ANNUAL REPORT
2018-2019

The Port Authority of Jamaica

What's Inside

Corporate Profile

Who We Are

The Port Authority of Jamaica (The Authority or PAJ) is a statutory corporation established by the Port Authority Act of 1972. It is Jamaica's principal maritime agency responsible for the development and regulation of Jamaica's seaports. The PAJ reports directly to the Ministry of Economic Growth & Job Creation (MEGJC). In its development role, the PAJ develops and facilitates investments in seaport and supporting infrastructure required for growth in Jamaica's International Trade and Commerce, Cruise Tourism and related Industries.

What We Do

As the regulatory Authority, PAJ monitors and regulates the navigation of all vessels entering and leaving Jamaica's seaports and harbours to ensure safety and order. The Authority also set tariffs on goods that pass through the public wharves. In executing these responsibilities, the PAJ:

- Administers and regulates Jamaica's pilotage service which is compulsory for all ships navigating Jamaica's seaports, by providing assistance with navigation and berthing
- Charts safe access to Jamaica's ports and harbours by maintaining the ship channels to ensure that the depths are sufficient for the vessels that use the ports
- Provides and maintains navigational aids, such as buoys, beacons and lighthouses
- Offers commercial tug services in the Port of Kingston
- Serves as a tribunal for establishing wharfage tariffs, through a process of public hearing

Our Vision

The Western Hemisphere's Beacon of Maritime Excellence.

Our **Mission**

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

Our **Values**

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

Our Business **in Brief**

Cargo

The Port Authority derives its revenues from its main business segments and statutory dues. These include Cargo and Cruise activities, which are supported by Harbours and Port Services. The Kingston Container Terminal which is owned by PAJ, is operated by Kingston Freeport Terminal Limited (KFTL), a subsidiary of CMA/CGM through a Build Operate Transfer (BOT) 30-year Concession Agreement which became effective July 1, 2016. PAJ earns revenue from the annual concession fee, which is a combination of guaranteed and variable fee, as a percentage of gross revenue, paid quarterly in advance.

The Port of Montego Bay is a multi-use facility for cargo and cruise. It is owned by the PAJ and operated by Port Handlers Limited (PHL) through a management agreement. PAJ is responsible for investment in development, equipment and systems, while PHL collects the revenues and manages the day to day operations and is paid a management fee.

Logistics

Port-centric logistics development is a strategic imperative for the PAJ and is an area of great opportunity to increase cargo throughput at Jamaica's seaports, create high and low skilled jobs, and drive economic activities for growth in Jamaica. The PAJ is actively pursuing initiatives to partner with private sector companies for the development and operations of logistic activities on land it owns, adjacent to the Kingston Container Terminal (KCT).

Security

As the Designated Authority for seaport security, the PAJ is mandated to ensure that security systems, standards and procedures at Jamaica's seaports comply with the International Maritime Organization/ International Ship and Port Facility Security (IMO/ ISPS) Code and best practices.

Cruise

The PAJ develops and maintains four cruise ports namely: Port of Montego Bay, Historic Falmouth Port, Port of Ocho Rios, Ken Wright Pier and the adjoining Errol Flynn Marina. The marketing initiatives for cruise shipping is undertaken by PAJ under the 'Cruise Jamaica' brand in collaboration with the Ministry of Tourism. The Port of Ocho Rios is managed by Lannaman and Morris by way of a management agreement. The Historic Falmouth Port and Errol Flynn Marina are managed by the Authority and the Port of Montego Bay by PHL.

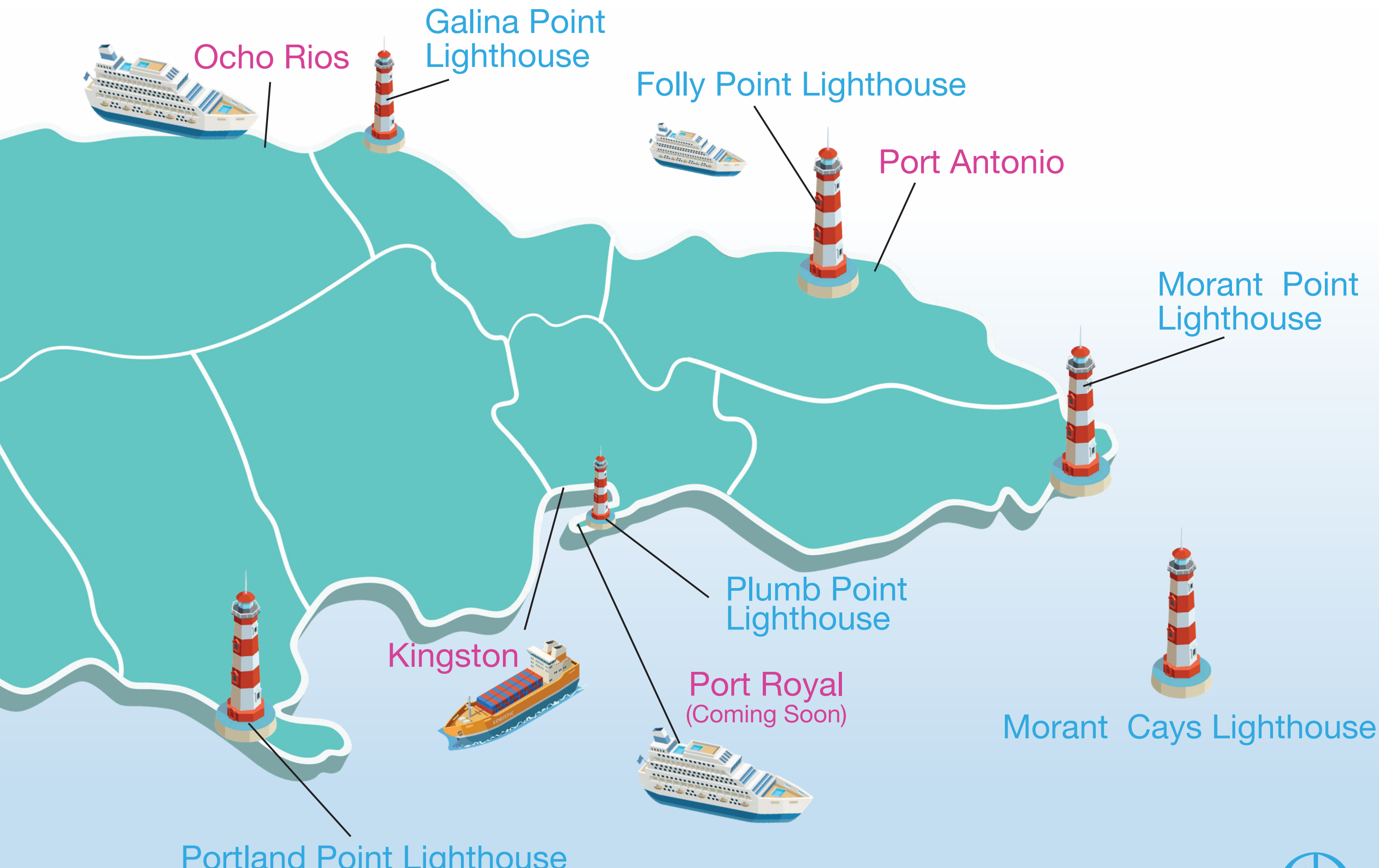
Business Process Outsourcing

The PAJ plays a key role in the Business Process Outsourcing (BPO) sector, in support of the Government of Jamaica's job creation and growth agenda. PAJ owns and manages approximately 1.4 million sq. ft. of building spaces, through three (3) Free Zone subsidiaries and manages 238,000 sq. ft. of building space for Factories Corporation of Jamaica.

Harbours & Marine Services

As the regulator of the sea ports, the PAJ is responsible for ensuring the safe and efficient navigation of vessels in and out of the habour. This is carried out by the Marine Services Division. This includes the management of the pilot service, maintenance of the harbour to include dredging, the maintenance of lighthouses and structures, buoys and beacons, as well as the provision of towing services which is currently outsourced.

Jamaica currently has 21 port facilities strategically located across the island. These include 3 public ports, that handles domestic and transshipment cargo, 4 cruise ports and 14 private cargo ports that handles bulk and liquid cargo, such as bauxite, petroleum/fuel, aggregates, steel, cement and other raw materials.



The PAJ Group
Subsidiaries & Associates

SUBSIDIARY		SERVICE PROVIDED
KFZ	Kingston Free Zone Limited	Owns, leases and manages real estate on properties adjacent to the KCT. Owned by PAJ 72%, GoJ 28%.
MBFZ	Montego Bay Free Zone Limited	Leases building spaces and provides real estate management services primarily to the BPO industry in Montego Bay. Shares owned equally by PAJ and GoJ.
PMSL	Ports Management & Security Limited	Implements the International Ship and Port Facility Security (ISPS) Code at the sea ports of Jamaica. Owned by PAJ (51%), Kingston Wharves (25%) and Shipping Association of Jamaica (24%).
JIFZ	Jamaica International Free Zone	Acquires, develops and leases properties for logistics and related activities. Owned by the PAJ (75%) and ZIM Integrated Shipping Services (25%)
PAMS	Port Authority Management Services Limited	Provides management services for the Half Way Tree Transport Centre. A wholly-owned subsidiary of the Port Authority.
KCT	Kingston Container Terminal Services Limited	A wholly-owned subsidiary of the PAJ, established to provide personnel services and management of the operations of the Kingston Container Terminal.
MCSL	Montego Cold Storage Limited	A 33% associate company whose primary activities are the lease of lands, rental of refrigerated warehouses and 2 apartments it owns.
SAL	Security Administrators Limited	A 33% associate company whose primary activity is the provision of port and general security, and other related services.

Source: www.cepal.org

The Board of Directors' **Report**

The period April 1, 2018 to March 31, 2019 was very productive and rewarding for the Board, Management and staff of the Port Authority (PAJ). The Chief Executive Officer, who is also a Member of the Board of Directors, ably led the process of the development and operation of the PAJ. The year saw positive contributions being made by PAJ to the national economy.

Corporate Governance
The Board, with the assistance of a Consultant, completed and approved the Corporate Governance Framework which is aligned to the Government's governance framework. A Corporate Government Committee was established and the Terms of Reference of this Committee, along with the other four (4) Committees i.e. Audit, Finance, Pilotage and Projects were approved. The Board also approved a Board Charter and governance policies viz Environmental, Stakeholder Communication and Corporate Social Responsibility (CSR).

Integral to the CSR Policy is a Donations Policy which establishes the basis and methodology of the organization's contribution to stakeholders and the environment in which it operates. The Board induction was considerably broadened to ensure that the Members received familiarization tours of all of PAJ's facilities across the island and got first-hand knowledge of the works in progress and the finished projects.

The Board also completed an evaluation exercise designed by the Ministry of Finance and the Public Service and the responses evaluated by the Consultant. A Board Improvement Plan recommended by the Consultant was accepted by the Board, to include training and development.

Enterprise Risk Management and Training
The Board recognises the need for strong enterprise risk management process and policy as well as investment in research, development and skills training in respect Port Authority's human and physical resources. The Board, therefore, welcomed the engagement of an Enterprise Risk Management Consultant who is to work with Management to develop risk policy/framework and risk training. The training and development of its human capital is key, and the Board continues to support management's initiative in this regard.

Development
With the assistance of its various Committees, the Board was able to efficiently and effectively approve the numerous projects being undertaken by the Authority in support of the country's attainment of the goals identified in Vision 2030 Jamaica - National Development Plan, which are in line with the 2030 Sustainable Development Goals. The PAJ's strategic initiatives and outcomes have been aligned accordingly. It is therefore with a sense of satisfaction that the Board reflects on the achievements for the year ending March 31, 2019.

The Board of Directors is committed to supporting the country in the attainment of the goals identified in Vision 2030 Jamaica.

Finance
As at March 31, 2019, the Group earned profit before taxation of $5.439 billion, reflecting a reduction of $696 million (11%) below the $6.135 billion earned for year ended March 2018. Revenue was $13.73 billion and expense $8.25 billion, compared to Revenue of $13.91 billion and operating expenses of $7.37 billion at March 2018.

Projects
In line with the approved budget, the amount of $10.35 billion was invested in capital development and rehabilitation projects, to include cruise ports in Montego Bay, Falmouth, and Ocho Rios and cargo port in Montego Bay, logistic warehouse in Kingston and business process outsourcing buildings and investment in technology and human resource. These investments are towards expansion and modernizing the facilities, grow business revenue, improved operating efficiency and cash flow. The investments will also contribute to Jamaica's growth and job creation agenda.

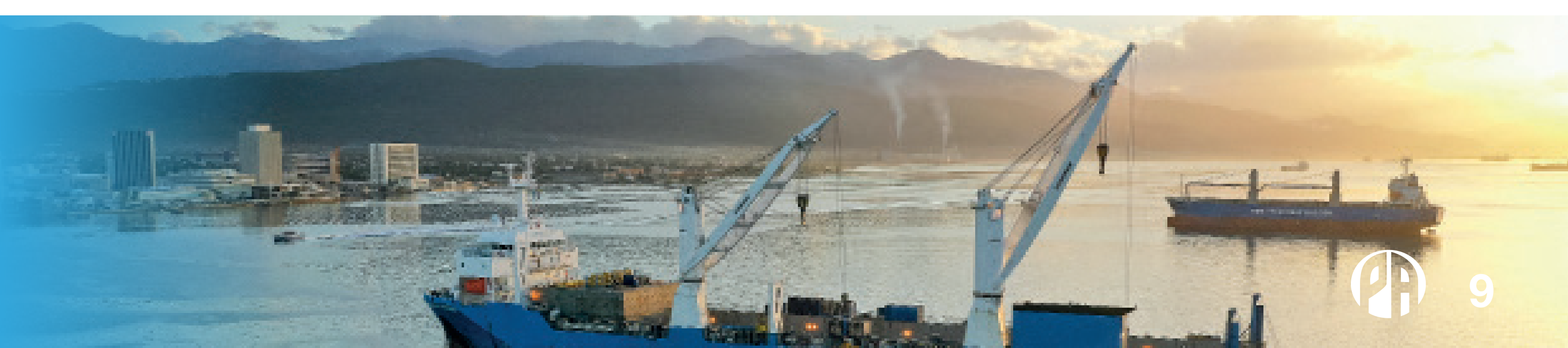
The Board is committed to facilitating the provision of world class port facilities to all local, regional and international seaborne trade and services by way of transformational initiatives including excellent customer service, improved regulatory oversight, secured port facilities, sustainable growth, corporate social responsibility, and strong corporate governance, embedded in transparency and accountability.

Global Economy
The success of PAJ's key business segments, that is, cruise, cargo and business process outsourcing, relies on economic stability in the global economy. The Board, therefore, continues to ensure monitoring of the global economy with respect to sustainability of the major business segments especially in light of recent concerns in the global economy and in order to ensure the resilience and sustainability of the economic benefits of the business of the PAJ and, by extension, the nation.

Staff Commendation
The Board of Directors acknowledges the effort of the management and staff and thank them for their unwavering commitment to the execution of the PAJ's strategic initiatives.

We endeavour to continue to work with Key Stakeholders to advance Jamaica's competitiveness in the Maritime and related industry.

Mr. Jerome Smalling
On behalf of the Board



President & CEO's **Statement**

The Port Authority of Jamaica continued its capital programmes in 2019, focusing on expanding critical infrastructure to enhance the Authority's key business segments in support of GoJ economic development and growth. The year marked an end of the current 5-yr strategic development programme which saw total capital investments of over J$10.65 billion in addition to the expansion works undertaken by KFTL under the terms of the CA, at the Container Terminal.

Financial Performance:
We closed the financial year with favourable financial and operating performances, generally in line with the targets. The Group generated revenues of $13.74 billion, marginally below the $13.91 million earned in 2018. Operating expenses of $8.25 billion was $651 million or (8.8%) above $7.37 billion in 2018. Total Comprehensive Income (TCI) of $5.15 billion, compared to $5.80 billion in 2018. The main items accounting for the increase in expense are repairs and maintenance, project expenses, and staff cost.

Total Assets of $72.3 billion increased by $7.9 billion (19%) with investment of $10.65 billion. These investments were financed by loans and internally generated cash of $6.23 billion, representing a growth of $994.34 million or (18.97%) compared to 2018.

Development Projects:
The PAJ invested $10.65 billion in development projects across all business segments to include:

Cargo activities remain the major earner (50%) of total revenue for the PAJ. The end of March 2019 marked 33 months into the 30-year Concession Agreement (CA) with Kingston Freeport Terminal Limited. Phase 1 of the $500M investment to enhance the capacity and productivity of the Kingston Container Terminal was completed within 2.5 years, well ahead of the 5-year schedule. KFTL is now focused on increasing the volumes and improving operating efficiency.

In addition, the PAJ invested $4.5 billion in port infrastructure and equipment during the period to include the Port of Montego Bay. A new cargo berth was completed and the cruise facilities rehabilitated and expanded, the harbour was dredged, and the acquisition of new port equipment. The strategy is to exploit new business opportunities for the port and to achieve revenue diversification and growth in cargo to meet the expected growth in cargo and LNG based on the energy diversification policies and trade regulatory requirements for vessels to use cleaner fuel and other measures to protect and preserve the environment.

Jamaica cargo ports are a key driver of Jamaica's Global Logistic Hub Initiative (GLHI), seen as an area of great opportunity to increase cargo throughput at Jamaica's seaports, create jobs, and drive economic activities. In this regard, work is far advanced in the build out of a new 200,000 square feet logistics building in the port of Kingston along with supporting facilities of 16,000 square feet aimed at enhancing port security and border protection. This investment of over $2 billion is seen as a precursor and a catalyst to kick-start the GLHI. Simultaneously, the PAJ is pursuing initiatives to partner with local and or international private sector companies for the development and operations of logistic activities on the near port lands adjacent to the container port of Kingston as well as lands in close proximity to the port of Montego Bay.

Cruise is one of the PAJ's core businesses, and major driver of employment and economic activities especially within the towns and cities the ports are located. Passenger arrivals for the year was 1,601,154. The strategic imperative is to drive cruise market share retention and growth, and improve guest experience and services and deepen the socio-economic impact of cruise tourism, through higher cruise visitor spending.

In this regard, $2 billion was invested in infrastructure and facilities at all cruise terminals to support future growth in passenger arrivals. In Montego Bay, this included the expansion, rehabilitation and infrastructure improvements at the terminal facilities. In Falmouth, the dredging of berths was completed, increasing the capacity to handle 2 large genesis class on both berths simultaneously. The expansion of the Ocho Rios Fisherman's Village project was completed and officially opened in July 2018. The berth expansion project at Reynold's Pier was completed and is being used by large cruise vessels, while work on the landside infrastructure and facilities to improve the accommodation and processing of cruise passengers is far advanced.

Work on the newest facility, Port Royal Cruise Port is underway , with the delivery of the new floating pier SeaWalk in February 2019. The process to obtain the required environmental permits and other works approvals are far advanced, with major construction works commencing on the sea and land side facilities early in financial year 2019/20. Extensive marketing efforts continued for all the cruise ports, with special focus on Port Royal, where the first vessel is scheduled to dock January 2020 and work is earnestly underway to achieve this milestone.

Real estate development, through its subsidiary companies underpinned the Authority's support of GoJ initiative of job creation in the Business Process Outsourcing industry. During the year, the 63,000 square feet building in the Montego Bay Freezone was officially opened. Work is far advanced on the build out of the 157,000 square feet Portmore Informatics Park, which is expected to be completed by the end of 2019 financial year. Marketing efforts to engage with BPO operators, with employment of workers on completion is promising. Simultaneously, the PAJ is actively engaged with private interest to monetize all the BPO facilities.

Maritime Services: Improvement in maritime services to the public ports in Kingston was greatly enhanced with the signing in April 2018 of 10-year Concession Agreement (CA) with an international towing company. This initiative avoids the PAJ investment in capital equipment of over US$30 million for 2 new tugs. Key terms under the CA required the concessionaire to invest in and operate tugs service to support the post panamax vessels now using the port of Kingston. They commenced operations on August 1, 2018 and are required to maintain key operating performance targets, pay a minimal fixed fee and a variable fee to the PAJ.

Great Commitment Shown by Our employees:
The development projects and other initiatives would not be effectively achieved without the support of the PAJ's capable and committed management and staff. Their unwavering commitment is invaluable. During the year, continued investment was made through targeted local and international training, focusing on strengthening personal development and leadership skills and giving employees the opportunity to interact with and share knowledge, expand networks all geared towards having greater understanding of the global business environment within which the Authority operates.

Corporate Social Responsibility (CSR):
In line with the Board approved CSR Policy, we continue to expand our corporate responsibility to work with communities on social enhancement and inclusion projects, to enhance particularly communities where our business activities are carried out. The main area of focus were the environment and education. As a development agency, adoption of sustainable environmental practices in all developmental projects and in daily operations was considered in execution of the projects.

We continue to embrace changes as the technology continues to disrupt and transform the way we operate and do business. Investment in PAJ's ICT continues during the year, with advancement in implementation of the Port Community System project and integration with the port community, the ERP Oracle Fusion financial system, the Human Resource Management System and the upgrade of our network capabilities. Enabling technology and data analytics to support management decision-making, improve operating efficiency and enhance the quality of data and information.

The engagement of an enterprise risk management consultant to formalize the development of risk policies and associated training as well as the engagement of a corporate governance consultant to establish policies and training for the PAJ and subsidiary boards was achieved. Together, these advanced the Authority's strategic initiatives increase awareness and strengthening of Corporate Governance and Enterprise Risk Management practices.

The major development projects embarked on, required timely engagement of key stakeholders in building relationships and garnering support to ensure alignment of planning and execution activities and avoidance of bottlenecks. Hence the excellent support of the team from our parent Ministry MEGJC, the Ministry of Finance and other key government departments and agencies were invaluable.

The continued support from the industry partners, private and public ports and customs agency was remarkable, as they partnered with us and embraced the implementation of technology within the trade.

The PAJ will continue to build on these partnerships and attract investments by world-leading companies to advance Jamaica as the premiere cargo, logistics and outsourcing destination of the Caribbean.

Professor Gordon Shirley, OJ
President & Chief Executive Officer

A Stellar Achievement

OCHO RIOS FISHING VILLAGE AWARDED ENGINEERING PROJECT OF THE YEAR!

Aerial View of the Ocho Rios Fishing Village.

View of a section of the Ocho Rios Fishing Village.

President of the Jamaica Institution of Engineers – Christopher Hamilton and Port Authority Site Engineer – Odele Huslin.

Ocho Rios Fishing Village (ORFV) was named the Jamaica Institution of Engineers (JIE) 2018 Engineering Project of the Year. The project consisted of the redevelopment and design of the fishing village, including the construction of 18 small shops, restaurants, parking bays, walkways, sewage and electrical upgrades. A two-storey building was also constructed consisting of a dining pavilion, two large restaurants and fisher folk facilities.

