (LOSS)

The group surplus attributable to the shareholders of the Authority is reflected in the financial statements of the Authority on the equity basis and comprises surplus (loss) of:

	The Group	
	2014	2013
	$'000	$'000
The Authority	799,111	(2,197,023)
The subsidiary companies	612,709	129,798
The associated companies	11,280	8,219
	1,423,100	(2,059,006)

29 COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

At the end of the reporting period, approximately $1.333 billion (2013: $1.948 billion) had been committed and contracted by the Group and relates to acquisition of equipment for KCT, Infrastructure projects at KCT, Montego Bay Freeport and Ocho Rios, motor vehicles for Harbours and other projects. In respect of the prior year, acquisition of equipment for KCT, Harbours, Montego Bay Freeport, dredging and rehabilitation works at Falmouth and Ocho Rios and other projects.

At March 31, 2014, commitments in respect of a three (3) year contract for maintenance of the X-ray machines had a balance amounting to $294.979 million (US$2.692 million) left on the contract.

Contingent liabilities

a) Claims of $29.3 million in respect of compensation to employees for injuries sustained at one of the Authority's Managed Operations which are likely to be in excess of the Employer's Liability Insurance policy limit of the Authority were initiated against the Group during the year. Management believes these actions will not be successful and consequently no provisions have been made in these financial statements.

b) Trade payables and accruals include amounts payable to a statutory agency. The Group could be subject to penalties and interest on the outstanding balance however, at year end discussions were being pursued with the Ministry of Finance and Planning with respect to a waiver of the unpaid amounts and any associated penalties. The Ministry of Finance and Planning, in its letter dated July 10, 2013, had committed to reviewing its policy in this regard. At March 31, 2014, the resolution of the matter was still pending.

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30 RELATED PARTY TRANSACTIONS/BALANCES

Transactions and balances

During the year, the Authority entered into transactions with affiliated entities and key management personnel, including members of the Board of Directors. The following is a summary of the transactions and balances:

	The Authority					
	Lease rental		Other		Balance due from (to)	
	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000
Subsidiaries						
Jamaica International Free Zone Development Limited	-	-	-	-	93,045	93,195
Kingston Free Zone Company Limited	32,288	30,998	3,500	3,500	2,767	1,167
Montego Bay Free Zone Company Limited	144,994	143,248	3,500	3,500	(102,903)	(100,309)
Ports Management and Security Limited	520,334	557,395	16,500	16,500	6,721	22,642
Port Authority Management Services Limited	-	-	8,963	14,604	104,967	108,529
KCT Services Limited	-	-	-	-	(156,337)	(168,537)
	697,616	731,641	32,463	38,104	(51,740)	(43,313)
Provision for impairment (Note 13(a))	-	-	-	-	(99,007)	(106,206)
Joint venture						
Boundbrook Wharves Development Company Limited	-	-	-	6,310	18,313	18,936
	697,616	731,641	32,463	44,414	(132,434)	(130,583)
Included in the following balances:						
Long-term receivables (Note 10(d))	-	-	-	-	76,226	76,226
Trade and other receivables (Note 13)	-	-	-	-	59,648	62,332
Trade and other payables (Note 22)	-	-	-	-	(268,308)	(269,141)
	697,616	731,641	32,463	-	(132,434)	(130,583)
Key management personnel	-	-	32,463	12,246	34,686	23,192

30 RELATED PARTY TRANSACTIONS/BALANCES (Cont'd)

The remuneration of directors, committee members and other key members of management during the year was as follows:

Key management personnel

	The Group		The Authority	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Short-term benefits	284,002	332,133	216,085	262,224
Pension	9,880	8,122	4,412	2,852
	293,882	340,255	220,497	265,076

The remuneration of the above is determined by the Board of Directors under the guidelines set by the Ministry of Finance, having regards to the performance of individuals and market trends.

Board of Directors and Committee members

	The Group		The Authority	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Short-term benefits (directors fees)	4,627	3,025	1,885	1,848

31 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of and measurement and the basis on which income and expenses are recognised in respect of each class of financial assets, financial liability and equity instruments are disclosed in Note 3 to the financial statements.

Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	The Group		The Authority	
	2014	2013	2014	2013
Financial Assets	$'000	$'000	$'000	$'000
Available-for-sale (at cost)				
Investments in subsidiaries, joint venture and associates	112,999	101,719	30,508	30,508
Loans and receivables (at amortised cost)				
Other investments	710,244	639,140	710,244	639,140
Long-term receivables	484,854	173,423	561,080	249,649
Trade and other receivables	2,837,304	3,411,173	2,650,536	3,258,929
Cash and short-term deposits	5,435,265	3,148,402	4,800,473	2,753,908
	9,467,667	7,372,138	8,722,333	6,901,626
Held-to-maturity investment (at amortised cost)				
Other investments	30,029	30,373	-	-
Total Financial Assets	9,610,695	7,504,230	8,752,841	6,932,134
Financial Liabilities (at amortised cost)				
Long-term liabilities	40,790,375	37,956,102	40,549,019	37,711,895
Trade and other payables	1,886,375	1,617,521	1,819,025	1,509,397
Bank overdraft	19,964	12,188	15,671	9,914
Total Financial Liabilities	42,696,714	39,585,811	42,383,715	39,231,206

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31 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

Financial risk management policies and objectives

The Group's activities involve the use of financial instruments.

The Group has exposure to the following risks from its use of its financial instruments: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Financial risk management objectives

The Group's activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyze 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 practices.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. Its directives are carried out through the Finance Committee, Audit Committee, Internal Audit Department and Procurement Sector Committee.

Finance Committee

This Management Committee has direct responsibility for the management of statement of financial position and overall financial structure which includes liquidity, interest rate and foreign currency risks management.

Audit Committee

Audit Committee has oversight for the integrity of the financial statements and reviews the adequacy and effectiveness of internal controls and risk management procedures.

The Internal Audit Department

The Internal Audit Department has responsibility for ensuring the effectiveness and adequacy of risk management, internal controls and procedures and conducts both ad hoc and regular reviews. The Internal Audit department reports the result of all findings to the Audit Committee, which reports the findings, recommendations and management responses to the Board of Directors

Procurement Sector Committee

The committee has overall responsibility for the monitoring of procurement activities of the Group, including procurement of contracts, evaluation and monitoring of costs incurred.

There has been no change in the Group's exposure to these financial risks or the manner in which it manages and measures risk during the period.

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31 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

Exposures are measured using sensitivity analyses indicated below.

(a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates as disclosed in Note 31(b) below as well as interest rates as disclosed in Note 31(c) below.

Management of market risk
The Group manages this risk by conducting market research and ensuring that its net exposure is kept to an acceptable level. Market risk exposures are measured using sensitivity analysis.

There has been no change to the Group's exposure to market risk for the manner in which it manages and measures the risk.

(b) Foreign currency risk management

The Group undertakes transactions denominated in currencies other than the Jamaican dollar resulting in exposures to exchange rate fluctuation.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group monitors its exposure in this regard by constant monitoring of international foreign exchange markets and factors influencing currency movements and positioning its foreign currency assets and liabilities and by ensuring that the net exposure of such assets and liabilities is kept to an acceptable level. The entity further manages the risk by maximizing foreign currency earnings and holdings in foreign currency balances.

At March 31, 2014, the Group had US$ denominated balances amounting to US$29.234 million (2013:US$20.967 million) of which US$6.305 million (2013: US$6.299 million) (Note 9(a) and Note 14) is held in respect of funding certain loans amounting to US$15.594 million (2013: US$17.857 million)and €6.263 million (2013: €7. 056 million (Note 19(e) and 19(g)) at the end of the reporting period.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	The Group					
	Liabilities		Assets		Net liabilities (assets)	
	2014	2013	2014	2013	2014	2013
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
United States Dollar	35,683,131	35,326,573	7,451,628	7,385,626	28,231,503	27,940,947
Japanese yen	3,874	8,747	-	-	3,874	6,209
Swiss franc	73,775	113,044	-	-	73,775	91,667
Pound sterling	26,028	36,388	-	-	26,028	30,723
EURO	1,097,674	1,164,279	-	-	1,097,674	1,083,166

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31 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

(b) Foreign currency risk management (Cont'd)

	The Authority					
	Liabilities		Assets		Net liabilities	
	2014	2013	2014	2013	2014	2013
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
United States Dollar	35,308,396	34,971,830	6,968,958	7,035,810	28,339,439	27,936,020
Japanese yen	3,874	6,209	-	-	3,874	6,209
Swiss franc	73,775	91,667	-	-	73,775	91,667
Pound sterling	26,028	30,723	-	-	26,028	30,723
EURO	1,097,674	1,083,166	-	-	1,097,674	1,083,166

Foreign currency sensitivity analysis
The Group's most significant currency exposure is to the United States dollar. The following table details the Group's sensitivity to a 1% revaluation and 15% devaluation (2013: 1% revaluation and 10% devaluation) in the Jamaican dollar against the relevant foreign currencies. The above sensitivity rates are used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analyses include only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for the percentage changes as in foreign currency rates as described above. The sensitivity analysis includes external loans where the loan is denominated in a currency other than the currency of the borrower.

