The Port Authority of Jamaica

2012-2013 Annual Report

The Port Authority of Jamaica

Safety First

Security Essential

Tug boats (tugs) are used to assist in the safe berthing and unberthing of vessels at ports. Without the tugs it would be difficult and risky to maneuver larger vessels operating in close proximity to the docks as well as other vessels. The tugs are also necessary during periods of high prevailing winds and other adverse weather conditions. Tugs are an essential element in ensuring safety and security at all ports in Jamaica.

Tug Boat

Kingston Container Terminal at the Port of Kingston

Mission

STATEMENT

The Port Authority of Jamaica

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

VALUES

We are committed

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.

Operational Framework

Infrastructure Development	Create and deliver value to stakeholders through highly developed and well maintained port facilities and core infrastructure. Strengthen competiveness and attractiveness through consistent infrastructural enhancements.
Productive and Efficient Operations	Review and re-engineer business processes to boost productivity and efficiency. 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. Improve market awareness of brands, services, offerings and achievements through sustained public relations and promotional activities. Strengthen market research and intelligence capabilities to identify and capitalise on opportunities and manage threats.

OUR CORPORATE PROFILE

Who we are

The Port Authority of Jamaica (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 port and shipping industry.

What we do

The Port Authority 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.

We are also responsible for ensuring Jamaica's security objective to protect and control Jamaica's territory being cognizant that the country's seaports are valuable strategic assets that must be kept infinitely functional.

Our business in brief

The PAJ is accountable for the safety of all vessels navigating the ports of entry and regulation of the tariffs charged on goods passing through the public wharves. The operations of the Port Authority of Jamaica are primarily driven by two business lines, Containerized Cargo and Cruise Shipping.

Containerized Cargo activities are undertaken at the Port of Kingston, through the Kingston Container Terminal which is a wholly owned subsidiary of the Port Authority of Jamaica and at 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 & Port Antonio Marina. 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 joint venture 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 manage 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 BAY COLD STORAGE LTD.	A 33% associate company whose primary activity is the rental of refrigerated warehouses.

VISION

The Western Hemisphere's Beacon of Maritime Excellence

What's Inside

Kingston **CONTAINER** Terminal

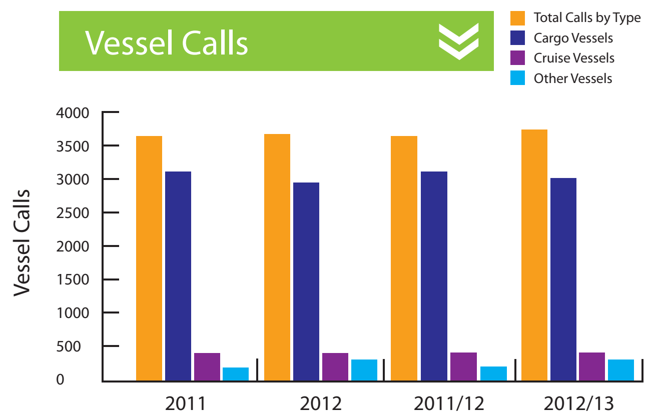
Quick Facts

- One of the largest container terminals in the region
- Leading Transhipment Hub with world-class facility status
- Annual rated capacity of 3.2 million TEU
- Mainline services to North and South America, Europe, the Far East and Australia
- State-of-the-art-computerized management system
- Key player in the development of Jamaica's logistics hub

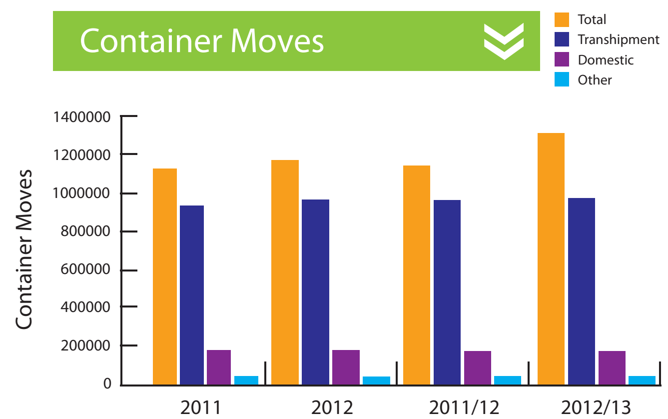
Performance

Performance at a Glance

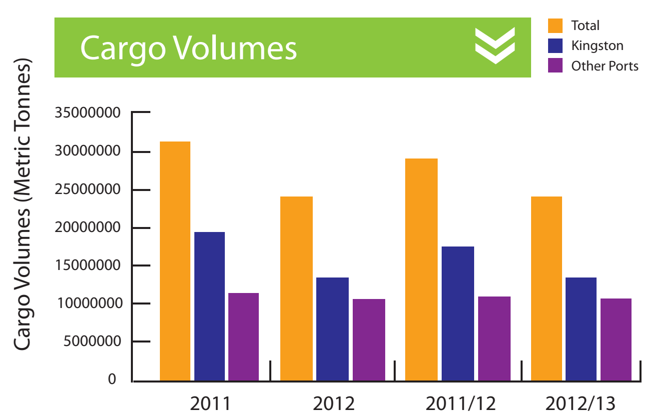
Vessel Calls



Container Moves



Cargo Volumes



Cruise Passengers

Business HIGHLIGHTS

a Dr. the Honourable Omar Davies MP, Minister of Transport, Works & Housing reviews a document with Trudy Belnavis, Assistant to the Minister of Transport, Works & Housing. Minister Davies is charged with oversight and direction of the policy framework, management and operations of the Port Authority of Jamaica which falls within the remit of the Ministry of Transport, Works & Housing.

b William Tatham (left), Vice President Cruise Shipping and Marina Operations at the Port Authority of Jamaica, presents a welcome token to Captain Ulf-Peter Linsdtrom of Kristina Katarina, a vessel from Finnish cruise line Kristina.

c Kimberley Stiff (left) Assistant Vice President Marketing Communications, greets Captain Ingler Olsen of the Queen Victoria vessel during a welcome ceremony for the vessel on its maiden voyage to Jamaica.

d Captain Stefano Battinelli, Carnival Breeze receives a token from Ms. Rosalie Donaldson, Senior Vice President, International Marketing & Client Services during a plaque exchange ceremony in recognition of the ship's inaugural call to the Historic Falmouth Port.

e (L-R) Ms. Audrey Sewell, Permanent Secretary, Ministry of Transport, Works and Housing, Hon. Richard Azan, MP Minister of State, Ministry of Transport Works & Housing, His Excellency Ambassador Zheng Qingdian Chinese Ambassador to Jamaica and Dr. Paul Robertson, Senior Director Government Relations Port Authority of Jamaica, participate in a presentation ceremony for the donation of a Nutech Mobile Scanning Machine to the Government of Jamaica from the Government of China to be used by the Port Authority.

f (L-R) Hon. Dr. Morais Guy, Minister without Portfolio (Housing), Ministry of Transport, Works & Housing and Mervis Edghill, Senior Vice President, Engineering & Port Development, PAJ review drawings of a project at the Historic Falmouth Port.

g Anthony Bowen (right), Port Manager, Historic Falmouth Port, welcomes representatives from Toyota Jamaica and USA to the Historic Falmouth Port.

OUR 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.

Seated from Left to Right: Ambassador A.B. Stewart Stephenson, Dr. Carrol Pickersgill, Peter Melhado, Horace Reid, Anthony Pickersgill, Dr. Janine Dawkins, Hon. Noel Hylton
Standing from Left to Right: Dennis Morrison, Gary Peart, Maureen Vernon

THE BOARD OF DIRECTORS' Report

During the 2012/13 financial year the Port Authority of Jamaica (PAJ) grappled with continued uncertainty in the global economy and accompanying harsh business and market conditions. Notwithstanding, the organization at the same time sought to capitalize on opportunities in the key industries in which it operates, namely containerized cargo, cruise shipping, logistics and business process outsourcing.

The path towards a global economic recovery remained challenging for much of 2012, with global output growing by a modest 3.2% down from 3.9% in 2011. This was due largely to the continued risks presented by the sovereign debt crisis in the Eurozone as well as uncertainty surrounding the fiscal policy framework of a new United States administration. These factors precipitated an overall negative impact on consumption, investment and production which created an unfavourable operational environment for all shipping interests.

CONTAINERIZED CARGO

While the containerized cargo industry contended with the difficult economic climate, shipping lines had to confront a myriad of factors which negatively impacted their business. This includes declining freight rates, the continuous surge in fuel prices adversely impacting their operating performance, as well as the growth of capacity outpacing that of demand.

In fact, profits and financial stability remain elusive for the industry. Statistics from industry analyst Alphaliner, indicate that 21 of the top 30 carriers reported a combined operating loss of US$239M. Only a handful of carriers made a profit, chief, among them being CMA CGM, one of the Authority's main clients.

Although this overall performance represents a noteworthy improvement relative to 2011 when the top 20 lines incurred losses of over US$5.6B, it belies the significant hardships faced by many shipping lines during the year under review.
Nonetheless, demand and supply conditions are expected to remain negative. As a consequence, the slow pace of growth on main trade lanes and reduced demand, coupled with the highest level of new vessel deliveries this year, shipping lines are expected to continue to struggle to achieve favourable results in 2013.

Kingston Container Terminal

Regardless of the unfavourable conditions, the PAJ pursued a coordinated strategic programme aimed not only at addressing its long-term direction and sustainability but also ensuring achievement of positive results within areas of its operations.

In an effort to address the perplexing issue of infrastructure development financing, the Authority accelerated activities geared towards privatising the Container Terminal by engaging in discussions with international interests with a view to enhance cost efficiency, mitigate risk and improve the economic viability and profitability of the port. In this regard there were two primary developments:

- Extensive discussions and analysis regarding CMA CGM's unsolicited proposal for the phased development and operation of the Gordon Cay section of the Container Terminal
- The negotiation of a Memorandum of Understanding (MOU) with China Harbour Engineering Company to undertake feasibility studies for the development of a new container terminal at Fort Augusta and logistics centres at Caymanas lands and other areas.

These developments were significant achievements when viewed in the context of the heightened level of competition as well as the generally unfavourable conditions in the containerised cargo market which signalled the overall attractiveness and market interest in Kingston Container Terminal among international industry firms.

Despite the hostile conditions in the global containerized cargo industry the Authority intensified its efforts to ensure that operational activities at KCT remained buoyant. This was achieved through programme innovation as well as the comprehensive rehabilitation of equipment to ensure the highest levels of availability and reliability. The organization also undertook business process improvements to enable the port to deliver greater productivity, operational efficiency and competiveness.

Workforce productivity remained foremost in the strategic programme to strengthen KCT's leading position. This sustained the continued efforts of the Authority to ensure a competent and reliable workforce at the Terminal to provide efficient and exceptional services. Accordingly, there was renewed attention to employee engagement and satisfaction. The expertise of a consultant was employed to assist the management of KCT to introduce new programmes and enrich existing ones in regard to boosting employee retention and promote employee satisfaction.

Armed with the benefits of these initiatives, the Authority strengthened the strategic marketing programme during the year with the objective of promoting the port's competitive advantages and offerings. This was supported by strategic communications programmes to publicize KCT's position as the preferred regional transhipment port. Public relations efforts also communicated the port's commitment to advancing the growth of shipping lines regionally. Arising from these efforts, the Authority signed a new three year Terminal Services Agreement with an option to renew for a further two years with the Swiss-based Mediterranean Shipping Company, the world's second largest shipping line. The agreement which became effective on October 1, 2012 provides guaranteed berthing windows to MSC to operate its feeder and main liners.

The steadfast efforts of the PAJ to alleviate effects of the negative operating environment resulted in the Kingston Container Terminal handling a total of 964,673 container moves during the 2012/13 financial year in comparison to 977,144 moves in the previous year which represents a 1.3% decrease.

Panama Canal Expansion

A hallmark of the Authority's work during 2012/13 was the rationalization of plans which brought into sharp focus the need to capitalise on opportunities from the impending 2015 Panama Canal expansion. The expansion project is of pivotal importance as it is perceived as a critical game-changer in the regional containerized cargo trade. In light of the port's strategic geographical position, plans are underway to prepare KCT for achieving mega hub status as well as maximize the expected benefits of the expansion. The key development plans for the port include the following near term activities:

- Dredging and widening of the ship channel and turning basin
- Upgrading of berthing facilities
- Upgrading and installation of more modern technologically advanced cargo handling equipment

Privatization of Kingston Container Terminal

Cabinet approved the establishment of an enterprise team to direct the privatization of KCT. The main function within its remit is to identify a suitable private sector investor (s) to undertake the expansion and development of KCT including the management of its operations. This is to be done in accordance with the timeline of the opening of the expanded Panama Canal in 2015.

CRUISE SHIPPING

Weakened global economic conditions also hindered performance in the international cruise industry which faced its own set of problems due to a series of highly publicized cruise shipping incidents some of which resulted in major damages to ships and the loss of life. As a result the industry experienced a reduction in earnings.

Other factors affecting the success of the cruise market were the global recession, increased fuel prices and the effects of Hurricane Sandy which damaged some of the cruise facilities in the Caribbean and the US East Coast.

Despite these and other challenges, the cruise market demonstrated resilience and the cruise liners were able to maintain the ships' complement through intensified marketing and promotions. As a result, the global cruise industry carried 20.3 million passengers in 2012 with 17.2 million sailing from North America. This is an increase of 4.6% over the previous year.

Jamaican Cruise Industry

The Jamaican cruise industry performed creditably in spite of the harsh international economic environment and the previously mentioned unfavourable public relations experienced in the global market.

Dynamic and innovative marketing, promotional and public relations initiatives were employed which ensured that the local cruise industry remained vibrant. The PAJ, under its 'Cruise Jamaica' brand continued to host familiarization trips at which key executives from cruise lines were engaged in local cruise settings and through which the Jamaican cruise experience was showcased. This resulted in calls from new ships namely Quest for Adventure, Celebrity Silhouette, Carnival Breeze and Independence of the Seas.

Jamaica welcomed 1,315,309 passengers in 2012/13, a reduction of only 1.22% in comparison to 1,331,539 passengers in the previous financial year. However, the 2012 calendar year registered a record 1,344,116 passengers which represents a 18. 2% increase of over 2011.

Our cruise product continued to receive global recognition and received the following awards during the period under review:

- World Travel Awards - World's Leading Cruise Destination
- World Travel Awards – World's Leading Tourism Development Project
- Caribbean's Leading Cruise Port – Ocho Rios

REGULATORY FRAMEWORK

During the review period, the Authority fulfilled its regulatory objectives and responsibilities through a number of initiatives which ensured the safety of all the vessels navigating the ports of entry.

Security

During the 2012/13 fiscal year, a number of initiatives were undertaken with the objective of strengthening our security procedures and capacities in meeting the various challenges that we constantly face. The following achievements are noteworthy:

- The acquisition of the Nuctech MT1213LT Mobile X-Ray Unit which was a donation from the Chinese Government to the Government Of Jamaica (GOJ).
- The acquisition of two (2) Rapiscan 632 DV Detection Scanning Machines that have been deployed between the Kingston Logistics Centre and the Seaboard Warehouse in Montego Bay.

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Changes to the Legal and Regulatory Operating Environment

The Port Authority Bill

The Port Authority Act was promulgated in 1972 and is in the process of being drastically overhauled which will entail a repeal of the current Act. The Office of the Parliamentary Counsel has prepared several drafts of the Port Authority of Jamaica Bill which is continuously reviewed by the Port Authority, the Ministry of Transport Housing & Works, the Maritime Authority of Jamaica, the Shipping Association of Jamaica and other stakeholders. The Bill is in its final stages of review and has been included in the Ministry's Legislative Programme for 2013/2014. This will result in the Bill being reviewed by the Legislative Committee of Parliament prior to being laid before the House of Parliament and the Senate in order to become law.

Corporate Governance

The Corporate Governance Framework for Public Bodies was recently ratified by the Government of Jamaica and is being implemented by the Port Authority.

OUTLOOK

Despite worrying trends and challenges within the international port and shipping industry, the Authority consistently seeks avenues to foster growth and value creation.

Although it is anticipated that shipping lines will continue to grapple with achieving profitability, as well as issues relating to rising fuels costs and the achievement of growth within the context of a global recession, containerized cargo volumes are forecasted to grow by 6% in 2013 and 2014.

The pace of growth in vessel capacity is also projected to increase by 9% in 2013 and 7% in 2014 leading to further possibilities of overcapacity in the industry.

In relation to the global cruise market, an increase of 3% to 20.9 million passengers is expected in 2013.

Even though there were difficulties faced by the shipping industry, the organization is unyielding in its commitment to promote the development of Jamaica and contribute to nation building and continues to make a significant contribution to the economic fabric of the country. The PAJ is a primary foreign exchange earner and plays a vital role in the trade, investment and commerce sectors of Jamaica.

The Authority projects that in the fiscal year 2013/14, container moves and cruise passengers are likely to grow by 11.5% and 1.3% respectively. In that regard, the efforts of the Authority will produce an approximate growth in revenues of 13% relative to 2012/13. Net profit is projected to be JA$1.2 billion in 2013/14.

In order to sustain its operations, the Authority will develop a strategic emphasis on principal businesses and as such will further its infrastructure development programmes, boost productivity at KCT, augment marketing programmes to create a market blitz which positions the KCT brand as a regional mega hub, equipped to handle post Panamax vessels.

There will aslo be renewed focus on enhancing the Logistics Hub Initiative by ensuring close working relationships with the responsible agenices.

Under our 'Cruise Jamaica' brand, efforts will be focused on strengthening the marketing thrust and the utilization of new communications channels to promote Jamaica's status as a premier global cruise destination.

These strategic initiatives and operational programmes will enable the Port Authority of Jamaica to stimulate local economic growth and realize its mission of developers and regulators of world class facilities and services, which ensure the sustainable growth of Jamaica's maritime industry and maximum satisfaction to all stakeholders.

THE HON. NOEL A. HYLTON OJ, CD, LLD (Hon.), JP
Chairman

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Port of MONTEGO BAY

Quick Facts

- Fully equipped for home porting business
- Ability to handle vessel turnarounds involving large numbers of passengers
- Ideally located in the heart of one of Jamaica's key tourism meccas
- Facilitates 'Stay and Sail' combination package options
- Ship agency and husbandry services always available
- Ready access to cargo facilities for resupply

Integrity

- Chairman's Statement
- Corporate Governance
- Directors' Profiles

CHAIRMAN'S STATEMENT

We are entering a new era in the Port Authority's corporate history amidst an eventful 2012 as game-changing developments unfolded in container ports and cruise shipping industries.

As a leader in the global port and shipping industry for over 40 years I am pleased with the continuous growth and sustained competiveness of the organization throughout the period, as well as the tremendous contribution the Port Authority has made to the development of Jamaica.

The past few years have indeed been testing for us as the industry grappled with the far reaching impacts of the global recession, rising fuel costs, slow pace of growth and a downturn in international trade. Nevertheless, we were able to overcome these difficulties and have realized commendable results during the period under review.

As I reflect on the growth of the organization over the years, and the transition from the underdeveloped Port of Kingston to the technologically advanced high capacity facility which is now Kingston Container Terminal (KCT), I am satisfied with the achievements of its developmental path. I am even more pleased that its infrastructural enhancements and world class reputation enjoyed by the port, coupled with its enviable strategic geographical location, has positioned KCT as the ideal candidate to attain Mega Hub status in light of the impending Panama Canal expansion.

Our operations are now poised to transition to the next stage of our evolution, as we prepare for the transformative effects of the Panama Canal Expansion in 2015. We perceive the harsh global operating environment as an opportunity rather than a challenge, thus in response we will remain resilient and pursue strategies that will ensure the benefits from the Panamax era are seized.