The project facilitated the training of fisher folk and shop owners in business management, personal skills and customer service. ORFV provides employment and business opportunities to the fisher folk and caters to locals and tourists.

Business *Highlights*

Official opening of Data Entry Building #7 - BPO Facilities at the Montego Bay Free Zone on January 9, 2019.

Tour of the facilities at the official opening of Data Entry Building #7

L-r: President of the Jamaica Institute of Engineers – Christopher Hamilton and Port Authority Site Engineer – Odele Huslin.

Official opening at the Ocho Rios Fishing Village on July16, 2018.

PAJ Executives welcome representatives from SeaWalk during its arrival to Jamaica.

Official Tour by the Prime Minister at Kingston Free Port Terminal Limited.

The Inaugural Call of Carnival Horizon at the Port of Ocho Rios.

THE Port Authority of Jamaica (PAJ) and Canada-based maritime company Ocean have signed a 10-year concession agreement for improvement in towage services in the Port of Kingston.

Pedicab Service in Falmouth.

PAJ Representatives who attended the World Travel Awards in Montego Bay in January 2019.

PAJ received the Cruise Insight 2019 Award for 'An Outstanding New Initiative Introduced by a Port'

L-R: Mr. Edward Gabbidon
Mr. Alston Douglas
Dr. Janine Dawkins
Mrs. Velma Ricketts

Board of **Directors**

L-R: Professor Gordon Shirley
Mr. Jerome Smalling
Mr. Mark Hart
Lyttleton Shirley

Missing: Adam Stewart

BOARD OF DIRECTORS' **PROFILES**

The Board of Directors is responsible for guiding the strategic and policy framework of the PAJ and its subsidiaries. It supports management in the effective execution of the objectives, by ensuring high governance standards are maintained, enhancing stakeholder value and developing human capital. Policy and strategy are executed in a manner consistent with GoJ guidelines and in a fiscally responsible manner, ensuring the long term financial viability of the PAJ. The Board of the Port Authority (PAJ) was appointed on June 20, 2016, for a period of three (3) years. The Members of the Board are:

PROFESSOR GORDON SHIRLEY, OJ

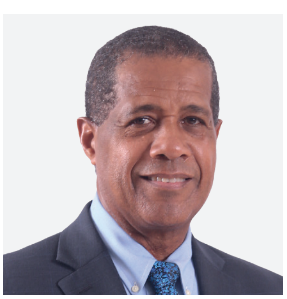
Chief Position: President & CEO, PAJ. Served as Chairman of the PAJ's Board of Directors from November 2013 to April 2016. Formerly Pro Vice Chancellor and Principal of the University of the West Indies (UWI) from August 2007 to August 2013 and previously served as Executive Chairman of the Jamaica Public Service Company Limited. In 2001, he was seconded to the Government of Jamaica as Jamaica's Ambassador to the USA and Permanent Representative to the OAS. A graduate of the UWI, St. Augustine with a BSc in Engineering, he also holds a MBA in Operations and Finance and Doctorate in Business Administration from Harvard University.

DR. JANINE DAWKINS

Chief Position: Chief Technical Director, Ministry of Transport & Mining. Dr. Dawkins has served on consecutive PAJ Boards with her most recent appointment in April 2016. She has been employed in the Jamaican Government service since 1990, holding key positions which span all modes of transport: land, air and sea as well as the mining portfolio. She provides technical and policy advice on various aspects of planning and operations. She is a transportation professional, who has wide ranging experience in transportation engineering, policy and legislation. She holds a PhD in Civil Engineering with a major in Traffic Operations, and a minor in City Planning; a BSc in Civil Engineering from the UWI St. Augustine, and an MSc in Civil Engineering from the Georgia Institute of Technology. She also holds a LLB from the University of London.

MR. EDWARD GABBIDON

Chief Position: CEO, Syncon Technologies Limited. Appointed in June 2016. He has many years of corporate experience in the public and private sector working in the banking, energy and ICT (Information and Communications Technology) industries. He is passionate about capacity development and training and currently serves as the chairman of Heart Trust/NTA. He spent a considerable amount of his professional career in the ICT sector serving in various executive positions including General Manager at Jamaica Digiport and Vice President, Corporate and SME Sales at LIME. He has a diploma in Project Management Practices and Principles from the University of New Orleans and a EMBA from the University of the West Indies, Mona. Mr Gabbidon is also a FAA certified commercial Pilot.



MR. LYTTLETON SHIRLEY, CD, JP

Appointed in June 2016. He has served in senior capacities in many private and public enterprises, spanning various industries including the auto industry, chemical manufacturing, international trade and tourism. With his background in Chemical Engineering and a fervent concern for public health, Lyttleton was the Chairman of the South East Regional Health Authority (SERHA) for over eight years. He also served on the Management Board for the University Hospital of the West Indies and on the Pest Control Authority Board. In 2016 he was appointed as the Chairman of the Factories Corporation of Jamaica Limited, and sits as a Government appointed Board Member on other vital management boards and committees.

MR. JEROME SMALLING

Chief Position: CEO, JMMB Merchant Bank. Appointed in June 2016. Boasting an esteemed 24-year career in banking, his experience includes tenures as Branch Manager at Scotiabank Jamaica, Vice President, Personal Banking at RBC Caribbean and Manager, Branch Sales Strategy Initiatives, Royal Bank's National Office, Toronto Canada. As a business and sales leadership coach, he uses his business development skills to grow assets and profitability, while driving customer value at the financial institutions at which he was based. He holds an MBA and a Bachelor's degree in Business and Professional Management from the H. Wayne Huizenga Business School, Nova South-Eastern University and completed executive training at The University of Pennsylvania's Wharton Business School.

MRS. VELMA RICKETTS WALKER, JP

Chief Position: CEO/Commissioner of Customs. She has over 19 years of experience in Customs Administration, Trade Facilitation, Risk Analysis, Strategic Planning, International Trade, Security, Compliance and Enforcement. She contributed significantly to Regional Customs Administrations, where as a Revenue Administration Advisor to the International Monetary Fund (IMF), she assisted regional Customs Administrations with the development and strengthening of their risk management programmes and organizational strategic reform. She is dedicated to improving Jamaica's image in the ease of doing business, logistics and competitive performance. Mrs. Walker currently serves as a Director on the Board of the Jamaica Special Economic Zone Authority (JSEZA) and holds the position of Chairperson for the World Customs Organization's Capacity Building Committee.

MR. MARK HART, JP

Chief Position: Executive Chairman of Caribbean Producers Jamaica Limited. Appointed in June 2016. He brings to the position years of experience in the private and public sector. He is currently Chairman of Cargo Handlers Limited and Montego Bay Ice, both listed companies. He serves as Chairman and Board Member of many leading private and public entities including airports, financial institutions, insurance companies as well as many charitable organizations. Mr Hart is a graduate of the University of Miami where he gained a Bachelor's degree in History and Motion Picture Film, and pursued executive training in Accounting and Planning at the Columbia University of New York.

MR. ADAM STEWART (Resigned November 21, 2018)

Chief Position: CEO and Deputy Chairman, Sandals Resorts International, the ATL Group & Island Routes Caribbean Adventures. Appointed to the PAJ Board in June 2016. A graduate of Florida International University's acclaimed Hospitality Management Programme in Miami. He is Deputy Chairman and CEO of Sandals Resorts International, the world's leading resort company, and The ATL Group, Jamaica's distributors which recently expanded to region-wide operations. In 2009, Stewart founded the Sandals Foundation, with fulfilling the promise of the Caribbean community by improving lives and preserving the natural surroundings, through investments in sustainable regional projects in education, community, and the environment.

MR. ALSTON DOUGLAS,OD, JP

Appointed in June 2016. He brings to the job years of experience serving in various executive management positions. Although he is a retired industrial engineer he also serves as a director on other private and public companies' Boards in the transportation and construction sector as well as the Jamaica Bauxite Institute.

Note: Resignation - Dr. Nigel Clarke former Board Chairman demitted office on March 3, 2018.

External Committee **Members**

ROXANN LINTON (FINANCE COMMITTEE)

Chief Position: CEO – First Heritage Co-Operative Credit Union Ltd. A seasoned financial services professional, Mrs Linton has worked with international financial institutions in progressively senior roles, locally, regionally and internationally. She has extensive experience in various areas, including Retail & Commercial Banking, Compliance and Risk Management. She is a CFA Charterholder and a Certified Public Accountant and earned her Bachelor and Master of Science Degrees in Accounting from the University of the West Indies. Roxann is passionate and committed to improving the lives of less fortunate women and children and has served as the Chairperson of the Operational Board of Junior Achievement of Jamaica and on the Grants Committee of the Canadian Women's Foundation.

DONALD PATTERSON (AUDIT COMMITTEE)

A UK-trained Chartered Accountant with Master of Business Administration and over 30 years of senior management, executive and international experience in auditing, administration, systems development, overseas business development, marketing, credit, finance, treasury and general management. Experience in Jamaica spans auditing, quasi-government operations and two (2) multinational entities - with head offices in the UK and Jamaica - that are involved in manufacturing and financial services (housing finance and development, fund management, remittance services, micro-credit, general insurance, information technology solutions) respectively.

MARK TRACEY (AUDIT COMMITTEE)

Mark Tracey is currently on secondment from the Jamaica Money Market Brokers (JMMB) to the Office of the Prime Minister as a Jamaica House Fellow where he is the Senior Economic Advisor to Minister of Finance. His main focus is the monitoring of the Precautionary Standby Arrangement Jamaica has with the IMF. He holds an M.Sc. in Economics from the University of the West Indies, with special focus on Financial Economics and Risk Management. Mark also holds a certification in Financial Programming and Policies from the renowned IMF Institute in Vienna, Austria. He is a member of two committees, the acting chair for the PIOJ's Audit and Finance Committee Operation Restoration that operates a youth programme in Trench Town. He is also a Justice of the Peace for the parish of Kingston.

Corporate **Governance**

CORPORATE GOVERNANCE

The PAJ's and its subsidiaries corporate governance practices and policies are guided by GoJ Corporate Governance Framework and the Public Bodies Management and Accountability Act (PBMA). The Board of Directors and the Management Team are guided and adhere to these principles in the execution of the strategic and operational functions.

ROLE OF THE BOARD OF DIRECTORS

The Corporate Governance Framework for Public Bodies (Jamaica) states that the board is collectively responsible for the strategic management and oversight of the PAJ, and is accountable to the Responsible Minister, for the Ministry of Economic Growth and Job Creation (MEGJC).

In the execution of its functions the PAJ's Board ensures that the Authority's vision and strategic direction, is in alignment with GoJ medium term priorities for the Maritime Sector, and the realization of the Authority's Statutory and Regulation responsibilities.

The board monitors and provide guidance and oversight on policy and strategy direction in all business operations and safeguards the Authority's sustained growth and development. In addition, the Board ensures the highest standard of governance is maintained and encourages and promotes a culture of adherence to ethics, transparency and core values.

Each director is required and is expected to act honestly and in good faith ensuring that executes its activities in accordance with PAJs mandate.

COMPOSITION OF THE BOARD

The Board of the Port Authority was appointed on June 20, 2016, for a period of three (3) years. During the period under review, the Board comprised nine (9) members with skills and competence in Finance, Engineering and Infrastructure, Private and Public Sector Experience in Maritime Transportation, Cargo, Cruise Shipping and related industries. The Board was without an appointed Chairman during the period following the departure of Ambassador Dr. Nigel Clarke who resigned to serve as Member of Parliament.

	NAME	EXPERIENCE (YEARS)	GENERAL MAGN'T.	FINANCE & AUDIT ICT	COMMERCE & MARKETING	INT'L RELATIONS	PORT OPERATIONS & GOV. POLICY	ENGINEERING
1	Dr. Janine Dawkins	>30					x	x
2	Alston Douglas	>40						x
3	Edward Gabbidon	>25	x	x				
4	Mark Hart	>40	x				x	
5	Velma Ricketts-Walker	>25					x	
6	Prof. Gordon Shirley	>35	x				x	x
7	Lyttleton Shirley	>30	x			x		x
8	Jerome Smalling	>25	x	x	x			
9	Adam Stewart	>20	x		X	X		

GOVERNANCE STATEMENT

Engagement of Consultant

In June 2018, the Port Authority (PAJ) contracted a certified Corporate Governance trainer (the consultant) who currently serves on the Public/Private Sector Corporate Governance Implementation Committee, which is responsible for developing, implementing and monitoring appropriate Corporate Governance practices for the Public Sector. These services were required in support of PAJ's effort to formalise and strengthen its corporate governance framework.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee was established by the Board at its meeting held on June 25, 2018. The PAJ Board constitutes and will act as the Corporate Governance Committee. The Board and the Committees were guided in its initial deliberations by the consultant.

1. Presentation of Board Charter and Committee Terms of Reference (TOR)

At its meeting on June 25, 2018, the consultant made a presentation on the Board Charter and Terms of Reference for all Committees, i.e.:

- Corporate Governance Committee
- Finance Committee
- Audit Committee
- Pilotage Committee
- Projects Committee

2. Approval of Board Charter and Committee Terms of Reference

The Board subsequently approved the Board Charter and the Committee Terms of Reference.

3. Approval of Corporate Governance Policies

The Board, at its meeting of September 24, 2018, approved three (3) policies which forms appendices to the Corporate Governance Framework. These are:

- Corporate Social Responsibility (CSR) Policy which includes the Donations Policy
- Environmental Policy
- Stakeholder Communication Policy

4. Board Survey & Evaluation

The PAJ is one of twenty (20) Public Bodies identified by The Ministry of Finance and Public Service (MoF&PS) to be part of a Pilot Board Evaluation exercise for Public Bodies. The Board Evaluation Forms, which were designed by the MoF&PS, were reviewed by the Consultant and the PAJ internal team.

The Evaluation Survey Forms were subsequently customized for PAJ's requirements. The final survey form provided a more efficient and effective electronic completion platform for directors and maintained the "spirit" of the MoF&PS' statements but was still lengthy.
At its meeting on July 23, 2018 the Board reviewed and agreed on a presentation on SurveyMonkey, and forms, which was used to facilitate the online completion of the Board Evaluation Survey. They assessed director's performance in the following areas:

- The overall Board
- The individual Board Members
- The Committees
- The Chairman of the Board and
- The Chairmen of the Committees

Following quantitative and qualitative analyses of the survey responses, the Consultant issued a final Evaluation Report on February 2, 2019. The Corporate Governance Committee held its first meeting on February 25, 2019 and considered the Report. The Committee also considered the Board Improvement Plan which was recommended by the Consultant.

5. Board Improvement Plan

The Corporate Governance Committee considered the Board Improvement Plan. The following activities are being pursued as part of the implementation of the Plan:

i. Training and Development
In addition to training sessions of the entire Board conducted by the consultant.

ii. Induction of Members
In addition to written documentation, arrangements were made for all Board Directors and co-opted Members to visit the various facilities of the PAJ island wide. Sites visited during the period were as follows:

October 29, 2018	**Kingston Locations** • Pilotage Department • Harbours Department • Port Royal Town and Facilities • Plumb Point Lighthouse
March 25, 2019	**Port & Marine Facilities in Kingston** • Old Sardine Factory (Marcus Garvey Drive) • Kingston Free Zone • Kingston Freeport Terminal Limited • Portmore Informatics Park • Fort Augusta

BOARD ACTIVITIES

The Board also reviewed and approved various initiatives as recommended by management and the respective committees including sponsorship and donations.

A. Finance

1. Review and approval of the PAJ strategic and corporate plan & Budget for the 4-year 2018/19 to 2021/22, in accordance with the requirements of the Public Bodies Management & Accountability Act.
2. Approved the audited financial statements for the year ended March 31, 2018 and reviewed the Management Letter.
3. Reviewed monthly financial reports and monitored the financial performance of the PAJ and its subsidiaries, against targets as outlined in the approved budget.
4. Reviewed capital project performances to ensure timely completion and assessed against budget.
5. Reviewed and made recommendation to the Board to accept management's proposal for borrowing J$3.7B loan from National Commercial Bank, to support the PAJ's capital project and refinance a J$2.7B short term loan.

B. Major Construction Projects

During the year the board approved and made recommendations to the Ministry of Finance and the Public Service, the PAJ's $4 billion capital program for 2019/20. This included new projects as well as to complete projects commenced in prior financial year. Capital investment of $7.2 billion was made towards the following projects.

1. Further development of the Historic Falmouth Cruise Ship Terminal, including, commenced development of the Hampden Wharf.
2. Construction of new berthing and rehabilitation of existing facilities, capital and maintenance dredging at the Port of Montego Bay.
3. Continued expansion of the Cruise Ship Terminal at Ocho Rios including refurbishment of the Reynolds Pier and development of the Ocho Rios Fishing Village.
4. Completed construction of 63,000 sq. ft. BPO Building in the Montego Bay Free Zone and continued the construction of 157,000 sq. ft. building at the Portmore Informatics Park which is scheduled to be completed in the 3rd quarter 2019.

5. Expansion of Marine Services by way of completing the procurement of Concession Agreement for tug services with international towage company.
6. Acquisition of new articulated berthing facility (SeaWalk) for the development of Port Royal and negotiation for the acquisition of land for the construction of new cruise shipping facilities in Port Royal.
7. Commenced construction of a 200,000 square feet logistics building and related amenities on lands adjacent to the Kingston Container Terminal known as the Kingston Logistics Park which is geared towards catalyzing the GoJ Jamaica Logistics Hub Initiative.
8. Continued the implementation of the Oracle E-Business Solutions, implementation of Human Resource Management System and the upgrade of the Authority's ICT Network capabilities all towards improving operating efficiency.

Regulatory Oversight

1. Review of Corporate Governance Charter, Board Charter and terms of reference for Board Committees.
2. Dealing with access to information issues with respect to contracts, etc.
3. Designation of subsidiary companies and licensing of facilities for Special Economic Zone including Montego Bay Free Zone, Kingston Free Zone, Jamaica International Free Zone and the Errol Flynn Marina, and Portmore Informatics Park

The Corporate Secretary

The Corporate Secretary was re-appointed by the Board at its meeting held on November 3, 2016. The Corporate Secretary carries out governance as well as administrative functions of the Board including timely preparation and circulation of Board Minutes and Board Papers.

During the year, the secretary ensured that adequate notice of Board Meetings was circulated to Members, circulated the relevant agenda, minutes and Board documents; and advised on contractual engagements and procurement methodology as well as attested to the proper use of the Authority's Seal.

Board Attendance

During the year under review the Board of the Port Authority had eleven (11) regular monthly meetings. There were no special meetings or retreats. The Committees met as required, responded to matters within their remit and advised the Board accordingly. The attendance of members at board and committee meetings are summarized below:

SCHEDULE OF MEETINGS HELD 2018-2019

	Total Number of Meetings	11	8	4	4	10
	MEETINGS	BOARD	FINANCE COMMITTEE	AUDIT COMMITTEE	PILOTAGE COMMITTEE	PROJECTS COMMITTEE
1	Dr. Janine Dawkins	11	-	4	4	-
2	Alston Douglas	11	-	-	3	-
3	Edward Gabbidon	9	-	4	-	8
4	Mark Hart	5	4	-	-	-
5	Velma Ricketts-Walker	7	-	1	-	-
6	Prof. Gordon Shirley	11	-	-	-	-
7	Lyttleton Shirley	10	-	-	-	5
8	Jerome Smalling	9	8	-	-	-
9	Adam Stewart	-	-	-	-	-
	EXTERNAL COMMITTEE MEMBERS					
10	Donald Patterson*	2	-	4	-	-
11	Mark Tracey*	1	-	4	-	-
12	Roxann Linton*	1	8	-	-	-

*External Committee Members attended Board Meetings during the year at the invitation of the Board.

Board Committees

In accordance with the Public Bodies Management and Accountability Act, the Authority co-opted external persons to Committees who are found to be fit and proper and have the requisite expertise and training. Since 2016, three (3) members were co-opted.

The Board assigns responsibilities to Board Committees to provide direction on specific strategic initiatives and to effectively execute and strengthen its governance function. Each Committee is guided by a Terms of Reference which outlines it roles and duties.

The foremost is to review and advise and monitor policies with guidance and ratification of the Board of Directors. The Board acts on the recommendations of the Committees following their review and advice on proposals submitted by PAJ's Management. The Committees enhance the decision-making process of the Authority to facilitate the efficient flow of information, to implement policies agreed upon by the Board and Management. The Committees are supported by Senior Management from cross functional areas.

The Board has established the following committees to govern areas of its operations:

- Audit
- Finance
- Projects
- Pilotage

Audit Committee

The Audit Committee Members are Mr. Edward Gabbidon (Chairman), Dr. Janine Dawkins, Mrs. Velma Ricketts-Walker, Mr. Donald Patterson (co-opted) and Mr. Mark Tracey (co-opted).

- practices and procedures which will promote productivity and the quality and volume of service.
- the extent to which the objectives of the Board are being achieved.
- the adequacy, efficiency and effectiveness of the accounting and internal control structure and systems of the Board.
- the independence of the auditors auditing the Board.

The roles and responsibilities of the Committee are as follows:

1. Advise the Board on:
2. Review and advise the Board on the audited financial statements that are to be included in the annual report of the PAJ.
3. Oversee any internal audit of the PAJ.
4. Review and advise the Board on the annual auditor's report.
5. Conduct investigations on behalf of other board committees.
6. In the case of an entity undergoing a special audit or examination, review and advise the Board with respect to the report of that audit or examination.
7. Perform such other functions as are assigned to it by the Board.

Finance Committee

The Members of the Finance Committee are Mr. Jerome Smalling (Chairman), Mr. Mark Hart and Ms. Roxann Linton (co-opted).

The roles and responsibilities of the Committee are as follows:

1. To perform an advisory role on the Port Authority's financial operations;
2. To review and make recommendations to the Board on the following:

- Financial Management Policies and Strategies
- Cost Management Programme
- Cash Flow Management
- Capital Investment Programme
- Budget Administration
- Financial Plans

3. To make recommendations to the Board on matters of finance and accounting in general
4. To bring to the attention of the Authority any perceived weaknesses in the accounting and finance system, with suitable recommendation for addressing such deficiencies.
5. Perform such other functions as assigned by the Board.

Projects Committee

The Members of the Projects Committee are Mr. Lyttleton Shirley (Chairman), Mr. Edward Gabbidon and Mr. Adam Stewart.