If the Jamaican dollar strengthens by 1% or weakens by 15% against the relevant currencies (2013: strengthens by 1% or weakens by 10%), the income will increase or decrease by:

	The Group							
	Revaluation		Devaluation		Revaluation		Devaluation	
	2014				2013			
	Change in Currency rates		Change in Currency rates		Change in Currency rates		Change in Currency rates	
	%	$'000	%	$'000	%	$'000	%	$'000
Currency								
United States dollar	+1	282,315	-15	(4,234,725)	+1	279,409	-10	(2,794,095)
Japanese yen	+1	39	-15	(581)	+1	62	-10	(621)
Swiss franc	+1	738	-15	(11,066)	+1	917	-10	(9,167)
Pound sterling	+1	260	-15	(3,904)	+1	307	-10	(3,072)
EURO	+1	10,977	-15	(164,651)	+1	10,832	-10	(108,317)

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31 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

(b) Foreign currency risk management (Cont'd)

	The Authority							
	Revaluation 2014		Devaluation 2014		Revaluation 2013		Devaluation 2013	
	Change in Currency rates		Change in Currency rates		Change in Currency rates		Change in Currency rates	
	%	$'000	%	$'000	%	$'000	%	$'000
Currency								
United States dollar	+1	283,394	-15	(4,250,916)	+1	279,360	-10	(2,793,602)
Japanese yen	+1	39	-15	(581)	+1	62	-10	(621)
Swiss franc	+1	738	-15	(11,066)	+1	917	-10	(9,167)
Pound sterling	+1	260	-15	(3,904)	+1	307	-10	(3,072)
EURO	+1	10,977	-15	(164,651)	+1	10,832	-10	(108,317)

This is mainly attributable to the exposure outstanding on cash and cash equivalents, receivables, payables and long term loans in the respective currency at the end of the reporting period.

The Group's sensitivity to foreign currency has increased during the period due to the increased foreign currency loan balances offset by decreased investment in bank deposits.

(c) Interest rate risk

Interest rate risk is the potential that the value of a financial instrument will fluctuate due to changes in market interest. Financial instruments subject to fixed interest rates are exposed to fair value interest rate risk while those subject to floating interest rates are exposed to cash flow interest rate risk.

The Group is exposed to significant interest rate risk as it borrows funds at both fixed and floating interest rates.

Management of interest rate risk
The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings by monitoring the movements in the market interest rates closely. The Group's exposure to interest rates on financial assets and financial liabilities is detailed below.

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31 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

(c) Interest rate risk (Cont'd)

The table below summarises the Group's exposure to interest rate risk at the end of the reporting period at the earlier of the repricing or maturity date.

	The Group				
	Due within 1 Year	1-5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
At March 31, 2014					
Assets					
Investment in associates	-	-	-	112,999	112,999
Other investments	-	739,368	-	905	740,273
Long-term receivables	-	12,065	1,097	471,692	484,854
Trade and other receivables	-	-	-	2,837,304	2,837,304
Cash and short-term deposits	2,885,237	-	-	2,550,028	5,435,265
Total assets	2,885,237	751,433	1,097	5,972,928	9,610,695
Liabilities					
Long-term liabilities	4,095,416	15,550,071	20,781,470	363,418	40,790,375
Trade and other payables	-	-	-	1,886,375	1,886,375
Bank overdraft (unsecured)	15,671	-	-	4,293	19,964
Total liabilities	4,111,087	15,550,071	20,781,470	2,254,086	42,696,714
Total interest rate sensitivity gap	(1,225,850)	(14,798,638)	(20,780,373)	3,718,842	(33,086,019)
Cumulative gap	(1,225,850)	(16,024,488)	(36,804,861)	(33,086,019)	

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31 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

(c) Interest rate risk (Cont'd)

	The Group				
	3 Months to 1 Year	1-5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
At March 31, 2013					
Assets					
Investment in associates	-	-	-	101,719	101,719
Other investments	-	630,062	-	584	669,513
Long-term receivables	-	12,560	2,299	158,564	173,423
Trade and other receivables	-	-	-	3,411,173	3,411,173
Cash and short-term deposits	3,096,879	-	-	51,523	3,148,402
Total assets	3,135,746	642,622	2,299	3,723,563	7,504,230
Liabilities					
Long-term liabilities	3,805,561	14,096,470	19,715,490	338,581	37,956,102
Trade and other payables	-	-	-	1,617,521	1,617,521
Bank overdraft (unsecured)	9,914	-	-	2,274	12,188
Total liabilities	3,815,475	14,096,470	19,715,490	1,958,376	39,585,811
Total interest rate sensitivity gap	(679,729)	(13,453,848)	(19,713,191)	1,765,187	(32,081,581)
Cumulative gap	(679,729)	(14,133,577)	(33,846,768)	(32,081,581)	

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31 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

(c) Interest rate risk (Cont'd)

The table below summarises the Authority's exposure to interest rate risk at the end of the reporting period at the earlier of the repricing or maturity date.