Our efforts to improve our cruise offerings have been extraordinarily significant with the introduction of the Historic Falmouth Port. That facility continues to dominate its market and received two awards during the review year including the World Travel Award's World's Leading Tourism Development. This port is revered as a game changer within the cruise shipping industry and is perceived as the global benchmark for themed cruise port development.

As we reflect on these accomplishments, we are thankful for the support and patronage of our customers and business partners, without them our achievements could not be realized.

On behalf of the Board, Management and Staff, I would like to extend our heartfelt thanks to them for their continued patronage, their trust in our ability to deliver, their feedback for our constant improvement, their vote of approval and their partnership through which we can grow our businesses together.

I must express my sincere appreciation to the Board of Directors whose tenacity and efforts ensured the fulfilment of our objectives during the 2012/13 fiscal year. Let me extend my gratitude to the management team and our dedicated workforce and unions whose harmonious relationships helped to create an environment that continues to drive our success.

I am grateful to the Government of Jamaica which has been a constant vessel of support of our goals and I must highlight the outstanding leadership and direction received from Dr. the Honourable Omar Davies, Minister of Transport, Works and Housing who is vested with portfolio responsibility for the Port Authority of Jamaica.

As we look forward to 2013/14 and beyond, there is no doubt that major uncertainties will continue to be with us. There are some optimists that have sounded a note of confidence that global economic recovery is imminent but I remain cautiously optimistic in my outlook of the economic landscape, influenced largely by the recent anaemic growth trends of some major economies which will likely remain for some time.

We will remain focussed however on our forthcoming goals with our past accomplishments serving as an inspiration for our future and as an indication that the organization will continue to achieve great things.

In this regard, the Port Authority commits to maintain its prowess in the global market and will work to ensure the fulfilment of the organization's vision of being the Western's Hemisphere Beacon of Maritime Excellence.

THE HON. NOEL A. HYLTON - OJ, CD, LLD (Hon.), JP
Chairman

CORPORATE GOVERNANCE

The Board of Directors of the Port Authority of Jamaica is responsible 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 and oversight on policy direction, strategy and all business operations to ensure that the Authority acts in accordance with the Port Authority Act and in compliance with the International Maritime Organization (IMO) Conventions.

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 benefited from the stewardship of a Board of Directors which comprised of 10 members. The Board of Directors Profiles section of the 2012/2013 Annual Report provides the names of these directors and outlines their experience. In January of the review year, Mr. Devon Rowe resigned and was replaced by Major Richard Reese.

Board Committees

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

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.

Projects Committee

The members of the Projects Committee are:
Horace Reid – Chairman
Maureen Vernon
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 make recommendations to the Board on the implementation of such proposals.
- Monitors in-house procedural framework related to the implementation of contracts and make 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:
Gary Peart – Chairman
Peter Melhado
Devon Rowe (resigned in January)
Major (Ret'd) Richard Reese (appointed in January)

The Finance Committee functions as follows:

- Performs an advisory role in the Authority's financial operations. Make 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

Board Committees

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 make 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 which may enhance operations.
- Reviews any other areas relating to the provision of Pilotage services which are considered critical to the provision of an efficient service.
- Examines reports of incidents/accidents involving ships 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
Maureen Vernon
Anthony Pickersgill

The Audit Committee maintains detailed records of its meetings, 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 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 control structure and systems 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

There were eight (8) scheduled meetings, four (4) special meetings and one (1) retreat of the Board for the 2012/2013 financial year. The Board Committees met on a monthly basis, responded to matters within their remit and advised the Board accordingly.

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A HONEST, WELL BALANCED INCLUSIVE APPROCH FUSED WITH HIGH STANDARDS AND IDEALS, IS ESSENTIAL FOR GOOD GOVERNANCE.

BOARD OF DIRECTORS

HON. NOEL A. HYLTON OJ, CD, LLD (HON.), JP
CHAIRMAN

Chief Positions: Chairman, President and Chief Executive Officer of the Port Authority of Jamaica.

The Hon. Noel Hylton is an Accountant, with a distinguished career in the Port and Shipping Industry which spans over 40 years. Prior to serving the Port Authority of Jamaica, he served for 10 years in various administrative posts with the Eastern Regional Government of Nigeria.

Mr. Hylton is the recipient of the following national awards for service in the growth and development of the shipping industry: Commander of the Order of distinction (C.D.) and the Order of Jamaica (O.J.). He is also the recipient of several other awards, including the Designation of 'Caribbean Luminary' by the American Foundation of the University of the West Indies for outstanding contribution to the Caribbean.

He is a Director of the following Boards: National Commercial Bank Jamaica Limited, Medical Associates Hospital and Medical Centre.

DENNIS MORRISON
DEPUTY CHAIRMAN

Chief Position: Senior Director Special Projects Jamaica Bauxite Institute.

Mr. Dennis Morrison is a Caribbean economist with vast experience in public policy, the aluminum industry, tourism, infrastructure and airport development. His academic training and background are in Applied Economics, Project Analysis and Industrial Engineering.

He is the Chairman of the following Boards: Jamaica Tourist Board and Airports Authority of Jamaica.

JANINE DAWKINS

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

Dr. Janine Dawkins is a registered transportation professional who previously held the following positions at the Ministry of Transport, Works and Housing: Traffic Engineer, Chief Traffic Engineer and Director of Technical Services.

PETER K. MELHADO

Chief Position: President & CEO, ICD Group.

Mr. Peter Melhado's extensive professional experience spans the areas of Engineering, Manufacturing, Banking, Finance, Property Management, Construction and General Insurance.

Mr. Melhado is the past Vice President of the Private Sector Organization of Jamaica and former Chief Executive Officer of the Manufacturers Group.

He is the Chairman of the following Boards: Pan Caribbean Merchant Bank Limited, Caribbean Risk Managers Limited, West Indies Home Contractors Limited and the American International School of Kingston.

He is a member of the Board of Directors for the following organizations: British Caribbean Insurance Company, CGM Gallagher Group, Couples Resorts, Red Stripe and Isango.

GARY PEART

Chief Position: CEO, Mayberry Investment Limited.

Mr. Gary Peart has over 20 years of experience in Corporate Finance which includes roles in treasury and investments at Capital and Credit Merchant Bank and First Global Financial Services.

Mr. Peart is a member of the Board of Directors for the following Organizations: Lasco Financial Services and Access Financial Services.

A career financial services expert, he is currently the President of the Jamaica Securities Dealers Association and the Chairman of the Betting, Gaming and Lotteries Commission.

THE BOARD CONTINUES

ANTHONY PICKERSGILL

Chief Position: Executive Chairman, West Indies Paper Products Packaging Limited

Mr. Anthony Pickersgill has extensive knowledge and experience in the Manufacturing and Farming sectors.

He has served as Chairman of the following Boards: National Property and General Insurance Company Limited, Island Dairies Limited Group of Companies, Llandovery Investments Company Limited and Clarendon College Board of Governors.

MAJOR (RET'D) RICHARD REESE

Chief Position: Commissioner Of Customs

Major Richard Reese has extensive experience in diverse areas of emergency management, logistics, finance, intelligence and asset protection. He has devoted a lifetime to security management serving Jamaica in positions such as Permanent Secretary, Ministry of National Security; Secretary to the Defense Board, Commissioner of Corrections and since May 2012 as Commissioner of Customs.

He is presently the Chairman of the Logistics Committee for the 2013 Diaspora Conference, Chairman of the Port Management and Security Limited.

He holds an Executive Masters of Business Administration (EMBA) Degree from the Andreas School of Business at Barry University, Florida. He is also a Certified Port Facility Security Officer (PFSO). After 13 years of distinguished service, Major Reese retired from the Jamaica Defence Force in 1987.

HORACE REID

Chief Position: President, Carilinks Trading Network Ltd.

A past Insurance Executive and Branch Manager, Mr. Reid presently leads a manufacturing and importation business.

A former member of the Air Jamaica Board, he currently serves on the Board of the Jamaica Fire Brigade and is the Chairman of the Port Authority Management Services Board.

AMBASSADOR A. B. STEWART STEPHENSON

Chief Position: Attorney- at- Law

Ambassador Stewart Stephenson has the distinction of having managed seven state and non-governmental entities during his career, covering the areas of Law, Financial Regulation, Sports Administration, Competition Policy, International Trade, Diplomacy and Property Management.

Ambassador Stephenson formerly held the following positions: Executive Director of Jamaica's Securities Commission (now Financial Services Commission), Executive Director of the Fair Trading Commission, Managing Director of Factories Corporation of Jamaica, President of the Kingston & St. Andrew Football Association, Executive Member of the Jamaica Football Association (JFF), Jamaica's Consul to Toronto, Canada, Commissioner of the CARICOM Competition Commission and Jamaica's Ambassador to the Republic of Cuba.

MAUREEN VERNON

Chief Position: Advisor, Ministry of Transport, Works & Housing

Ms. Maureen Vernon has a wealth of experience in the Public and Private sectors as well as Jamaica's Foreign Service. She has served in key leadership roles in areas including, Research and Development, Foreign Policy and Economic Development.

She is a past Chairman of the National Foundation for Science and Technology. She has served on the following Boards: Jamaica Promotions Limited, Development Bank of Jamaica, Urban Development Corporation, National Investment Bank of Jamaica and the Scientific Research Council.

She represented Jamaica in a number of seminars and conferences and most recently was Jamaica's representative to the Board of Directors of the Inter-American Development Bank.

Historic Port of Falmouth

Quick Facts

- Winner of multiple International Awards including World Travel Awards – World's Leading Tourism Development Project 2011 & 2012
- Newest and largest theme port development in the region
- Ultra-modern terminal with the ability to accommodate the world's largest cruise ships
- Two berths for visiting ships
- Retro –style cruise village with bars, restaurants and shops
- Within walking distance of original town with historic buildings and sites

Leadership & Expertise

- Senior Executive Team
- Executive Team

OUR SENIOR EXECUTIVE TEAM

The HON. NOEL A. HYLTON OJ, CD, HON. LLD, JP

PRESIDENT & CEO

The Honourable Noel Arthur Anthony Hylton, an Accountant by profession, has had considerable experience in both public and private sectors and has had more than 40 years' experience in the Jamaican Shipping Industry.

After serving in various capacities in the Federal Government and Eastern Regional Government of Nigeria, he joined the Government of Jamaica as Chairman and Chief Executive of The Port Authority of Jamaica. During his tenure, he was decisively influential in the development of the modern Container Terminal at the Port of Kingston, as well as the development of Jamaica's first export free zone, the Kingston Free Zone.

In 1979, Mr. Hylton was awarded the national honour of Commander of the Order of Distinction (C.D.) by the Government of Jamaica for services to shipping in Jamaica. In 1996, he was appointed a Member of the Order of Jamaica (O.J.) by the Government of Jamaica in recognition of unstinting service and dedication to the development and growth of Jamaica's Port and Shipping Industry.

In addition to Mr. Hylton's major contributions to the port and shipping industry, he has served with distinction in many other areas which include: Director, Air Jamaica; Chairman of Jamaica Urban Transit Company; Chairman of the Police Service Commission; Director, Jamaica Tourist Board and Director, Jamaica National Export Corporation.

Mr. Hylton presently serves in the following capacities: Director of National Commercial Bank Jamaica Limited, Director of Medical Associates Hospital and Medical Centre and Chairman, Air Policy Committee, Ministry of Transport, Works & Housing.

MS. ROSALIE DONALDSON

SENIOR VICE PRESIDENT, INTERNATIONAL MARKETING & CLIENT SERVICES

Rosalie Donaldson provides leadership in the areas of international marketing, and client services at the Port Authority of Jamaica. She has specific oversight of the effective positioning of the organization's main business lines: containerized cargo and cruise shipping.

In her capacity, she leads the evaluation of market trends and client needs in order to effectively provide innovative solutions and services to the Authority's clients which drives the performance of its business lines.

She holds a Bachelor of Science in Management Studies from the University of the West Indies and a Diploma in Marketing from the Chartered Institute of Marketing in London.

She is a Director of the Jamaica Maritime Institute Trust Fund, the Caribbean Maritime Institute and the Security Administrators Limited.

MR. WINSTON BOOTHE

SENIOR VICE PRESIDENT, FINANCE, CORPORATE PLANNING & INFORMATION SERVICES

Mr. Winston Boothe has been a Senior Vice President of the Port Authority of Jamaica since joining the organization in January 1994, during which time his responsibilities have spanned a number of areas including Corporate Planning, Finance, Operations, and Information Services. He is currently a member of the Board of Directors for Jamaica International Free Zone Development Limited (JIFZDL), Ports Management & Security Limited (PMS), Port Authority Management Services Limited (PAMS), Boundbrook Wharves Development Limited (BWDL) and the Water Resources Authority.

Mr. Boothe has over 30 years experience as a corporate executive combined with a training course in General Management facilitated by Cornell University Graduate School of Business. He also obtained membership from the American Management Association after successfully completing its development programme in Management & Administration. Mr. Boothe has held the positions of Group Vice President of Jamaica Broilers Group Limited, Chief Executive Officer of Master Blend Feeds Limited and Chairman of Hi Pro Farm Stores Limited prior to taking up his appointment with the Port Authority.

He holds a Bachelor of Science in Economics with majors in Business Administration and Accounting from the University of the West Indies and gained his accounting background through his experience at Peat Marwick Mitchell & Company, now KPMG.

MR. MERVIS EDGHILL

SENIOR VICE PRESIDENT, ENGINEERING & PORT DEVELOPMENT

Mervis Edghill is responsible for the planning and development strategies required to fulfill the organisation's objective in the implementation of all maritime and engineering projects undertaken by the Port Authority of Jamaica. In addition, he has direct responsibility for the administration of the Engineering Department and oversight of the Harbours Department.

Mr. Edghill is a graduate of the University of Manchester Institute of Science & Technology in the United Kingdom and the University of the West Indies with a Master and Bachelor of Science Degree in Engineering respectively.

He also holds a Certificate in Port Management from the UNESCO-IHE Institute of Water Education in Delft, Netherlands.

He is the Chairman of the Port Authority of Jamaica's Sector Committee and a Director of the Port Authority Management Services Limited. He is also a member of the Jamaica Institute of Engineers.

OUR SENIOR EXECUTIVE TEAM CONTINUED

DR. CARROL PICKERSGILL

SENIOR VICE PRESIDENT, LEGAL, REGULATORY & CORPORATE AFFAIRS

Dr. Carol Pickersgill is responsible for providing the Authority and its Subsidiaries with general advice and direction on all legal, regulatory and corporate secretarial matters. She is responsible for ensuring that the Company's business is conducted in accordance with regulations and contractual obligations.

Dr. Pickersgill provides leadership in legal strategy, construction and development of contracts and guidance in matters relating to the drafting and interpretation of legislation dealing with maritime affairs of the Port Authority. Her role also encompasses participation in negotiations in relation to financing contracts with international shipping lines.

She is a graduate of the University of the West Indies with a Bachelor of Law. She holds a Master of Science Degree in Maritime Administration from the World Maritime University in Sweden and a Doctor of Business Administration in International Management from Nova Southern University.

MRS. BEVERLEY WILLIAMSON

SENIOR VICE PRESIDENT, BUSINESS MANAGEMENT & SPECIAL PROJECTS

Mrs. Beverley Williamson obtained a Master of Science in Accounting and a Bachelor of Science in Management Studies from the University of the West Indies in 1979 and 1978 respectively. She was designated FCA from the Institute of Chartered Accountants of Jamaica (ICAJ) in 1993. In 2003 she successfully pursued an Executive MBA from Florida International University.

Mrs. Williamson is responsible for managing and maintaining all the Authority's diverse commercial investments located throughout the island except for the Kingston Container Terminal. The Port Authority Free Zones, the Kingston & Montego Bay Free Zones and the Jamaica International Free Zone are also under her purview.

Her professional experience includes working as Senior Accountant at KPMG Peat Marwick; Manager Finance & Accounts at the National Export-Import Bank of Jamaica Limited. She joined the Port Authority in 1995 as Vice President, Finance & Accounting where she served in that capacity until April 2006 after which she was appointed Senior Vice President, Finance & Information Services. In September 2008, she was re-assigned to Senior Vice President Business Management & Special Projects, which currently pertains.

She is a member of the Institute of Chartered Accountants of Jamaica and also serves on the Boards of Jamaica International Free Zone Ltd; Ports Management & Security Ltd; Boundbrook Wharves Development Ltd and Port Authority Management Services Ltd.

2012-2013 ANNUAL REPORT

OUR EXECUTIVE TEAM

Safety and Security at the Port of Kingston is critical to the maritime supply chain and in this regard the Kingston Container Terminal operates as a certified port facility that complies with the International Ship & Port Facility Security (ISPS) Code.

The security objectives at the Kingston Container Terminal are the relentless pursuit of sound security practices that will enable the continued security and integrity of the maritime supply chain and to ensure the continuation and facilitation of trade through the observation, recognition and adherence to all domestic and international regulations.

All persons visiting and working at the port is mandated to adhere to the security policy related to dress and must at all times wear a security vest and when necessary a hard hat.

Photo taken at Kingston Container Terminal.

Back Row L-R : William Tatham, VP Cruise Shipping & Marina Operations; David Powell, Chief Group Internal Auditor; Gary Lawrence, VP Engineering & Port Development; Paul Rousseau, VP Project Engineer; Ishmael Leon, VP Accounting & Projects; Edmond March, VP Business Development

Missing: Captain Hopeton Delisser, VP Harbour & Port Services/Harbour Master; Belinda Ward, VP Human Resources & Administration, DCP Linval Bailey, VP Security.

Port of Ocho Rios

Quick Facts

- Jamaica's second busiest cruise port
- Marquee destination in the global cruise industry, among the most recognisable cruise ports in the global market
- Major port of call for Freedom Class vessels on Western Caribbean itineraries
- Awarded the Caribbean's Best Cruise Destination by the World Travel Awards for four consecutive years since 2009
- Offers cruise passengers a dynamic environment with sloping, lush hillsides and hidden waterfalls, botanical gardens and sandy beaches.
- Gateway to a wide range of attractions including thrill-seeker activities
- Located in a city rich with history and world renowned landmarks

Managment Discussion & Analysis

The Management of the Port Authority of Jamaica is responsible for the objectivity and integrity of the information presented in the Management Discussion and Analysis (MD&A). The information presented in the MD & A details the Authority's operations throughout the year in review and highlights the results, changes, developments and achievements which are benchmarked against the other years.

Our Core Business

Legal, Regulatory & Corporate Affairs

The Port Authority of Jamaica fulfilled its regulatory responsibilities through a number of initiatives and ensured the security and safety of all the vessels navigating the ports of entry.

The final draft of the Port Authority Bill was prepared by the Office of the Chief Parliamentary Counsel. An inquiry as to whether the powers of the Authority as contained in Section 6 of the Bill as well as those set out in the Second Schedule adequately allows for privatization of the Kingston Container Terminal is to be addressed by the Attorney General's Department.

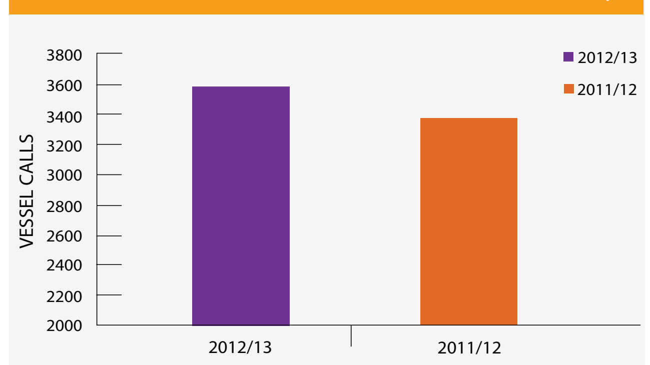
The Corporate Governance Framework for Public Bodies was recently ratified by the Government of Jamaica and is being implemented by the Port Authority.