The roles and responsibilities of the Committee include:
1. Monitoring the progress in the implementation of projects.
2. Examining from time to time the development of project proposals and make recommendations to the Board on the implementation of such proposals.
3. Keeping under review on an ongoing basis the in-house procedural framework related to the implementation of contracts and make recommendations on adjustment mechanisms to facilitate speedier and smoother implementation of projects.
4. Developing of strategies to address delays in the implementation of projects.
5. Reviewing development projects of a commercial nature which are part of the Authority's efforts to diversify its revenue base.
6. Making such recommendations as relevant with a view to enhancing the operations and performance of the Engineering and Operations Departments and the Port Authority, in general.
7. Perform such other functions as assigned by the Board.

Pilotage Committee

The Pilotage Committee was chaired by Dr. Janine Dawkins (Chairperson) and Mr. Alston Douglas, supported by key members of the PAJ Staff and Pilots Association.

The roles and responsibilities of the Committee include:
1. Reviewing the Pilotage Act 1975 considering developments in the shipping industry internationally, and the requirements of the local shipping industry.
2. Examining the disciplinary procedures as established in the Act and to make recommendations on changes, if any, that are required to harmonize with conventional industrial relations practice (employer/employee relationship).
3. Evaluating 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 are necessary to assist the operations of the service.
4. Reviewing any other areas relating to the provision of Pilotage services which are considered critical to the provision of an efficient service.
5. Examining reports of incidents/accidents involving ships under Pilotage charge and advise on whether an enquiry should be scheduled in accordance with the Pilotage Act.
6. Perform such other functions as assigned by the Board.

Board Remuneration

The legislation makes provisions for remuneration of Board and Committee Members. This is determined according to prescribed rates as formulated by the Minister responsible for Finance.

During the year under review, Board and Committee Members were remunerated based on attendance at meetings using the rates as shown below: The details of payments for the year to each director is included on page 58.

Office	Rate/ Meeting
Board Chairman	$23,000.00
Board Member	$14,000.00
Committee Chairman	$11,500.00
Committee Member	$ 6,900.00

Reimbursable traveling allowance is paid at the rate of $47/KM.

Board Evaluation

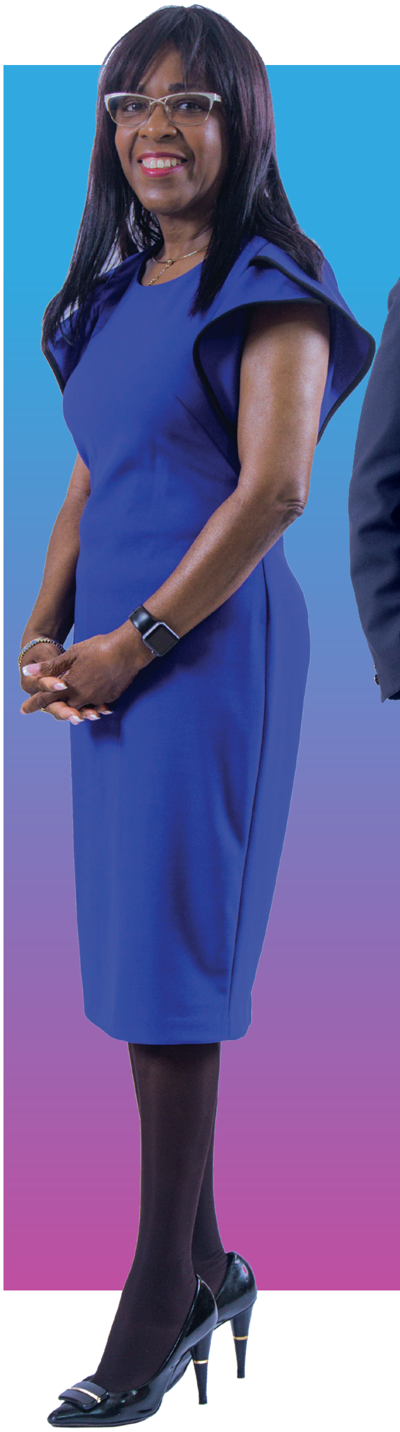
In July 2017, the Cabinet approved the implementation of a Board Performance Evaluation Instrument (BPEI) with a directive that a pilot should commence in April 2018 with full roll out in April 2019. The pilot included twenty (20) public bodies including the Port Authority. The Board has reviewed the evaluation instrument and commenced evaluation in the financial year 2018/2019.

Prof. Gordon Shirley, OJ
President & Chief Executive Officer

Prof. Shirley served as Chairman of the PAJ's Board of Directors from November 2013 to April 2016. Formerly he served as Pro Vice Chancellor and Principal of the University of the West Indies (UWI) from August 2007 to August 2013. In 2001, he was seconded to the Government of Jamaica as Jamaica's Ambassador to the USA and Permanent Representative to the OAS. Prior to that he served as Executive Chairman at the Jamaica Public Service Company Limited.

Dr. Carrol Pickersgill, OD, JP
SVP, Legal, Regulatory & Corporate Affairs

Dr. Carrol Pickersgill is responsible for providing the Authority and its subsidiaries with general advice and direction on all legal, regulatory and corporate secretarial matters. Her role also encompasses participation in negotiations in relation to financing contracts with international shipping lines. She has a Bachelor of Laws Degree from the UWI and also holds a Master of Science Degree in Maritime Administration from the World Maritime University in Sweden. She is a graduate of Nova Southern University with a Doctor of Business Administration in International Management.



Senior Executive **Management Team**

Mr. Mervis Edghill

SVP, Engineering & Port Development

Mervis Edghill is responsible for the planning and development required to fulfill the organization's objective in the implementation of all maritime and engineering projects undertaken by the PAJ. He 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 Masters and Bachelor of Science in Engineering respectively. He is also a member of the Jamaica Institute of Engineers.

Mrs. Elva Williams-Richards

SVP, Finance, Corporate Planning, Information Services & Materials Management

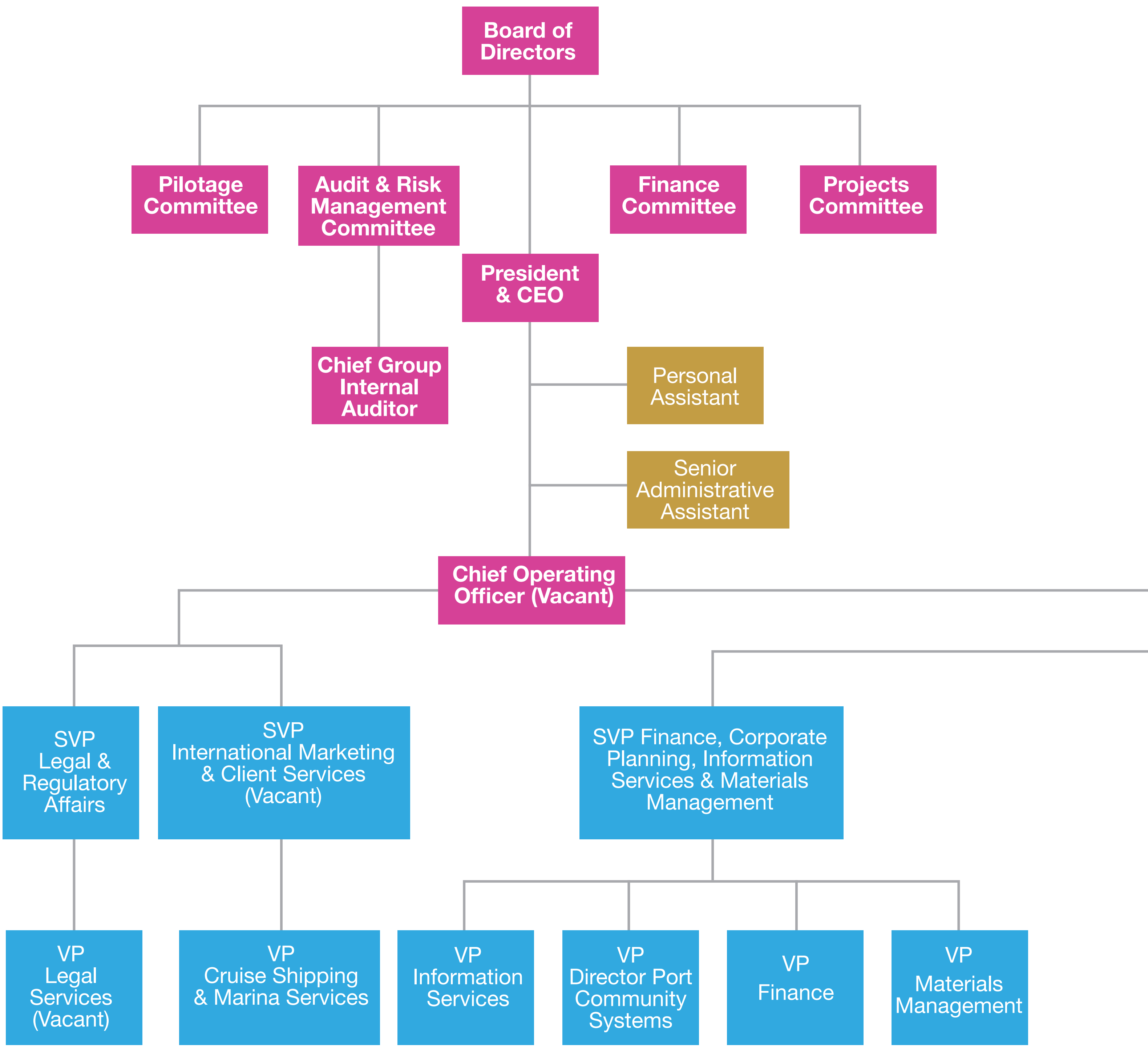
She has a wealth of senior management experience which spans both the public and private sectors. Her areas of expertise include among others, management and financial accounting, audit, operations management, strategic and corporate planning. She holds a Master of Business Administration from the University of Liverpool as well as several accounting designations including ACCA, CPA and CGA.

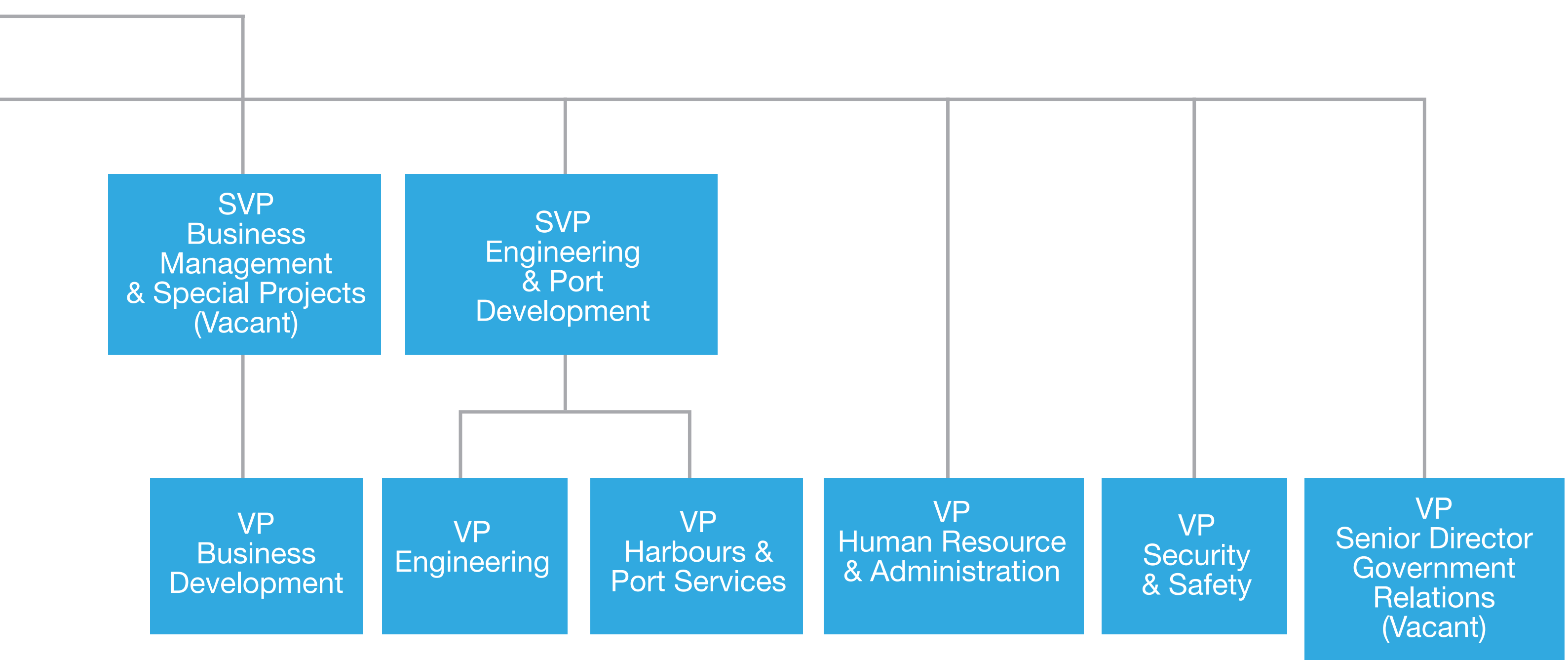
Rosalie Donaldson
SVP, International Marketing & Client Services
(Separated from the orginasation during the year)

Directors, Management & **Support Teams**

Board Tour at Fort Augusta

The Port Authority of Jamaica
Executive Level Organizational Structure




SVP
Business
Management
& Special Projects
(Vacant)
SVP
Engineering
& Port
Development
VP
Business
Development
VP
Engineering
VP
Harbours &
Port Services
VP
Human Resource
& Administration
VP
Security
& Safety
VP
Senior Director
Government
Relations
(Vacant)

Directors
& Corporate Data

Directors

Prof. Gordon Shirley, OJ
Dr. Janine Dawkins
Mr. Alston Douglas, OD, JP
Mr. Edward Gabbidon
Mr. Mark Hart, JP
Mr. Lyttleton Shirley, CD, JP
Mr. Jerome Smalling
Mr. Adam Stewart
Mrs. Velma Ricketts Walker, JP

Auditors

KPMG

Corporate Secretary

Dr. Carrol Pickersgill, OD, JP
15 -17 Duke Street, Kingston

Registered Office

15 -17 Duke Street, Kingston
Tel: 876-922-0290-8
Fax: 876-924-9437
Email: paj@portjam.com
Website: www.portjam.com

Corporate Head Office

Prof. Gordon Shirley, OJ
President & Chief Executive Officer

Rosalie Donaldson
SVP - International Marketing & Client Services
(separated from the organization during the year)

Elva Williams-Richards
SVP - Finance, Corporate Planning, Information Services and Materials Management

Dr. Carrol Pickersgill, OD, JP
SVP - Legal, Regulatory & Corporate Affairs

Mervis Edghill
SVP - Engineering & Port Development

Subsidiaries

KCT Services Limited

Kingston Free Zone Limited
Chairman: Mr. Lyttleton Shirley, CD, JP
Operations and Customer Relations Manager: Beverley Lee

Ports Management and Security Limited
Chairman: Alston Douglas, OD, JP
Chief Operating Officer: Capt. Sydney Innis

Montego Bay Free Zone Limited
Chairman: Mark Hart, JP
Manager: Gloria Henry, AVP Operations

Jamaica International Free Zone Development Limited
Chairman: Mr. Lyttleton Shirley, CD, JP
Operations and Customer Relations Manager: Beverley Lee

Port Authority Management Services
Chairman: Mr. Edward Gabbidon
Administrative and Technical Services Manager: Laurel Robinson
(separated from the organization during the year)

Management **Team**

Vice Presidents


Capt.(N) Sydney Innis, JP
VP Safety & Security


David Powell
Chief Group Internal Auditor


Flora Garth
VP Materials Management


Wilburn Pottinger
VP Information Services


Dwain Powell
Director Port Community System (PCS)


Ishamel Leon
VP Finance


Norman Lindo
Special Advisor Information Technology


Belinda Ward
VP, Human Resource & Administration


Capt. Hopeton Delisser
VP Harbours & Port Services


Gary Lawrence
VP Engineering


William Tatham
VP, Cruise Shipping & Marina Operations


Edmond Marsh
VP Business Development

Assistant Vice Presidents


Nadine Gordon
AVP- Subsidiaries (Assigned to Special Project)


Francine Williams
AVP - Internal Audit, Risk & Compliance


Hugh Clarke
Port Manager, Ocho Rios Cruise Ship Terminal


Ewart Henry
AVP - Network & Operations


Dwane Whittaker
Operations Manager, PCS


Candice Banjoko
AVP - Management Accounting


Keisha Holness-Feanny
AVP - Corporate Planning


Errol Grant
AVP - Security


Christine Downer
Marina Manager (Acting)


Judith Carty
AVP - Subsidiaries (Acting)


Michele Smith-Cooke
Service Performance Manager


Libya Andrade
AVP - Financial Accounting


Kimberley Stiff
AVP – Marketing Communications


Brian Bernal
AVP - Planning & Design


Christopher Hamilton
Project Manager


Raquel Forbes
AVP - Legal, Regulatory & Corporate Affairs


Dwane Forrester
Senior Advisor Special Projects


Mark Hylton
Port Manager, Falmouth

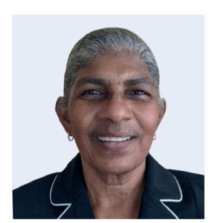

Hortense Innerarity
Superintendent of Pilotage


Robin Reid
Project Manger, Falmouth


Capt. Gimen Mendes
Port Captain


Gloria Henry
AVP - Operations & Customer Relations


Karla Huie
AVP - Business Management & Special Projects


Sonia Murray
PA to President & CEO

The following employees separated from the organization during the year:

Dr Paul Robertson, Snr. Dir. Government Relations | **Laurel Robinson**, Administration & Technical Operations Manager
Andre White, AVP - Structural & Design Engineer

Management Discussion
& Analysis 2018-2019

INTRODUCTION

The Management Discussion and Analysis (MD&A) highlights the achievements of key objectives which underlies developments and the operational and financial performance of the Authority for the year. In addition, it provides an outlook on the strategic outlook and alignment with the GoJ's mandate.

The areas of focus were in line with PAJ's core mandate, which is the regulation and development of marine infrastructure, to facilitate cargo and cruise ports operations and provision of maritime related services, to ensure the safe navigation of the vessels that uses Jamaica's sea. Through its subsidiary companies, the PAJ invests in real estate logistics and investment in real estate and management services. The following are the key investments and other initiatives pursued by the PAJ for the year ended March 31, 2019 , relative to budget and outlook for 2019/20.

BUSINESS SEGMENTS PERFORMANCE

Cargo Operations

PAJ has regulatory oversight for 21 ports, 3 public ports and 21 private or sufferance wharves. The activities executed comprises a mix of containerised and bulk cargo. Containerised cargo is the main activities of 2 public ports in Kingston.

Jamaica's cargo activities is significantly influenced by global activities and to a lesser extent Jamaica's economic activities, through domestic import and export. The rate of world container growth for 2018 was 4% to 146.4 million TEUs which was 5.6% less than 2017. This was impacted by the slowdown in the world economy. The International Monetary Fund (IMF) reported that global growth softened to 3.6% down from 3.7% in calendar 2018 and the projection is for a further decrease to 3.5% in 2019 before returning to 3.6% in 2020.

The continued escalation of US-China trade tensions and uncertainty surrounding the impact of Brexit on global economies has also contributed to the significantly weakened global growth.

According to Economic Commission for Latin America (ECLAC), container throughput for port zones of the region rose 7.7% in 2018 compared to 6.1% in 2017. Throughput for the region as a percentage of the world's rose to 7.1% in 2018 compared to 6.6% in 2017.

As 2020 approaches, the shipping industry is preparing for the implementation of the IMO 2020 low-sulphur regulations in respect of fuel for vessels. The consensus is that shippers are likely to pay more for fuel, some of which may be passed to customers. Shippers are assessing the likely impact and one potential effect is that there will be greater use of transshipment and feeder operations according to Drewry Maritime research.

Cargo Volumes
10.5M metric tonnes

During the year a number of initiatives were undertaken and completed, in furtherance of the PAJ ICT strategy. Key achievements are summarised in the table below:

PROJECT	TARGETS	PERFORMANCE
Modernise Cargo Port Facilities - Cargo Port Infrastructure Development	**KINGSTON CONTAINER TERMINAL** Concessionaire (KFTL) to complete Phase 1 of KCT Investment Development	Completed the dredging, berth rehabilitation and yard works, equipment and technology acquisition completed
	PORT OF MONTEGO BAY i. Complete Extension of Beth 2 and commence construction of Berth 1 ii. Acquisition of container and yard handling equipment iii. Complete implementation of new Terminal Operating System (TOS)	Works on the berth expansion 92 % completed. To be completed by the end of Q1 in 2019/20 Equipment to be delivered in Q1 & Q2 of f/y 2019/20 Implementation of TOS not completed. To be re-scope and implemented in 2019/20
Monitoring of the Concession Agreement (CA) Commerce and Operating performance	i. Quarterly meetings to be held by PAJ Concession Management Committee ii. Complete annual Independent Operational & Financial Audit	Meeting held during the quarter as scheduled Ensure CA deliverables are met on an ongoing basis Annual audit by independent audit firm PwC was completed
Montego Bay Cruise Ship Terminal - Upgrade Terminal and Berths 5&6	Complete Berths 5& 6	Construction of Mezzanine floor in progress at Terminal Building. Overall, project expected to be completed by June 2019
Falmouth Cruise Ports Development projects	Hampton Wharf Development	Superstructure (incl. roof) approximately 80% complete. Project to be fully completed, revised completion to Q2 2019 from Q1 2019.
	Improve Streetscape —Tharpe Street	Works on drains and walkways completed. Asphaltic concrete surface (final paving) to be completed when Parish Council completes sewage works
	Seaboard St. Craft Market – Phase 2	Craft Market – Completed and the facility is now in operation. Additional scope for landscaping and perimeter fence.
	Tharpe House Roof Restoration	Heritage Building – T/House roof Restoration (TH) – 100% complete. Next aspect of the project to access the commercialization prospects, before additional works are undertaken (eg. Cladding).
	Construct Marine Police Post & Excursion Dock	Project delayed — expected to commence in May 2019 and completed within 3 months
Errol Flynn Marina	Privatize the Marina and Boatyard to facilitate further marketing and investment	Negotiations with potential concessionaire were unsuccessful. To make the Marina & Boatyard more attractive for divestment, an application has been made for SEZ status and the process is ongoing.
Ocho Rios Cruise Port Continue development work on Reynolds Pier for the port to accommodate two (2) Genesis class vessels	Complete Marine Works Works shop & Admin Building & Other Facilities	Marine works 100% complete Work Shop and Admin building in progress Other works are various stages of completion. It is anticipated that the overall project will be completed by the end of March 2020

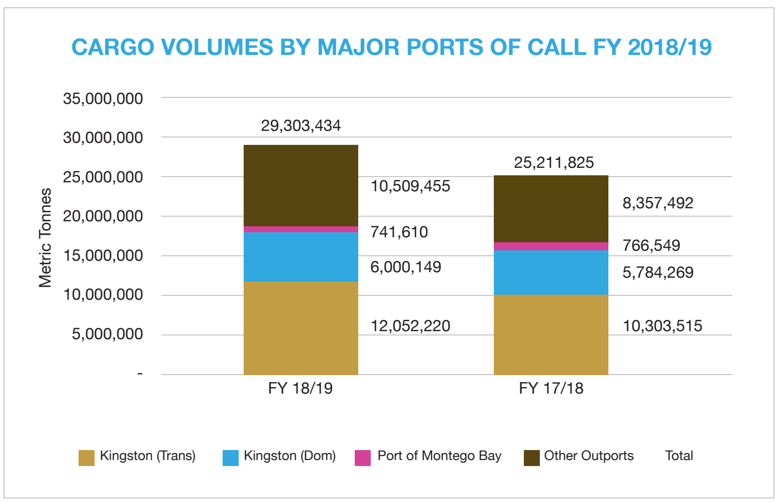
In enhancing Jamaica's competitive position within the region and capitalising on the opportunities and managing risks; Jamaica's maritime entities continue to invest in the development of port facilities, infrastructure, equipment, technology and human resources to improve operating efficiency and services. Port Operators are strengthening the commercial relationships with key industry players, as investment partnership for capital and services.