	The Authority				
	Due within 1 Year	1-5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
At March 31, 2014					
Assets					
Investment in subsidiary, joint venture and associated companies	-	-	-	30,508	30,508
Long-term receivables	-	12,065	1,097	547,918	561,080
Other investments	-	679,806	-	30,438	710,244
Trade and other receivables	-	-	-	2,650,536	2,650,536
Cash and short-term deposits	2,266,833	-	-	2,533,640	4,800,473
Total assets	2,266,833	691,871	1,097	5,793,040	8,752,841
Liabilities					
Long-term liabilities	4,057,918	15,409,190	20,725,662	356,249	40,549,019
Trade payables and accruals	-	-	-	1,800,431	1,819,025
Bank overdraft (unsecured)	15,671	-	-	-	15,671
Total liabilities	4,073,589	15,409,190	20,725,662	2,175,274	42,365,121
Total interest rate sensitivity gap	(1,806,756)	(14,717,319)	(20,724,565)	3,617,766	(33,630,874)
Cumulative gap	(1,806,756)	(16,524,075)	(37,248,640)	(33,630,874)	

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31 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

(c) Interest rate risk (Cont'd)

	The Authority				
	Due within 1 Year $'000	1-5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At March 31, 2013					
Assets					
Investment in subsidiary, joint venture and associated companies	-	-	-	30,508	30,508
Long-term receivables	-	12,560	2,299	234,790	249,649
Other investments	28,399	610,324	-	417	639,140
Trade and other receivables	-	-	-	3,258,929	3,258,929
Cash and short-term deposits	2,732,724	-	-	21,184	2,753,908
Total assets	2,761,123	622,884	2,299	3,545,828	6,932,134
Liabilities					
Long-term liabilities	3,805,561	14,096,470	19,478,452	331,412	37,711,895
Trade payables and accruals	-	-	-	1,509,397	1,509,397
Bank overdraft (unsecured)	9,914	-	-	-	9,914
Total liabilities	3,815,475	14,096,470	19,478,452	1,840,809	39,231,206
Total interest rate sensitivity gap	(1,054,352)	(13,473,586)	(19,476,153)	1,705,019	(32,299,072)
Cumulative gap	(1,054,352)	(14,527,938)	(34,004,091)	(32,299,072)	

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31 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

(c) Interest rate risk (Cont'd)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date is outstanding for the whole year. A 250 basis points increase and 100 basis points decrease (2013: 250 basis points increase or 100 basis points decrease)for local borrowing and a 200 basis points increase and 50 basis points decrease (2013: 200 basis points increase and a 50 basis points decrease) is used for foreign currency denominated balances when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 200 basis points higher or 50 basis points lower (2013: 200 basis points higher or 50 basis points lower) on its foreign currency borrowings and investments and 250 basis points higher and 100 basis points lower (2013: 250 basis point higher and 100 basis points lower) on its local borrowings and investments and all other variables were held constant, the profit for the year would decrease by approximately $163.158 million or increase by $40.139 million (2013: the loss for the year would increase by approximately $221.428 million or decrease by $60.984 million).

The Group's sensitivity to interest rates has increased during the current period mainly due to an increase in the variable rate debt instruments.

See also Liquidity risk management at 32(e) below.

(d) Credit risk management

Credit risk is the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Group. Financial assets that potentially subject the Group to credit risk primarily consists of trade receivables investment in associates, other investments, long-term receivables and cash and bank deposits. The maximum exposure to credit risk is the amount of $9.611 billion (2013: $7.504 billion) disclosed under 'categories of financial instruments' above and the Group holds no collateral in this regard. The Group manages the risk primarily by reviews of the financial status of each obligator and its investments which are monitored regularly and are held with reputable financial institutions. Management believes that the credit risk associated with these financial instruments are minimal.

In respect of trade receivables from the operations managed by related companies, the risk is low as customers are pre-approved by the Group and specific credit periods are given in some instances to individual customers. Credit risk is monitored according to the customers' credit characteristics such as whether it is an individual or entity, its geographic location, industry, aging profile, and history of previous financial difficulties.

The Group has a significant concentration of credit risk exposure to companies operating in the Marine Industry. Two debtors of the Group account for approximately 56% and 14% (2013: 40% and 18%) respectively of the Group's trade receivables. Management however seeks to minimise this risk by ensuring that outstanding amounts are received within a reasonable time period.

There is also credit risk with respect to loans to employees which account for approximately 11.85% (2013: 8.35%) of long-term receivables. The Authority has established policies and procedures which govern standards for granting loans and the process of continuous monitoring.