The Authority ensured continued compliance with the International Maritime Organization/ International Ship and Port Facilities (IMO/ ISPS) Code and pursued a Compliance Audit Programme through audits of all certified ports.

Ship & Cargo Traffic

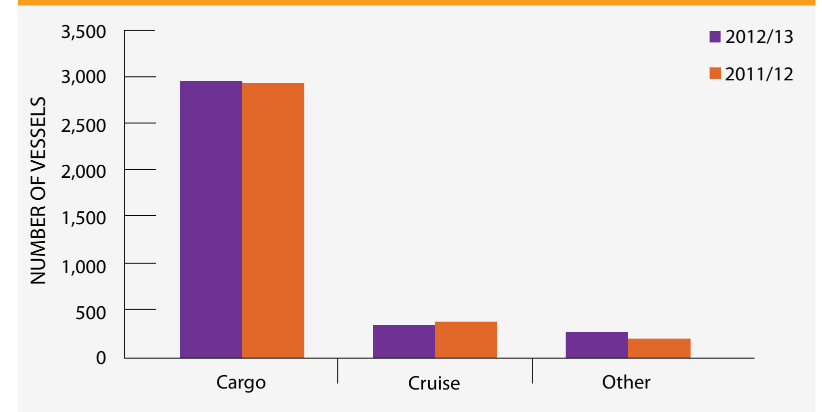
Vessel calls to Jamaica during the 2012/13 fiscal year totalled 3,704, which represents a slight increase of 1.78% in comparison to the previous year.

Total Vessel Calls



The Port of Kingston remained the dominant port and received 2,709 vessel calls during the reporting period, which was 392 calls more than the previous review year. The Port of Montego Bay received 269 calls; the Historic Port of Falmouth received 145 calls, while the Port of Ocho Rios received 137 calls. Cumulatively a total of 444 vessel calls called at the other remaining ports.

Ship Calls by Type

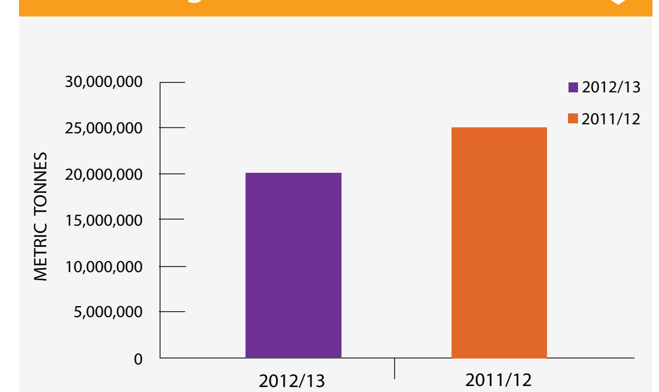


Cargo Volumes

A total of 23,963,542 metric tonnes of cargo was handled at the island's ports during calendar year 2012, a decrease of 21.2% when compared to 2011. This reduction in tonnage was experienced across all ports.

Jamaica's ports received a total of 23,923,225 metric tonnes of cargo during the 2012/13 financial year which is a reduction from 29,048,704 metric tonnes from the previous year. This reflects a decrease of 17.6% relative to the previous fiscal year.

Total Cargo Volumes: All Ports



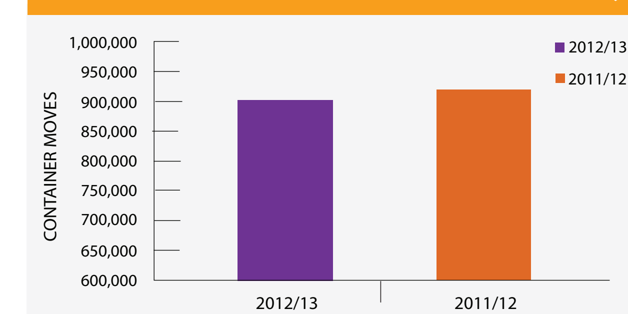
Kingston Container Terminal

The unfavourable conditions in the global containerized cargo market during 2012 had adverse impacts on shipping lines and ports, including the Kingston Container Terminal (KCT). The sluggish pace of growth in global output and trade resulted in a slow rate of growth in containerized cargo volumes. Concurrently, there was a sustained increase in vessel capacity as shipping lines took delivery of new and larger vessels. This created a negative supply/demand balance, which caused additional strain on the shipping lines.

In spite of being able to successfully increase freight rates during the year, shipping lines struggled financially. A survey by shipping industry analyst Alphaliner revealed that 21 of the top 30 carriers incurred a combined operating loss of US$239M in 2012.

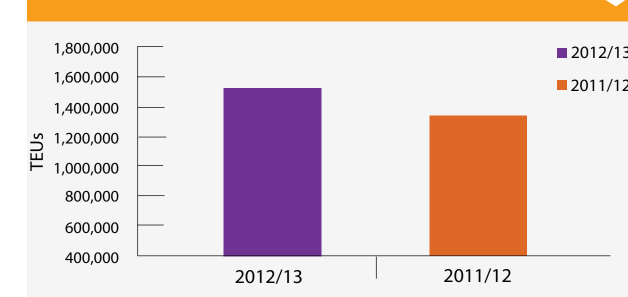
Against this background, container moves at the KCT during the period under review totalled 964,673, in comparison to the previous year's total of 977,144 moves, which reflects a slim 1.3% decrease.

Container Traffic in Moves

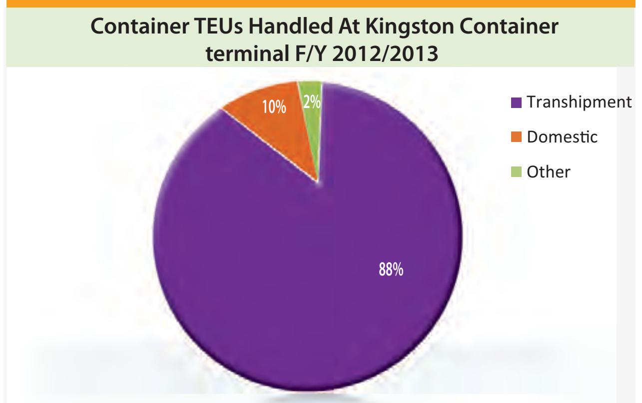


The throughput at the KCT totalled 1,579,328 TEUs for the 2012/2013 fiscal year relative to 1,609,763 TEUs in 2011/2012, a decrease of 1.9%. The decline was reflected in both transshipment and domestic activity.

Container Traffic in TEUs

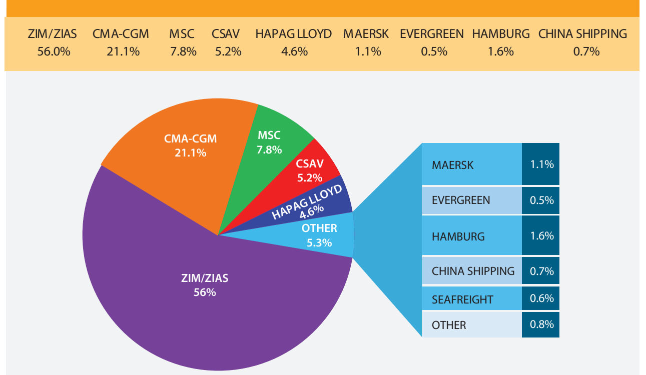


TEUs Handled At Kingston Container Terminal F/Y 2012/2013



Zim Container Lines and CMA CGM maintained their status as primary shipping lines visiting the terminal and accounted for 56.0% and 23.9% respectively. Mediterranean Shipping Company (MSC) which commenced direct calls to KCT in October 2012, accounted for 7.8% of the total containers handled, whilst CSAV accounted for a further 5.2% of the volumes handled at the Terminal.

Distribution of Container Moves by Line F/Y 2012/2013



Highlights of KCT Operations

Strategic initiatives to reinforce the KCT brand and within the industry for efficient and highly productive operations were implemented. Accordingly, there were enhancements to operational procedures as well as a comprehensive programme to overhaul and improve equipment availability and reliability.

There was also a renewed focus on developing the competencies and skills of the work force as part of an on-going systematic drive to ensure efficient and productive operations by a qualified team of employees.

Preparation for the Panama Canal Expansion

The Port Authority maintained and improved its infrastructural development programme as plans are underway to prepare KCT for achieving mega hub status as well as maximize the expected benefits of the expansion in preparation for the completion in 2015.

The key development plans for the port include the following near term activities:

- Dredging and widening of the ship channel and turning basin
- Upgrading of berthing facilities
- Upgrading and installation of more modern technologically advanced cargo handling equipment

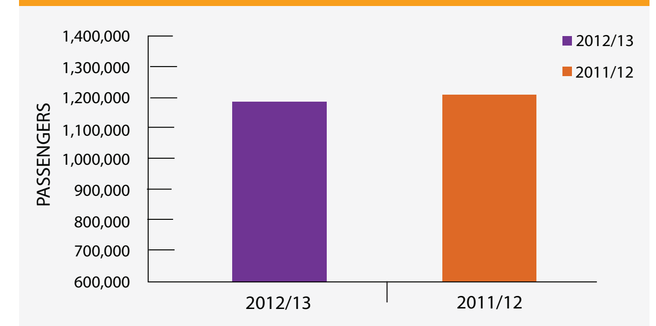
Cruise Shipping

It was a testing year for the cruise shipping industry as shipping lines encountered harsh business conditions as well as negative publicity arising from a series of unfortunate incidents which resulted in major damage and loss of life. The Costa Concordia disaster which occurred off the coast of Italy in 2012 had an adverse impact on the industry and resulted in a reduction in earnings.

Business conditions were worsened by the ongoing global recession, higher fuel prices as well as the occurrence of Hurricane Sandy which damaged some cruise facilities in the Caribbean and the US East Coast.

Despite the challenges, the cruise market demonstrated resilience. The cruise lines kept the ships full through intensified marketing and promotion.

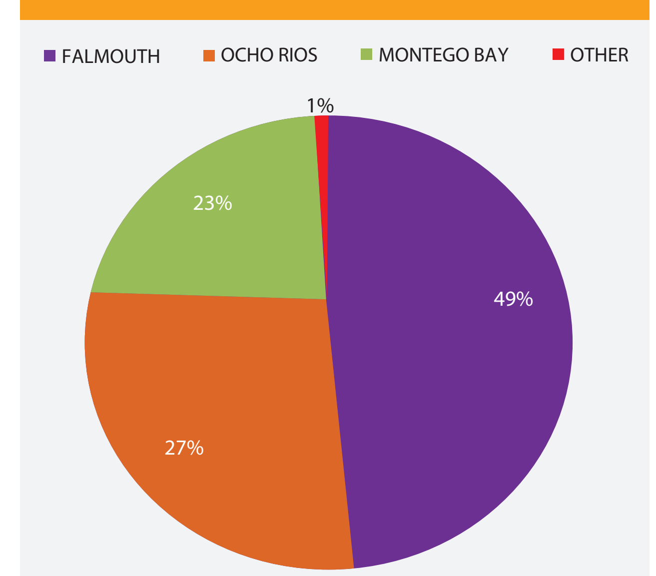
Container Traffic in TEUs



The local cruise sector performed creditably despite the challenging economic and global public relations debacle. The island welcomed 1,315,309 passengers in 2012/13 which was only 1.22% lower than 1,331,539 passengers which visited the island during the previous financial year. Comparatively, during the calendar year the local industry experienced a record breaking 1,344,116 visitors which represented an increase of 18.2% relative to the previous calendar year.

The Historic Port of Falmouth received 645,354 passengers or 49.1%, the Port of Montego Bay received 309,058 passengers or 23.5%, both ports showed an increase in passenger arrivals. However, the Port of Ocho Rios received 359,848 passengers or 27.4%, a decline of 14.7% relative to the previous Fiscal Year.

Passenger Arrivals By Port F/Y 2012/2012



Cruise ship calls totalled 371 during the 2012/2013 Fiscal Year, a reduction of 9.7% in comparison to 2011/2012. Of this total, 145 vessels or 39.1% visited Falmouth and 123 cruise vessels or 33.2% called at the Port of Ocho Rios. Montego Bay welcomed 99 cruise liners or 26.7% of the total. The remaining ports welcomed 4 cruise vessels or 1.2%.

While the number of calls from some cruise lines declined during the year, the shortfall was partly offset by vessels which made inaugural calls at Jamaica's ports during 2012. These include Quest for Adventure, Celebrity Silhouette, Independence of the Seas and Carnival Breeze.

Projections for Cruise Market

Indications are that Jamaica's cruise arrivals will continue to increase as the Port Authority's dynamic and innovative marketing programme has yielded additional calls which were secured for the 2013/14 winter tourist season. This includes calls from Disney Cruise Lines which are scheduled to commence at the Historic Port of Falmouth in October 2013.

International Awards

The strength of Jamaica's cruise brand and product continues to be reaffirmed by the global industry. This was underscored by the numerous awards received during 2012. Jamaica received the following World Travel Awards during 2012:

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

This achievement is as a result of the Port Authority's strategic development of its port facilities, the marketing initiatives aimed at strengthening the 'Cruise Jamaica' brand, as well as consistent engagement of all stakeholders in shaping Jamaica's image as a premier cruise destination.

The Errol Flynn Marina

During the review period, there was a change in the head of the management team at the Errol Flynn Marina. Together with the other staff, they embarked on an assessment of the operational arrangements and assets under management aimed at improving efficiencies, and maximizing utilization of assets and thus return to the Port Authority of Jamaica.

An initiative aimed at partnering with an international entity to market and operate the Marina was pursued but not successfully concluded. With the promulgation of the Government's Public Private Partnership Policy and its stated commitment to using this mechanism as a means of fostering development, a more structured way is now available to pursue the development of these assets in the coming year.

The strategic focus for the 2013-2014 Fiscal Year:

The Authority will continue to pursue initiatives to increase vessel calls from existing and new markets in order to achieve growth in passenger arrivals and maximize cruise related revenues. The marketing programme will focus on:

- Direct meetings with the cruise companies to secure additional calls as well as homeporting commitments.
- Host key cruise executives and decision makers on familiarization trips to the cruise ports. The Port Authority will host three familiarization trips in each Fiscal Year.
- Participation in industry shows and events to build brand recognition among travel agents and consumers of cruise products.
- Continued collaboration with industry partners such as the Jamaica Tourist Board (JTB) in order to broaden the reach of the marketing effort and reduce marketing costs.
- Establish and maintain medium to long term strategic agreements with major cruise lines.

Our Operations

Logistics

Cementing Jamaica's Strategic Location as a Major Global Cargo Hub

In this era of globalization, ports in general and transshipment hub ports such as the Kingston Container Terminal (KCT) in particular, play a crucial role as the major gateways for both domestic and international trade.

In this regard, building on its existing investments, PAJ has embarked on a number of key strategic initiatives to meet the growing demands of its targeted markets, capitalize on opportunities that will emerge from the Panama Canal expansion as well as to maintain competitiveness throughout the Americas.

The strategic initiatives were developed based on three (3) critical Strategic Business Drivers that will have a significant impact on our business strategies for future operations, these being:

- The era of mega container ships
- The expansion of the Panama Canal to accommodate larger vessels.
- The realignment of trade routes serving the US East and Gulf Coast

The key strategic initiatives include:

Privatisation of KCT

This is being pursued through a Public Private Partnership initiative with the objective to develop and modernize the existing terminal assets and facilities to efficiently accommodate the larger vessels and increased cargo volumes anticipated from the expanded Panama Canal. It is also anticipated that the privatization of KCT will facilitate the longer-term expansion plans in keeping with demands for container throughput.

Integral to this strategic initiative and indeed to the following is the dredging of the Access Channel and Turning Basin to accommodate the larger ships that will now transit the Panama Canal. As such, this matter was pursued vigorously during the period under review with planned implementation commencing during the next Fiscal Year.

The development of logistics assets.

In keeping with the Government's Vision 2030 Development Plan, Jamaica's central geographic location, its existing Logistics assets and extensive cargo networks will be utilized to position Jamaica as an international cargo transshipment hub to provide a seamless, integrated way of linking all modes of cargo transportation: sea-air-land.

This is required to facilitate the rapid growth of international trade and to reduce the overall transport and handling costs within the supply chain while at the same time, responding to the demand for just-in-time, door-to-door cargo services.

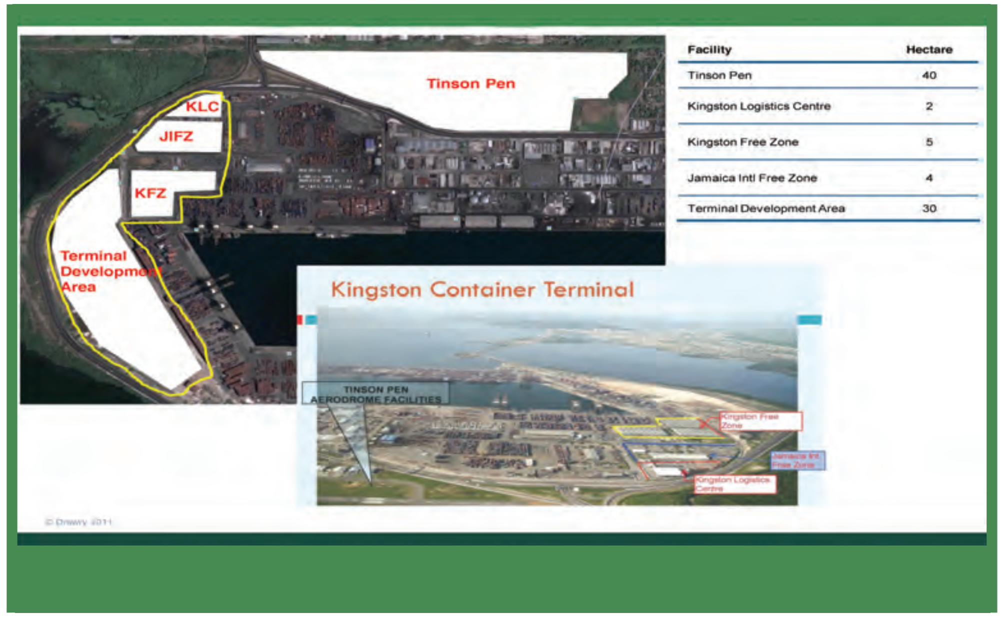
It is clear that as the Panama Canal Expansion draws closer to completion, the demand for logistics and value-added services will increase significantly due to the increased volume of containerized cargo that will emerge as carriers seek to benefit from the economies that the larger vessels transiting the expanded Canal will offer.

The Jamaica Logistics Hub Initiative (LHI) being pursued by the Government will rest heavily on the development of the KCT transshipment port as this will play a central role in facilitating the movement of cargo to logistics parks and enterprise zones developed specifically for providing a range of services from manufacturing, assembling, and cargo consolidation to other value added services.

In this regard, PAJ has played an integral role in the development of the LHI with contributions made towards the development

Figure 1 Jamaica's Logistics Assets

Figure 2 Port Centric Logistics Hub Assets



of a Master Plan as well as providing input, as required by the LHI Task Force, in specific infrastructure development plans that involves the transshipment hub and related facilities. In fact, the port already has assets that have the potential for the development of port centric logistics hub capabilities. ***See Figure2 above.***

Concurrently, PAJ continued during the year to pursue other Logistics related projects that were under management. Specifically, in accordance with a Memorandum of Understanding between PAJ and China Harbour Engineering Company Limited (CHEC), there was active engagement to facilitate technical and feasibility studies by CHEC as it regards to the development of a Container Terminal at Fort Augusta, together with 200 acres of land at Caymanas into an Enterprise Zone for manufacturing and assembly type activities. The view was that this proposed investment would serve to cement and strengthen the position the Port of Kingston as one of the preeminent regional transshipment port.