The GoJ and Port Operators also continued to focus on strengthening Jamaica's Logistics Hub Initiative, with significant investment in port infrastructure and logistics warehouses. In line with these developments, the regulatory laws are being reviewed to ensure they are relevant and in line with best practices and the changing industry.

Cargo Performance

There was a 16% growth in cargo volumes at Jamaica's ports, totalling 29.3 million metric tonnes. This reflected an increase of 4.09 million metric tonnes handled at all ports during the current year, when compared to volume of 25.2 million for 2017-18.

The main areas of growth were transhipment cargo in the Port of Kingston which grew by 17% (1.7 million metric tonnes) and the activities at the out ports which grew by 26% which is just over 2 million metric tonnes. The activities at the out ports are largely driven by the bauxite alumina industry.

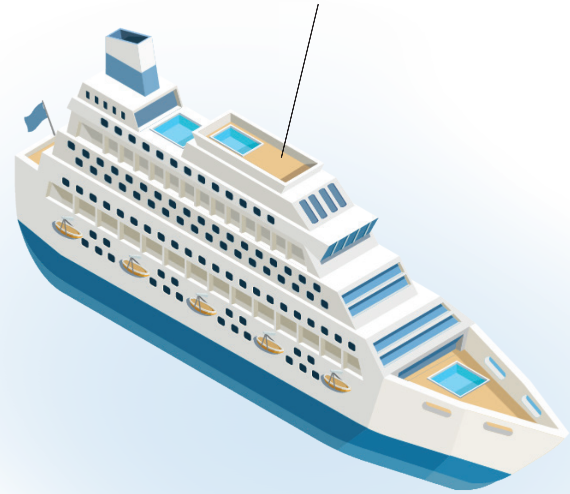


The growth experienced in the domestic cargo is in line with increased economic activities, a reflection of continued infrastructure development by the PAJ and private entities. The PAJ invested significantly in expanding the capacity at the Port of Montego Bay, while Kingston Wharves and KFTL invested significant sums in expanding capacity and logistics capabilities at the 2 public Ports in Kingston.

Cruise & Marinas

The Caribbean continues to dominate the global cruise market, retaining the largest segment of the market at 38.4%, of the world passenger capacity market based on the major sailing regions in 2018. With growing demand for cruise travel and a strong market reputation built by a succession of cruise travel awards, Jamaica's share of Caribbean cruise market has ranged from an estimated 7.2% to 8.4% since 2016. Infrastructure investments are being undertaken to increase Jamaica's market share and to deepen the socio-economic impact of cruise tourism in Jamaica, through higher cruise visitor spending.

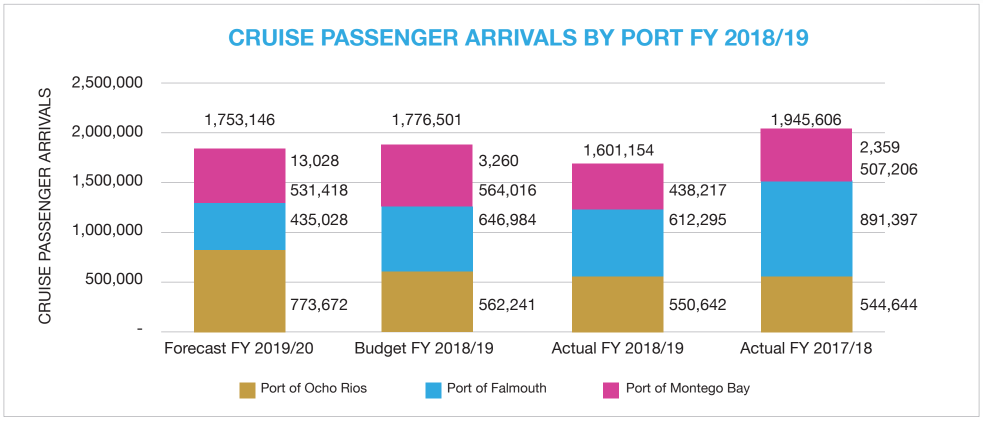
Port of Ocho Rios
Cruise Visitors
550K



Market Outlook

It is anticipated that annual capacity will continue to increase for the foreseeable future, increasing from 26.7M in 2018 to 39M by 2027. This expected increase in capacity should continue and the Caribbean's dominance in market share should persist.

It is projected that the NAM fleet will generate 1 million more passengers, by offering bigger and resort like ships, upgrading their older ships, introducing water parks on private islands in the Caribbean and United States. Cruise lines are also deploying more ships from more homeport in the USA, thus bringing the product closer to the market. (Cruise Industry News 2019 Annual Report).



SUMMARY OF KEY PERFORMANCE VERSUS BUDGET AND PROJECTION 2020

Strategic Objective: Aligned to Vision 2030: Facilitate the Sustainable Development of Cruise Shipping: To retain and increase Jamaica's Cruise Market share measured by way of increase passenger count and cruise passenger spend. To vacillate by way of Cruise Port Development, Marketing, as well as improve Guest Experience & Services.

With significant investment in growth, the cruise lines continue to compete, to include increasing their on board offerings and diversifying their products and services, investment in exclusive islands and bigger vessels in order to differentiate their brand offering. In addition, effort to maximize ticket prices and on board spending, also selling passengers not only cruise tickets, but more shore excursions. Passengers are likely to spend more on the vessel or on shore at the private islands.

Jamaica and other Caribbean Islands continue to expand the port of call offerings, improving service and quality of product offering and passenger experience at the various island attractions in an effort to attract more passengers and a bigger share of passenger spend.

Jamaica maintained its competitiveness as the Caribbean's leading destination, demonstrated with three (3) World Travel Awards in 2019: Cruise Port – Port of Ocho Rios, Cruise Destination – Jamaica and Home Port – Port of Montego Bay. Under its "Cruise Jamaica" brand, Jamaica also received a World Travel Award in Lisbon, Portugal in December 2018 as the "World's Leading Cruise Destination for 2018".

The number of cruise visitors to the island normalized during 2018 following a steady increase in visitors over the past two (2) years which was partly attributable to the re-routing of vessels following damage caused by hurricanes Irma and María to some Caribbean islands in 2017. Total cruise passenger to the island was 1,891,082 compared to 1,845,730 in 2018.

In July 2018, the Authority had the grand opening of the Ocho Rios Fishing Village, a beautifully designed waterfront facility, featuring restaurants, and gifts shops, for the benefit of locals and visitors. During October 2018, the Port of Ocho Rios welcomed the inaugural call from Carnival's newest and biggest ship in the company's Vista luxury line, the Carnival Horizon.

The Authority is advancing the development of a new cruise port at Port Royal in Kingston with portside and marine infrastructure and the construction of land side facilities to accommodate passengers. The Port will be made accessible to cruise ships with the installation of a motorized floating articulated pier 'the SeaWalk'. This technology will allow cruise vessels to berth in the harbour without impacting the fragile environment of Port Royal. Development will be undertaken over a four-year period and the first ship is expected to call in 2020.

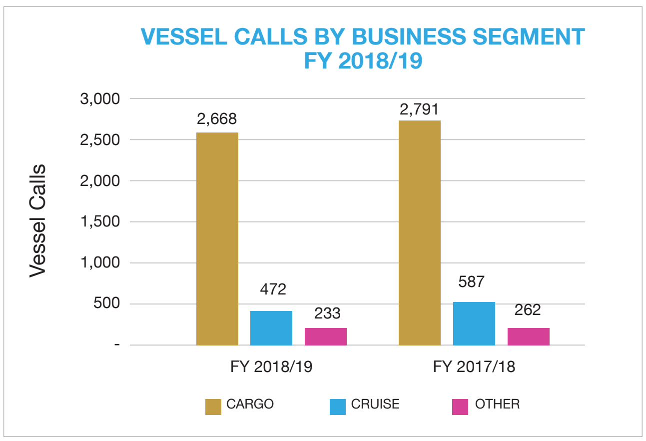
47
World Travel Awards

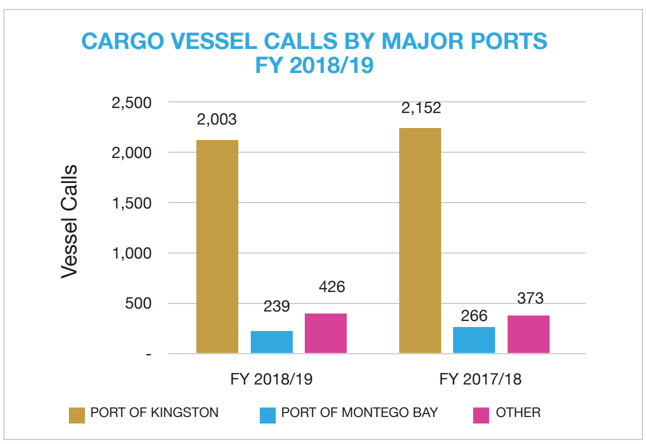
Seawalk
to be installed at Port Royal

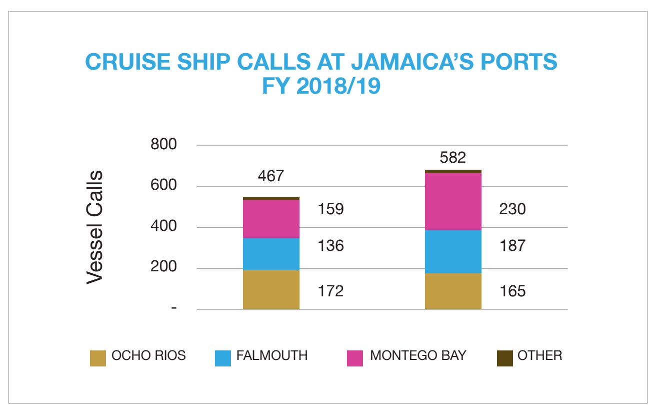
Harbours and Port Services

The Port and Marine Services portfolio of the Port Authority is responsible for the safe navigation of all vessels within and using Jamaica's seaports. This includes provision of efficient pilotage and towing services, maintenance of the navigation aids, equipment on land and at sea and maintenance dredging of the ship channels.

Total vessel call for the year was 2668 this represents a 4% decline relative to 2018. This is however countered by the fact that there was an overall increase in volume of cargo handled at these ports, indication that larger vessels which handle more cargo are being utilised in the trade. The graphs below summarize vessel call by cargo and cruise at major ports.



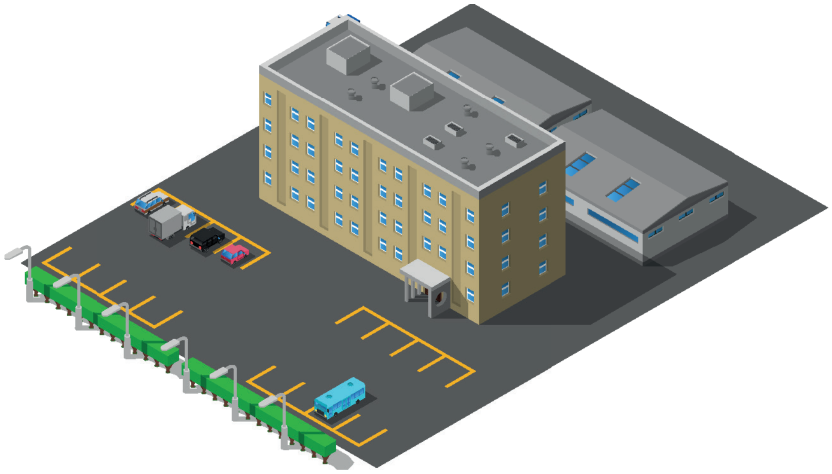




Business Process Outsourcing

Expansion of the Business Process Outsourcing (BPO) market in Jamaica is expected to continue which is consistent with the Government's objectives, as a major job source of creating employment, and encouraging private sector investment in this industry.

The PAJ continues to invest in the development of this sector, in support of the GoJ initiative. In this regard the PAJ completed the construction of the Montego Bay Free Zone (MBFZ) during the year for the 63,000 sq. ft. of purpose-built space, which the Prime Minister officially opened in a ceremony on January 9, 2019. The construction of the Portmore Informatics Park (PIP) in St. Catherine is a complex of 157,000 square feet of building space, is expected to create an estimated four thousand (4,000) jobs. Completion and opening of the PIP are scheduled for the end of financial year 2019/20.



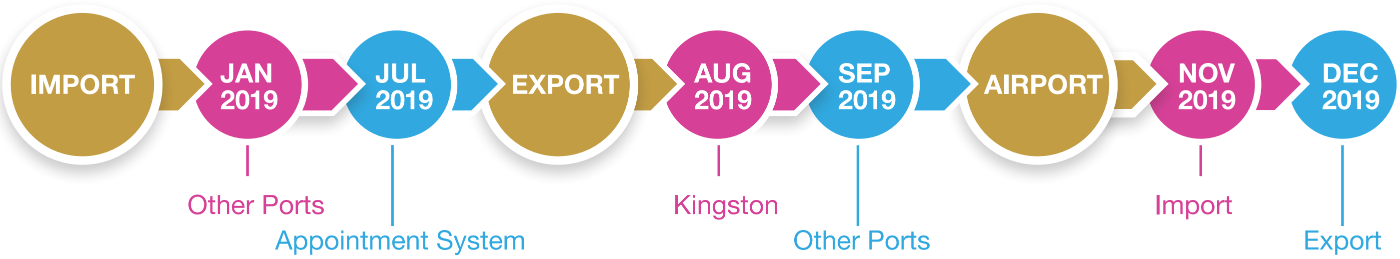
In furtherance of the GoJ objective to monetise the GoJ Assets in the BPO, during the year, the PAJ issued a Request For Proposal from major Financial Institutions and responses were evaluated. The objective was to seek interest in monetizing some of the PAJ real estate investment in BPO buildings. The engagement of the preferred bidder will be finalized during the next financial year.

FREE ZONE OPERATIONS: AVAILABE SPACE & OCCUPANCY LEVELS AT 31 MARCH 2019

	AVAILABLE SPACE (in sq. ft.)					Occupancy (in %)	
	BPO	Other Office	Factory, Warehousing & Distribution	Paved Area	Total	31-Mar-19	31-Mar-18
Montego Bay Free Zone	416,931	-	249,000	-	665,931	97.9	95.1
Kingston Free Zone/ Portmore Informatics	50,000	9,000	291,264	-	350,264	100.0	100.0
Jamaica International Free Zone	-	68,790	34,800	348,803	452,393	79.9	79.9
Total	**466,931**	**77,790**	**575,064**	**348,803**	**1,468,588**		

FREE ZONE: Leases, Employment and Foreign Exchange Earnings as at 31 March 2019

	Leases			Employment		FE Earning (US$ M)	
Free Zone Companies	BPO	Other	Total	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Montego Bay Free Zone	19	29	48	10 033	8 837	146	120
Kingston Free Zone/ Portmore Informatics	33	0	33	1 424	1 200	303	200
Jamaica International Free Zone	0	3	3	80	54	87	58
Total	52	32	84	11 537	10 091	536	378



Port Community System

The Port Authority embarked on the implementation of a Port Community System (PCS) to facilitate international trade and improve the business environment. The PCS is an electronic platform which automates, manages and optimizes the port and logistics business processes of public and private entities within the island's seaport and airport communities. The PCS is integrated with the Jamaica Customs Automated System for Customs Data (ASYCUDA) to enable a single submission of data for trade related transactions, import, export and transshipment.

The PCS project was officially launched in January 2016, with a 2-year implementation schedule, which was subsequently extended to December 2019, based on scope changes and other factors:
Accomplishments to date

- The pilot phase of the Transshipment module (Kingston), was launched on October 7, 2016
- All Shipping Agents within Jamaica are now using the PCS, as of July 2017
- Implementation of the Maritime Import Phase started. There has been a significant uptake in stakeholder usage and engagement
- A major milestone for the project, the PCS Gate Out Authorization, was launched at both Terminal Operators in Kingston. A soft launch was done on May 21, 2018 and the process was made mandatory on August 06, 2018. It means that for a FCL container or motor vehicle to leave the terminal, the PCS Gate Out Authorization must be in place.

Key Activities

- A critical component of the business continuity plan for the PCS Operator is the establishment of the Disaster Recovery Site, which also provides geographic redundancy. This has now been finalized and verification testing was completed in November 2018.
- Pilot activities related to the Go-Live of the Import Module for Montego Bay is being planned. Four containers were released in Montego Bay's first ever electronic cargo clearance process. Trainings for Customs Brokers and Freight Forwarders in Montego Bay is to be held early within the year.

Port Centric Logistics

The Government of Jamaica (GoJ) introduced the Logistics Hub Initiative (LHI) as a strategy to leverage the country's strategic, geographical location in global cargo trade, in order to position itself as a global destination in cargo transshipment and logistics services.

One of the key logistics projects under this LHI is the Kingston Logistics Park (KLP). The KLP is expected to be a flagship marine based industrial zone to be developed under the new Special Economic Zone (SEZ) Act of 2016. Together, the LHI and the SEZ Act are intended to help stimulate economic development, attract Foreign Direct Investment (FDI) and new innovative technologies to the country.

Additionally, the initiative is geared at encouraging global supply chain firms involved in light manufacturing, assembling, warehousing, distribution of consumer goods, to participate in value-added activities and to use Kingston as part of their global supply chain solution. The KLP investor and operator will have the long-term right to design, develop, operate, maintain and promote the facilities for the contracted period of time.

With the development of modern warehouses, Jamaica will be providing a new stimulus to offer a modern logistics platform to truly leverage our central location in global value chains. Construction of 18,000 m2 warehouse building to international standards, targeting global logistics companies is underway and completion is expected by the end of financial year 2019/20.

Information Technology

Going forward, the strategy of the PAJ will focus on maximising the value from investment in the technology, and infrastructure upgrades undertaken in last 3 years. These will include:

- Business process re-engineering (BPR) towards continuous process and efficiency improvement throughout the organization embedded in a framework of accountability and enforcement.
- Provide the best in class safe and secure hosting available 24x7 anytime, anywhere with improvement policies in risk management and security compliance.
- Create a high quality, data visualisation driven environment with operational visibility in real time, to enable and support informed and timely business decisions.
- Customer centric environment
- Provide location support for remote sites
- Improve proactive management of network operations management

Human Resource

The human capital is the main strength of the PAJ. Their skills, competence and commitment continues to drive the performance of the company and differentiates and creates its competitive edge and GoJ's public entities. During the year, the PAJ continued to invest in the development of its staff, through training and exposure locally and internationally. Opportunities were also provided for social interactions by way of staff fun day, and sport activities which included football and domino competitions. Health and wellness continued to be a key focus, and the annual health fare was hosted over a 5 day period. Members of staff utilised the services provided through the engagement of heath care providers who were stationed at the PAJ's facilities. Our retirees were also included in the health fair, and were hosted at the annual Christmas dinner.

Financial **Review**

For The Port Authority and Subsidiaries

Financial Year Ended March 31, 2019

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

The PAJ and its subsidiaries earned Total Comprehensive Income (TCI) of $5.15 billion for the year ended March 31, 2019. A net reduction of $651 million (11%) compared to TCI of $5.8 billion March 31, 2018. Main items accounting for the change includes, reduction in revenue ($179 million) and an increase in operating expenses ($883 million or 12%). Foreign Exchange losses on loans and other net gains (1.76 billion) which includes unrealized exchange loss on loans of $228M ($447M gain in 2018), and other unrealized gains of $1.9B ($593M gain in 2018) also contributed to the variance.

The following sections below provide more details on the FY 2018/19 performance:

REVENUE

The Port Authority and its subsidiaries (The Group) earned total revenue of $13.7 billion, a reduction of $179 million (1%) compared to the $13.9 billion at March 31, 2018.

The main sources of revenue were: Cargo Fees $3.4 billion (25%), Facility Fees $3.5 billion (26%), Security Fees $2.8 billion (20%), Marine Services $1.6 billion (12%). These contributed to 83% of total revenue, with Cargo and Cruise continuing to be the main sources, together contributing $6.9 billion or 51%.

REVENUE DETAILS

REVENUE	Mar. 2019	Mar. 2018	Increase (Decrease) over Mar 2018	Budget Mar 2019	Increase (Decrease) over Budget 2019	% of Mar. 2019 Revenue	% of Mar. 2018 Revenue	Budget Mar 2020
	$M	$M	$M	$M	$M	%	%	$M
Cargo	3,412	3,488	(76)	3,678	(266)	25%	25%	3,806
Cruise	3,526	3,614	(88)	3,610	(84)	26%	26%	3,741
Wharfage	795	862	(67)	685	110	6%	6%	689
Marine	1,620	1,914	(294)	2,290	(670)	12%	14%	1,426
Land, building and equipment lease	1,273	1,152	121	1,403	(130)	9%	8%	1,477
Port Antonio Marina	92	125	(33)	105	(13)	1%	1%	101
Security services	2,787	2,559	228	2,472	315	20%	18%	2,601
Other	230	200	30	85	145	2%	1%	235
Operating Revenue	13,735	13,914	(179)	14,328	(593)	100%	100%	14,076

Note: Not including Gains/Losses

REVENUE ANALYSIS

The net $179 million reduction in operating revenue was due mainly to a decrease of $294 million in the Marine Operations revenue. The PAJ discontinued operating the Tug Service on July 31, 2018 and entered into a Concession Agreement with Ocean J Towing Ltd, to capitalize and operate the Tug services. Ocean J Towing is required to pay PAJ a fixed fee and 6% variable fee on gross revenue annually as per the terms of agreement. The Tug Concession Fee earned for the 8 remaining months of the FY 2018/19 amount to $24 million. The Tug Operation usually earns an average revenue of $700 million and operating profit of average $245M per annum, net losses of approximately $250 million have been incurred because of the cost to lease new tugs. Hence the decision for the Concession Agreement.