The Group seeks to minimise the risk of its investments in deposits in the following ways:

- Investments are only placed with financial institutions stipulated by the Government of Jamaica and the guidelines of the Board.
- Senior management conducts constant monitoring of the investments to ensure that the agreed terms are adhered to and that the particular institutions fulfil their financial obligation to the Group as they fall due.
- Management limits the amount of investments placed with any institution in accordance with the Board guidelines.

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31 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

(e) Liquidity risk management

Liquidity risk, also referred to as funding risk, is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed facilities. The Group has contractual arrangements with established local and international lending institutions, which, along with its internally-generated cash resources, are sufficient to meet all its current obligations.

The Group aims at maintaining flexibility in funding by keeping lines of funding available with relevant bankers, maintaining a portfolio of marketable assets and optimising cash returns on investments.

Non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturity for non-derivative financial liabilities with agreed repayment period.

The tables below have been drawn up based on the undiscounted cash flows of the financial liabilities based on contractual maturities on those liabilities except where the Group anticipates that the cash flow will occur in an earlier period.

	The Group			
	2014			
	TERM TO MATURITY/RE-PRICING			
	Due within 1 year	1-5 years	Over Five years	Total
	$'000	$'000	$'000	$'000
Financial Liabilities				
Interest bearing				
Variable rate loans	1,947,403	6,738,977	3,190,354	11,876,734
Fixed rate loans	4,519,859	16,153,429	36,921,766	57,595,054
Bank overdraft	19,964	-	-	19,964
Non-interest bearing				
Trade and other payables	1,881,796	4,579	-	1,886,375
Total	8,369,022	22,896,985	40,112,120	71,378,127

	The Group			
	2013			
	TERM TO MATURITY/RE-PRICING			
	Due within 1 year	1-5 years	Over Five years	Total
	$'000	$'000	$'000	$'000
Financial Liabilities				
Interest bearing				
Variable rate loans	1,796,282	6,402,148	4,095,355	12,293,785
Fixed rate loans	4,155,680	13,675,051	22,222,537	40,053,268
Bank overdraft	12,188	-	-	12,188
Non-interest bearing				
Trade and other payables	1,617,521	-	-	1,617,521
Total	7,581,671	20,077,199	26,317,892	53,976,762

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31 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

(e) Liquidity risk management (Cont'd)

Non-derivative financial liabilities (Cont'd)

	The Authority				
	2014				
	Term to Maturity/Re-pricing				
	Due within 1 year	1-5 years	Over Five years	No specific Repayment Term	Total
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Interest bearing					
Variable rate loans	1,901,483	6,603,629	3,100,441	-	11,605,553
Fixed rate loans	4,519,859	16,153,429	36,914,597	-	57,587,885
Bank overdraft	15,671	-	-	-	15,671
Non-interest bearing					
Trade and other payables	1,714,446	4,579	-	100,000	1,819,025
Total	8,151,459	22,761,637	40,015,038	100,000	71,028,134

	The Authority				
	2013				
	Term to Maturity/Re-pricing				
	Due within 1 year	1-5 years	Over Five years	No specific Repayment Term	Total
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Interest bearing					
Variable rate loans	1,752,678	6,273,961	3,984,459	-	12,011,098
Fixed rate loans	4,155,680	13,675,051	22,215,368	-	40,046,099
Bank overdraft	9,914	-	-	-	9,914
Non-interest bearing					
Trade and other payables	1,361,317	-	-	148,081	1,509,398
Total	7,279,589	19,949,012	26,199,827	148,081	53,576,509

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31 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

(e) Liquidity risk management (Cont'd)

Non-derivative financial assets

The following tables detail the Group's remaining contractual maturity for non-derivative financial assets.

The tables below have been drawn up based on the undiscounted cash flows based on contractual maturities of financial assets except where the Group anticipates that the cash flow will occur in an earlier period.

	The Group				
	2014				
	TERM TO MATURITY/REPRICING				
	Due within 1 Year	1 - 5 Years	Over 5 Years	No specific maturity	Total
	$'000	$'000	$'000	$'000	$'000
Financial Assets					
Investment in associates	-	-	-	112,999	112,999
Other Investments	10,644	732,533	-	-	743,177
Long term receivables	-	504,262	1,278	20,810	526,350
Trade and other receivables	2,914,657	822	-	-	2,915,479
Cash and short-term deposits	5,450,167	-	-	-	5,450,167
Total Financial Assets	8,375,468	1,237,617	1,278	133,809	9,748,172