However, by year end, the technical and feasibility studies undertaken, which culminated with the expiration of the MOU, concluded that the facilities under consideration were inadequate for the scale and scope of their development plans. It is noteworthy that this has not dampened CHEC's interest to invest in Jamaica and as such, CHEC in conjunction with PAJ commenced the search for alternative locations within Jamaica to pursue this prospective development, under the terms of a revised MOU.

Free Zones

The Port Authority of Jamaica [PAJ], as a part of its development role and to complement port development, invested in the development of three (3) Free Zones. These are the Kingston Free Zone [KFZ] situated next to the Kingston Container Terminal [KCT]; the Montego Bay Free Zone [MBFZ] located in Montego Bay in close proximity to the port of Montego Bay and the Jamaica International Free Zone [`JIFZ], located in Newport West, also in close proximity to KCT.

Except for JIFZ, in which Zim Integrated Shipping Services [ZIM] has a 25% stake and which was formed in 2005/2006 with the primary objective of promoting the development of logistics operations in Jamaica, the other two (2) Zones have been in operation for several decades and were developed primarily to facilitate the garment manufacturing sector, which was then the growth area.

These subsidiary companies have operated profitably over the years, and have not only helped to boost the movement of cargo over KCT and the port of Montego Bay, but contributed to the wider Jamaican economy, through the creation of hundreds of jobs and Foreign Direct Investment.

2012-2013 ANNUAL REPORT

The following is a brief review of the significant achievements of KFZ and MBFZ over the reporting period.

Kingston Free Zone

The main enclave of the KFZ still suffers from the fallout in the manufacturing sector and the adverse global economic environment that has been lingering since late 2008. As such, although the occupancy levels have hovered between 89% and 98% over this period, Free Zone type operations have receded in preference to warehousing type operations, which currently is the dominant type of business within this Zone.
For the period under review, there were 33 companies operating within the Zone, two thirds of which were non Free Zone companies with 67% of these companies engaged in warehousing and 32% in manufacturing. These activities together with that of the Free Zone companies provided employment to 315 persons.

The KFZ compound, being contiguous to KCT has been identified for port expansion and has in fact already lost about approximately two thirds of its area to the expansion of KCT.

KFZ also leases and manages the Portmore Informatics Park which offers office space to entities engaged in the Information Communications Technology [ICT] business. During the year, 100% occupancy was achieved as the unoccupied space was leased and an additional 421 persons employed.

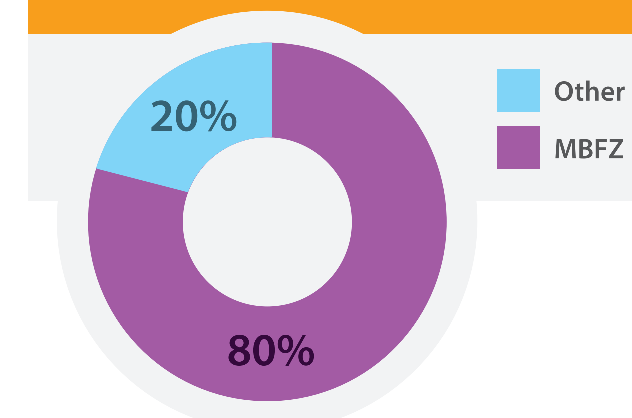
The company made a profit of $50.95M recording a significant improvement relative to last year.

Montego Bay Free Zone

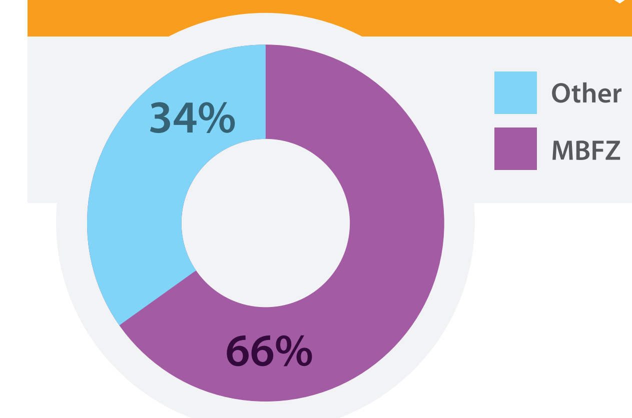
MBFZ, on the other hand, has evolved into the premier location for clients within the ICT/BPO [Business Process Outsourcing] industry in Jamaica. Whilst it retains evidence of its origin in catering for the garment manufacturing sector having under management a number of factory buildings (46% of available space are factory type buildings) , the rentable space under management and the clientele presently remains predominantly ICT/BPO businesses.

As evidenced by the charts below, MBFZ is home to 80% of the contact centres in Jamaica and 66% of the contact centres in St. James. This includes two of the top ten Global Outsourcing companies (Xerox and Teleperformance). The MBFZ's ICT/BPO sector is also the second largest employer (behind tourism) in the Parish of St. James.

MBFZ share of Contact Centres in Jamaica



MBFZ share of Contact Centres within St. James



As at March 31, 2013, client companies provide employment to 5,890 persons and were responsible for foreign exchange flows amounting to US$112.72M and Jamaica Dollar flows of J$8.62B.

Overall occupancy levels averaged 90% over the past five (5) years, more specifically 93% for office space at the MBFZ. Therefore it is very much in need of additional already built space especially for the ICT/BPO sector, which has been identified by the Government of Jamaica as a targeted area for growth, and market intelligence suggests it has great prospect for growth in the short to medium term. This is the background against which MBFZ has been lobbying for additional space and is working actively with its Parent Company and Board of Directors to construct a 63,000 sq. ft. building.

The company operated profitably during 2012/2013 reporting a profit of $30.28M for the period, an improvement of 30% relative to last year.

Implementation of a Quality Management System at the Kingston & Montego Bay Free Zones

During the review period, the Kingston and Montego Bay Free Zones, in keeping with the mandate of the Ministry of Industry Investment & Commerce to have all its agencies certified to the International Standard ISO 9001:2008, commenced the implementation of a Quality Management System.

The benefits of implementing the Quality Management System are:

- Raise the competency of the Free Zones in effectiveness and accomplishments.
- Increase the efficiency of general management and customer service that translates into cost savings.
- Increased confidence in the ability to manage the activities effectively that will lead to other positive effects on the bottom line.

Attaining certification to the ISO 9001 Standard will have the added advantage of:

- Securing confidence from stakeholders.
- Increasing ability to secure funding.
- Aiding in marketing of the Zones.

Implementation commenced in September 2012 and the timeline to have a certifiable system in place is March 2014.

The accomplishments for the period included:

- Both Free Zones staff and PAJ head office staff trained in the principles of ISO 9001, documentation requirements and internal auditing procedures.
- Process Mapping of core and support processes for both Zones completed.
- Drafting of mandatory ISO Procedures commenced.

Port Community System

In its quest to significantly promote and ensure more efficient and trading practices while reducing business costs, the PAJ embarked on a collaborative project with industry stakeholders: Jamaica Customs and the Shipping Association of Jamaica to establish a Port Community System.

In pursuit of this objective, we have outlined the major developments for the period under review as follows:

Port Community System (PCS) Stage 1 Tender

The acquisition of a suitable investment partner will be done through the two stage tender process; Stage 1 - Bid Opening, occurred in August 2012. We received **3 tender responses** from global Industry leaders for Port Community Systems:

- **Bureau Veritas B.I.V.A.C. BV (Netherlands) & SOGET (France)** have submitted a joint venture proposal.
  - Their bid included the mandatory eligibility requirements.

- **SGS Socie'te' Generale de Surveillance SA (Switzerland)**
  - Their bid included the mandatory eligibility requirements.
  - Their primary sub-contractors will be **Crimson Logic (Singapore) and SAVI (USA).**
- **Advent Intermodal Solutions (New Jersey, USA)**
  - Their bid did **NOT meet** the mandatory eligibility requirements. Therefore this bid was rejected.

As a result we are currently evaluating the two (2) eligible tender proposals.

PCS Technical Consultancy Tender:

The Technical Consultant RFP Bid Closure occurred on November 2nd, 2012. The acquisition of a suitable investment partner will be done through the two (2) stage tender process. As part of the process, the Port Authority of Jamaica needs to acquire Technical Consultants (Transaction Advisors) to assist with the procurement/pre-implementation aspects of the project. The range of potential advisers includes legal, financial and technical advisers. Three responses were received:

- The Evaluation team has made a recommendation for a **Consortium from Spain (IDOM-PORTIC Barcelona)** to provide these technical services .
- **Technical Consultant RFP recommendation was approved by the National Contracts Commission – March 2013.**
- **Contract Negotiations with the Technical Consultants was completed in Q1 of FY 2013/14.**

A Memorandum of Understanding between Jamaica Customs and the Port Authority of Jamaica was ratified on March 25th, 2013. The current schedule dictates that the final selection of the preferred PCS investor will be recommended by the PAJ in Q3 FY 2013/14.

Security

The PAJ is the designated Authority responsible for ensuring that security systems, standards and procedures at Jamaica's Marine Port Facilities are maintained in accordance with the requirements of the International Maritime Organizations/ International Ship and Port Facility Security (IMO/ISPS) Code. It is also responsible for the implementation of security systems, policies and procedures at the PAJ and its subsidiaries.

During the period under review a number of initiatives were under taken to strengthen our security procedures and capacities in meeting the various challenges that we constantly face, and include:

- The acquisition of the Nuctech MT1213LT Mobile X-Ray Unit which was a donation from the Chinese Government to the GOJ.
- The acquisition of two (2) Rapiscan 632 DV Detection Scanning Pallets that have been distributed between the Kingston Logistics Centre and the Seaboard Warehouse in Montego Bay.
- Planning commenced for the implementation of a new PAJ High Security Label which would be applied to all export and transhipment containers.

Compliance Strategies

The ISPS Compliance Audit Programme continued with the auditing of all certified ports to ensure continued compliance with the Code. Night audits were included in the programme to ensure that lighting, electronic surveillance and security coverage met minimum security standards and effectively protected the ports.

Additionally, scheduled ISPS/PAJ mandated security drills and exercises were conducted under the supervision of PAJ Security Department Officials. The drills and exercises enabled ports to test their capacity to effectively manage emergencies and identify weaknesses within their respective Port Facility Security Plans.

Security Training

Several members of Security Department staff received training in the following areas:

- Computer Based Training Programme - Seaport Interdiction
- UNODC/WCO-Container Control Programme
- Basic NUCTECH Operators Course
- Advanced Narcotics Investigators Course
- Pre-Cursor Chemicals Course
- Basic Rapiscan Operators Course
- Instructor Training and Development
- Training Needs Analysis
- First Response to Radiation Emergencies - Procedures for Ports and Customs Officers – Las Vegas, Nevada, USA

Additionally, there were three (3) internationally sponsored workshops/seminars that were conducted as follows:

- British High Commission – Container Profiling Seminar
- OAS/CICTE – National Workshop on APEC Manual Drills and Exercises on Maritime Security.
- OAS/CICTE – Strategic Crisis Management Exercise on Maritime Security

Jamaica Port Security Visit by the United States Coast Guard

In May 2012, representatives of the U.S. Coast Guard's International Port Security (IPS) Programme visited Jamaica. The purpose of the visit was to review security measures related to the International Ship and Port Facility Security (ISPS) Code and observe port security measures in place at the ports of:

- Falmouth Cruise Ship Terminal
- Kingston Container Terminal
- Kingston Wharves Ltd
- Newport Wharves and Storage

Of significance, was the formal report by the delegation praising Jamaica's **'accomplishments in implementing effective port security measures that clearly demonstrates the country's ongoing commitment to port security'.**

Of the ports visited, a total of nine (9) international security best practices were identified as being implemented by The Port Authority of Jamaica.

Our People

Human Resources

The Human Resources and Administration Department continued to grapple with challenges associated with the management of the Authority's human capital as a result of the effects of limited financial resources due to the global recession, employment and wage freezes.

To maintain the standards which generally characterise employee performance, focus was therefore placed on developing technical and professional capabilities and fostering employee motivation. Additionally job enrichment strategies were employed in some areas which was enhanced by open communication and frank dialogue between executives and the wider organisation.

The revised appraisal instruments implemented in 2011, which was specifically designed to place greater accountability on employee's performance, facilitated the identification of performance gaps, development requirements and the implementation of relevant and applicable training interventions.

Employee Benefits

The Authority retained its group health and life insurance contracts with provider, Sagicor Life at rates successfully negotiated to remain in force for another year.

During the period, approval was received from the Financial Services Commission (FSC) for the Authority to amend its Trust Deed and Rules to a) include a vesting period, b) change of retirement age for both males and females employees to age 65, c) include an option for early retirement for reasons other than ill-health. Amendments were also approved to ensure the deed and rules are in compliance with the Pensions Act.

Training:
Employees were kept abreast of contemporary trends and practices in their fields, through seminars/symposia hosted by the following associations:

- Jamaica Institute of Engineers (JIE)
- Institute of Chartered Accountants of Jamaica (ICAJ)
- Jamaica Employer's Federation (JEF)
- Human Resource Management Association of Jamaica (HRMAJ)
- International Financial Reporting Standards (IFRS)
- Jamaica Association of Administrative Professionals (JAAP)
- Jamaican Bar Association
- American Association of Port Authorities (AAPA)

Additional development opportunities for employees were provided by local training providers in the areas of:

- Project Management
- Business/Report Writing
- Time Management
- Supervisory Management
- Microsoft Office Suite
- Training Impact Evaluation
- Events Management
- Records & Archives Management
- Information Systems

Senior Managers and Executives were exposed to management development training in the areas of Leadership Development and Effective Strategic Thinking & Planning.

Employees of the Port Authority of Jamaica depart for the annual Whitsuntide Games which was held in Antigua in 2013.

Community Relations

The Authority maintained its corporate outreach programmes with the provision of breakfast at the Trench Town, Calabar and St Michael's primary schools. The children of the Mark Lane and surrounding communities and students at the Trench Town Primary and Port Royal All Age, Infant & Basic schools, were feted at our annual Christmas Treat in December 2013. Outreach activities were also carried out at the Hanover Street Poor Relief Shelter.

Nine final year students from the University of Technology were assisted in their internships, through the Authority's Work Experience Programme. They were facilitated in the Information Systems, Engineering & Port Development, Finance, Materials Management, Kingston Free Zone, Human Resource & Administration and Business Management & Special Projects departments.

Corporate Health & Wellness

Corporate health promotion initiatives were encouraged so employees could take steps to avert the onset or worsening of illnesses and to adopt a generally healthier lifestyle. This thrust in 2012–13 included the provision of on-site medical services, dental care, as well as cardiovascular and cancer screenings. The results, which helped shape the overall employee wellness programme, were discussed with those affected, and support provided through health education programmes and motivational sessions.

PAJ employees participate in a 100m sprint during Sports Day.

Members of the victorious Lovers Leap Team participate in a game of tug-of -war.

Sports & Recreation

During the review period, the Authority feted employees at a Sports Day, which was re-introduced after a long absence, with an aim to foster employee interaction and team building. Additionally, the PAJ Sports and Social Club also hosted a number of activities to satisfy other needs for interaction among staff.

As is customary, a number of Port Authority employees participated in the annual Whitsuntide Games which was held in Antigua May 2013, held under the auspices of the Association of Sports & Cultural Clubs of Caribbean Port Authorities (ASCCCPA). The games are scheduled to be held in Jamaica in June 2014.

Financial Review

Statement Of Comprehensive Income

Income

During the 2012/13 financial, the Authority earned income of $15.22B, an increase of $1.33B (10%) over the $13.89B as at March 31, 2012. The main sources of income and their contribution to total income were container handling revenue $8.71B (57%), facility fees $1.81B (12%), equipment and land lease $871M (6%), and statutory revenue $859M (6%).

Expenses

Total expenses were $11.25B, an increase of $545M (5%) over the $10.70B as at March 31, 2012. Operating expenses accounted for $9.4B of total expenses. The increase of $545M is primarily attributed to salaries and related cost, equipment & infrastructure maintenance and fuel and electricity.

Surplus From Operations

Operating profit of $2.16 billion for the year represents an increase of $880M or 69% over the $1.28B earned as at March 31, 2012. However, when adjusted for unrealized exchange loss of $4.38B from the revaluation of long term loans, there was a net loss of $2.23B, compared to the net surplus of $686M as at March 31, 2012.

Exchange loss on foreign currency loans

Approximately 97% of the Authority's long term loans are denominated in US Dollars. Based on International Accounting Standard (IAS) the Authority is required to report its foreign currency loans at the year-end rate. The proceeds of the loans were used to acquire the operating assets and for infrastructure development. The 13% depreciation in the JM dollar vs. the US dollar at March 2013 (2013 $98.89: 2012 $87.30) resulted in the $4.38B unrealized exchange losses.

Although the exchange losses are significant, over 90% is unrealized and has no immediate cash flow impact. 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 exchange rate exposure. This includes refinancing a portion of the existing USD loans to the JMD equivalent.

Overview Of Performacne -Income & Expenses

The financial performance of the Authority over the last 5 years is illustrated in the graphs below.

Income & Expenses 2009 - 2013 (J$ Billions)

Earnings Before Interest Tax and Depreciation (EBITDA) continues to grow, reflecting an increase of $612M (13%) compared to March 31, 2012. This was achieved despite the continued negative impact of the global recession on the Authority's core businesses and high price increases in fuel and electricity cost over the period.

Statement Of Financial Position

The asset base of the Authority was $51.21 billion, an increase of $919M over March 31, 2012. Property, Plant and Equipment continues to be the most significant class of assets, accounting for 68% of total assets.

Total liabilities were $40.73B, an increase of $3.1B over the $37.58B in 2012. Of this amount long term loan was $37.71B which increased by $3.02B, due mainly to the $4.38B from unrealized exchange loss.

The year ended with net current assets of J$1.14B versus working capital deficit of $1.58B at March 31, 2012. Cash and short-term deposits were $2.75 billion, an increase of $1.29B.

As required by International Financial Reporting Standards (IFRS), a Chartered Valuator undertook the valuation of the Authority's investment properties and a fair value gain of $397M was recognized in the financial statement.

Debt continues to be the main source of financing for the Authority's capital programmes evidenced in the value of $37.71B long-term loans and $6.13B payment for loans and interest cost. Management and the Government recognized that in order to continue to maintain financial viability and improve available cash flow to support growth and replacement capital, it will be necessary to pursue alternative sources of funding other than debt financing for future capital expansion.

In this regard, the privatization of the operations of the Kingston Container Terminal is a high priority and strategic focus for the Government of Jamaica and the Authority's Board of Directors and Management team. The Government has established an Enterprise Team, consisting of professionals from various government ministries, the private sector and representatives of the Authority, to manage the process. A Request for Qualification (RfQ) has been distributed to major Global Terminal Operators, and the responses are being evaluated.

Subsidiaries, Joint Venture & Associated Companies

Investment in subsidiaries and related companies of the Authority at March 31, 2013 reflected net asset of $1.88 billion and net profit of $321M.