EXPENSES

Total expenses of $8.3 billion (inclusive of depreciation charges of $1.2 billion), increased by $883 million (12%) when compared to $7.4 billion incurred for 2018. Operating expenses accounted for $6.36 billion (86%) of the total expenses, and was $708 million (11%) more than March 31, 2018, with depreciation charge being 14% of total expense.

The main operating expenses were: Salaries and related staff cost $2.5 billion (30%), repairs and maintenance $1.1 billion (14%), security cost $1 billion (13%), utilities and insurance $576 million (7%) and other expenses $1.15 billion (14%).

EXPENSE DETAILS

OPERATING EXPENSES	Mar. 2019	Mar. 2018	(Increase) Decrease over Mar 2018	Budget Mar 2019	(Increase) Decrease over Budget 2019	% of Mar. 2019 Revenue	% of Mar. 2018 Revenue	Budget Mar 2020
	$M	$M	$M	$M	$M	%	%	
Salaries & Wages	2,464	2,170	(294)	2,200	(264)	30%	29%	2,286
Repairs & Maintenace	1,138	861	(277)	1,330	192	14%	12%	1,104
Tug Hire	178	690	512	698	520	2%	9%	0
Security	1,046	1,039	(7)	1,293	247	13%	14%	1,248
Utilities & Insurance	576	508	(68)	472	(104)	7%	7%	511
Project Expenses	508	201	(307)	105	(404)	6%	3%	111
Other Expenses	1,156	889	(266)	656	(499)	14%	12%	1,007
Total Operating Exps	7,066	6,358	(707)	6,754	(312)	86%	86%	6,267
Depreciation	1,188	1,013	(175)	1,141	(47)	14%	14%	1,424
TOTAL EXPENSES	8,254	7,371	(883)	7,895	(360)	100%	100%	7,691

EXPENSE ANALYSIS

Salaries & Wages had a 14% increase due mainly to an approved two (2) year retroactive wage increase effective April 2017. The rate of increase exceeded the provisions accrued for the period. Repair and Maintenance, Project expenses and Other expenditure had a combined increase of $544M (43%). This is as a result of the strategic and development plans being undertaken by the PAJ, which includes rehabilitation and restoration of infrastructure. There was a $512M or 74% reduction in Tug hire as a result of the termination of the Tug hireage arrangement in July 2018 and the engagement of Ocean J. Towing by way of Concession Agreement to capitalize and operate the Tug Services.

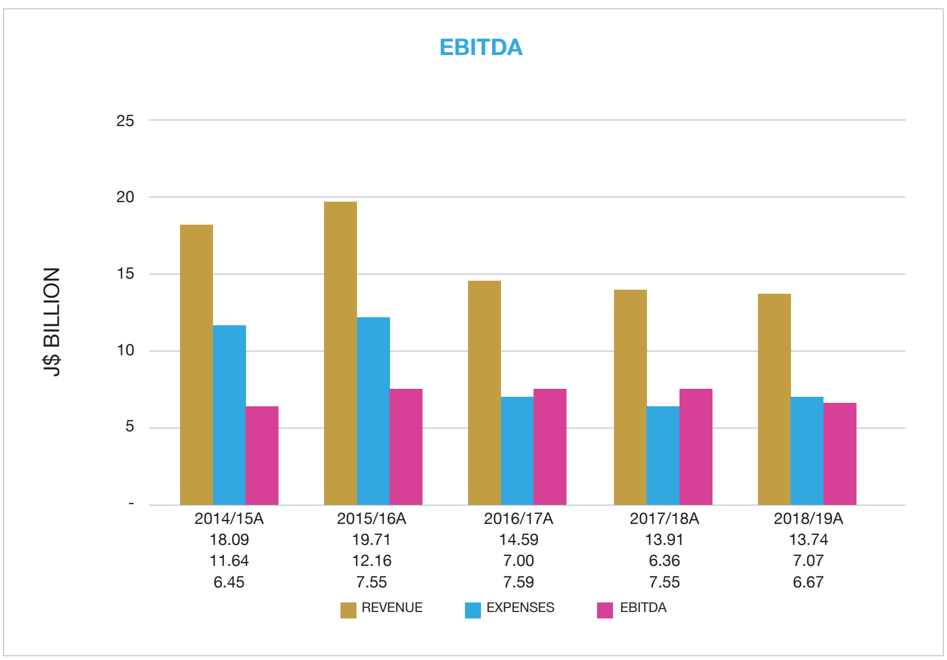
PROFIT BEFORE TAXATION

Profit before taxation of $5.4 billion represents a net reduction of $696 million compared to $6.1 billion at March 31, 2018. Main items contributing to this reduction includes:

- Unrealized foreign exchange loss of $228 million on long term loans compared to a gain of $447 million in 2018. This is due to the depreciation of the JMD vs USD.
- Other gains of $1.9 billion include $1.3 billion gain on revaluation of investment property compared to $902 million at March 31, 2018.
- Finance and Interest cost of $1.8 billion compared to $1.7 billion at March 31, 2018, an increase of $140 million
- Taxation for the year of $225 million represents a reduction of 15M (6%).

OVERVIEW OF PERFORMANCE ON OPERATING INCOME, EXPENSES & EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & AMORTIZATION (EBITDA)

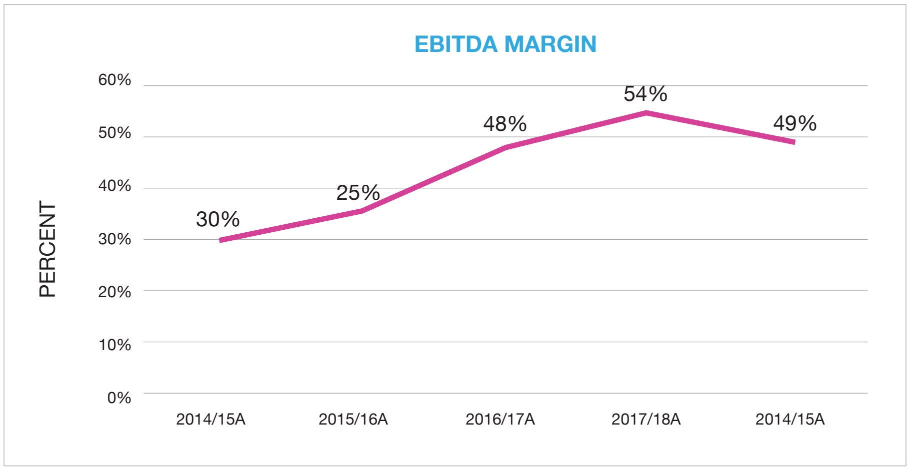
Comparative financial performance of the Authority for the last five (5) years ended March 31, 2019 using the basis of EBITDA is illustrated in the graph below:



The Group's Earnings Before interest ($1.8 billion), Tax ($225 million), Depreciation and Amortization ($1.2 billion) (EBITDA) was $6.7 billion at March 31, 2019 and has remained positive over the five (5) year period, with a reduction of $0.88 billion compared to March 31, 2018.

EBITDA MARGIN

As indicated in the graph below EBITDA margin increased over the past 4-years but declined in March 2019. The financial performance of the Group is expected to improve in the medium to long term, based on the strategic plans of adding investments that will grow the existing core businesses and improve operating efficiency.



FOREIGN EXCHANGE LOSS ON FOREIGN CURRENCY LOANS

Approximately 75% of the Authority's long-term loans are denominated in foreign currency. In compliance with International Financial Reporting Standards (IFRS), The Authority revalues its foreign currency loans to Jamaican dollars (JMD) at the year-end exchange rate. The depreciation in the JMD dollar vs. the US$ by J$0.48 at March 31, 2019 (March 2019: 126.47 vs March 2018: $125.99) accounted for unrealized loss $228 million at March 2019, compared to net unrealized exchange gain of $447 million as at March 2018.

Approximately 90% of the Authority's annual income is denominated and collected in USD, while its operating expenses are mainly JMD. This provides a currency hedge in respect of earnings and cash flow. As part of the strategy to manage the exchange rate exposure, efforts are made to reduce the value of USD loans in line and below the USD income. In this regard all new loans are in JMD, and based on current financial market conditions, and existing loan terms, plans to convert USD loans to JMD are being pursued.

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

The Total Assets of the Group at March 2019 was $72.31 billion, an increase of $7.9 billion (12%) over March 31, 2018. Property, Plant and Equipment (PP&E) $40.2 billion, continues to be the highest value class of assets, representing 56% of the total assets. The following summarizes the assets and changes for the year:

TOTAL ASSET $72.3 Billion

Non-current Assets of $62.2 billion increased by $10.4 billion (20%) and Current Asset of $10.1 billion, reduction of $2.5 billion (19%).

Property Plant and Equipment (Note 5)

Property plant and equipment of $40.2 billion increased by net $9 billion (net of $1 billion depreciation), was due mainly to the investment in construction and upgrade of cruise and cargo terminals, buildings, infrastructure and operating equipment in the Cruise, Cargo, BPO and Marine Services segments

Investment Properties (IP) (Note 6)

IP value of J$20.1 billion, increased by $1.3 billion is due to $1.3 million fair value gain on valuation undertaken as required by IFRS.

Other Investments $1.6 billion (Note 9)
This relates primarily to hypothecation of funds held in trust for security as per loan agreement such as European Investment Bank (EIB).

Trade and Other Receivables $2.8 billion (Note 14)
Trade and Other Receivables reduced by $143 million (5%). Impairment losses recorded as per the new IFRS 9 standard was $188 million. Regular reviews are performed on all receivables to ensure that amounts are collected within the agreed credit term.

Cash And Short Term Deposits $7.3 billion
Cash and short-term deposits of $7.3 billion decreased by $2.5 billion compared to March 31, 2018. The cash includes amounts to meet loan payments of $4 billion due in next 12 months and accrued cost of $3.2 billion owed to contractors and other service providers at March31, 2019. Additionally, sums are available to fund approved capital investment program of $4 billion being undertaken within the next 12 -months. These include port infrastructure development and improvement works, such as dredging, berth expansion, and the acquisition of port operating equipment.

Total Equity & Liabilities $72.3 Billion
Non Current Liabilities $30 billion
Long Term Liabilities totaled $30 billion which represented an increase of $5.6 billion when compared to 2018.

Long term loan (Note 19)
Long Term Loan of $28.6 billion increased by $5.2 billion. Total Loan balance for the period was $32.6 billion with current portion being $4 billion. The increase is mainly due to a new loan facility of $3.7 billion, used to refinance short term loans of $2.7 billion and $1 billion to assist in funding the port development projects. One of the core strategies of the PAJ is to reduce its debt portfolio, and to actively pursue other methods of raising capital to finance development other than loans.

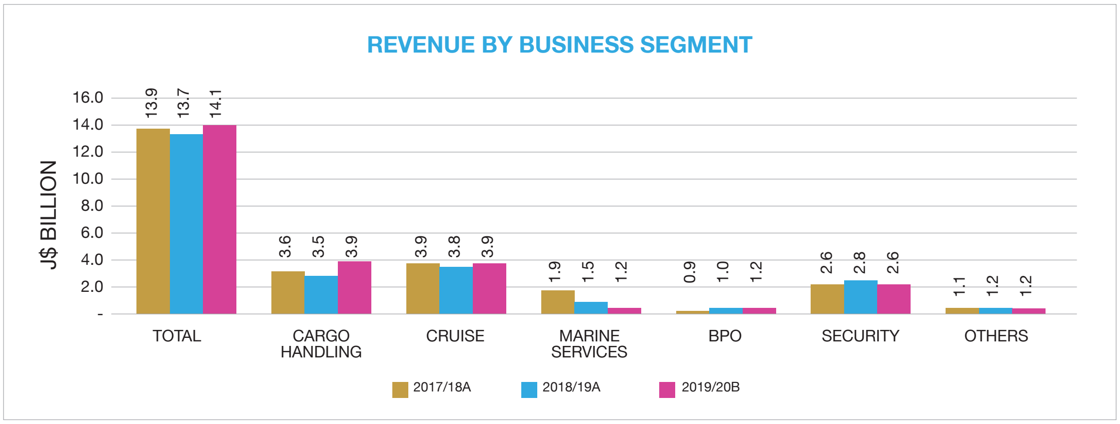
Accounts Payable $3.9 billion (Note 22)
Accounts payable of $3.9 billion increased by $356 million (10%). The balance includes mainly accrual for capital related expenditure and other projects.

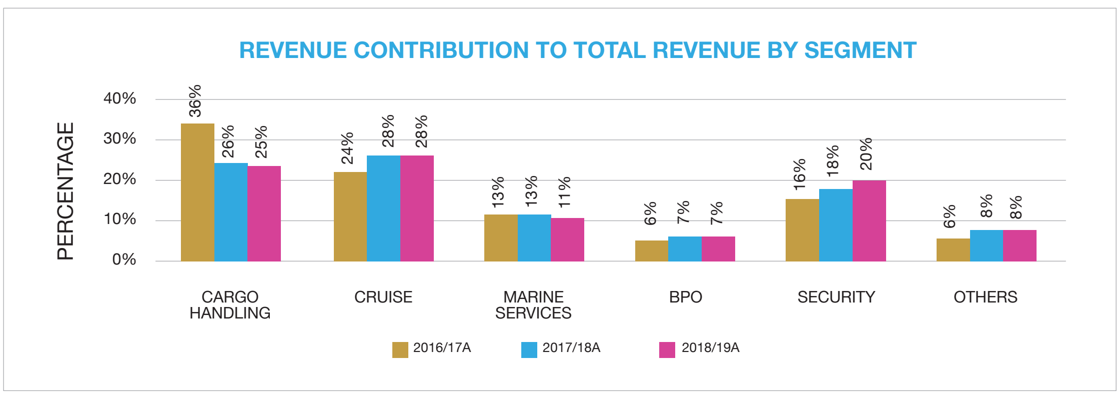
SUBSIDIARIES, JOINT VENTURE & ASSOCIATED COMPANIES (Note 18)
The performance of the subsidiaries and other related companies (with material non-controlling interest) as at March 31, 2019, reflected net assets of $6.2 billion and net profits of $1.02 billion, inclusive of net loss of $35M on the revaluation of investment properties. There was an increase of $1 billion in net assets and decrease $0.18 M in profits, compared to March 31, 2018.

EQUITY
The Group's equity of $31.9 billion at March 2019 (excluding non-controlling interest of $2.4 billion) increased by $4.7 billion (17%) compared to $27.2 billion at March 2018.

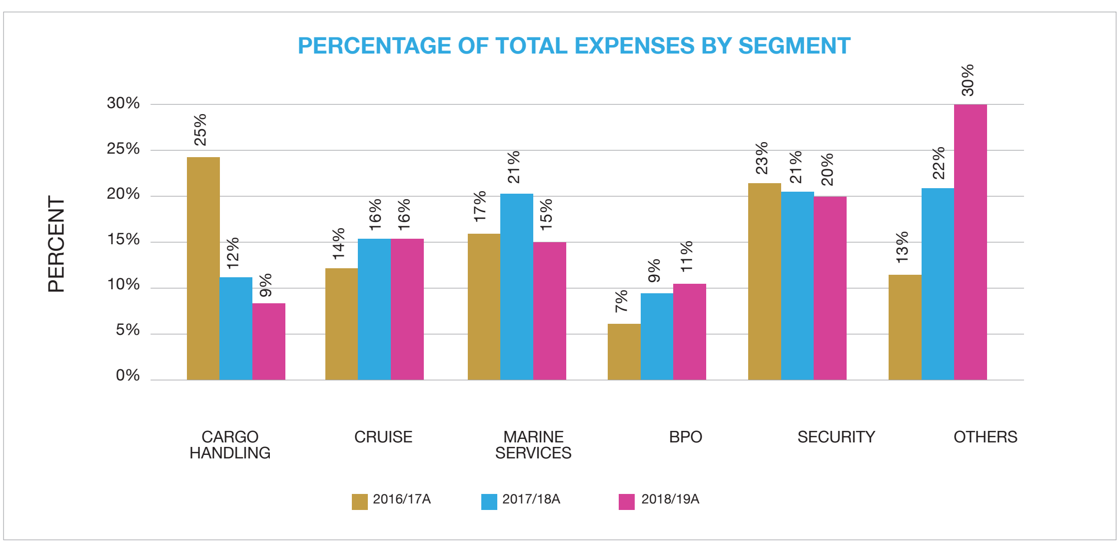
Highlights of Operating **Performance**

REVENUE

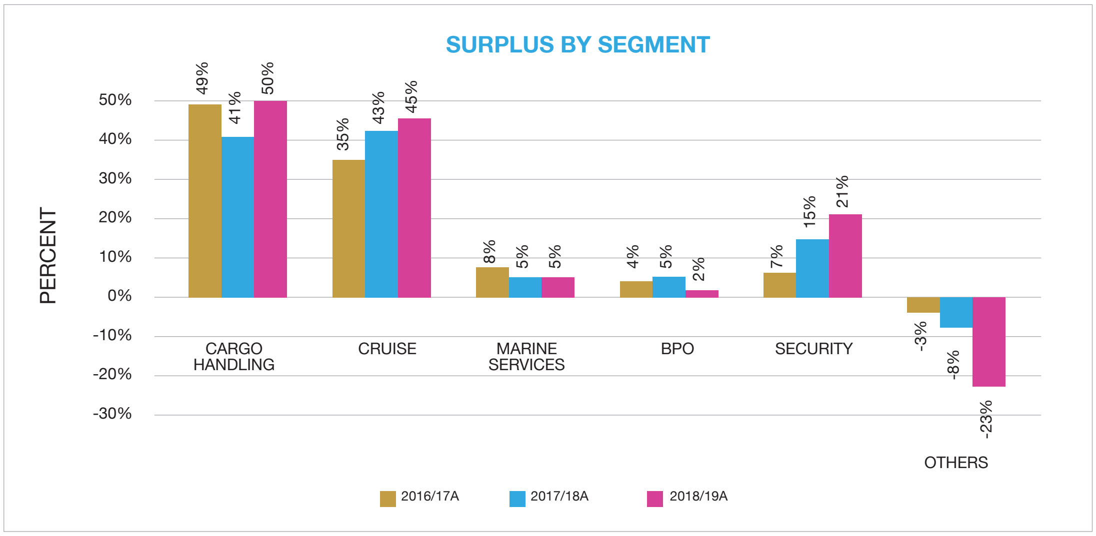




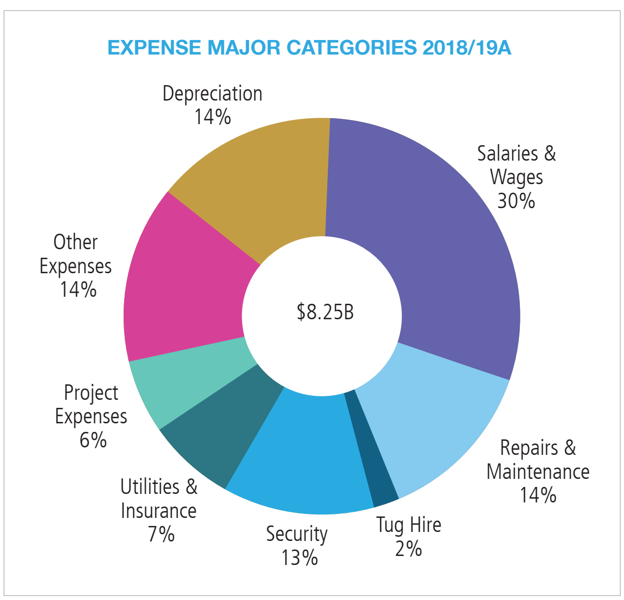
EXPENSE

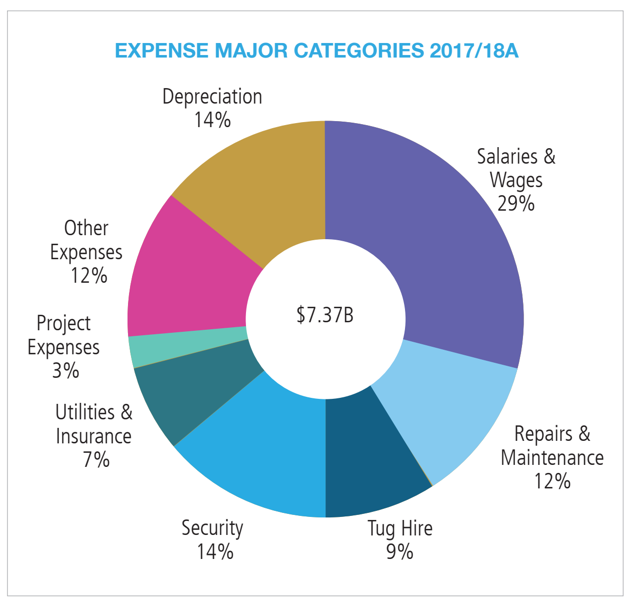


SURPLUS



EXPENSE





OUR *Falmouth* PEDICAB SERVICE WINS CRUISE insight 2019 AWARD

The PAJ introduced a Pedicab service at the Historic Port of Falmouth to enhance cruise passenger experience, improve customer centricity & provide employment opportunities to unattached youth from the community. It received the 2019 Cruise Insight Award for an outstanding new initiative introduced by a port to enhance visitor experience and improve operations.

@Port**Authority**Ja

The Port Authority of Jamaica

Cruise Shipping | Marine & Port Services | Cargo Operations
Logistics | Business Process Outsourcing | Port Community System
Website: www.portjam.com | Email: paj@portjam.com

Corporate Social Responsibility

Activities for 2018-19

HOPE PROGRAMME

The organization continued its participation in the HOPE Programme.

Mentorship

Each supervisor served as a mentor to the interns assigned to their department and provided guidance in the following areas:

- Career guidance & planning
- Support & direction in deportment & grooming

Integration

- The involvement of the HOPE interns within the organization was a key strategy pursued under the programme and this was achieved through the following activities:
- Participation in all staff events
- Participation in social and sporting activities
- Provision of lunch
- Payment of a supplemental stipend
- Compulsory savings component of stipend was invested in an interest yielding account
- Assistance with the opening of bank accounts
- Assistance with the application for TRN & NIS numbers
- Donation of three polo shirts to be worn as uniform, as well as protective gears for trainees in technical areas.