	The Group				
	2013				
	TERM TO MATURITY/REPRICING				
	Due within 1 Year	1 - 5 Years	Over 5 Years	No specific maturity	Total
	$'000	$'000	$'000	$'000	$'000
Financial Assets					
Investment in associates	-	-	-	101,719	101,719
Other Investments	41,266	631,368	-	-	672,634
Long term receivables	-	183,584	1,823	-	185,407
Trade and other receivables	3,428,319	-	-	-	3,428,319
Cash and short-term deposits	3,222,379	-	-	-	3,222,379
Total Financial Assets	6,691,964	814,952	1,823	101,719	7,610,458

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31 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

(e) Liquidity risk management (Cont'd)

Non-derivative financial assets (Cont'd)

	The Authority				
	2014				
	Term to Maturity/Re-pricing				
	Due within 1 Year	1 - 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000
Financial Assets					
Investments in subsidiary, joint venture and associated companies	-	-	-	30,508	30,508
Other Investments	-	712,078	-	-	712,078
Long-term receivables	-	504,262	1,278	97,036	602,576
Trade and other receivables	2,658,383	822	-	-	2,659,205
Cash and short-term deposits	4,812,972	-	-	-	4,812,972
Total Financial Assets	7,471,355	1,217,162	1,278	127,544	8,817,339

	The Authority				
	2013				
	Term to Maturity/Re-pricing				
	Due within 1 Year	1 - 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000
Financial Assets					
Investments in subsidiary, joint venture and associated companies	-	-	-	30,508	30,508
Other Investments	29,889	610,826	-	-	640,715
Long-term receivables	80,726	179,084	1,823	-	261,633
Trade and other receivables	3,277,524	-	-	-	3,277,524
Cash and short-term deposits	2,818,172	-	-	-	2,818,172
Total Financial Assets	6,206,311	789,910	1,823	30,508	7,028,552

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31 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

(f) Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base to carry out its mandate.

The Group is subject to external capital requirements (as stipulated by lenders) and capital adequacy is monitored by the Group's management on a regular basis.

The gearing ratio at the end of the reporting period is as follows:

	The Group		The Authority	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Debt	40,810,339	37,968,290	40,564,690	37,721,809
Cash and short-term deposits	(5,437,265)	(3,148,402)	(4,800,473)	(2,753,908)
Net debt	35,373,074	34,819,888	35,764,217	34,967,901
Equity	13,991,168	11,619,661	11,263,845	10,478,289
Net debt to equity ratio	253%	300%	318%	334%

The Group's strategy remains unchanged from 2013.

The capital structure of the Group consists of reserves (Note 15) and accumulated surplus.

32 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognised stock exchange) exists, is the best evidence of the fair value of a financial instrument. Where market prices are not available for the financial assets and liabilities, fair values are determined using various estimations techniques based on market conditions existing at the end of the reporting period. Generally, judgement is necessarily, required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the Group would realise in a current market exchange.

The following methods and assumptions have been used:

(i) The carrying amounts of cash and short-term deposits, trade receivables, trade payables and other assets and liabilities maturing within twelve months are assumed to approximate their fair values because of the short-term maturity of these instruments.

(ii) The carrying amounts of other investments and financial assets included in long-term receivables are assumed to approximate fair value as their applicable interest rates are market determined.

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32 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (Cont'd)

Fair values (Cont'd)

(iii) The carrying amounts of variable rate loans, totalling approximately $10.584 billion (2013: $11.054 billion) are assumed to approximate the fair values.

(iv) The fair value of loan in the amount of $7.169 million (2013: $7.169 million) cannot be reasonably assessed, as there is no fixed term of repayment or rate of interest.

(v) The fair values of other fixed rate loans and concessionary rate loans have been estimated by applying market rates of similar loans at year end to the expected future cash flows.

	The Group and the Authority			
	2014		2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	$'000	$'000	$'000	$'000
Fixed rate loans	13,361,901	12,201,543	11,418,806	11,916,909
Concessionary rate loans	17,091,561	12,225,330	15,929,846	11,509,213

Fair value measurement

The following table provides the fair value measurement hierarchy of the Authority's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy

	The Group			
	Quoted prices in active market Level 1	Significant Observable inputs Level 2	Significant Unobservable inputs Level 3	Total
	$'000	$'000	$'000	$'000
At March 31, 2014				
Assets measured at fair value:				
- Investment properties	-	16,422,582	-	16,422,582
- Investment in subsidiary, joint venture and associated company	-	-	112,999	112,999
Liabilities for which fair values are disclosed:				
- Long-term liabilities:				
Fixed rate loans	-	12,201,543	-	12,201,543
Concessionary loans	-	12,225,330	-	12,225,330
At March 31, 2013				
Assets measured at fair value:				
- Investment properties	-	9,701,657	-	9,701,657
- Investment in subsidiary, joint venture and associated company	-	-	101,719	101,719
Liabilities for which fair values are disclosed:				
- Long-term liabilities:				
Fixed rate loans	-	11,916,909	-	11,916,909
Concessionary loans	-	11,509,213	-	11,509,213