Executive Emoluments

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

Senior Executive Compensation

Position / of Senior Executive	Salary	Gratuity or Performance Incentive	Travelling Allowance or Value of Assignment of Motor Vehicle	Pension or other Retirement Benefits	Other Allowances	Non-Cash Benefits	Total
President & CEO	$17,829,945	$4,457,486	Net Book Value of assigned motor car	NIL	$1,094,513	NIL	$23,381,944
SVP Finance & Information Services	$10,155,317	$2,976,520	$2,451,456	NIL	NIL	NIL	$15,583,593
SVP International Marketing & Client Services	$10,155,317	NIL	$2,451,457	$1,190,728	NIL	NIL	$13,797,502
SVP Legal, Regulatory & Corporate Affairs	$9,175,091	$2,731,763	$2,451,456	NIL	NIL	NIL	$14,358,310
SVP Engineering & Port Development	$9,175,091	$2,731,763	$2,451,456	NIL	NIL	NIL	$14,358,310
SVP Business Management & Special Projects	$9,903,793	$2,913,939	$2,451,456	NIL	NIL	NIL	$15,269,188
Chief Group Internal Auditor Assurance & Risk Management Services	$8,980,866	$2,683,207	$2,451,456	NIL	NIL	NIL	$14,115,529
VP Business Development	$8,333,561	$2,405,465	$1,979,880	NIL	NIL	NIL	$12,718,906
VP Harbours & Port Services	$8,333,561	$2,405,465	$1,979,881	NIL	NIL	NIL	$12,718,907
VP Security	$13,247,964	NIL	$1,979,882	NIL	NIL	NIL	$15,227,846
VP Human Resource & Administration	$8,291,215	NIL	$1,979,888	$957,951	NIL	NIL	$11,229,054
VP Legal, Regulatory & Corporate Affairs	$8,333,561	$2,405,465	$1,979,883	NIL	NIL	NIL	$12,718,909
VP Information Systems	$7,982,126	$2,317,606	$1,979,884	NIL	NIL	NIL	$12,279,616
VP Cruise Shipping & Marina Services	$7,982,126	$2,317,606	$1,979,885	NIL	NIL	NIL	$12,279,617
VP Finance	$8,333,561	$2,405,465	$1,979,886	NIL	NIL	NIL	$12,718,912
VP Engineering	$8,333,561	$2,405,465	$1,979,887	NIL	NIL	NIL	$12,718,913
VP Accounting & Projects	$6,391,648	$1,919,987	$1,979,889	NIL	NIL	NIL	$10,291,524
Senior Director Government Relations	$6,630,927	$1,979,806	$1,979,891	NIL	NIL	NIL	$10,590,624
VP Operations & Engineering	$6,391,648	$1,919,987	$1,979,890	NIL	NIL	NIL	$10,291,525
VP Materials Management	$5,744,343	NIL	$1,979,892	$703,264	NIL	NIL	$8,427,499
TOTAL	$179,705,222	$40,977,293	$40,447,255	$2,851,943	$1,094,513	NIL	$265,076,227

Directors Compensation

Directors	Fees	Motor Vehicle Upkeep/Travelling or Value of Assignment of Motor Vehicle	Honoraria	All Other Compensation including Non-Cash Benefits as applicable	Total
Directors	143,500.00	50,000.00	NIL	NIL	193,500.00
Directors	171,500.00	50,000.00	NIL	NIL	221,500.00
Directors	150,500.00	50,000.00	NIL	NIL	200,500.00
Directors	185,500.00	50,000.00	NIL	NIL	235,500.00
Directors	154,000.00	50,000.00	NIL	NIL	204,000.00
Directors	182,000.00	45,000.00	NIL	NIL	227,000.00
Directors	95,500.00	30,000.00	NIL	NIL	125,500.00
Directors	147,000.00	45,000.00	NIL	NIL	192,000.00
Directors	164,500.00	50,000.00	NIL	NIL	214,500.00
Directors	24,000.00	10,000.00	NIL	NIL	34,000.00
TOTAL	**1,418,000.00**	**430,000.00**	**NIL**	**NIL**	**1,848,000.00**

Notes:

1. The salary of Executive Board Chairman is included in the Senior Executive compensation.

2. All Committees are made up of Board Members and Executive Management Staff.

3. 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.

4. Where a non-cash benefit is received (e.g. government housing), the value of that benefit shall be quantified and stated in the appropriate column above.

Statutory Deductions

Balance Outstanding at April 1, 2012	$137.14 **M**
Deductions – April 1, 2012 to March 31, 2013	$1,086.33 M
Balance Outstanding at March 31, 2013 (paid April 14, 2013)	$92.91 **M**

Ken Wright Pier & Port Antonio Marina

Quick Facts

- Only Marina in the Caribbean capable of handling the world's largest yachts
- First-rate facilities in a beautiful and well protected harbour
- 32 fixed stern-to Europe style berths
- Accommodates vessels up to 350ft and 24ft draught
- Free quarantine service for vessels arriving in normal workings hours
- Landing area for up to four helicopters

Financial STATEMENTS

NEXT »

2012-2013 ANNUAL REPORT

Deloitte.

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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 (the Authority), set out on pages 2 to 57, which comprise the statement of financial position as at March 31, 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 and the requirements of the Port Authority Act and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Authority as at March 31, 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on additional requirements of the Port Authority Act

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

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

Deloitte & Touche

Chartered Accountants

Kingston, Jamaica

2012-2013 ANNUAL REPORT

STATEMENT OF FINANCIAL POSITION AT MARCH 31, 2013

	Notes	2013 $'000	2012 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	34,838,109	35,891,786
Investment properties	6	8,001,657	7,794,338
Intangible assets	7	19,113	17,442
Investments in subsidiary, joint venture and associated companies	8	30,508	30,508
Other investments	9	639,140	568,033
Long-term receivables	10	249,649	817,173
		43,778,176	45,119,280
Current assets			
Inventories	11	1,012,222	939,509
Trade and other receivables	12	3,668,763	2,770,607
Cash and short-term deposits	13	2,753,908	1,464,830
		7,434,893	5,174,946
Total assets		51,213,069	50,294,226
EQUITY AND LIABILITIES			
Equity			
Reserves	14	6,430,566	6,376,254
Retained earnings		4,051,123	6,334,202
		10,481,689	12,710,456
Non-current liabilities			
Long-term liabilities	15	33,574,924	30,290,857
Deferred income	16	758,553	480,492
Retirement benefit liability	17	104,613	62,399
		34,438,090	30,833,748
Current liabilities			
Provisions	18	77,201	74,511
Current portion of long-term liabilities	15	4,136,971	4,404,136
Trade payables and accruals	19	2,069,204	2,232,532
Bank overdraft (unsecured)		9,914	38,843
		6,293,290	6,750,022
Total equity and liabilities		51,213,069	50,294,226

The Notes on Pages 6 to 57 form an integral part of the Financial Statements.

The financial statements on Pages 2 to 57 were approved and authorised for issue by the Board of Directors on July 18, 2013 and are signed on its behalf by:

Noel Hylton
President

Gary Peart
Director

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED MARCH 31, 2013

	Notes	2013 $'000	2012 $'000
Revenue	20	15,223,285	13,892,382
Interest income	22	49,508	52,818
Expenses			
Administration		(1,548,899)	(1,466,426)
Marine operations		(9,698,502)	(9,236,400)
Finance charges and interest on loans	21	(1,869,593)	(1,967,018)
		2,155,799	1,275,356
Loss on exchange on foreign currency loans		(4,384,566)	(589,673)
NET (LOSS) PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	22	(2,228,767)	685,683

The Notes on Pages 6 to 57 form an integral part of the Financial Statements.

2012-2013 ANNUAL REPORT

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED MARCH 31, 2013

	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, 2011		359,450	5,083,337	305,150	1,630	32	479,183	37,500	57,365	6,323,647	5,701,126	12,024,773
Net Profit and Total Comprehensive Income for the year		-	-	-	-	-	-	-	-	-	685,683	685,683
Transfer to reserves of managed operations		-	-	-	-	-	30,381	-	22,226	52,607	(52,607)	-
Balance at March 31, 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
Net Loss and Total Comprehensive Income for the year		-	-	-	-	-	-	-	-	-	(2,228,767)	(2,228,767)
Transfer to reserves of managed operations		-	-	-	-	-	32,948	-	21,364	54,312	(54,312)	-
Balance at March 31, 2013		359,450	5,083,337	305,150	1,630	32	542,512	37,500	100,955	6,430,566	4,051,123	10,481,689

The Notes on Pages 6 to 57 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2013

	2013 $'000	2012 $'000
OPERATING ACTIVITIES		
Net (Loss) Profit	(2,228,767)	685,683
Non-cash items included in net surplus:		
Interest income	(49,508)	(52,818)
Foreign exchange loss adjustment (net)	4,263,902	568,463
Finance cost	1,869,593	1,967,018
Provision for impairment loss recognised on trade receivables	98,435	11,570
Provision for impairment loss recognised on long-term receivables	(45,687)	-
Change in fair value of investment properties	(397,319)	(262,151)
Depreciation and amortisation	1,836,343	1,871,928
Loss on disposal of investment properties	-	20,376
Loss on disposal of property, plant and equipment	38,899	26
Impairment adjustment to property, plant and equipment	69,210	222,891
Adjustment to property, plant and equipment	8,638	-
Increase in provisions	61,762	55,847
Amortisation of deferred income	(50,927)	(35,553)
Post retirement benefit liability	55,899	9,800
	5,530,473	5,063,080
Increase in operating assets		
Trade and other receivables	(379,135)	(648,227)
Inventories	(72,713)	(109,722)
(Decrease) Increase in operating liabilities		
Trade payables and accruals	(163,328)	719,227
Provisions utilised	(59,072)	(38,092)
Contributions to defined benefit and retiree medical plans	(13,685)	(11,853)
Cash generated by operations	4,842,540	4,974,413
Interest paid	(1,863,522)	(1,909,765)
Cash provided by operating activities	2,979,018	3,064,648
INVESTING ACTIVITIES		
Interest received	48,159	52,979
(Increase) Decrease in long-term receivables	(3,126)	305,831
Other investments (net)	(70,877)	(10,965)
Acquisition of intangible assets	(1,306)	(177)
Acquisition of property, plant and equipment	(385,726)	(1,608,722)
Proceeds on disposal of property, plant and equipment	4,936	83
Proceeds on disposal of investment properties	-	243,944
Cash used in investing activities	(407,940)	(1,017,027)
FINANCING ACTIVITIES		
Receipt of long-term loans	2,633,921	2,837,076
Repayment of long-term loans	(4,270,140)	(5,413,654)
Decrease in prepaid credit insurance	262,484	327,229
Cash used in financing activities	(1,373,735)	(2,249,349)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,197,343	(201,728)
OPENING CASH AND CASH EQUIVALENTS	1,425,987	1,606,505
Effect of foreign exchange rate changes	120,664	21,210
CLOSING CASH AND CASH EQUIVALENTS	2,743,994	1,425,987
Cash and cash equivalents comprise:		
Cash and short-term deposits	2,753,908	1,464,830
Bank overdraft	(9,914)	(38,843)
	2,743,994	1,425,987

The Notes on Pages 6 to 57 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

1 **IDENTIFICATION**

The Port Authority (the Authority) is a statutory body, incorporated in Jamaica by the Port Authority Act (last updated 1972). Its principal objectives are to provide and regulate port facilities in Jamaica. The registered office of the Authority is 15 Duke Street, Kingston.

The financial statements include the assets and liabilities and income and expenditure relating to the Authority's managed activities at the container terminal, wharves and cruiseship piers as well as its tug operations.

Consolidated financial statements of the Group (the Authority and its subsidiaries) are also prepared and reported on separately.

These financial statements are expressed in Jamaican dollars.

2 **ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

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

There were no Standards and Interpretations that were applied in the year that affected the presentation and disclosures in these financial statements.

Standards and Interpretations affecting the reported financial performance and/or financial position

There were no Standards and Interpretations that were applicable in the year that affected reported financial performance and/or financial position.

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.

		Effective for annual periods beginning on or after
Amendments to Standards		
IAS 12	Income Taxes – limited scope amendment (recovery of underlying assets)	January 1, 2012
IAS 27 and IFRS 3	Amendments arising from May 2010 Annual Improvements to IFRS	July 1, 2011
IFRS 1	First-time Adoption of International Financial Reporting Standards	
	- Replacement of fixed dates for certain exceptions with the date of transition to IFRS	July 1, 2011
	- Additional exemption for entities ceasing to suffer from severe hyperinflation	July 1, 2011
IFRS 7	Financial Instruments: Disclosures	
	- Amendments enhancing disclosures about transfers of financial assets	July 1, 2011

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

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

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:

		Effective for annual periods beginning on or after
New and Revised Standards		
IAS 1, 16, 32, 34 and IFRS 1	Amendment arising from 2009 - 2011 Annual Improvements to IFRS	January 1, 2013
IAS 1	Presentation of Financial Statements	
	- Amendments to revise the way other comprehensive income is presented	July 1, 2012
IAS 19	Employee Benefits – Amended standard resulting from the Post-Employment Benefits and Termination Benefits projects	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
IAS 32	Financial Instruments:	
	- Amendments to application guidance on the offsetting of financial assets and financial liabilities	January 1, 2014
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
IFRS 7	Financial Instruments: Disclosures	
	- Amendments enhancing disclosures about offsetting financial assets and financial liabilities	January 1, 2013
	- Amendments requiring disclosures about the initial application of IFRS 9	January 1, 2015 (or otherwise when IFRS 9 is first applied)
IFRS 9	Financial Instruments: Classification and Measurement of financial assets	January 1, 2015
IFRS 10	Consolidated Financial Statements	January 1, 2013
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
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
IFRS 12	Disclosures of Interests in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013
New and Revised Interpretations		
IFRIC 20	Stripping costs in the Production Phase of a Surface Mine	January 1, 2013
IFRIC 21	Levies	January 1, 2014

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

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

Standards and interpretations in issue not yet e ective (Cont'd)

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:

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

  The Annual Improvements to IFRS 2009 – 2011 Cycle include a number of amendments to various IFRS. The amendments are effective for annual periods beginning on or after January 1, 2013. Amendments to IFRS include among others:

  amendments to IAS 16 *Property, Plant and Equipment*; and
  amendments to IAS 32 *Financial Instruments: Presentation*

  Amendments to IAS 16

  The amendments to IAS 16 clarify that spare parts, stand-by 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 Directors have not yet assessed the impact of this amendment on the Authority's financial statements.

  Amendments to IAS 32

  The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 *Income Taxes*. The Directors anticipate that the amendments to IAS 32 will have no effect on the Authority's financial statements.

- IAS 1 Presentation of Financial statements

  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 additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (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. Income tax on items of other comprehensive income is required to be allocated on the same basis.

  The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

- IAS 19 Employee Benefits

  The amendments to IAS 19 change 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 changes in defined benefit obligations and in 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. The amendments require all actuarial gains and losses to be 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 plan assets used in the previous version of IAS 19 are replaced with a 'net - interest' amount, which is calculated by applying the discount rate to the net defined liability or asset.

  The amendments to IAS 19 are effective for annual periods beginning on or after January 1, 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to IAS 19 will be adopted in the Authority's financial statements for the annual period beginning April 1, 2013 and that the application of the amendments to IAS 19 may have an impact on amounts reported in respect of the Authority's defined benefit pension plan. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

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

Standards and interpretations in issue not yet e ective (Cont'd)

New and Revised Standards and Interpretations in issue not yet effective that are relevant (Cont'd)

- Amendments to IFRS 7 and IAS 32 *Offsetting Financial Assets and Financial Liabilities and the related disclosures*

  The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simult aneous realisation and settlement".

  The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

  The amendments to IFRS 7 are effective for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after January 1, 2014, with retrospective application required. The directors do not anticipate that the amendment will have a significant effect on the Authority'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* 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 as presented in profit or loss.

  The directors and management anticipate that IFRS 9 will be adopted in the Authority's financial statements for the annual period beginning April 1, 2015 and that the application of IFRS 9 may impact the amounts reported in respect of the Authority'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.

- IFRS 10 *Consolidated Financial Statements* – IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The directors and management have not yet completed their assessment of the impact of the application of this standard on the Authority's financial statements .

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

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

Standards and interpretations in issue not yet e ective (Cont'd)

New and Revised Standards and Interpretations in issue not yet effective that are relevant (Cont'd)

- IFRS 11 *Joint Arrangements*: introduces new accounting requirements for joint arrangements. It removes the option to apply the proportional consolidation method when accounting for jointly-controlled entities and it also eliminates jointly-controlled assets to now only differentiate between joint operations and joint ventures. On adoption at its effective date, the standard is not expected to have any significant impact on the Authority's financial results.

- *IFRS 12 Disclosures of Interests in Other Entities* - is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The objective of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate (1) the nature of, and risks associated with, its interests in other entities, and (2) the effects of those interests on its financial position, financial performance and cash flows. The directors and management have not yet completed their assessment of the impact of the application of this standard on the Authority's financial statements.

- IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 *Financial Instruments: Disclosures* will be extended by IFRS 13 to cover all assets and liabilities within its scope. The Directors and management have not yet completed their assessment of the impact of this IFRS on the financial statements.

3 **SIGNIFICANT ACCOUNTING POLICIES**

Statement of compliance

The Authority's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and the requirements of the Port Authority Act.

Basis of preparation

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

The principal accounting policies are set out below:

Property, plant and equipment

All property, plant and equipment held for use in the production or 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.

Assets in the course of construction for operations, rental or administrative purposes, or for purposes not yet determined are carried at cost less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Authority's accounting policy (See Borrowing costs at Page 1 8). 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, depreciation method and residual values are reviewed at the end of each reporting period with the effect of any change in estimate being accounted for on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

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

Property, plant and equipment (Cont'd)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the relevant lease.

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 sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

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 cost. Subsequent to initial recognition investment properties are measured at their fair values. Gains or losses arising from changes in the fair values 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.

Intangible assets

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 derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition, 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 derecognised.

Impairment of tangible and intangible assets

At the end of each reporting period, the Authority 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 Authority 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 costs 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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2013

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

Impairment of tangible and intangible assets (Cont'd)

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 the profit or loss unless the relevant asset is carried at a revalued amount in which case the reversal of impairment loss is treated as a revaluation increase.

Investments in subsidiary and associated companies

These are stated at acquisition cost. The carrying amount of such investments is reduced to recognise any impairment in the value of individual investments.

A subsidiary is an enterprise controlled by the Authority. Control is achieved where the Authority has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

An associate is an entity over which the Authority has significant influence and that is neither a subsidiary nor an interest in a joint venture (See Interest in joint venture below). 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.

Interest in joint venture

A joint venture is a contractual arrangement whereby the Authority and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control. Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest is referred to as jointly controlled entity. The Authority reports its interest in jointly controlled entities at cost less any provision for impairment.

Inventories

These 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 for inventories less all estimated costs to completion and costs necessary to make the sale.

Financial Instruments

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

Financial assets of the Authority 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 Authority.

Financial liabilities of the Authority 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 Authority.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2013

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

Financial Instruments (Cont'd)

Financial assets and financial liabilities are recognised on the Authority's statement of financial position when the Authority becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transactions that are directly attributable to the acquisition or issue of financial assets and liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The fair values of the financial instruments are discussed in Note 27.

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

Financial assets

These are recognised and derecognised on a trade-date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial assets within the time frame established by regulation or convention in the market place.

The Authority's financial assets are classified as "loans and receivables" and "available-for-sale financial assets" with the classification being based on the nature and purpose of the financial asset and is determined at the time of initial recognition.

a) *Loans and receivables*

These are non-derivative financial assets with fixed term or determinable payments that are not quoted in an active market. They 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 the recognition of interest would be immaterial.

<u>Effective interest method</u>
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 or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums and discounts) through the expected life of the financial assets, 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.

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

These are non-derivatives that are either designated as AFS or are not classified as loans and receivables, held to maturity investments or financial assets at fair value through profit or loss.