Successful Outcomes

- Several participants have developed under the programme and have moved on to other areas, and we are pleased to report the following:
- Three interns were recruited by the Jamaica Defence Force (JDF) during 2018 – 2019
- Nine interns acquired jobs in the Business Process Outsourcing (BPO) Sector and other areas in the private sector between 2018 -2019
- Two interns enrolled at the Caribbean Maritime University (CMU) in 2018 to pursue courses in Logistics Supply & Chain Management
- Six interns were successful in the Business Administration certification programme
- Two interns were successful in the Records Management certification programme; both training conducted by HEART.

Youngsters in the programme participated in the following training activities during the year.

Type of Training	Number of Participants	Sponsor
Personal Grooming, Office Etiquette and Deportment	35	PAJ/HEART
Customer Service	35	PAJ/HEART
Business Administration Level 2	10	HEART
Records Management Level 2	13	HEART
Welding Level 2	1	PAJ
Electrical Installation	1	PAJ
Industrial Electrical Maintenance	1	PAJ
CSEC Mathematics & English (School of Excellence)	2	PAJ
CSEC Mathematics and English (Maths Unlimited)	19	PAJ
Sensitization & Educational Tour of PAJ Facilities	28	PAJ

ENVIRONMENTAL INITIATIVES

Environmental activities undertaken at PAJ facilities comprise water conservation and energy efficiency initiatives with the former involving rainwater harvesting and use of wastewater from bathroom sinks for irrigation and sanitation (toilet flushing) purposes at the Portmore BPO complex which is under construction. Energy efficiency activities involved the use of solar and LED lights in buildings and navigational aids such as buoys, beacons and lighthouses.

Nature-based solutions are also integrated in engineering aspects at the Ocho Rios Cruise terminal as seen in installation of grasscrete (concrete pavers interspersed with grass) which function to reduce surface runoff and decrease heat emitted from concrete ("heat-island" effect).

EDUCATION

The Port Authority sponsored the CB Group UWI 5K and Smart Eggs Kids K held during November 2018. This sponsorship was an investment in youngsters currently at the University of the West Indies who are experiencing financial challenges in completing their studies.

SCHOLARSHIPS FOR EMPLOYEES' CHILDREN

For the 2018-19 academic year, the Port Authority assisted children of employees to pursue educational opportunities through the award of four (4) scholarships tenable at approved secondary schools, and three (3) tenable at approved tertiary institutions. The value of each scholarship (paid directly to the institution) was $50,000 (secondary) and $250,000 (tertiary).

The students had the highest grades in the Grade Six Achievement Test or who were already enrolled in a school with at least an A- average for their most recent final semester exams were awarded at the secondary level. Newly matriculated entrants to a recognised university or full-time students already enrolled in a tertiary programme who attained at least a 3.0 grade point average in the previous year of study, were assessed for assistance at the tertiary level.

An Evaluation Committee comprising a representative from HR, the employee's bargaining unit/union, and the Internal Audit department reviewed applications and in accordance with the guidelines, recommended six awards as follows:

Category	Department/Subsidiary TERTIARY	Institution
1	Harbours	UTECH
2	Montego Bay Free Zone	UWI
3	Harbours	UWI
	SECONDARY	
1	Administration	Immaculate High
2	Legal	Wolmer's Boys
3	Pilotage Dispatch	Immaculate High

The awardees were congratulated and encouraged to continue to strive for sustained academic excellence.

Directors' & External Members' **Compensation**

April 2018 - March 2019

Directors & External Committee Members	Board and Committee Fees ($)	Motor Vehicle Upkeep Traveling or Value of Assignment of Motor Vehicle ($)	Honoraria ($)	All Other Compensation including Non-Cash Benefits ($)	TOTAL
Gordon Shirley[1]	Nil	Nil	Nil	Nil	Nil
Janine Dawkins	215,700	26,329	Nil	Nil	242,029
Alston Douglas	176,800	19,966	Nil	Nil	196,766
Edward Gabbidon	236,000	33,163	Nil	Nil	269,163
Mark Hart	103,700	71,440	Nil	Nil	175,140
Lyttelon Shirley	167,000	19,467	Nil	Nil	186,467
Jerome Smalling	219,900	7,896	Nil	Nil	227,796
Adam Stewart	Nil	Nil	Nil	Nil	Nil
Velma Ricketts-Walker	107,000	16713.2	Nil	Nil	123,713
Mark Tracey[2]	34,500	2,068	Nil	Nil	36,568
Roxann Linton[2]	87,400	4,756	Nil	Nil	92,156
Donald Patterson[2, 3]	Nil	Nil	Nil	Nil	Nil
Total	**1,348,000**	**201,799**	**Nil**	**Nil**	**1,549,799**

Note: 1 Professor Gordon Shirley does not earn Board fees as he is an employee of the PAJ.
2 External Committee Members.
3 Compensated as a Consultant to PAJ.

Executive **Emoluments**

April 2018 - March 2019

Name & Position of Senior Executive	Salary ($)	Gratuity or Performance Incentive ($)	Travelling Allowance or Value of Assignment of Motor Vehicle ($)	Pension or Other Retirement Benefits ($)	Seniority and Retroactive Payments & Other Allowances ($)	Non-Cash Benefits ($)	TOTAL ($)
Gordon Shirley **President & CEO**	22,707,982	5,676,995	2,360,255	Nil	4,222,452 (Note 1)	Nil	34,967,684
Elva Williams-Richards **SVP Finance & Information Services**	12,933,677	3,233,419	3,876,365	Nil	1,391,531	Nil	21,434,992
Rosalie Donaldson **SVP International Marketing & Client Services (Note 3)**	9,700,258	Nil	2,907,274	934,960 (Note 2)	1,655,671	Nil	15,198,163
Dr. Carrol Pickersgill **SVP Legal, Regulatory & Corporate Affairs**	12,933,677	3,233,419	3,876,365	Nil	1,391,531	Nil	21,434,992
Mervis Edghill **SVP Engineering & Port Development**	12,933,677	3,233,419	3,876,365	Nil	1,391,531	Nil	21,434,992
David Powell **Chief Group Internal Auditor, Assurance & Risk Management Services**	10,613,513	2,653,378	3,876,365	Nil	2,977,032	Nil	20,120,288
Edmond Marsh **VP Business Development**	10,613,513	2,653,378	3,130,685	Nil	2,574,899	Nil	18,972,476
Capt. Hopeton Delisser **VP Harbours & Port Services**	10,613,513	2,653,378	3,130,685	Nil	2,993,874	Nil	19,391,450
Capt. Sydney Innis **VP Security**	10,613,513	2,653,378	3,130,685	Nil	734,753	Nil	17,132,330
Belinda Ward **VP Human Resources & Administration**	10,613,513	Nil	3,130,685	1,419,403 (Note 2)	1,693,429	Nil	16,857,030
Wilburn Pottinger **VP Information Systems**	10,613,513	2,653,378	3,130,685	Nil	1,693,429	Nil	18,091,005
William Tatham **VP Cruise Shipping & Marina Services**	10,613,513	2,653,378	3,130,685	Nil	1,693,429	Nil	18,091,005
Ishmael Leon **VP Finance**	10,613,513	2,653,378	3,130,685	Nil	1,214,091	Nil	17,611,668
Gary Lawrence **VP Engineering**	10,613,513	2,653,378	3,130,685	Nil	2,172,766	Nil	18,570,343
Dr. Paul Robertson **Senior Director, Government Relations (Note 3)**	Nil	Nil	Nil	Nil	1,153,728	Nil	1,153,728
Flora Garth **VP Materials Management**	10,165,210	Nil	3,130,685	1,314,395 (Note 2)	703,718	Nil	15,314,009
Dwain Powell **VP Port Community Systems**	9,268,606	2,317,151	3,130,685	Nil	641,648	Nil	15,358,090
TOTAL	186,164,704	38,921,431	52,079,840	3,668,759	30,299,513	Nil	311,134,247

Note:
[1] This represents security and other expenses paid as per contract.
[2] These executives are members of the PAJ's staff pension fund and are not paid gratuity.
[3] Employee separated from the organization during the year.

Financial **Statements**

Year Ended March 31, 2019

(Expressed in Jamaican dollars)

Contents

KPMG
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Directors of
THE PORT AUTHORITY

Opinion

We have audited the separate financial statements of The Port Authority ("the Authority") and the consolidated financial statements of the Authority and its subsidiaries ("the Group"), set out on pages 5 to 109, which comprise the Group's and Authority's statement of financial position as at March 31, 2019, the Group's and Authority's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Authority as at March 31, 2019, and of the Group's and Authority's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Directors of
THE PORT AUTHORITY

Emphasis of Matter - comparative information

We draw attention to note 36 to the financial statements which indicates that the comparative information presented as at and for the year ended March 31, 2018 has been restated. Our opinion is not modified in respect of this matter.

Other Matter relating to comparative information

The financial statements of the Port Authority of Jamaica and its Subsidiaries as at and for the years ended March 31, 2018 and March 31, 2017 (from which the statement of financial position as at April 1, 2017 has been derived), excluding the adjustments described in note 36 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on June 21, 2018.

As part of our audit of the financial statements as at and for the year ended March 31, 2019, we audited the adjustments described in note 36 that were applied to restate the comparative information presented as at and for the year ended March 31, 2018 and the statement of financial position as at April 1, 2017. We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended March 31, 2018 or March 31, 2017 (not presented herein) other than with respect to the adjustments described in note 36 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in note 36 are appropriate and have been properly applied.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

KPMG

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Directors of
THE PORT AUTHORITY

Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

KPMG

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Directors of
THE PORT AUTHORITY

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

KPMG

Chartered Accountants
Kingston, Jamaica

July 31, 2019

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Consolidated Statement of Financial Position
March 31, 2019
(Expressed in Jamaica dollars unless otherwise indicated)

	Notes	2019 $'000	Restated* 2018 $'000	Restated* 2017 $'000
NON-CURRENT ASSETS				
Property, plant and equipment	5	40,199,717	31,171,036	25,241,328
Investment properties	6	20,078,654	18,769,420	17,867,405
Intangible assets	7	9,215	4,980	1,182
Investment in associates	8(a)	215,837	184,940	159,189
Other investments	9	1,556,951	1,530,685	1,359,012
Long-term receivables	10	26,915	28,346	15,849
Retirement benefit asset	11	51,100	52,504	59,485
Deferred tax assets	12	24,660	21,871	10,794
		62,163,049	51,763,782	44,714,244
CURRENT ASSETS				
Inventories	13	79,469	92,006	94,970
Trade and other receivables	14	2,764,607	2,907,585	1,765,069
Cash and short-term deposits	15	7,299,582	9,594,663	14,348,325
		10,143,658	12,594,254	16,208,364
TOTAL ASSETS		72,306,707	64,358,036	60,922,608
EQUITY AND LIABILITIES				
Equity				
Reserves	16	6,798,821	6,747,779	6,698,978
Retained earnings	17	25,056,088	20,411,390	15,384,036
		31,854,909	27,159,169	22,083,014
Non-controlling interests	18	2,390,146	2,011,537	1,539,779
		34,245,055	29,170,706	23,622,793
NON-CURRENT LIABILITIES				
Retirement benefit liability	11	610,979	546,735	425,537
Long-term liabilities	19	28,559,815	23,351,126	29,089,935
Deferred income	20	806,440	495,174	543,076
Deferred tax liabilities	12	2,445	7,818	18,278
		29,979,679	24,400,853	30,076,826
CURRENT LIABILITIES				
Provisions	21	126,815	101,868	111,944
Current portion of long-term liabilities	19	4,039,449	7,098,845	4,474,048
Trade and other payables	22	3,915,387	3,558,959	2,598,924
Bank overdrafts (unsecured)		322	26,805	38,073
		8,081,973	10,786,477	7,222,989
TOTAL EQUITY AND LIABILITIES		72,306,707	64,358,036	60,922,608

The financial statements, on pages 5 to 109 were approved for issue by the Board of Directors on July 31, 2019 and signed on their behalf by:

_______________ Director
Jerome Smalling

_______________ President
Professor Gordon Shirley

(*See note 36)
The accompanying notes form an integral part of these financial statements.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Consolidated Statement of Profit and Loss and Other Comprehensive Income
Year ended March 31, 2019
(Expressed in Jamaica dollars unless otherwise indicated)

	Notes	2019 $'000	Restated* 2018 $'000
Revenue	23	13,735,679	13,914,395
Expenses:			
Direct operating	24(a)	(4,662,514)	(4,657,837)
Administrative	24(b)	(3,590,998)	(2,712,805)
		(8,253,512)	(7,370,642)
		5,482,167	6,543,753
Share of associated companies' results	8(a)	30,897	25,751
Interest income	27(a)	98,704	191,456
Gains and losses:			
Foreign exchange losses on loans	25	(227,686)	446,607
Other gains	25	1,991,614	592,888
Impairment gain on investments	31(b)	1,919	-
Impairment losses on trade receivables	14	(132,786)	-
Finance charges and interest on loans	24(c)	(1,804,972)	(1,664,802)
PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS		5,439,857	6,135,653
Taxation	26(a)	(225,210)	(240,215)
PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS	27	5,214,647	5,895,438
DISCONTINUED OPERATIONS			
(Loss)/profit for the year from discontinued operations	8(b)	(10,939)	31,030
NET PROFIT FOR THE YEAR		5,203,708	5,926,468
Items that will not be reclassified to profit or loss			
Remeasurement losses on retirement benefit plans, net of related tax being other comprehensive loss for the year	11(d),12	(53,747)	(125,637)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,149,961	5,800,831
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
The Authority		4,825,099	5,454,710
Non-controlling interest		378,609	471,758
		5,203,708	5,926,468
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
The Authority	28	4,771,352	5,329,073
Non-controlling interest		378,609	471,758
		5,149,961	5,800,831

(*See note 36)
The accompanying notes form an integral part of these financial statements.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Consolidated Statement of Changes in Equity
Year ended March 31, 2019
(Expressed in Jamaica dollars unless otherwise indicated)

	Notes	General 16(a) $'000	Capital 16(b) $'000	Development 16(c) $'000	Equalisation 16(d) $'000	Stabilisation 16(e) $'000	Fixed Assets Replacement 16(f) $'000	Insurance 16(g) $'000	Wharfage 16(h) $'000	Total Reserves $'000	Retained Earnings $'000	Total $'000	Non-Controlling Interests $'000	Total $'000
Balances at April 1, 2017, as previously stated		359,450	5,089,330	305,150	1,630	32	611,900	147,107	184,379	6,698,978	15,888,609	22,587,587	1,554,841	24,142,428
Effects of correction of errors:														
- Adjustment in respect of deferred tax on defined benefit obligation	36(b)	-	-	-	-	-	-	-	-	-	10,246	10,246	-	10,246
- Adjustment in respect of actuarial valuation on investment properties	36(b)	-	-	-	-	-	-	-	-	-	(529,881)	(529,881)	-	(529,881)
- Adjustment in respect of non-controlling interest		-	-	-	-	-	-	-	-	-	15,062	15,062	(15,062)	-
Balances at March 31, 2017, as restated		359,450	5,089,330	305,150	1,630	32	611,900	147,107	184,379	6,698,978	15,384,036	22,083,014	1,539,779	23,622,793
Net profit, as restated		-	-	-	-	-	-	-	-	-	5,454,710	5,454,710	471,758	5,926,468
Other comprehensive loss net of related tax as restated	11(d),12	-	-	-	-	-	-	-	-	-	(125,637)	(125,637)	-	(125,637)
Total comprehensive income		-	-	-	-	-	-	-	-	-	5,329,073	5,329,073	471,758	5,800,831
Transfers to/(from) reserves of managed operations		-	-	-	-	-	45,433	4,659	(1,291)	48,801	(48,801)	-	-	-
Transactions with owners:														
Transfer to the Government of Jamaica Consolidated Fund	35	-	-	-	-	-	-	-	-	-	(252,918)	(252,918)	-	(252,918)
Balances at April 1, 2018, as restated		359,450	5,089,330	305,150	1,630	32	657,333	151,766	183,088	6,747,779	20,411,390	27,159,169	2,011,537	29,170,706
Adjustment on initial application of IFRS 9, net of related taxes	3	-	-	-	-	-	-	-	-	-	(67,601)	(67,601)	-	(67,601)
Adjusted balance at March 31, 2018		359,450	5,089,330	305,150	1,630	32	657,333	151,766	183,088	6,747,779	20,343,789	27,091,568	2,011,537	29,103,105
Net profit		-	-	-	-	-	-	-	-	-	4,825,099	4,825,099	378,609	5,203,708
Other comprehensive loss net of related tax	11(d)	-	-	-	-	-	-	-	-	-	(53,747)	(53,747)	-	(53,747)
Total comprehensive income		-	-	-	-	-	-	-	-	-	4,771,352	4,771,352	378,609	5,149,961
Transfers to reserves of managed operations		-	-	-	-	-	48,246	-	2,796	51,042	(51,042)	-	-	-
Transaction with owners:														
Transfer to the Government of Jamaica Consolidated Fund	35	-	-	-	-	-	-	-	-	-	(8,011)	(8,011)	-	(8,011)
Balance at March 31, 2019		359,450	5,089,330	305,150	1,630	32	705,579	151,766	185,884	6,798,821	25,056,088	31,854,909	2,390,146	34,245,055

The accompanying notes form an integral part of these financial statements.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Consolidated Statement of Cash Flows
Year ended March 31, 2019
(Expressed in Jamaica dollars unless otherwise indicated)

	Notes	2019 $'000	Restated* 2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit from:			
Continuing operations		5,214,647	5,895,438
Discontinued operations		(10,939)	31,030
		5,203,708	5,926,468
Adjustments for:			
Depreciation and amortisation	5,7	1,188,240	1,012,683
Adjustment to property, plant and equipment	5	2,311	(429)
Write-off of property, plant and equipment	5	402,583	188,448
Gain on disposal of property, plant and equipment	25	(197,949)	(4,342)
Adjustment to investment properties	6	-	(34)
Increase in fair value of investment properties	6	(1,309,234)	(901,981)
Impairment losses on investments	3	(19,087)	-
Interest income	27	(98,704)	(191,456)
Foreign exchange losses/(gains) (net)		187,327	(691,782)
Retirement benefit expense	11(d)	58,478	44,479
Retirement benefit adjustment	11	(474)	-
Provision charge	21	106,711	90,789
Amortisation of deferred income	20	(47,902)	(47,902)
Impairment loss recognised on trade receivables (net)	14	132,786	974
Loan fees amortised		(15,717)	1,489
Taxation charge	26	225,210	240,215
Share of associates' results	8	(30,897)	(25,751)
Finance charges and interest on loans	24	1,804,972	1,664,802
		7,592,362	7,306,670
(Increase)/decrease in operating assets:			
Trade and other receivables		(44,623)	(1,139,465)
Inventories		12,537	2,964
Increase/(decrease) in operating liabilities:			
Trade and other payables		526,923	873,585
Retirement benefit contributions	11	(46,272)	(43,463)
Increase in deferred income	20	248,547	-
Provisions utilised	21	(81,764)	(100,865)
Cash generated by operations		8,207,710	6,899,426
Income taxes paid		(286,346)	(173,776)
Interest received		97,373	190,640
Interest paid		(1,783,551)	(1,675,487)
Net cash provided by operating activities		6,235,186	5,240,803

(*See note 36)
The accompanying notes on form an integral part of these financial statements.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Consolidated Statement of Cash Flows (Continued)
Year ended March 31, 2019
(Expressed in Jamaica dollars unless otherwise indicated)

	Notes	2019 $'000	Restated* 2018 $'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	5	(10,652,475)	(7,149,032)
Net proceeds on disposal of property, plant and equipment		232,949	21,267
Other investments (net)		(24,935)	(170,857)
Increase/(decrease) in long-term receivables		1,112	(13,683)
Acquisition of intangible assets	7	(8,575)	(2,101)
Net cash used in investing activities		(10,451,924)	(7,314,406)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of long-term loans		9,190,540	1,493,579
Repayment of long-term loans		(7,301,741)	(4,201,450)
Decrease in prepaid credit insurance		27,104	49,662
Transfer to the Government of Jamaica Consolidated Fund	35	(8,011)	(252,918)
Net cash provided by/(used) in financing activities		1,907,892	(2,911,127)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,308,846)	(4,984,730)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		9,567,858	14,310,252
Effect of foreign exchange rate changes		40,248	242,336
CASH AND CASH EQUIVALENTS AT END OF YEAR		7,229,260	9,567,858
Cash and cash equivalents comprise:			
Cash and short-term deposits	15	7,299,582	9,594,663
Bank overdrafts (unsecured)		(322)	(26,805)
		7,229,260	9,567,858

(*See note 36)
The accompanying notes on form an integral part of these financial statements.

THE PORT AUTHORITY

Separate Statement of Financial Position
March 31, 2019
(Expressed in Jamaica dollars unless otherwise indicated)

	Notes	2019 $'000	Restated* 2018 $'000	Restated* 2017 $'000
ASSETS				
Non-current assets				
Property, plant and equipment	5	39,819,991	31,069,625	25,162,256
Investment properties	6	17,487,254	16,242,420	15,369,975
Intangible assets	7	8,827	4,513	1,140
Investments in subsidiary, joint venture and associated companies	8(b)	30,508	30,508	30,508
Other investments	9	1,543,083	1,516,864	1,345,123
Long-term receivables	10	103,141	104,572	92,075
Retirement benefit asset	11	51,100	52,504	59,485
		59,043,904	49,021,006	42,060,562
Current assets				
Inventories	13	79,469	92,006	94,970
Trade and other receivables	14	1,197,876	1,589,552	1,221,521
Cash and short-term deposits	15	4,862,985	7,351,766	12,602,245
		6,140,330	9,033,324	13,918,736
Total assets		65,184,234	58,054,330	55,979,298
EQUITY AND LIABILITIES				
Equity				
Reserves	16	6,792,828	6,741,786	6,692,985
Retained earnings	17,36	21,074,747	17,066,246	12,678,992
		27,867,575	23,808,032	19,371,277
Non-current liabilities				
Retirement benefit liability	11,36	549,202	492,812	384,552
Long-term liabilities	19	28,487,747	23,246,979	28,950,701
Deferred income	20	806,440	495,174	543,076
		29,843,389	24,234,965	29,878,329
Current liabilities				
Provisions	21	107,323	87,348	92,465
Current portion of long-term liabilities	19	3,997,185	7,056,768	4,441,008
Trade payables and accruals	22	3,368,762	2,844,381	2,158,660
Bank overdrafts (unsecured)		-	22,836	36,859
		7,473,270	10,011,333	6,728,992
Total equity and liabilities		65,184,234	58,054,330	55,979,298

The financial statements, on pages 5 to 109 were approved for issue by the Board of Directors on July 31, 2019 and signed on their behalf by:

Jerome Smalling- Director

Professor Gordon Shirley – President

(*See note 36)

The accompanying notes form an integral part of these financial statements.