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32 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (Cont'd)

Fair value measurement (Cont'd)

	The Authority			
	Quoted prices in active market Level 1	Significant Observable inputs Level 2	Significant Unobservable inputs Level 3	Total
	$'000	$'000	$'000	$'000
At March 31, 2014				
Assets measured at fair value:				
- Investment properties	-	14,062,582	-	14,062,582
- Investment in subsidiary, joint venture and associated company	-	-	30,508	30,508
Liabilities for which fair values are disclosed:				
- Long-term liabilities:				
Fixed rate loans	-	12,201,543	-	12,201,543
Concessionary loans	-	12,225,330	-	12,225,330
At March 31, 2013				
Assets measured at fair value:				
- Investment properties	-	8,001,657	-	8,001,657
- Investment in subsidiary, joint venture and associated company	-	-	30,508	30,508
Liabilities for which fair values are disclosed:				
- Long-term liabilities:				
Fixed rate loans	-	11,916,909	-	11,916,909
Concessionary loans	-	11,509,213	-	11,509,213

33 OTHER DISCLOSURES

Staff costs incurred during the year in respect of these employees were:

	The Group		The Authority	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Salaries, wages and allowances	1,017,744	992,576	797,156	764,672
Statutory contributions	105,526	98,890	79,430	73,600
Pension contributions	19,003	91,789	5,384	88,274
Health scheme contributions	47,713	41,754	46,328	40,571
Travelling and other	162,081	142,130	113,962	86,976
	1,352,067	1,367,139	1,042,260	1,054,093

34. FINANCIAL EFFECT OF FINANCIAL STATEMENTS RESTATEMENTS AND RECLASSIFICATIONS

During the year:

(i) IAS 19 Employee Benefits (as revised in 2011) was applied and the related retrospective amendments applied.
(ii) Amounts for self-insurance in respect of employer's liability are included as appropriations of profit as these related to reserves being set up to address future claims, if any
(iii) Adjustments to management fees earned in a subsidiary and consequent bad debt arising from renegotiations.

Below is the reconciliation of equity as at April 1, 2012 and March 31, 2013 and the Statement of Profit and Loss and Other Comprehensive Income for the year ended March 31, 2013.

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34. FINANCIAL EFFECT OF FINANCIAL STATEMENTS RESTATEMENTS AND RECLASSIFICATIONS (Cont'd)

a) Reconciliation of equity as at April 1, 2012

	The Group			The Authority		
	As at 01/04/12 as previously reported	IAS 19 Adjustments	As at 01/04/12 (as restated)	As at 01/04/12 as previously reported	IAS 19 Adjustments	As at 01/04/12 (as restated)
	$'000	$'000	$'000	$'000	$'000	$'000
Total assets	52,340,985	-	52,340,985	50,294,226	-	50,294,226
Long-term liabilities	(30,499,478)	-	(30,499,478)	(30,290,857)	-	(30,290,857)
Deferred income	(480,492)	-	(480,492)	(480,492)	-	(480,492)
Deferred tax liabilities	(5,566)	-	(5,566)	-	-	-
Retirement benefit liability	(62,399)	(28,907)	(91,306)	(62,399)	(28,907)	(91,306)
Current liabilities	(6,981,587)	-	(6,981,587)	(6,750,022)	-	(6,750,022)
Total effect on net assets	14,311,463	(28,907)	14,282,556	12,710,456	(28,907)	12,681,549
Reserves	(6,382,247)	-	(6,382,247)	(6,376,254)	-	(6,376,254)
Retained earnings	(7,361,564)	28,907	(7,332,657)	(6,334,202)	28,907	(6,305,295)
	(13,743,811)	28,907	(13,714,904)	(12,710,456)	28,907	(12,681,549)
Non-controlling interests	(567,652)	-	(567,652)	-	-	-
Total effect on equity	(14,311,463)	28,907	(14,282,556)	(12,710,456)	28,907	(12,681,549)