Available-for-sale securities are those that are traded in an active market and are 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 Authority has investments in unlisted shares that are not traded in an active market but that are 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, 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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2013

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

Financial Instruments (Cont'd)

Financial assets (Cont'd)

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

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 Authority include unquoted shares.

c) *Related party*

A party is related to the Authority if:

(i) directly, or indirectly through one or more intermediaries, the party:
- controls, is controlled by, or is under common control with, the Authority;
- has an interest in the entity that gives it significant influence over the Authority; or
- has joint control over the Authority;

(ii) the party is an associate of the Authority;
(iii) the party is a joint venture in which the Authority is a venturer;
(iv) the party is a member of the key management personnel of the Authority 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 Authority, or of any entity that is a related party of the Authority.

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

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;
- or breach of contract, such as default or delinquency in the interest or principal payments;
- or it becoming probable that the borrower will enter bankruptcy or financial re-organisation;
- or 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, subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Authority'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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2013

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

Financial assets (Cont'd)

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

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.

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 written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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 Authority transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Authority neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Authority recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Authority retains substantially all the risks and rewards of ownership of a transferred financial asset, the Authority 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.

On derecognition of a financial asset other than in its entirety (e.g. when the Authority 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 Authority retains control), the Authority 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

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

Financial Instruments (Cont'd)

Financial liabilities

Classification as debt

Debt instruments issued by the Authority 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 premiums or discounts) through the expected life of the financial liability or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Authority derecognises financial liabilities when, and only when, the Authority'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.

Reserves

At the discretion of the Board of Directors, transfers are made from the accumulated surplus to reserves to provide for the expansion and/or improvement in port facilities.

Deferred income - Government grants

Government grants are not recognised until there is reasonable assurance that the Authority will comply with the conditions attaching 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 Authority recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Authority 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.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Authority 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

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

Employee benefits

Pension

The Authority 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 Authority contributing 10% of annual salary. These costs are charged as expenses as they fall due. The Authority bears no obligation for the provision of benefits beyond the terms of the plan except as indicated under 3(ii) below.

(ii) Defined benefit plan

The Authority has established a defined benefit pension scheme for its employees (employed subsequent to July 31, 2007) 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 Authority's contributions as recommended by independent 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 independent actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses that exceed 10% of the greater of the present value of the Authority's defined benefit obligation and the fair value of plan assets at the end of the prior year are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Other post-retirement obligations

The Authority 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. Actuarial gains and losses that exceed 10 per cent of the present value of the Authority's unfunded defined benefit obligation are recognised in full.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost plus the present value of available refunds and reductions in future contributions to the plan.

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 Authority 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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2013

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

Employee benefits (Cont'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.

Provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that the Authority 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.

Revenue recognition

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 sales related taxes.

Revenue in respect of the provision of services is recognised when service is provided.

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

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 incurred.

Foreign currencies

The financial statements are presented in Jamaican dollars, the currency of the primary economic environment in which the Authority operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the Jamaican dollar 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 the rates prevailing at that date.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2013

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

Foreign currencies (Cont'd)

Non-monetary items that are measured in terms of historical costs in foreign currency are not re-translated. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. All 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.

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.

<u>The Authority as lessor</u>
Amounts due from lessees under finance leases are recorded as receivables at the amount of the Authority's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Authority's net investment outstanding in respect of the leases.

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.

4 **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Authority's accounting policies, which are described in Note 3, management is 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.

Critical Judgements in applying accounting policies

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

Assets leased to subsidiary company

Assets with a net book value at the reporting date totalling $76.48 million (2012: $98.659 million) have been leased to a subsidiary company, Ports Management and Security Co. Ltd. It is management's view that the substantial risks and rewards incidental to ownership of these assets lie with the Authority and the lease is therefore treated as an operating lease in the financial statements.

Investment properties

Land held in Montego Bay valuing $1.4 billion (2012: $1.308 billion) was classified as investment property in 2009 because the future usage of this land was undetermined. During the current financial year, a fair value gain of $92.35 million (2012: loss of $5.05 million) on this land was included in the statement of comprehensive income.

Special Consumption Taxes (SCT) and General Consumption Tax (GCT)

As indicated in Note 23 a managed operation of the Authority has paid amounts totaling $379.3 million (2012: $227.9 million) in respect of SCT and GCT which management has included in receivables as they believe the amounts are fully recoverable. Discussions are being conducted with the Ministry of Finance and Planning in this regard.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

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

Critical Judgements in applying accounting policies

Contractors' Levy

Included in Trade Payables and Accruals (Note 19) 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.

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 the 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, 2013 is $350.686 million (2012: $404.383 million) with management estimating remaining useful life as approximately 13 years.

b) In 2011/2012, management estimated that with routine maintenance, the dredging of the channel at Falmouth has a useful life of 20 years. The carrying value at March 31, 2013 is $3.784 billion (2012: $3.954 billion).

Employee benefit – retiree medical and group life plan

As disclosed in Note 17, the Authority 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 $71.17 million (2012: a liability of $28.17 million) in respect of the defined benefit plan and a liability of approximately $33.44 million (2012: $34.23 million) in respect of the retiree medical and group life plan are subject to estimates in respect of periodic costs which costs would be dependent on future returns on assets, future discount rates, rates of salary increases and inflation rates in respect of the pension plan, and rates of increases in health cost for the retiree medical and group life plan. External actuaries are contracted by the Authority in this regard.

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 are determined at the end of each reporting period by the contracted external actuaries.

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 Authority 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.

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5 PROPERTY, PLANT AND EQUIPMENT

	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	Capital Works-in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At cost											
April 1, 2011	7,833,053	1,068,860	14,319,397	8,014,986	4,662,713	942,613	125,427	252,328	147,242	10,659,737	48,026,356
Additions	-	-	7,280	-	302	-	11,768	52,706	398	1,536,268	1,608,722
Disposals	-	-	(272)	-	-	-	-	(391)	-	-	(663)
Reclassification	-	-	(4,048)	-	-	-	-	4,048	-	-	-
Transfer from works-in-progress	642,747	767,279	277,800	3,580,852	1,329,168	4,161,916	260	20,783	-	(10,780,805)	-
Transfer to Investment Properties (Note 6)	-	-	-	-	-	-	-	-	-	(253,072)	(253,072)
March 31, 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	332,427	67,094	79,047	42,705	6,120	6,281	5,063	133,283	714,714
Disposals	-	-	(19,629)	-	(58,373)	-	-	(17,306)	(14,078)	-	(109,386)
Reclassification	-	-	-	-	-	-	-	-	-	-	-
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	15,096,396	11,677,043	6,596,661	5,147,234	156,701	352,590	138,625	426,338	50,160,169
Depreciation											
April 1, 2011	-	299,688	7,312,767	1,520,726	1,369,214	484,531	81,815	204,252	126,150	-	11,399,143
Charge for year	-	36,004	926,800	290,321	293,974	261,793	10,978	41,481	6,726	-	1,868,077
On disposals	-	-	(163)	-	-	-	-	(391)	-	-	(554)
Reclassification	-	6	(2)	-	(2)	2	(2)	(2)	-	-	-
Impairment adjustment (Note 5(g))	-	-	222,891	-	-	-	-	-	-	-	222,891
March 31, 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
Net book value											
March 31, 2013	8,645,800	1,530,014	5,758,709	9,565,970	4,619,197	4,134,844	51,648	92,922	12,667	426,338	34,838,109
March 31, 2012	8,475,800	1,500,441	6,137,864	9,784,791	4,328,997	4,358,203	44,664	84,134	14,764	1,237,128	35,891,786

5 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) The following useful lives are used in the calculation of depreciation:

Buildings	-	20 - 40 years
Tugs, cranes, trailers, straddle carriers and other equipment	-	10 - 25 years
Vessels	-	20 years
Lighting, docks and berths	-	20 - 40 years
Infrastructure and dredging	-	15 - 20 years
Furniture and office equipment	-	10 years
Computers	-	3 - 7 years
Motor vehicles	-	5 years

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

- Land

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

- Freehold buildings

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

- Port equipment, plant and machinery

  Port equipment, plant and machinery included at depreciated replacement cost of $1.02 billion were valued by Deryck A. Gibson, Licensed Real Estate Appraisers, 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 which, except otherwise stated, were at market value were recorded at the respective dates of valuation.

Subsequent additions are stated at cost.

(c) Capitalised interest included in property, plant and equipment acquired during the year amounted to approximately $1.017 million (2012: $16.537 million) (Note 21).

(d) The Authority has pledged certain equipment (included in Tugs, Cranes, Tractors, Straddle Carriers, Vessels and Other Equipment) with a carrying value of $654.299 million (2012: $57.872 million) as security for certain long-term liabilities. (Note 15(c)).

(e) Included in property, plant and equipment is land with a carrying value of approximately $514.8 million (2012: $514.8 million) for which the Authority does not hold a registered title as the legal formalities in this regard have not been completed.

(f) The Authority self insures straddle carriers with a carrying value of $542.81 million (2012: $771.08 million).

(g) During the year, (a crane with a cost of $284.51 million) included in Tugs, Cranes, Trailers, Straddle Carriers, Vessels and Other Equipment was written down by an amount of $69.21 million due to value in use.

In 2011/2012, included in Tugs, Cranes, Trailers, Straddle Carriers, Vessels and Other equipment were cranes at a cost of $987.533 million which were written down by an amount of $222.9 million due to value in use.

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5 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

h) During the year, the Authority embarked upon a review of assets in capital works-in-progress resulting in the write off of amounts totalling $9.47 million not deemed to fulfill the criteria for capitalization under IAS 16, Property, Plant and Equipment.

6 INVESTMENT PROPERTIES

	Land (Note 6(a)) $'000	*Buildings* (Note 6(b)) $'000	*Total* $'000
Fair values			
Balance, April 1, 2011	4,630,235	2,913,200	7,543,435
Disposal	(233,820)	(30,500)	(264,320)
Transfer from property, plant and equipment (Note 5)	253,072	-	253,072
Increase in fair value (Note 20)	74,981	187,170	262,151
Balance, March 31, 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 20)	218,024	179,295	397,319
Balance, March 31, 2013	4,772,492	3,229,165	8,001,657

(a) Investment Properties (Land)

Comprise mainly land retained for future development.

(b) Investment Properties (Buildings)

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

(c) Fair values of Investment Properties

The fair values of the Authority's investment properties at the end of the reporting period have been arrived at on the basis of valuations carried out between April 29, 2013 and May 13, 2013 (2012: between April 20 and 25, 2012) by C. D. Alexander Realty Company Limited external valuers not connected with the Authority. 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. The valuations were arrived at by the reference to market evidence of transaction prices for similar properties. In the opinion of the Board of Directors, the carrying values of the investment properties at March 31, 2013 would not differ significantly from the market values of such properties at the date of the valuations.

(d) The property rental income earned by the Authority from its investment properties leased under operating leases amounted to $189.32 million (2012: $173.79 million). Direct operating expenses arising in the investment properties during the period amounted to $0.98 million (2012: $1.11 million).

(e) During the year, 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.

7 INTANGIBLE ASSETS

	$'000
Cost	
Balance, April 1, 2011	94,417
Additions	177
Balance, March 31, 2012	94,594
Additions	1,306
Transfer from property plant and equipment (Note 5)	7,864
Balance, March 31, 2013	103,764
Amortisation	
Balance, April 1, 2011	73,301
Charge for the year	3,851
Balance, March 31, 2012	77,152
Charge for the year	7,499
Balance, March 31, 2013	84,651
Carrying amount:	
March 31, 2013	19,113
March 31, 2012	17,442

These consist primarily of software purchased, the costs of which are being amortised over a period of three years.

8 INVESTMENTS IN SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES

	2013 $'000	2012 $'000
Shares at cost		
Subsidiary companies		
Kingston Free Zone Co. Ltd. *	12,410	12,410
Montego Bay Freezone Co. Ltd. **	-	-
Ports Management and Security Ltd. ***	-	-
Jamaica International Free Zone Development Ltd. ****	10,725	10,725
Port Authority Management Services *****	-	-
KCT Services Limited ******	-	-
	23,135	23,135
Joint venture		
Boundbrook Wharves Development Company *******		
Associated companies		
Security Administrators Ltd.	7,353	7,353
Montego Bay Cold Storage	20	20
	7,373	7,373
Total investments in subsidiary, joint venture and associated companies	30,508	30,508

*	Denotes 9,443 ordinary shares
**	Denotes 1 ordinary share at a cost of $1.00
***	Denotes 51 ordinary shares at a cost of $51.00
****	Denotes 10,725,075 ordinary shares
*****	Denotes 500 ordinary shares at a cost of $500
******	Denotes 200 ordinary shares at a cost of $200
*******	Denotes 102 class "A" ordinary shares at a cost of $102

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8 INVESTMENTS IN SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (Cont'd)

(a) Details of the subsidiaries as at March 31, 2013 are as follows:

Name of subsidiary	Place of Incorporation and operation	Proportion of ownership interest	Proportion of voting power held	Date of last Audited Financial statements	Principal Activity
Kingston Free Zone Company Limited	Jamaica	72%	72%	March 31, 2013	Rental of warehouses and property management
Montego Bay Free Zone Company Limited	Jamaica	50%	50%	March 31, 2013	Rental of offices and factory space and property management
Ports Management and Security Limited	Jamaica	51%	51%	March 31, 2013	Provision of security at ports
Jamaica International Freezone Development Limited	Jamaica	75%	75%	March 31, 2013	Acquiring, developing and leasing property for the purpose of logistics and distribution activities
Port Authority Management Services Limited	Jamaica	100%	100%	March 31, 2013	Managing Half-Way-Tree Transportation Centre on behalf of the Ministry of Housing, Transport, Water and Works
KCT Services Limited	Jamaica	100%	100%	March 31, 2013	Managing the operations of the Kingston Container Terminal

(b) Details of the joint venture as at March 31, 2013 are as follows:

Name of joint venture	Place of Incorporation and operation	Proportion of ownership interest	Proportion of voting power held	Date of last Audited Financial statements	Principal Activity
Boundbrook Wharves Development Limited	Jamaica	51%	51%	March 31, 2012	Rehabilitation and leasing of Boundbrook Wharf (See Note 8(d)(ii))

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8 INVESTMENTS IN SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (Cont'd)

(c) Details of the associates as at March 31, 2013 are as follows:

Name of associate	Place of Incorporation and operation	Proportion of ownership interest	Proportion of voting power held	Date of last Audited Financial statements	Principal Activity
Security Administrators Limited	Jamaica	33.33%	33.33%	December 31, 2011	Provision of security services at Port Bustamante
Montego Bay Cold Storage Limited	Jamaica	33.33%	33.33%	December 31, 2012	Rental of refrigerated warehouses

(d) (i) Summarised financial information in respect of the Authority's subsidiaries is as follows:

	2013 $'000	2012 $'000
Total assets	2,525,202	2,439,345
Total liabilities	879,799	1,056,308
Net assets	1,645,403	1,383,037
Revenue	2,070,389	1,879,986
Profit (Loss) for the period	184,276	(8,071)

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

	2013 $'000	2012 $'000
Total assets	5,447	7,675
Total liabilities	32,500	24,404
Net assets	(27,053)	(16,729)
Revenue	1,068	1,796
Loss for the period	(11,008)	(11,073)

The company is currently being wound up.

(iii) Summarised financial information in respect of the Authority's associates is as follows:

	2013 $'000	2012 $'000
Total assets	468,871	293,471
Total liabilities	203,714	52,973
Net assets	265,157	240,498
Revenue	459,039	434,996
Profit for the period	147,647	25,287

9 OTHER INVESTMENTS

	2013 $'000	2012 $'000
Deposit (See (i) below)	612,048	542,530
Staff mortgage deposits (See (ii) below)	27,092	25,503
	639,140	568,033

(i) This amount includes approximately US$6,232,000 (2012: approximately US$6,221,000) 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. The Authority maintains the deposit at an amount to meet the required ratio which was met at the end of the reporting period (See note 15(h)). At year end the rate of interest on this deposit ranged from 0.0781% to 0.125% per annum (2012: 0.0625% to 0.2968%). At March 31, 2013, interest receivable on deposits amounted to $0.071 million (2012: $0.092 million).

(ii) This represents savings account balances held at Victoria Mutual Building Society at a rate of approximately 7% (2012: 2%) per annum. At March 31, 2013, interest receivable amounted to $0.346 million (2012: $0.095 million).

10 LONG-TERM RECEIVABLES

		2013 $'000	2012 $'000
Motor car loans (Note 10(a))		1,104	4,358
Staff housing assistance fund (Note 10(b))		18,383	18,492
Deposit – Jamaica Public Service Co. Ltd.		3,475	3,475
Due from shipping line approximately US$8,094,700 (2012: US$8,981,000) net of provision of $25.867 million (2012: $71.554) (Note 10(c))		766,890	709,126
Advances to related companies (net) (Note 10(d))		76,226	81,827
Other		1,787	1,775
		867,865	819,053
Current portion included in Trade and other receivables (Note 12)	- other	(5,011)	(1,880)
	- shipping lines	(613,206)	-
		(618,217)	(1,880)
		249,649	817,173

(a) Motor car loans

The balance relates to amounts outstanding under motor car loan 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.

(b) Staff housing assistance fund

This represents the balance on a revolving fund used to provide housing benefits to staff members. The loan amounts range 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.

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10 **LONG-TERM RECEIVABLES (Cont'd)**

(c) Due from shipping line

This balance outstanding at March 31, 2013 represents amounts from a shipping line, and is repayable by October 2014 with the first installment due April 2013. No interest is charged to the shipping line, however a consequent adjustment of $25.867 million (2012: $71.55 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:

	2013 $'000	2012 $'000
Montego Bay Freezone Company Limited	(4,500)	(4,500)
Jamaica International Freezone Development Limited	80,726	86,327
	76,226	81,827

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

11 **INVENTORIES**

	2013 $'000	2012 $'000
Spares	972,025	900,910
Fuel	46,946	39,467
Other	8,254	590
Goods in transit	21,434	33,688
	1,048,659	974,655
Provision for obsolescence	(36,437)	(35,146)
	1,012,222	939,509

The cost of inventories recognised as an expense during the year was $1.158 billion (2012: $1.083 billion).

The cost of inventories recognised as an expense includes $1.29 million (2012: $1.08 million) in respect of write-downs of inventory to net realisable value, and has been reduced by $Nil million (2012: $1.09 million) in respect of the reversals of previous write-downs.

12 **TRADE AND OTHER RECEIVABLES**

	2013 $'000	2012 $'000
Trade	2,405,042	2,093,975
Provision for impairment	(91,914)	(10,518)
	2,313,128	2,083,457
Staff receivables	82,334	133,649
GCT recoverable	387,859	155,204
Sundry receivables	180,183	247,810
Prepaid expenses	21,975	11,469
Lease receivable – Ports Management and Security Limited	2,735	118,005
Advances to subsidiaries, associates and joint venture (See 12 (a) below)	62,332	19,133
Current portion of long-term receivables (Note 10)	618,217	1,880
	3,668,763	2,770,607

The average credit period on services rendered is 30 days.

It is the policy of the Authority to minimise credit and the associated risks of non-collection. The management of credit risk is treated as a priority. Therefore, despite the majority of the Authority's major debtors being entities within the maritime industry which have developed long-standing relationships with the Authority, the Authority 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 Authority 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 Authority, reviewing financial statements and obtaining bank references for the customer. In certain instances an irrevocable bank guarantee is required prior to the granting of credit. The credit policy also addresses specific actions that will be taken when receivables are outstanding in excess of the credit periods granted.