THE PORT AUTHORITY

Separate Statement of Profit and Loss and Other Comprehensive Income
Year ended March 31, 2019
(Expressed in Jamaica dollars unless otherwise indicated)

	Notes	2019 $'000	Restated* 2018 $'000
Revenue	23	10,646,685	11,009,199
Interest income	27(a)	58,187	148,497
Expenses:			
Direct operating	24(a)	(3,419,237)	(3,576,766)
Administrative	24(b)	(3,029,119)	(2,154,836)
Impairment gain on investments	31(b)	2,196	-
Impairment losses on trade receivables	14	(18,059)	-
Finance charges and interest on loans	24(c)	(1,800,849)	(1,662,301)
		2,439,804	3,763,793
Gains and losses:			
Foreign exchange (losses)/gains on loans	25	(226,316)	443,524
Other gains	25	1,945,921	602,714
NET PROFIT FOR THE YEAR	27	4,159,409	4,810,031
OTHER COMPREHENSIVE LOSS:			
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:			
Remeasurement losses on retirement benefit plans	11(d)	(53,240)	(121,058)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	28	4,106,169	4,688,973

(*See note 36)

The accompanying notes form an integral part of these financial statements.

Separate Statement of Changes in Equity
Year ended March 31, 2019
(Expressed in Jamaica dollars unless otherwise indicated)

	Notes	General 16(a) $'000	Capital 16(b) $'000	Development 16(c) $'000	Equalisation 16(d) $'000	Stabilisation Fund 16(e) $'000	Fixed Assets Replacement 16(f) $'000	Insurance 16(g) $'000	Wharfage 16(h) $'000	Total Reserves $'000	Accumulated Surplus $'000	Total $'000
Balances at April 1, 2017, as previously reported		359,450	5,083,337	303,150	1,630	32	611,900	147,107	184,379	6,692,985	13,167,888	19,860,873
Effect of correction of errors:												
- Adjustments in respect of actuarial remeasurement for retirement benefits liabilities*	36(b)	-	-	-	-	-	-	-	-	-	(488,896)	(488,896)
Balances at March 31, 2017, as restated		359,450	5,083,337	305,150	1,630	32	611,900	147,107	184,379	6,692,985	12,678,992	19,371,977
Net profit, as restated		-	-	-	-	-	-	-	-	-	4,810,031	4,810,031
Other comprehensive loss	11(e)	-	-	-	-	-	-	-	-	-	(121,058)	(121,058)
Total comprehensive income		-	-	-	-	-	-	-	-	-	4,688,973	4,688,973
Transfers to/(from) reserves of managed operations		-	-	-	-	-	45,433	4,659	(1,291)	48,801	(48,801)	-
Transaction with owners:												
Transfer to the Government of Jamaica Consolidated Fund	35	-	-	-	-	-	-	-	-	-	(252,918)	(252,918)
Balances at March 31, 2018, as restated		359,450	5,083,337	305,150	1,630	32	657,333	151,766	183,088	6,741,786	17,066,246	23,808,032
Adjustment on initial application of IFRS 9	3(a)	-	-	-	-	-	-	-	-	-	(46,626)	(46,626)
Adjusted balances as at April 1, 2018		359,450	5,083,337	305,150	1,630	32	657,333	151,766	183,088	6,741,786	17,019,620	23,761,406
Net Profit		-	-	-	-	-	-	-	-	-	4,159,409	4,159,409
Other comprehensive loss		-	-	-	-	-	-	-	-	-	(53,240)	(53,240)
Total comprehensive income		-	-	-	-	-	-	-	-	-	4,106,169	4,106,169
Transfers to reserves of managed operations		-	-	-	-	-	48,246	-	2,796	51,042	(51,042)	-
Balances at March 31, 2019		359,450	5,083,337	305,150	1,630	32	705,579	151,766	185,884	6,792,828	21,074,747	27,867,575

(*See note 36)

The accompanying notes form an integral part of these financial statements.

THE PORT AUTHORITY

Separate Statement of Cash Flows
Year ended March 31, 2019
(Expressed in Jamaica dollars unless otherwise indicated)

	Notes	2019 $'000	Restated* 2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		4,159,409	4,810,031
Adjustments for:			
Interest income	27	(58,187)	(148,497)
Foreign exchange losses/(gains) (net)		261,811	(208,724)
Finance charges and interest on loans	24	1,800,849	1,662,301
Impairment losses on investment	3	(14,045)	-
Impairment loss recognised on trade receivables (net)	14	18,059	(47)
Impairment loss recognised on related party receivables	14	2,611	(12,334)
Increase in fair value of investment properties	6	(1,244,834)	(872,411)
Adjustment to investment properties	6	-	(34)
Depreciation and amortisation	5,7	1,169,671	998,585
Gain on disposal of property, plant and equipment	25	(197,949)	(4,342)
Write-off of property, plant and equipment	5	402,569	185,835
Adjustment to property, plant and equipment	5	1,867	(429)
Provision charge	21	85,535	74,394
Amortisation of deferred income	20	(47,902)	(47,902)
Retirement benefit expense	11	51,300	37,646
Retirement benefit adjustment	11	(474)	-
Loan fees amortised		(15,785)	1,422
		6,374,505	6,475,494
(Increase)/decrease in operating assets:			
Trade and other receivables		338,743	(352,133)
Inventories		12,537	2,964
Increase/(decrease) in operating liabilities:			
Trade payables and accruals		635,004	685,721
Increase in deferred income		248,547	-
Provisions utilised	21	(65,562)	(79,511)
Retirement benefit contributions	11	(46,272)	(43,463)
Cash generated by operations		7,497,502	6,689,072
Interest paid		(1,779,461)	(1,674,614)
Net cash provided by operating activities		5,718,041	5,014,458

(*See note 36)
The accompanying notes form an integral part of these financial statements.

THE PORT AUTHORITY

Separate Statement of Cash Flows (Continued)
Year ended March 31, 2019
(Expressed in Jamaica dollars unless otherwise indicated)

	Notes	2019 $'000	Restated* 2018 $'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		56,859	147,717
Increase/(decrease) in long-term receivables		1,112	(13,683)
Other investments (net)		(24,891)	(170,961)
Acquisition of intangible assets	7	(8,575)	(1,816)
Acquisition of property, plant and equipment	5	(10,355,212)	(7,109,842)
Net proceeds on disposal of property, plant and equipment		232,949	21,267
Net cash used in investing activities		(10,097,758)	(7,127,318)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of long-term loans		9,190,540	1,493,579
Repayment of long-term loans		(7,268,378)	(4,176,788)
Decrease in prepaid credit insurance		27,104	49,662
Transfer to the Government of Jamaica Consolidated Fund	35	-	(252,918)
Net cash provided/(used) in financing activities		1,949,266	(2,886,465)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,430,451)	(4,999,325)
OPENING CASH AND CASH EQUIVALENTS		7,328,930	12,565,386
Effect of foreign exchange rate changes		(35,494)	(237,131)
CLOSING CASH AND CASH EQUIVALENTS		4,862,985	7,328,930
Cash and cash equivalents comprise:			
Cash and short-term deposits	15	4,862,985	7,351,766
Bank overdraft/(unsecured)		-	(22,836)
		4,862,985	7,328,930

(*See note 36)

The accompanying notes form an integral part of these financial statements.

1. Group identification

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

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

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

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

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

1. Group identification (continued)

(a) (Continued)

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

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

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

(b) Accounting period

The Authority and all the companies in the Group have prepared financial statements for the year ended March 31, 2019 (2018: March 31, 2018).

2. Statement of compliance and basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This is the first set of the Group's annual financial statements in which IFRS 9, *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers* have been applied. Changes to significant accounting policies are described in note 3.

New and amended standards and interpretations that are not yet effective

Certain new and amended interpretation and interpretations have been issued which are not yet effective for the current year and which the Group has not early adopted. The Group has assessed them and determined that the following are relevant:

- Amendments to IFRS 9, *Financial Instruments,* effective retrospectively for annual periods beginning on or after January 1, 2019, clarifies the treatment of:

  (i) Prepayment features with negative compensation:

  Financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

New and amended standards and interpretations that are not yet effective (continued)

- Amendments to IFRS 9, *Financial Instruments* (continued)

    (ii) Modifications to financial liabilities:

    If the initial application of IFRS 9 results in a change in accounting policy for these modifications or exchanges, then retrospective application is required, subject to particular transitional reliefs. There is no change to the accounting for costs and fees when a liability has been modified (but not substantially) - these are recognised as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

    The Group is assessing the impact that these amendments will have on its 2020 financial statements.

- IFRIC 23, *Uncertainty Over Income Tax Treatments*, is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

    An entity has to consider whether it is probable that the relevant tax authority would accept the tax treatment, or Group of tax treatments, that is adopted in its income tax filing.

    If the entity concludes that it is probable that the tax authority will accept a particular tax treatment in the tax return, the entity will determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings and record the same amount in the financial statements. The entity will disclose uncertainty.

    If the entity concludes that it is not probable that a particular tax treatment will be accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better prediction of the resolution of the uncertainty.

    If facts and circumstances change, the entity is required to reassess the judgements and estimates applied.

    IFRIC 23 reinforces the need to comply with existing disclosure requirements regarding:

    - judgements made in the process of applying accounting policy to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
    - assumptions and other estimates used; and
    - potential impact of uncertainties that are not reflected in the financial statements.

    The Group is assessing the impact that the interpretation will have on its 2020 financial statements.

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

New and amended standards and interpretations that are not yet effective (continued)

- IFRS 16*, Leases,* which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US$5,000 or less.

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

  The Group plans to apply IFRS 16 initially on April 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at April 1, 2019, with no restatement of comparative information.

  The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before April 1, 2019 and identified as leases in accordance with IAS 16 and IFRIC 4. The effects of adoption of IFRS 16 on April 1, 2019 will have a likely impact on the financial statements, however, the financial impact has not been ascertained to date.

- Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

  The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

  - New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
  - A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present; and
  - A new control-based approach to de-recognition will allow an entity to derecognise an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

- Amendment to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides a definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements.

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

New and amended standards and interpretations that are not yet effective (continued)

- Amendment to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* (continued)

  "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The Group is assessing the impact, if any, that the above amendments, interpretations and new standards may have on its future financial statements when they become effective.

(b) Basis of preparation

These financial statements have been prepared under the historical cost basis, except for the revaluation of investment properties and fair value through profit and loss.

(c) Functional and presentation currency

The financial statements are presented in Jamaica dollars, which is the functional currency of the Authority and its subsidiaries.

(d) Use of estimates and judgement:

The preparation of the financial statements to conform to IFRS requires management to make estimates and judgements that affect the selection of accounting policies and the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income, expenses, gains and losses for the period then ended. Actual amounts could differ from those estimates. The estimates and the assumptions underlying them, are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements made in applying accounting policies and the key areas of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements, and or that have a significant risk of material adjustment in the next financial period, are as follows:

(i) Judgements:

For the purpose of these financial statements, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS. The key relevant judgements are as follows:

2. Statement of compliance and basis of preparation (continued)

(d) Use of estimates and judgement (continued):

(i) Judgements (continued):

– Applicable to 2018 only:

(1) Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

(2) Impairment of financial assets:

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

(ii) Key assumptions concerning the future and other sources of estimation uncertainty:

– Applicable to 2019 only:

(1) Allowance for impairment losses:

In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information. Management also estimate the likely amount of cash flows recoverable on the financial assets in determining loss given default. The use of assumptions makes uncertainly inherent in such estimates.

– Applicable to 2019 and 2018 only:

(1) Revaluation of investment properties

The company carries its investment properties at fair value with changes in fair value being recognised in the statement of profit or loss and other comprehensive income. The company engaged an external valuation specialist to determine the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of the asset, the company uses market observation data to the extent it is available. Information about the valuation technique and inputs used in determining the fair value of the investment properties are disclosed at note 6.

3. Changes in accounting policies

The Group has initially adopted IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* from April 1, 2018.

The effect of initially applying these standards is mainly attributed to the following:

– an increase in impairment losses recognised on financial assets;
– additional disclosures related to IFRS 9 (see notes 4 and 31);
– additional disclosures related to IFRS 15 [see note 4(r)].

Due to the transition method chosen by the Group in applying IFRS 9, comparative information throughout these financial statements has not generally been restated to reflect its requirements.

Except for the changes below, the Group has consistently applied the accounting policies as set out in note 5 to all periods presented in these financial statements.

(a) IFRS 9, *Financial Instruments*

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, *Financial Instruments*: *Recognition and Measurement*. The requirements of IFRS 9 represent a significant change from IAS 39. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 *Presentation of Financial Statements*, which require separate presentation in the statement of profit or loss and OCI of interest revenue calculated using the effective interest method.

Additionally, the Group has adopted consequential amendments to IFRS 7 *Financial Instruments*: Disclosures that are applied to disclosures about 2018 but have not been applied to the comparative information.

Transition

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that application to IFRS 9's impairment requirements at April 1, 2018, results in an additional allowance for impairment as follow:

	Group $'000	Authority $'000
Loss allowance at March 31, 2018, under IAS 39	163,574	28,430
Recognition of expected credit losses under IFRS 9:		
Trade receivables	55,244	32,581
Loss allowance at April 1, 2018	218,818	61,011
Less allowance at March 31, 2018, under IAS 39	-	-
Recognition of expected credit losses under IFRS 9:		
Deposits and securities under resale agreements	19,087	14,045
Loss allowance at April 1, 2018	19,087	14,045

3. Changes in accounting policies (continued)

(a) IFRS 9, *Financial Instruments* (continued)

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except that comparative periods generally have not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings as at April 1, 2018. Accordingly, the information presented for 2018, does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2019 under IFRS 9.

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

For an explanation of how the Group and Authority classifies and measures financial instruments under IFRS 9, see note 4(u).

The following table and the accompanying notes explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at April 1, 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at April 1, 2018 relates solely to the new impairment requirements.

			Group		
Financial assets	Original Classification	New classification under IFRS 9	IAS 39 carrying amount at March 31, 2018	Re-measurement	IFRS 9 carrying amount at April 1, 2018
			$'000	$'000	$'000
Long-term receivables	Loans and receivables	Amortised cost	28,346	-	28,346
Other investments	Loans and receivables	Amortised cost	1,530,685	-	1,530,685
Trade and other receivables	Loans and receivables	Amortised cost	2,907,585	(55,244)	2,852,341
Short-term deposits	Loans and receivables	Amortised cost	9,594,663	(19,087)	9,575,576
			14,061,279	(74,331)	13,986,948

3. Changes in accounting policies (continued)

(a) IFRS 9, *Financial Instruments* (continued)

Classification and measurement of financial assets and financial liabilities

The following table and the accompanying notes explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at April 1, 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at April 1, 2018 relates solely to the new impairment requirements (continued):

Authority					
	Original Classification	New classification under IFRS 9	IAS 39 carrying amount at March 31, 2018	Re-measurement	IFRS 9 carrying amount at April 1, 2018
Financial assets			$'000	$'000	$'000
Long term receivables	Loans and receivables	Amortised cost	104,572	-	104,572
Other investments	Loans and receivables	Amortised cost	1,516,864	-	1,516,864
Trade and other receivables	Loans and receivables	Amortised cost	1,589,552	(32,581)	1,556,971
Cash and short-term deposit	Loans and receivables	Amortised cost	7,351,766	(14,045)	7,337,721
			10,562,754	(46,626)	10,516,128

A deferred tax credit of $6,730,000, for the Group as recognised on transition to IFRS 9 arising from the increase in impairment allowance.

	Group $'000	Authority $'000
Impairment allowance on trade accounts receivables (note 14)	55,244	32,581
Related deferred tax	(5,649)	-
Transition adjustment - IFRS 9, net of taxes at April 1, 2018	49,595	32,581
Impairment allowance on deposits and securities under re-purchase agreements	19,087	14,045
Related deferred tax (note 12)	(1,081)	-
Transition adjustment - IFRS 9, net of taxes at April 1, 2018	18,006	14045
Summary of:		
Impairment allowance on trade receivables and deposits	74,331	46,626
Deferred tax on trade receivables and deposits	(6,730)	-
	67,601	46,626

Additional information about how the company measures allowance for impairment is described in note 4(g).

3. Changes in accounting policies and disclosures (continued)

(a) IFRS 9, *Financial Instruments* (continued)

Impairment of financial assets

IFRS 9 replace the "incurred loss" model in IAS 39 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

(b) IFRS 15, *Revenue Recognition*

Under IFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model: Step 1: Identify the contract(s) with a customer (agreement that creates enforceable rights and obligations); Step 2: Identify the different performance obligations (promises) in the contract and account for those separately; Step 3: Determine the transaction price (amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services); Step 4: Allocate the transaction price to each performance obligation based on the relative stand-alone selling prices of each distinct good or service; and Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation by transferring control of a promised good or service to the customer. A performance obligation may be satisfied at a point in time or over time.

IFRS 15 also includes disclosure requirements to provide comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. IFRS 15 was effective on January 1, 2018 and, supersedes all existing guidance on revenue recognition.

The adoption of IFRS 15 did not impact the timing or amount of sales from contracts with customers and the related assets and liabilities recognised by the Group. Accordingly, the impact on the comparative information is limited to new disclosure requirements.

4. Significant accounting policies

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method from the date on which control is transferred to the Group. Control is the power to govern the relevant financial and operating policies of an entity so as to obtain benefits from its activities.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

4. Significant accounting policies

(a) Basis of consolidation(continued)

(i) Business combinations (continued)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred.

(ii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets from the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the change in the carrying value of non-controlling interest and the fair value of consideration paid or received is recognised directly in equity.

(iii) Subsidiaries

Subsidiaries are those entities controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The consolidated financial statements include the financial statements of all subsidiaries made up to March 31, 2019.

(iv) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of a subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in a former subsidiary, then such interest is measured at fair value at the date that control is lost.

(v) Transactions eliminated on consolidation

Balances and transactions between companies within the Group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associate or joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

4. Significant accounting policies (continued)

(b) Goodwill

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

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

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

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

(c) Fair value measurement

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

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

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

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

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

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

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

4. Significant accounting policies (continued)

(c) Fair value measurement (continued)

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

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

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

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

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

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

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

(d) Property, plant and equipment

All property, plant and equipment held for use in the supply of goods or services, or for administrative purposes, are stated in the statement of financial position at historical or deemed cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Cost includes professional fees, cost of replacing part of the property, plant and equipment and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy [see borrowing costs at note 4(s) if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

4. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

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

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

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

The following periods are used for the depreciation of property, plant and equipment:

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

(e) Investment properties

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

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

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

4. Significant accounting policies (continued)

(f) Intangible assets – purchased

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

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

(g) Impairment:

Financial assets

Policy applicable from April 1, 2018

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses.

Macroeconomic Factors, Forward Looking Information and Multiple Scenarios

The Group applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. Macroeconomic factors and forward looking information are incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECLs at each reporting date reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group uses three scenarios that are probability weighted to determine ECL.

For trade receivables, the Group applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward looking information.

4. Significant accounting policies (continued)

(g) Impairment (continued):

Policies applicable before April 1, 2018

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash flows that are largely independent of the cash flows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs that are expected to benefit from the synergies of the combinations.

Impairment losses in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of other assets in the unit on a pro-rata basis. Impairment losses are recognised in Group profit or loss.

Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows on the asset that can be estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a customer or counterparty, or indicators that the customer or counterparty will enter bankruptcy.

A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment. When a decline in the fair value of an available-for-sale investment has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income is recognised in profit or loss, even though the investment has not been derecognised.

The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of the Group's investments measured at amortised cost is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets or CGUs is the greater of their value in use and fair value less cost to sell. Value in use is based on the estimated future cash flows, 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 or CGU. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGUs to which the asset belongs.

4. Significant accounting policies (continued)

(g) Impairment (continued):

Policies applicable before April 1, 2018 (continued)

(ii) Reversals of impairment

An impairment loss on assets measured at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as fair value through other comprehensive income is not reversed through profit or loss. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Cash and cash equivalents:

Cash and cash equivalents are measured at amortised costs comprise cash and bank balances.

(i) Trade and other receivables

Trade and other receivable and prepayments are measured at amortised cost less impairment losses [see note 4 (g)].

(j) Trade and other payable:

Trade and other payables are measured at amortised cost.

(k) Provisions:

A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

4. Significant accounting policies (continued)

(l) Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) Has control or joint control over the reporting entity;

(ii) Has significant influence over the reporting entity; or

(iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan established for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(m) Taxation:

Taxation on the profit for the year comprises current and deferred tax. Taxation is recognised in the profit or loss, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in other comprehensive income.

4. Significant accounting policies (continued)

(m) Taxation (continued):

Current tax is the expected tax payable on the income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carry amounts of assets and liabilities for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, and associates, except to the extent that the company and its subsidiaries are able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Inventories

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

(o) Reserves

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

4. Significant accounting policies (continued)

(p) Employee benefits

a) Pension plans

The Group operates two pension plans:

(i) Defined contribution plan

This plan provides post retirement benefits that are based on the value of accumulated contributions and interest earned. The plan is funded by contributions from employees and employer with employees contributing 5% of annual salary (with the option of increasing this up to 10%) and the Group contributing 10% of annual salary. These costs are charged as expenses as they fall due. The Group bears no obligation for the provision of benefits beyond the terms of the plan except as indicated under 4(p)(ii) below.

(ii) Defined benefit plan

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

Under the rules of this plan, members of the defined contribution plan between the period April 1, 1968 and July 31, 2007, referred to above, are entitled to a supplemental pension under certain circumstances. Such supplementary pension (if any) shall top up the pension which can be provided from the member's Scheme account to an amount equivalent to 2% of the member's pensionable service up to the date of retirement times the final pensionable emoluments.

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

4. Significant accounting policies (continued)

(p) Employee benefits (continued):

a) Pension plans (continued)

The Group operates two pension plans (continued):

(ii) Defined benefit plan (continued)

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

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

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

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

b) Other post-retirement obligations

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

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

c) Termination obligations

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

4. Significant accounting policies (continued)

(p) Employee benefits (continued):

d) Leave entitlements

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

(q) Deferred income – Government grants

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

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

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

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

(r) Revenue recognition:

The effects of initially applying IFRS 15 on the company's revenue from contracts is described in note 3.

Revenue recognition under IFRS 15 (applicable from April 1, 2018)

Revenue from services is measured at fair value of the consideration received or receivable, net of sales taxes.