b) Reconciliation of equity as at March 31, 2013

	The Group				The Authority			
	As at 31/03/13 as previously reported	IAS 19 Employee Benefit Adjustments	Employer's Liability Insurance Adjustment	As at 31/03/13 (as restated)	As at 31/03/13 as previously reported	IAS 19 Employee Benefit Adjustments	Employer's Liability Insurance Adjustment	As at 31/03/13 (as restated)
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Total assets	53,558,392	-	-	53,558,392	51,213,069	-	-	51,213,069
Long-term liabilities	(33,784,997)	-	-	(33,784,997)	(33,574,924)	-	-	(33,574,924)
Deferred income	(758,553)	-	-	(758,553)	(758,553)	-	-	(758,553)
Deferred tax liabilities	(5,731)	-	-	(5,731)	-	-	-	-
Retirement benefit liability	(104,613)	(33,400)	-	(138,013)	(104,613)	(33,400)	-	(138,013)
Current liabilities	(6,624,426)	-	30,000	(6,594,426)	(6,293,290)	-	30,000	(6,263,290)
Total effect on net assets	12,280,072	(33,400)	30,000	12,276,672	10,481,689	(33,400)	30,000	10,478,289
Reserves	(6,436,559)	-	(30,000)	(6,466,559)	(6,430,566)	-	(30,000)	(6,460,566)
Retained earnings	(5,216,502)	33,400	-	(5,183,102)	(4,051,123)	33,400	-	(4,017,723)
	(11,653,061)	33,400	(30,000)	(11,649,661)	(10,481,689)	33,400	(30,000)	(10,478,289)
Non-controlling interests	(627,011)	-	-	(627,011)	-	-	-	-
Total effect on equity	(12,280,072)	33,400	(30,000)	(12,276,672)	(10,481,689)	33,400	(30,000)	(10,478,289)

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34. **FINANCIAL EFFECT OF FINANCIAL STATEMENTS RESTATEMENTS AND RECLASSIFICATIONS** (Cont'd)

c) Reconciliation of the statement of profit and loss and other comprehensive income for year ended March 31, 2013

	The Group					The Authority			
	As at 31/03/13 as previously Reported $'000	IAS 19 Employee Benefit Adjustments $'000	Employer's Liability Insurance Adjustment $'000	Management Fee Adjustment $'000	As at 31/03/13 (as restated) $'000	As at 31/03/13 as previously Reported $'000	IAS 19 Employee Benefit Adjustments $'000	Employer's Liability Insurance Adjustment $'000	As at 31/03/13 (as restated) $'000
Revenue	15,910,405	-	-	1,502	15,911,907	15,223,285	-	-	15,223,285
Expenses									
Direct operating	(10,423,251)	-	30,000		(10,393,251)	(9,698,502)	-	30,000	(9,668,502)
Administrative	(1,859,988)	1,744	-	(1,502)	(1,859,746)	(1,548,899)	1,744	-	(1,547,155)
			-					-	
Share of associate companies results	8,219	-	-	-	8,219	-	-	-	
Interest income	61,534	-	-	-	61,534	49,508	-	-	49,508
Other gains and losses	(3,807,252)	-	-	-	(3,807,252)	(4,384,566)	-	-	(4,384,566)
Finance charges and interest on loans	(1,879,449)	-	-	-	(1,879,449)	(1,869,593)	-	-	(1,869,593)
SURPLUS BEFORE TAXATION	(1,989,782)	1,744	30,000	-	(1,958,038)	(2,228,767)	1,744	30,000	(2,197,023)
Taxation	(41,609)	-	-	-	(41,609)	-	-	-	-
SURPLUS AFTER TAXATION	(2,031,391)	1,744	30,000	-	(1,999,647)	(2,228,767)	1,744	30,000	(2,197,023)
(Losses) Profits attributable to non-controlling interests	(59,359)	-	-	-	(59,359)	-	-	-	-
NET (LOSS) SURPLUS	(2,090,750)	1,744	30,000	-	(2,059,006)	(2,228,767)	1,744	30,000	(2,197,023)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	-	(6,237)	-	-	(6,237)	-	(6,237)	-	(6,237)
TOTAL COMPREHENSIVE INCOME	(2,090,750)	(4,493)	30,000	-	(2,065,243)	(2,228,767)	(4,493)	30,000	(2,203,260)

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35 OPERATIONS IN JOINT VENTURE

The Banana Export Company Limited (BECO), 49% stakeholder in Boundbrook Wharves Development Company Limited and the lessee of one of the Authority's piers, ceased operations as of December 31, 2009 and it is the intention of BECO to transfer its shareholdings in the venture to the Authority. At the end of the period, the process of transfer of the shareholding was not yet initiated.

36 OPERATIONS (PRIVATISATION OF THE AUTHORITY'S CONTAINER TERMINAL OPERATIONS)

As the Government of Jamaica (GOJ) and the Authority seek to develop and position the Port of Kingston to take advantage of the opportunities to be derived from the completion of the upgrade to the Panama Canal in 2015, the GOJ is taking steps to conclude negotiations for the privatisation of the Authority's Container Terminal Operations by the end of the fiscal year 2015. The transaction structure for the privatisation is a concession agreement under which the successful applicant will assume responsibility for the Container Terminal Operations on terms to be negotiated.

Corporate Data

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