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

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

100% (2012: 100%) of trade receivables that were neither past due nor impaired at the end of the reporting period were classified in Grade A.

12 TRADE AND OTHER RECEIVABLES (Cont'd)

As at March 31, 2013 receivables of $1.908 billion, inclusive of $613.206 million in respect of balance outstanding from shipping lines classified as current portion of long term receivable, (2012: $1.113 billion), was past due but not impaired. These relate to a number of customers for whom there is no history of default. The Authority does not hold any collateral over these balances. The average age of these receivables is 51 days (2012: 66 days).

Ageing of past due but not impaired

	2013 $'000	2012 $'000
31-60 days	709,634	491,888
61-90 days	268,596	268,937
Over 90 days	856,227	352,544
	1,834,457	1,113,369

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 is 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.

Movement in the allowance for impaired receivables

	2013 $'000	2012 $'000
Balance at beginning of the year	10,518	84,536
Impairment losses recognised	81,396	37,849
Impairment losses reversed	-	(40,313)
Provision related to shipping agents reclassified to long-term receivables (Note 10)	-	(71,554)
Balance at end of the year	91,914	10,518

In determining the recoverability of a receivable, the Authority considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. Management believes 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

	2013 $'000	2012 $'000
Over 90 days	91,914	10,518

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12 TRADE AND OTHER RECEIVABLES (Cont'd)

(a) Advances to (from) subsidiaries, associates and joint venture

This comprises the following:

	2013 $'000	2012 $'000
Kingston Free Zone Company Limited	1,167	2,333
Montego Bay Free Zone Company Limited	4,795	586
Ports Management and Security Limited	22,642	(5,972)
Jamaica International Free Zone Company Limited	12,469	-
Port Authority Management Services	108,529	98,727
Boundbrook Wharves Development Limited	18,936	12,626
	168,538	108,300
Provision for impairment losses	(106,206)	(89,167)
	62,332	19,133

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

Movement in the allowance for impairment

	2013 $'000	2012 $'000
Balance at the beginning of the year	89,167	75,133
Impairment losses recognised	17,039	14,034
Balance at the end of the year	106,206	89,167

13 CASH AND SHORT-TERM DEPOSITS

		2013		2012	
		US$'000	J$'000	US$'000	J$'000
Cash	- J$	-	364,514	-	87,943
	- US$	5,842	572,106	3,636	316,034
Short-term deposits	- J$	-	1,267,982	-	465,906
	- US$	5,608	549,306	6,844	594,947
		11,450	2,753,908	10,480	1,464,830

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 totalling $260.61 million (2012: $206.13 million) designated in respect of the partial funding of fixed asset replacement (Note 14(f)) and wharfage reserves (Note 14(h)). The Jamaican dollar deposits are at interest rates ranging from 2.65% - 5.75% per annum (2012: 1.25% - 5.25%). The United States dollar deposits are at interest rates ranging from 1.65% - 3% (2012: 0.45% - 3.8%).

14 RESERVES

	2013 $'000	2012 $'000
General (Note 14(a))	359,450	359,450
Capital (Note 14(b))	5,083,337	5,083,337
Development (Note 14(c))	305,150	305,150
Equalisation (Note 14(d))	1,630	1,630
Stabilisation (Note 14(e))	32	32
Fixed assets replacement (Note 14(f))	542,512	509,564
Insurance (Note 14(g))	37,500	37,500
Wharfage (Note 14(h))	100,955	79,591
	6,430,566	6,376,254

(a) General

This represents transfer 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 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 for 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.

(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 totalling $160.96 million (2012: $128.01 million) (Note 13).

This comprises:

	2013 $'000	2012 $'000
Transfers from retained earnings	646,498	613,550
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 offset repairs to wharves	(31,330)	(31,330)
Amounts used to acquire property	(77,652)	(77,652)
	542,512	509,564

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

14 RESERVES (Cont'd)

(g) Insurance reserve

This represents amounts transferred from retained earnings for an unfunded insurance reserve to provide for future insurance coverage of the Authority's assets.

(h) Wharfage 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% (2012: 16%) of total direct gross wharfage revenue. It is partially funded by bank deposits totalling $99.65 million (2012: $78.12 million) (Note 13).

This comprises:	2013 $'000	2012 $'000
Transfers from retained earnings	226,253	204,889
Amount drawn down for property purchase	(125,298)	(125,298)
	100,955	79,591

15 LONG-TERM LIABILITIES

These comprise:	2013 $'000	2012 $'000
(a) Non-government loans		
Foreign currency loans (Note 15(c))	24,069,188	24,411,927
Local currency loan (Note 15(c))	1,540,000	-
	25,609,188	24,411,927
(b) Government loans (Note 15(d))		
Local currency loans	30,974	30,974
Foreign currency loans	12,507,887	10,922,034
	12,538,861	10,953,008
(c) Lease liability		
Foreign currency (Note 15(c))	17,121	-
	38,165,170	35,364,935
Loan interest payable	331,412	325,341
Prepaid credit insurance (Note 15(g))	(732,799)	(995,283)
Loan fees	(51,888)	-
	37,711,895	34,694,993
Current portion:		
Long-term liabilities	(4,356,828)	(4,646,720)
Prepaid credit insurance	210,853	242,584
Amortised loan fees	9,004	-
	(4,136,971)	(4,404,136)
Non-current portion of long-term liabilities	33,574,924	30,290,857

15 LONG-TERM LIABILITIES (Cont'd)

(d) Non-government loans

Interest Rate %	Lender	Repayment Instalments		2013 Foreign Currency $'000	2013 JMD $'000	2012 Foreign Currency $'000	2012 JMD $'000
(i) Foreign currency loans							
5.21	HSBC S/Carrier – $23.27M	Semi-annually until 2014/2015	US$	5,499	543,739	8,262	721,260
LIBOR + 1.50	HSBC US$121.65M (Falmouth Cruise Ship Development)	Semi-annually until 2020/2021	US$	91,638	9,061,757	99,723	8,705,825
3.00	European Investment Bank Loan #1.7391	Semi-annually until 2015/2016)	US$	657	64,924	900	78,583
	MBFZ 70 Acre	)	YEN	5,941	6,209	8,145	8,642
		)	SF	407	42,076	558	53,645
		)	STRL	32	4,820	44	6,059
		)	EURO	44	5,530	60	6,975
3.00	European Investment Bank Loan #20.729 (KCT 3 WESTERN EXPANSION) (Note 15(i))	Annually until 2020/2021	EURO	7,056	889,403	7,826	906,857
3.56	European Investment Bank Loan #20.553 (KCT 3 WESTERN EXPANSION) (Note 15(i))	Semi-annually until 2019/2020	US$	15,453	1,528,045	17,384	1,517,602
3.38	European Investment Bank Loan #1.8902	Semi-annually until 2016/2017)	US$	6,069	600,104	7,677	670,235
	Gordon Cay	)	SF	479	49,591	607	58,342
		)	STRL	171	25,903	216	30,046
3.79	Exim Bank of China – BLA03046	Semi-annually 2012/2013	US$	-	-	1,474	128,720
5.9	Exim Bank of China – BLASH 2006001	Semi-annually 2013/2014	US$	1,895	187,396	3,804	332,067
Nil	Commerzbank	Semi-annually until 2015/2016)	EURO	1,493	188,233	1,991	230,714
LIBOR +0.25	Wells Fargo Bank N.A. X-ray Loan – Tranche A	Semi-annually until 2014/2015	US$	3,386	334,814	5,014	437,724
LIBOR +0.25	Wells Fargo Bank N.A. X-ray Loan – Tranche B	Semi-annually until 2016/2017	US$	1,107	109,509	1,375	119,995
	Carried forward				13,642,053		14,013,291

15 LONG-TERM LIABILITIES (Cont'd)

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

Interest Rate %	Lender	Repayment Instalments		2013 Foreign Currency $'000	2013 JMD $'000	2012 Foreign Currency $'000	2012 JMD $'000
(i) Foreign currency loans (Cont'd)							
	Brought forward				13,642,053		14,013,291
8.755	Bank of Nova Scotia (US$44M) refinanced (Note 15(k)(i))*	Quarterly until 2020/2021	US$	31,997	3,164,061	36,244	3,164,079
5.97	Bank of Nova Scotia – Europe (US$48.65M)	Quarterly until 2017/2018	US$	23,083	2,282,581	27,942	2,439,304
8.95	Bank of Nova Scotia – (US$39.4M) refinanced (Note 15(k)(ii))*	Quarterly until 2021/2022	US$	35,401	3,500,642	39,344	3,434,692
LIBOR+3.50	FirstCaribbean International Bank (Note 15(l))	Quarterly until 2021/2022	US$	13,056	1,291,068	14,040	1,225,725
3.57	Insurance Financing	Monthly until 2011/2012	US$	-	-	1,545	134,836
3.05	Insurance Financing	Monthly until 2012/2013	US$	1,909	188,783	-	-
					24,069,188		24,411,927
(ii) Local currency loan							
8.44	Scotia Investments Jamaica Limited (Note 15(k)(iii))	Semi-annually until 2016/2017			1,540,000		-
TOTAL					25,609,188		24,411,927

	2013 JMD $'000	2012 JMD $'000
Secured		
Guaranteed by the Government of Jamaica	20,520,953	19,329,568
Letters of undertaking by the Government of Jamaica	3,164,061	3,164,079
Charge on the assets (Note 5(e))	444,323	557,719
Unsecured - Evidenced by Promissory Notes	1,479,851	1,360,561
	25,609,188	24,411,927

LIBOR at March 31, 2013 was 0.4569% (2012: 0.74875%)

Prime at March 31, 2013 was 3.25% (2012: 3.25%).

* These loans were restructured in 2008/2009 resulting in an extension of the repayment period (Note 15(k)).

15 LONG-TERM LIABILITIES (Cont'd)

(e) Government of Jamaica (GOJ) - loans

Local currency loans

	US$'000	2013 $'000	US$'000	2012 $'000
(i) Purchase of lands at Gordon Cay				
Interest Rate %				
Prime + 1.25)		7,500		7,500
LIBOR + 2)		4,100		4,100
		11,600		11,600
Add: Accrued interest		7,770		7,770
		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
Add: Accrued interest capitalised		16,938		16,938
		27,036		27,036
(iii) Payments to the Accountant General (Note 15(g))		(15,091)		(15,091)
(iv) Payment of Caribbean Development Bank loan for GOJ - Ocho Rios cruiseship pier		(341)		(341)
		30,974		30,974
Foreign currency loans				
(v) GOJ Petrocaribe				
5% payable semi-annually in arrears 2008 - 2021 (US$11 million)	-	-	7,666	669,253
5% payable semi-annually in arrears 2008 - 2023 (US$22 million) (evidenced by promissory notes)	-	-	16,583	1,447,720
6.5% payable semi-annually in arrears 2012 - 2028 (US$100M) (evidenced by promissory notes) (Note 15(k)(iv))	-	-	94,364	8,237,985
5% payable semi-annually in arrears 2013 - 2035 (US$30 million) (evidenced by promissory notes) (Note 15(k)(v))	-	-	6,496	567,076
5% payable semi-annually in arrears 2012 - 2037 (US$126.52M) (evidence by promissory notes) (Note 15(k)(vi))	126,487	12,507,887	-	-
		12,507,887		10,922,034
		12,538,861		10,953,008

(f) *Lease liability*

	2013 $'000	2012 $'000
Xray machine Seaboard Freight (Unsecured) (US$0.173 million) at 0% per annum repayable monthly until 2014/2015	17,121	-

15 LONG-TERM LIABILITIES (Cont'd)

(f) (Cont'd)

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

(g) Payments to Accountant General

The payment of $15.091 million (Note 15(e)(iii)) has been applied in the reduction of loans payable to the GOJ.

(h) Prepaid credit insurance

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

(i) The loans from the GOJ, including the Petrocaribe loans, are unsecured.

(j) 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(i)).

(k) 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 is disbursed in tranches and $1.540 billion was disbursed during the reporting period. Interest is payable every six months commencing 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) The Petrocaribe loan of US$100 million was disbursed in tranches, and the entire amount was received by the end of March 31, 2011. The loan was for a period of 20 years inclusive of a 2 year moratorium and was repayable in 36 semi-annual instalments which commenced June 30, 2011.

v) The Petrocaribe loan of US$30 million was a non-revolving loan to be disbursed in tranches. The loan was for a period of 25 years inclusive of a 4 year moratorium on principal balance and a 2 year moratorium on interest payments. The loan was repayable in semi-annual installments commencing September 1, 2013. At June 30, 2012, interest capitalised amounted to US$786.72 (2012: US$0.288 million).

vi) Effective June 30, 2012, the Petrocaribe Loans (See Note 15(e)(v)) 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.

(l) The loan from First Caribbean 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.

(m) Breach of loan agreements

During the year, the Authority was late in making payment of certain loan installments with carrying amounts as noted below. The loan installments outstanding in the respect 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. The lenders did not request accelerated repayment of the loans and the terms of the loans were not changed.

	2013 Carrying Amount of Loan $'000	2013 Principal and Interest in Breach $'000
United States	1,895	1,027

There was no breach as at March 31, 2012.

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16 DEFERRED INCOME

	2013 $'000	2012 $'000
Balance, beginning of the year	480,492	516,045
Additions during the year (Note 16(a)(iii) and (iv))	328,988	-
Amortised during the year	(50,927)	(35,553)
Balance, end of the year	758,553	480,492
Comprising:		
Grants received (Note 16(a))	376,441	81,443
Assets transferred (Note 16(b))	382,112	399,049
	758,553	480,492

(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.

(iii) Building valued at $25.796 million was received in December 2012 from Royal Caribbean Cruise line. The grant is being amortised over 40 years.
(iv) 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.

(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 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.

17 POST EMPLOYMENT BENEFITS

Defined benefit pension plans

The Authority has established a defined benefit plan for its employees (in its employ subsequent to July 31, 2007). The Plan is administered by Trustees and managed by Guardian Life Limited.

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 most recent actuarial valuation of the plan's assets and the present value of the defined benefit obligations were carried out on July 9, 2013 (2012: June 20, 2012) by Duggan Consulting Limited, Fellow of the Institute of Actuaries. This valuation was in respect of balances at March 31, 2013 (2012: March 31, 2012). The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

17 POST EMPLOYMENT BENEFITS (Cont'd)

Retiree medical and group life plan

The Authority 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 April 5, 2013 (2012: April 30, 2012) by Eckler Partners Limited (Consulting Actuaries) in respect of obligations as at March 31, 2013 (2012: March 31, 2012). 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:

	2013 %	2012 %
Expected return on plan assets	7.5	7.5
Future salary increases	5.5	5.0
Discount rate	10.0	10.0
Health cost inflation	8.0	8.0

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

	Defined Benefit Plan 2013 $'000	Defined Benefit Plan 2012 $'000	Retiree Medical Plan 2013 $'000	Retiree Medical Plan 2012 $'000	Total 2013 $'000	Total 2012 $'000
Present value of obligation	36,823	84,761	29,838	30,893	66,661	115,654
Fair value of plan assets	(34,653)	(24,348)	-	-	(34,653)	(24,348)
	2,170	60,413	29,838	30,893	32,008	91,306
Unrecognised actuarial (loss) gains	(37,003)	(32,240)	3,603	3,333	(33,400)	(28,907)
Adjustments for supplemental pension for members of the defined contribution plan	106,005	-	-	-	106,005	-
Net liability recognised in statement of financial position	71,172	28,173	33,441	34,226	104,613	62,399

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

	Defined Benefit Plan 2013 $'000	Defined Benefit Plan 2012 $'000	Retiree Medical Plan 2013 $'000	Retiree Medical Plan 2012 $'000	Total 2013 $'000	Total 2012 $'000
Balance, beginning of the period	28,173	30,123	34,226	34,329	62,399	64,452
Amounts charged to expense	53,600	6,756	2,299	3,044	55,899	9,800
Contributions by employer	(10,601)	(8,706)	(3,084)	(3,147)	(13,685)	(11,853)
Balance, end of the period	71,172	28,173	33,441	34,226	104,613	62,399

17 POST EMPLOYMENT BENEFITS (Cont'd)

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

	Defined Benefit Plan		Retiree Medical Plan		Total	Total
	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000
Current service cost	1,972	1,616	-	-	1,972	1,616
Past service cost – vested benefits	(57,028)	-	-	-	(57,028)	-
Interest cost	3,454	6,990	2,935	3,222	6,389	10,212
Recognised actuarial loss (gain)	1,584	264	(636)	(178)	948	86
Expected return on plan asset	(2,387)	(2,114)	-	-	(2,387)	(2,114)
Adjustments for supplemental pension for members of the defined contribution plan	106,005	-	-	-	106,005	-
Total included in employee benefit expense	53,600	6,756	2,299	3,044	55,899	9,800
Actual return on plan assets	1,566	2,430	-	-	1,566	2,430

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

	Defined Benefit Plan		Retiree Medical Plans		Total	Total
	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000
Opening defined benefit obligation	84,761	71,660	30,893	32,260	115,654	103,920
Current service cost	1,972	1,616	-	-	1,972	1,616
Past service cost – vested benefits	(57,028)	-	-	-	(57,028)	-
Interest cost	3,454	6,990	2,935	3,222	6,389	10,212
Contributions from plan participants	6,403	4,963	-	-	6,403	4,963
Benefits paid	(2,039)	(22,685)	(3,084)	(3,147)	(5,123)	(25,832)
Payment to the defined contribution plan	(6,226)	-	-	-	(6,226)	-
Actuarial loss (gain)	5,526	22,217	(906)	(1,442)	4,620	20,775
Closing defined benefit obligation	36,823	84,761	29,838	30,893	66,661	115,654

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

	Defined Benefit Plan		Retiree Medical Plan		Total	Total
	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000
Opening fair value of plan assets	24,348	30,934	-	-	24,348	30,934
Expected return on plan assets	2,387	2,114	-	-	2,387	2,114
Contributions - employer	10,601	8,706	-	-	10,601	8,706
- employees	6,403	4,963	-	-	6,403	4,963
Benefits paid	(2,039)	(22,685)	-	-	(2,039)	(22,685)
Payment to the defined contribution plan	(6,226)	-	-	-	(6,226)	-
Actuarial gain (loss)	(821)	316	-	-	(821)	316
Closing fair value of the plan assets	34,653	24,348	-	-	34,653	24,348

17 POST EMPLOYMENT BENEFITS (Cont'd)

(g) The history of experience adjustments is as follows:

	2013	2012	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Defined Benefit Plan					
Present value of defined benefit obligation	(36,823)	(84,761)	(71,660)	(14,556)	(4,349)
Fair value of plan assets	34,653	24,348	30,934	18,539	6,693
Fund (deficit) surplus	(2,170)	(60,413)	(40,726)	3,983	2,344
Experience adjustment on plan liabilities	(5,526)	22,217	6,224	6,419	(2,180)
Experience adjustment on plan assets	(821)	316	(672)	593	96
Retiree Medical Plan					
Present value of defined benefit obligation	29,838	30,893	32,260	34,319	28,675
Deficit	29,838	30,893	32,260	34,319	28,675
Experience adjustment on plan liabilities	(906)	(1,442)	(2,383)	3,751	(108)

Impact of 1% Increase/Decrease in medical inflation rate in the Retiree Medical Plan

	Increase @9%	Decrease @7%
	$'000	$'000
Revised interest cost	2,966	2,554
Revised accumulated benefit obligation	29,989	26,127

The Authority expects to make a contribution of $7.497 million (2012: $7.063 million) to the health benefit scheme and $49.51 million (2012: $8.66 million) to the defined benefit plan during the next financial year.

18 PROVISIONS

	2013	2012
	$'000	$'000
At beginning of the year	74,511	56,756
Provision for the year	61,762	55,847
Utilised for the year	(59,072)	(38,092)
At end of the year	77,201	74,511

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

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19 TRADE PAYABLES AND ACCRUALS

	2013 $'000	2012 $'000
Trade	342,581	236,091
Amounts to be disbursed in respect of specific projects	438,308	808,444
Accruals	559,807	475,816
Due to related party (Note 19(a)) - Montego Bay Freezone	100,604	100,000
- KCT Services Limited	168,537	436,612
Other payables	459,367	175,569
	2,069,204	2,232,532

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

20 REVENUE

	2013 $'000	2012 $'000
Port fees	8,708,914	8,408,924
Facility fees – net	1,809,738	1,891,470
Investment properties – fair value adjustment (Note 6)	397,319	262,151
Wharfage	859,412	772,403
Harbour fees	660,906	581,129
Tug fees	570,132	478,541
Equipment lease (Note 20(a))	610,947	587,216
Land and building lease (Note 20(b))	181,070	161,520
Port Antonio Marina	74,277	70,305
Foreign currency gain	594,787	83,810
Oil royalty	94,100	93,114
Pilotage	83,390	74,484
Ground lease – Falmouth	79,345	-
Other (Note 20(c))	498,948	427,315
	15,223,285	13,892,382

(a) Equipment lease includes charges for equipment rented to the subsidiary company, Ports Management and Security Company Limited of $557.40 million (2012: $550.78 million).

(b) Land and building lease includes charges to Kingston Free Zone Company Limited of $31 million (2012: $29.55 million) and charges to Montego Bay Free Zone Company Limited of $143.25 million (2012: $131.97 million).

(c) Other income includes management fees from Montego Bay Free Zone Company Limited of $3.5 million (2012: $3.5 million), Kingston Free Zone Company Limited of $3.5 million (2012: $3.5 million), Ports Management and Security Company Limited of $16.5 million (2012: $16.5 million), Port Authority Management Services Limited of $14.6 million (2012: $18.24 million) and rental from other investment properties of $15.07 million (2012: $12.27 million).

21 FINANCE CHARGES AND INTEREST ON LOANS

	2013 $'000	2012 $'000
Interest on long-term liabilities	1,803,362	1,882,483
Interest on overdraft and other finance charges	67,248	101,072
	1,870,610	1,983,555
Less amount included in additions to property, plant and equipment (Note 5(c))	(1,017)	(16,537)
	1,869,593	1,967,018

22 NET (LOSS) PROFIT

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

	2013 $'000	2012 $'000
a) Revenue (expense):		
Interest income on financial assets at amortised cost		
- Long-term receivables	2,149	2,700
- Short-term deposits	44,240	48,333
- Other investments	3,119	1,785
	49,508	52,818
Finance charges and interest on loans at amortised cost	(1,869,593)	(1,967,018)
Impairment recoveries (losses) on financial assets at amortised cost		
Trade and other receivables		
- Trade	(81,396)	2,464
- Advances to subsidiaries, associates and joint venture	(17,039)	(14,034)
- Long-term receivables	45,687	(71,554)
b) Gains (losses)		
Net foreign exchange (losses) gains on financial instruments at amortised costs		
- Foreign currency loans	(4,384,566)	(589,673)
- Short-term deposits and other investments	594,787	83,810

22 NET (LOSS) PROFIT (Cont'd)

	2013 $'000	2012 $'000
c) Other		
Audit fees (Authority and managed operations)		
- current year	9,597	11,584
- prior year	4,703	367
Cost of inventories recognised in expenses	1,158,369	1,083,085
Loss on disposal of investment properties	-	20,376
Loss on disposal of property, plant and equipment	38,899	26
Depreciation and amortisation	1,836,343	1,871,928
Fair value gain on investment properties	397,319	262,151

23 COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

At the end of the reporting period, approximately $1.948 billion (2012: $1.108 billion) had been committed of which $1.893 billion is not yet contracted by the Authority and relates to equipment for KCT, Montego Bay Freeport and Harbours, dredging and rehabilitation works at Falmouth and Ocho Rios and other projects. In respect of the prior year, KCT trolley rail, paver block and berth expansion projects, purchase of lands at Falmouth and other projects. Commitments in respect of a 3 year contract for the maintenance of the X-ray machines amounting to $342.15 million (US$3.460 million) (2012: $402.75 million (US$4.613 million)) have been authorised but not contracted for at year end.

Contingent liabilities

a) Claims of $29.3 million in respect of compensation 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 Authority 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 Authority 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, has committed to reviewing its policy in this regard.

Other contingency

During 2011/2012, a managed operation of the Authority paid Special Consumption Taxes (SCT) on fuel used in transshipment operations, reflecting the related amounts as recoverable in the financial statements. The Tax Administration Jamaica (TAJ) in a letter dated November 3, 2011, indicated that these costs should be borne by the Authority's managed operation. The Ministry of Finance and Planning, in a letter dated July 10, 2013, has committed to reviewing its policy in this regard.

24 OPERATING LEASE ARRANGEMENTS

Operating leases relate primarily to the investment properties and equipment owned by the Authority with lease terms between 1 to 5 years. The lessee does not have an option to purchase the property or the equipment at the expiry of the lease period.

Rental earned during the year comprised:

	2013 $'000	2012 $'000
Equipment	557,395	550,779
Property	192,946	177,426
	750,341	728,205

24 OPERATING LEASE ARRANGEMENTS (Cont'd)

At the end of the reporting period, the Authority contracted with its lessees for the following future minimum lease payments.

	2013 $'000	2012 $'000
Within one year	832,671	730,463
In the second to fifth years inclusive	1,039,509	1,704,743
	1,872,180	2,435,206

25 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:

	Lease rental		Other		Balance due from (to)	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Subsidiaries						
Jamaica International Free Zone Development Limited		-		-	93,195	86,327
Kingston Free Zone Company Limited	30,998	29,551	3,500	3,500	1,167	2,333
Montego Bay Free Zone Company Limited	143,248	131,969	3,500	3,500	(100,309)	(103,914)
Ports Management and Security Limited	557,395	550,779	16,500	16,500	25,377	112,033
Port Authority Management Services Limited	-	-	14,604	18,236	108,529	98,727
KCT Services Limited	-	-	-	-	(169,537)	(436,612)
	731,641	712,299	38,104	41,736	(41,578)	(241,106)
Provision for impairment (Note 12(a))	-	-	-	-	(106,206)	(89,167)
Joint venture						
Boundbrook Wharves Development Limited	-	-	6,310	7,349	18,936	12,626
	731,641	712,299	44,414	49,085	(128,848)	(317,647)
Included in the following balances:						
Long-term receivables (Note 10(d))	-	-	-	-	76,226	81,827
Trade and other receivables (Note 12)	-	-	-	-	65,067	137,138
Trade and other payables (Note 19)	-	-	-	-	(270,141)	(536,612)
	-	-	-	-	(128,848)	(317,647)
Key management personnel	-	-	2,785	12,246	23,192	29,567

25 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

	2013 $'000	2012 $'000
Short-term benefits	262,224	226,398
Pension	2,852	2,025
	265,076	228,423

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

Board of Directors and Committee members (excluding those included above)

	2013 $'000	2012 $'000
Short-term benefits (directors fees)	1,848	1,749

Interest on staff loans
Interest earned on loans to employees amounted to $2.149 million (2012: $6.572 million).

26 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of 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:

	2013 $'000	2012 $'000
Financial Assets		
Available for sale (at cost)		
Investment in subsidiary, joint venture and associated companies	30,508	30,508
Loans and receivables at amortised cost		
Other investments	639,140	568,033
Long-term receivables	249,649	817,173
Trade and other receivables	3,258,929	2,603,934
Cash and short-term deposits	2,753,908	1,464,830
	6,901,626	5,453,970
Total Financial Assets	6,932,134	5,484,478

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

Categories of financial instruments (Cont'd)

	2013 $'000	2012 $'000
Financial Liabilities		
Long-term liabilities	37,711,895	34,694,993
Trade and other payables	1,509,397	1,756,716
Bank overdraft	9,914	38,843
Total Financial Liabilities	39,231,206	36,490,552

Financial risk management policies and objectives

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

The Authority has exposure to the following risks from its use of its financial instruments: market risk, credit risk and liquidity risk.

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

The Authority's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Authority 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 Authority'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 the statement of financial position and overall financial structure which includes liquidity, interest rate and foreign currency risks management.

Audit Committee

The 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, who 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 Authority, including procurement of contracts and the evaluation and monitoring of costs incurred.

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

26 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK 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 Authority's activities expose it primarily to the financial risks of changes in foreign currency exchange rates as disclosed in Note 26(b) below as well as interest rates as disclosed in Note 26(c) below.

Management of market risk
The Authority 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 analyses.

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

(b) Foreign currency risk management

The Authority 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 Authority manages 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 Authority further manages the risk by maximising foreign currency earnings and holdings in foreign currency balances.

At March 31, 2013, the Authority had US$ denominated investments amounting to US$17.682 million (2012: US$16.701 million) of which US$6.232 million (2012: US$6.221 million) (Note 9(i)) is required to be held under the terms of certain loan agreements with outstanding balances amounting to US$15,453 million and €7,056 million (2012: US$17.384 million and €7,826 million) (Note 15(c)) at the end of the reporting period.

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

	Liabilities		Assets		Net liabilities	
	2013	2011	2013	2012	2013	2012
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
United States Dollar	34,971,830	36,232,945	7,035,810	4,292,886	27,936,020	30,685,308
Japanese yen	6,209	10,715	-	-	6,209	8,747
Swiss franc	91,667	134,301	-	-	91,667	113,044
Pound sterling	30,723	43,476	-	-	30,723	36,388
EURO	1,083,166	1,368,882	-	-	1,083,166	1,164,279
NKR	-	1,213	-	-	-	-

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

Financial risk management policies and objectives (Cont'd)

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

Foreign currency sensitivity analysis
The Authority's most significant currency exposure is to the United States dollar. The following table details the Authority's sensitivity to a 1% revaluation and 10% devaluation (2012: 0.5% revaluation and 1% 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 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 1% or weakens by 10% against the relevant currencies, (2012: strengthens by 0.5% or weakens by 1%) the loss will decrease/increase (2012: profit will increase/decrease) by:

	Revaluation		Devaluation		Revaluation		Devaluation	
	2013		2013		2012		2012	
	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	279,360	-10	2,793,602	+0.5	153,427	-1	306,853
Japanese yen	+1	62	-10	621	+0.5	44	-1	87
Swiss franc	+1	917	-10	9,167	+0.5	565	-1	1,130
Pound sterling	+1	307	-10	3,072	+0.5	182	-1	364
EURO	+1	10,832	-10	108,317	+0.5	5,821	-1	11,643
NKR	+1	-	-10	-	+0.5	-	-1	-

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 Authority's sensitivity to foreign currency has decreased during the period due to the repayment of loans as well as increased 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 rates. 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 Authority 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 Authority by maintaining an appropriate mix between fixed and floating rate borrowings by monitoring the movements in the market interest rates closely. The Authority's exposure to interest rates on financial assets and financial liabilities is detailed below.

26 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.

	Less than 3 Months $'000	3 Months to 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	2,732,724	28,399	622,884	2,299	3,545,828	6,932,134
Liabilities						
Long-term liabilities	648,709	3,156,852	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	658,623	3,156,852	14,096,470	19,478,452	1,840,809	39,231,206
Total interest rate sensitivity gap	2,074,101	(3,128,453)	(13,473,586)	(19,476,153)	1,705,019	(32,299,072)
Cumulative gap	2,074,101	(1,054,352)	(14,527,938)	(34,004,091)	(32,299,072)	

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

Financial risk management policies and objectives (Cont'd)

(c) Interest rate risk (Cont'd)

	Less than 3 Months $'000	3 Months to 1 Year $'000	1-5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At March 31, 2012						
Assets						
Investment in subsidiary, joint venture and associated companies	-	-	-	-	30,508	30,508
Long-term receivables	117	356	5,653	15,270	795,777	817,173
Other investments	-	27,038	540,808	-	187	568,033
Trade and other receivables	-	-	-	-	2,603,934	2,603,934
Cash and short-term deposits	1,429,290	-	-	-	35,540	1,464,830
Total assets	1,429,407	27,394	546,461	15,270	3,465,946	5,484,478
Liabilities						
Long-term liabilities	580,481	3,458,004	14,622,529	15,708,638	325,341	34,694,993
Trade payables and accruals	-	-	-	-	1,756,716	1,756,716
Bank overdraft (unsecured)	38,843	-	-	-	-	38,843
Total liabilities	619,324	3,458,004	14,622,529	15,708,638	2,082,057	36,490,552
Total interest rate sensitivity gap	810,083	(3,430,610)	(14,076,068)	(15,693,368)	1,383,889	(31,006,074)
Cumulative gap	810,083	(2,620,527)	(16,696,595)	(32,389,963)	(31,006,074)	

26 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK 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 decrease (2012: 50 basis points increase or 100 basis points decrease) for local borrowing and a 200 basis points increase and 50 basis point decrease (2012: 50 basis points increase/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 on its foreign currency borrowings and investments (2012: 50 basis points higher/lower) and all other variables were held constant, the loss for the year would increase by approximately $181.311 million or decrease by $45.328 million (2012: profit for the year would decrease/increase by $48.162 million respectively). For the local borrowings and investments if interest rates were 250 basis points higher and 100 basis points lower (2012: 50 basis points higher and 100 basis points lower) the loss for the year would increase by $41.483 million or decrease by $16.593 million (2012: the profit for the year would decrease by $0.167 million or increase by $0.335 million). This is mainly attributed to the Authority's exposure to interest rates on its variable rate borrowings and amounts held on fixed deposits.

The Authority's sensitivity to interest rates for foreign currency borrowings has increased during the current period mainly due to an increase in the variable rate debt instruments.

The Authority's sensitivity to interest rates on local borrowings and investments has increased during the current period mainly due to the increase in the holdings of local currency deposits and borrowings.

See also Liquidity risk management at 26(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 Authority. Financial assets that potentially subject the Authority to credit risk primarily consist of trade receivables, investment in subsidiary, joint venture and associated companies, other investments, long-term receivables and cash and bank deposits. The maximum exposure to credit risk is the amount of approximately $6.932 billion (2012: $5.484 billion) disclosed under "categories of financial instruments' above and the Authority holds no collateral in this regard. The Authority manages the risk primarily by reviews of the financial status of each obligator and its investments which are monitored regularly 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 Authority 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 Authority has a significant concentration of credit risk exposure to companies operating in the Marine Industry which accounts for 100% of trade receivables (2012: 100%). Two debtors of the Authority account for approximately 42% and 19% (2012: 29% and 35%) respectively of the Authority'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 5.97% (2012: 2.62%) of long-term receivables. The Authority has established policies and procedures which govern standards for granting loans and the process of continuous monitoring.

The Authority seeks to minimise the risk on 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 Authority as they fall due.
- Management limits the amount of investment placed with any institution in accordance with the Board guidelines.

26 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK 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 Authority 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 Authority 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 Authority 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 Authority'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 Authority anticipates that the cash flow will occur in an earlier period.

	2013					
	Term to Maturity/Repricing					
	Less than 3 Months	3 Months to 1 year	1-5 years	Over Five years	No specific Repayment Term	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities						
Interest bearing						
Variable rate loans	130,701	1,621,977	6,273,961	3,984,459	-	12,011,098
Fixed rate loans	807,379	3,348,301	13,675,051	22,215,368	-	40,046,099
Bank overdraft	9,914	-	-	-	-	9,914
Non-interest bearing						
Trade and other payables	1,361,316	-	-	-	148,081	1,509,397
Total	2,309,310	4,970,278	19,949,012	26,199,827	148,081	53,576,508

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

Financial risk management policies and objectives (Cont'd)

(e) Liquidity risk management (Cont'd)

Non-derivative financial liabilities (Cont'd)

	2012					
	Term to Maturity/Repricing					
	Less than 3 Months	3 Months to 1 year	1-5 years	Over Five years	No specific Repayment Term	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities						
Interest bearing						
Variable rate loans	116,642	1,416,960	5,609,079	4,845,376	-	11,988,057
Fixed rate loans	587,612	3,936,783	14,840,213	14,693,467	-	34,058,075
Bank overdraft	38,843	-	-	-	-	38,843
Non-interest bearing						
Trade and other payables	1,534,291	-	120,036	2,389	100,000	1,756,716
Total	2,277,388	5,353,743	20,569,328	19,541,232	100,000	47,841,691

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26 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK 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 Authority's remaining contractual maturity for non-derivative financial assets.

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

	2013					
	Term to Maturity/Repricing					
	Less than 3 Months	3 Months to 1 Year	1 - 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'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	170,363	1,823	-	252,912
Trade and other receivables	3,260,378	-	-	-	-	3,260,378
Cash and short-term deposits	2,818,172	-	-	-	-	2,818,172
Total Financial Assets	6,078,550	110,615	781,189	1,823	30,508	7,002,685

	2012					
	Term to Maturity/Repricing					
	Less than 3 Months	3 Months to 1 Year	1 - 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets						
Investments in subsidiary, joint venture and associated companies	-	-	-	-	30,508	30,508
Other Investments	-	27,451	542,336	-	-	569,787
Long-term receivables	150	87,447	716,873	17,796	-	822,266
Trade and other receivables	2,393,399	96,777	113,758	-	-	2,603,934
Cash and short-term deposits	1,466,653	-	-	-	-	1,466,653
Total Financial Assets	3,860,202	211,675	1,372,967	17,796	30,508	5,493,148

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

Financial risk management policies and objectives (Cont'd)

(f) Capital risk management

The Authority's objective when managing capital is to safeguard the Authority's ability to continue as a going concern and to maintain a strong capital base to carry out its mandate.

The Authority is not subject to any external regulatory capital requirements and capital adequacy is monitored by the Authority's management on a regular basis. The Authority's strategy remains unchanged from 2012.

The capital structure of the Authority consists of reserves (Note 14) and accumulated surplus.

27 FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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 estimation 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 Authority would realize 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.

(iii) The carrying amounts of variable rate loans, totaling approximately $10.817 billion (2012: $10.489 billion) are assumed to approximate their fair values.

(iv) 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.

Fair values of financial instruments which differed from the carrying values are as follows:

	2013		2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	$'000	$'000	$'000	$'000
Fixed rate loans	11,418,806	11,916,909	10,385,932	10,925,594
Concessionary rate loans	15,929,846	11,509,213	14,489,734	14,134,851

Fair value measurements recognised in the Statement of Financial Position

There were no financial instruments that were measured subsequent to initial recognition at fair value.

28 OTHER DISCLOSURES

(a) Employed directly by the Authority

Staff costs incurred during the year:

	2013	2012
	$'000	$'000
Salaries, wages and allowances	764,672	690,776
Statutory contributions	73,600	62,665
Pension contributions	88,274	42,132
Health scheme contributions	40,571	38,550
Travelling and other	86,976	103,820
	1,054,093	937,943

Included in the salaries, wages and allowances for year ended March 31, 2013 is an amount of $Nil million (2012: $2.386 million) for redundancy costs.

(b) Contracted by management companies

Contracted services

	2013	2012
	$'000	$'000
Container Terminal	2,577,478	2,570,915
Tugs and Boats	160,037	126,541
Port Handlers	50,814	46,670
Cruise Ship Pier	6,469	6,647
	2,794,798	2,750,773

Included in the container terminal balance of $2.58 billion (2012: $2.57 billion) is an amount of $8.19 million (2012: $60 million) for redundancy cost at Kingston Container Terminal.

The Port Authority of Jamaica

Corporate Data

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