4. Significant accounting policies (continued)

(r) Revenue recognition (continued):

Revenue recognition under IFRS 15 (applicable from April 1, 2018) (continued)

Performance obligations and revenue recognition policies:

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of service	*Nature and timing of satisfaction of performance obligations, including significant payment terms.*	*Revenue recognition under IFRS 15 (applicable from January 1, 2018).*
Rental	The Authority provides property rental services. Rent is charged on a monthly basis and are based on fixed rates agreed. Invoices are issued according to contract terms given to specific customers and are payable within the contract terms.	Revenue from rental are recognised overtime as the services are provided.
Cargo and Marine	The Authority provides cargo and marine services at the Ports. This comprises of services such as pilotage, tugging and harbor fees. The fees are charged based on the utilisation of service by customers when service is performed. Each service type is costed and billed separately. Included in the cargo & marine revenue are concession fees charged to third party operators of the Tugging service as well as the Container Terminal operations. This comes in the form of both fixed and variable concessionary income. Fixed amounts are invoiced quarterly. Billings of the variable amounts are based on estimated revenue amounts from the financial models developed for the concessionary operations, adjusted by actual revenue data communicated on a periodic basis by the third parties, and are invoiced monthly.	Revenue from cargo and marine are recognised at a point in time as soon as the performance obligation is met with the exception of concession revenues, which are recognised over the life of the concession agreement. Revenue from pilotage, tugging and harbor fees are recognised at a point in time as soon as the services are provided. Revenue from concession are recognised over the life of the concession agreement.

4. Significant accounting policies (continued)

(r) Revenue recognition (continued):

Revenue recognition under IFRS 15 (applicable from April 1, 2018) (continued)

Type of Service	*Nature, timing and satisfaction of performance obligations, including significant payment terms*	*Revenue Recognition under IFRS 15 (applicable from January 1, 2019).*
Wharfage	Customers are charged wharfage when their container passes through the terminal. Revenue is recognised on a monthly basis based on the monthly advice from third party collectors of wharfage charges.	Wharfage is recognised at the point in time when the container/shipment passes through the Port Operator Terminal.
Cruise	The Authority generates harbour fees and facility fees from cruise line activities. Harbour fees refer to fees charged to vessels for the allowance to dock at a particular Port or harbour. Facility Fees is a head count tax per tourist who disembark the cruise ship unto Jamaican soil. Invoices for facility and harbour fees are issued according to contract terms and are made payable according to contract terms.	Revenue from facility and harbour fees are recognised at the point in time when the tourist arrival occurs.
Cargo Inspection	The Authority provides cargo inspection services. Inspection is charged on a monthly basis and are based on fixed rates agreed. Invoices for inspection are issued according to contract terms and are payable within the contract terms.	Revenue from cargo inspection is recognised when the services are provided at the point in time.

Revenue recognition before April 1, 2018

Revenue is measured at the fair value of the consideration received and represent amounts receivable for goods and services provided in the normal course of business. Revenue is reduced for Consumption Tax.

4. Significant accounting policies (continued)

(s) 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.

(t) Foreign currencies

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. The Group's monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jamaica dollars at the rates of exchange ruling at that date. Gains and losses arising from fluctuations in exchange rates are included in profit or loss.

(u) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise trade and other receivables, cash and cash equivalents, and restricted cash. Financial liabilities comprise trade and other payables, loan from bank and other payables.

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets – Policy applicable from April 1, 2018

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as "Held to collect" and measured at amortised cost.

4. Significant accounting policies (continued)

(u) Financial instruments (continued):

(ii) Recognition and initial measurement

Financial assets – Policy applicable from April 1, 2018

Amortised cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and short term deposits
- Trade and other receivables
- Other investments
- Long-term receivable

Due to their short-term nature, the company initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition except in the period after the company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first reporting period following the change in business model.

Policy applicable before April 1, 2018

Management determines the appropriate classification of investments at the time of purchase, taking account of the purpose for which, the investments were purchased.

The company classified non-derivative financial assets into the following categories:

- *Loans and receivables:* Securities acquired with fixed or determinable payments and which were not quoted in an active market, were classified as loans and receivables.
- *Available for sale:* Securities acquired which are quoted in an active market were classified as available for sale investments. They were intended to be held for an indefinite period of time and, may be sold in response to needs for liquidity or changes in interest rates or market price.
- *Other financial liabilities:* The company classified non-derivative financial liabilities into this category.

4. Significant accounting policies (continued)

(u) Financial instruments (continued):

(iii) Classification and subsequent measurement

Financial assets – Policy applicable from April 1, 2018

Impairment of financial assets

Impairment losses of financial assets, including receivables, are recognised using the expected credit loss model for the entire lifetime of such financial assets on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if a loss has not yet been incurred, considering their measurement past events and current conditions, as well as reasonable and supportable forecasts affecting collectability.

Policy applicable before April 1, 2018

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired, or the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Policy applicable from April 1, 2018

- Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
- Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
- Unquoted equity investments at FVOCI - These assets are subsequently measured at fair value. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

4. Significant accounting policies (continued)

(u) Financial instruments (continued):

(iii) Classification and subsequent measurement (continued)

Policy applicable before April 1, 2018 (continued)

Loans *and receivables:* On initial recognition they are measured at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses. Premiums and discounts are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Where securities classified as loans and receivables become quoted in an active market, such securities will not be reclassified as available-for-sale securities. An active market is one where quoted prices are readily and regularly available from an exchange dealer, broker or other agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

A*vailable-for-sale:* On initial recognition, they are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value, with unrealised gains and losses arising from changes in fair value treated as follows:

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

- When securities classified as available-for-sale are sold or impaired, and therefore derecognised, the accumulated fair value adjustments accumulated in other comprehensive income are reclassified to profit or loss.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The company's financial liabilities, which include payables and accruals, loan obligations, due to parent and related companies and redeemable preference shares which are recognised initially at fair value.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

4. Significant accounting policies (continued)

(u) Financial instruments (continued):

(iii) Classification and subsequent measurement (continued)

Financial liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(v) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cashflows of which can be clearly distinguished from the rest of the Group.

When an operation is classified as a discontinued operation, the comparative statements of profit or loss and other comprehensive income is re-presented as if the operation has been discontinued from the start of the comparative year.

(w) Determination of fair value

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

Notes to the Consolidated and Authority Financial Statements (Continued)
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5. Property, plant and equipment

	The Group											
	Freehold Land $'000	Freehold Buildings $'000	Leasehold Improvements $'000	Tugs, Cranes, Trailers, Straddle Carriers, and Other Equipment $'000	Lighting Berths Berths 10 &11, Pavements $'000	Furniture and Office Equipment $'000	Motor Vehicles/ Motor Cycles $'000	Infrastructure $'000	Dredging $'000	Computers $'000	Capital Works-in Progress $'000	Total $'000
At cost or valuation												
March 31, 2017 (as restated)	5,799,050	2,012,487	91,885	4,203,311	11,677,378	315,639	95,781	6,607,899	5,147,621	459,156	2,581,049	38,991,256
Additions	-	-	24,330	29,503	-	25,985	42,801	2,916	-	28,114	6,995,383	7,149,032
Disposals	-	-	-	(1,477,766)	-	(48,535)	(36,805)	-	-	(82,934)	-	(1,646,040)
Write off assets [note 5(e)]	-	-	(62,368)	-	-	(22,951)	-	-	-	-	-	(85,319)
Transfer to intangible assets (note 7)	-	-	-	-	-	-	-	-	-	(2,421)	(208)	(2,629)
Transfer from works-in progress (net)	167,472	(17,359)	-	498,583	(79,249)	87	30,899	(29,367)	(91,380)	2,840	(482,526)	-
Work-in-progress reclassified to project expenses	-	-	-	-	-	-	-	-	-	-	(185,835)	(185,835)
Adjustments/reclassifications	50	(632)	-	306,173	-	(13,795)	(18)	(305,734)	-	(942)	14,186	(712)
March 31, 2018	5,966,572	1,994,496	53,847	3,559,804	11,598,129	256,430	132,658	6,275,714	5,056,241	403,813	8,922,049	44,219,753
Additions	2,282	-	1,305	16,664	-	24,878	36,638	377	-	17,475	10,552,856	10,652,475
Disposals	(35,000)	-	-	-	-	-	(1,114)	-	-	-	-	(36,114)
Write off assets [note 5(d)]	-	-	-	-	-	(22,177)	(2,450)	-	-	(5,930)	-	(30,557)
Transfer from works-in progress (net)	357,868	54,906	-	4,604	-	105,524	-	137,919	-	2,371	(663,192)	-
Work-in-progress reclassified to project expenses	-	-	-	-	-	-	-	-	-	-	(402,569)	(402,569)
Adjustments/reclassifications	-	(717)	(418)	8,319	-	672	(42)	(7,815)	-	(2,371)	-	(2,372)
March 31, 2019	6,291,722	2,048,685	54,734	3,589,391	11,598,129	365,327	165,690	6,406,195	5,056,241	415,358	18,409,144	54,400,616
Depreciation												
March 31, 2017	-	619,235	70,500	3,885,019	3,280,905	206,844	77,754	3,209,937	2,041,608	358,126	-	13,749,928
Charge for year	-	58,018	3,113	122,023	278,326	16,005	26,069	275,702	205,352	27,143	-	1,011,751
Eliminated on disposals	-	-	-	(1,467,619)	-	(42,368)	(36,805)	-	-	(82,323)	-	(1,629,115)
Write off of assets [note 5(e)]	-	-	(59,756)	-	-	(22,950)	-	-	-	-	-	(82,706)
Adjustments/reclassifications	-	(421)	-	177,992	(1)	(1,179)	(1)	(177,993)	(1)	463	-	(1,141)
March 31, 2018	-	676,832	13,857	2,717,415	3,559,230	156,352	67,017	3,307,646	2,246,959	303,409	-	13,048,717
Charge for year	-	67,961	6,363	144,006	290,213	40,679	23,208	345,492	232,766	33,212	-	1,183,900
Eliminated on disposals	-	-	-	-	-		(1,114)	-	-	-	-	(1,114)
Write off of assets [note 5(d)]	-	-	-	-	-	(22,155)	(2,458)	-	-	(5,930)	-	(30,543)
Adjustments/reclassifications	-	-	(53)	-	-	(8)	-	-	-	-	-	(61)
March 31, 2019	-	744,793	20,167	2,861,421	3,849,443	174,868	86,653	3,653,138	2,479,725	330,691	-	14,200,899
Net book value												
March 31, 2019	6,291,722	1,303,892	34,567	727,970	7,748,686	190,459	79,037	2,753,057	2,576,516	84,667	18,409,144	40,199,717
March 31, 2018	5,966,572	1,317,664	39,990	842,389	8,038,899	100,078	65,641	2,968,068	2,809,282	100,404	8,922,049	31,171,036
March 31, 2017, as restated	5,799,060	1,393,252	21,385	318,292	8,396,473	108,795	18,027	3,397,962	3,106,013	101,080	2,581,049	25,241,328

THE PORT AUTHORITY OF JAMAICA

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Year ended March 31, 2019
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5. Property, plant and equipment (continued)

	The Authority										
	Freehold Land	Freehold Buildings	Tugs, Cranes, Trailers, Straddle Carriers, Vessels and Other Equipment	Lighting, Docks, Berths 10 and 11	Infrastructure	Dredging	Furniture and Office Equipment	Computers	Motor Vehicles	Capital Works-in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At cost											
March 31, 2017, as restated	5,799,050	2,012,487	4,203,311	11,677,378	6,605,810	5,147,621	210,756	446,138	81,492	2,580,754	38,764,797
Additions	-	-	29,503	-	2,916	-	14,106	25,133	42,801	6,995,383	7,109,842
Disposals	-	-	(1,477,766)	-	-	-	(48,535)	(82,934)	(36,805)	-	(1,646,040)
Work-in-progress reclassified to project expenses	-	-	-	-	-	-	-	-	-	(185,835)	(185,835)
Transfer from works-in-progress	167,472	(17,359)	498,583	(79,249)	(29,367)	(91,380)	-	2,840	30,899	(482,439)	-
Transfer to Intangible Asset (Note 7)	-	-	-	-	-	-	-	(2,421)	-	-	(2,421)
Adjustments/Reclassification	50	(632)	306,173	-	(305,734)	-	(13,795)	(942)	(18)	14,186	(712)
March 31, 2018	5,966,572	1,994,496	3,559,804	11,598,129	6,273,625	5,056,241	162,532	387,814	118,369	8,922,049	44,039,631
Additions	2,282	-	16,664	-	-	-	15,417	17,449	18,717	10,284,683	10,355,212
Disposals	(35,000)	-	-	-	-	-	-	-	(1,114)	-	(36,114)
Work-in-progress reclassified to project expenses	-	-	-	-	-	-	-	-	-	(402,569)	(402,569)
Transfer from works-in-progress	357,868	54,906	4,604	-	137,919	-	105,524	2,371	-	(663,192)	-
Adjustments/Reclassification	-	(717)	8,319	-	(7,815)	-	717	(2,371)	-	-	(1,867)
March 31, 2019	6,291,722	2,048,685	3,589,391	11,598,129	6,403,729	5,056,241	284,190	405,263	135,972	18,140,971	53,954,293
Depreciation											
March 31, 2017	-	619,235	3,885,019	3,280,905	3,208,892	2,041,608	144,608	349,681	72,593	-	13,602,541
Charge for year	-	58,018	122,023	278,326	275,494	205,352	9,104	25,661	23,743	-	997,721
Eliminated on disposals	-	-	(1,467,619)	-	-	-	(42,368)	(82,323)	(36,805)	-	(1,629,115)
Adjustments/Reclassifications	-	(421)	177,992	(1)	(177,993)	(1)	(1,179)	463	(1)	-	(1,141)
March 31, 2018	-	676,832	2,717,415	3,559,230	3,306,393	2,246,959	110,165	293,482	59,530	-	12,970,006
Charge for year	-	67,961	144,006	290,213	345,281	232,766	33,237	31,365	20,581	-	1,165,410
Eliminated on disposals	-	-	-	-	-	-	-	-	(1,114)	-	(1,114)
March 31, 2019	-	744,793	2,861,421	3,849,443	3,651,674	2,479,725	143,402	324,847	78,997	-	14,134,302
Net book value											
March 31, 2019	6,291,722	1,303,892	727,970	7,748,686	2,752,055	2,576,516	140,788	80,416	56,975	18,140,971	39,819,991
March 31, 2018	5,966,572	1,317,664	842,389	8,038,899	2,967,232	2,809,282	52,367	94,333	58,839	8,922,049	31,069,625
March 31, 2017, as restated	5,799,050	393,252	318,292	8,396,473	3,396,918	3,106,013	66,148	96,457	8,899	2,580,754	25,162,256

5. Property, plant and equipment (continued)

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

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

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

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

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

All valuations were recorded at the respective dates of valuation.

Subsequent additions are stated at cost.

(b) The Authority has pledged certain lands with a carrying value of $2.493 million (2018: $2.493 billion) as security for certain long-term liabilities. [note 19(c)].

(c) Included in property, plant and equipment are lands vested by the Government of Jamaica with a carrying value of approximately $Nil (2018: $67.5 million) and motor vehicle with a carrying value of approximately $13.569 million (2018: $13.569) for which the Group does not hold a registered title as the legal formalities in this regard have not yet been completed.

(d) During the year the subsidiaries embarked upon a review of assets resulting in the write off of amounts totalling $30.557 million that were fully impaired and had no resale value.

(e) The pier of a subsidiary has not been in use since December 2009 due to the termination of the joint venture agreement between The Port Authority of Jamaica and Banana Export Company Limited. In 2010/2011, management determined that the leasehold improvements at the pier (docks) were fully impaired based on its current condition and indeterminable future use. Consequent on winding up of the joint venture in November 2017, the assets held were written off [note 8(b)].

5. Property, plant and equipment (continued)

(f) Quay wall financing arrangement with Kingston Freeport Terminal Limited (KFTL)

In keeping with the requirements of the Concession Agreement, the Authority is to contribute 50% of the cost, estimated at a maximum of US$30 million, associated with the financing of the Quay wall reinforcement project at the Kingston Container Terminal. As at March 31, 2019, an amount of US$5.338 million (J$626 million) [2018: US$3.397 million (J$436 million)] has been advanced in respect of this project. A portion of the asset was completed at December 2018, and the remaining balance including capitalised interest of US$24.138 million (J$3.318 billion) is included in works-in-progress with a resulting payable to the concessioniare of US$24.662 million (J$3.365 billion [note 19)].

6. Investment properties

	The Group		
	Land Note 6(a) $'000	Buildings Note 6(b) $'000	Total $'000
Fair value, March 31, 2017	12,164,863	5,702,542	17,867,405
Adjustment	34	-	34
Increase in fair value (note 25)	759,748	142,233	901,981
Fair value, March 31, 2018 (as restated)	12,924,645	5,844,775	18,769,420
Increase in fair value (note 25)	1,007,135	302,099	1,309,234
Fair value, March 31, 2019	13,931,780	6,146,874	20,078,654

	The Authority		
	Land (Note 6(a)) $'000	Buildings (Note 6(b)) $'000	Total $'000
Fair value, March 31, 2017	11,052,863	4,317,112	15,369,975
Adjustment	34	-	34
Increase in fair value (note 25)	745,748	126,663	872,411
Fair value, March 31, 2018 (as restated)	11,798,645	4,443,775	16,242,420
Increase in fair value (note 25)	950,135	294,699	1,244,834
Fair value, March 31, 2019	12,748,780	4,738,474	17,487,254

6. Investment properties (continued)

(a) Investment properties (Land)

Comprise mainly land retained for future development.

(b) Investment properties (Buildings)

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

(c) Fair value of investment properties

The fair value of the Group's investment properties at the end of the reporting period has been arrived at on the basis by of valuations carried out between February 2019 and April 2019 (2018: January and March 2018) by Allison Pitter & Company and C.D. Alexander Realty Company Limited, who possess the requisite qualifications and experience in the valuation of similar properties. In the opinion of the Board of Directors, the carrying values of the investment properties at March 31, 2019 (2018: March 31, 2018) would not differ significantly from market values of such properties at the date of the valuations.

Fair value hierarchy disclosures are provided in note 32.

The fair values of the Group's commercial/industrial investment properties comprising land valued at $13.931 billion (2018: $12.924 billion) and buildings valued at $6.146 billion (2018: $5.845 billion) were determined based on the sale and market comparable approach that reflects recent transaction prices for similar properties and the capitalisation of the net income method (investment approach) by the application of between 8% and 9% income capitalisation rate and discount cash flow method.

The market rental of all lettable units of the properties, were assessed by reference to open market values and were increased annually by typical rental review patterns currently contracted. The net rents were further reduced by a provision of 3% where necessary for letting delays and voids throughout the life of the investment. The lands were valued using the sales and market comparable approach and buildings using the investment approach.

(d) The property rental income earned by the Group from its investment properties all of which are leased under operating leases amounted to $896.426 million (2018: $646.507 million). Direct operating expenses arising from the investment properties during the period amounted to $90.625 million (2018: $87.635 million).

(e) Certain charges in respect of a subsidiary long-term loan have been registered on land and building valued at $1.541 billion (2018: $1.483 billion) at the end of the reporting period [see notes 19(c) and 19(f)].

7. Intangible assets

Intangible assets consist primarily of software purchased and developed.

	The Group $'000	The Authority $'000
Cost		
Balance, March 31, 2017	83,929	83,504
Additions	2,101	1,816
Transfer from property, plant and equipment (note 5)	2,629	2,421
Disposal	(22,990)	(22,990)
Balance, March 31, 2018	65,669	64,751
Additions	8,575	8,575
Impairment	(367)	-
Balance, March 31, 2019	73,877	73,326
Amortisation		
Balance, March 31, 2017	82,747	82,364
Charge for the year	932	864
Disposal	(22,990)	(22,990)
Balance, March 31, 2018	60,689	60,238
Charge for the year	4,340	4,261
Impairment	(367)	-
March 31, 2019	64,662	64,499
Carrying amount:		
March 31, 2019	9,215	8,827
March 31, 2018	4,980	4,513

8. Investments in subsidiaries, joint venture and associates

(a) Investments in associates

	The Group	
	2019 $'000	2018 $'000
Shares at cost		
Security Administrators Limited	7,353	7,353
Montego Cold Storage Limited	20	20
Reserves		
Share of reserves at acquisition	12,331	12,331
Dividend received	(7,000)	(7,000)
Share of post acquisition profits (note 17)	203,133	172,236
	215,837	184,940

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

	The Group	
	(Unaudited) 2019 $'000	(Unaudited) 2018 $'000
Total assets	589,096	574,507
Total liabilities	(91,654)	(154,664)
Net assets	497,442	419,843
Group's share of associates' net assets (33.3%)	165,814	139,948
Revenue	857,301	715,749
Profit for the year	92,690	77,253
Group's share of associates' profit for the year (33.3%)	30,897	25,751

8. Investments in subsidiaries, joint venture and associates (continued)

(b) Investments in subsidiaries and joint ventures

	The Authority 2019 $'000	The Authority 2018 $'000
Shares at cost		
Subsidiary companies		
Kingston Free Zone Co. Ltd. (KFZ)	12,410	12,410
Montego Bay Free Zone Co. Ltd. (MBFZ)	-	- *
Ports Management and Security Ltd. (PMS)	-	- **
Jamaica International Free Zone Development Ltd. (JIFZ)	10,725	10,725***
Port Authority Management Services Ltd. (PAMS)	-	- ****
KCT Services Limited	-	- *****
	23,135	23,135
Associated companies		
Security Administrators Ltd.	7,353	7,353
Montego Cold Storage Limited	20	20
	7,373	7,373
Total investments in subsidiaries and joint venture	30,508	30,508

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

In the previous year, this represented the summarised unaudited financial information in respect of the Authority's joint venture is as follows:

	The Authority 2019 $'000	The Authority 2018 $'000
Total assets	-	5,486
Total liabilities	-	(35,968)
	-	(30,482)
Deferred tax written back	-	(548)
Net liabilities written back	-	31,030
	-	-

- The joint venture has not been trading, accordingly there was no profit (loss) for the year. As the joint venture was not operating, the Authority had committed to settle the joint venture's day to day expenses as they arise. During November 2017, the wind up of the joint venture was effected and application for the entity to be removed from the Companies Office of Jamaica (COJ) was submitted. As at March 31, 2018, the COJ had issued the relevant notices of removal to the public, however the process was not completed. Net liabilities amounting to $31.030 million were written back to income in 2017/18.

8. Investments in subsidiaries, joint venture and associates (continued)

(b) Investments in subsidiaries and joint ventures (continued)

- KCT Services Limited is wholly owned subsidiary of the Port Authority of Jamaica (PAJ) established to manage the operations of Kingston Container Terminal. The operation of Kingston Container Terminal was privatised effective July 1, 2016 under a 30-year concession Agreement with the Kingston Free Port Terminals Limited (KFTL). The PAJ has taken the decision not to wind-up KCT Services Limited as it intends to use the company to manage other port related business as they are developed.

  During the year the residual assets and liabilities were offset against the opening retained earnings.

	$ '000
Taxation payable	(327)
Related party	14,881
Accounts payable	(3,615)
	(10,939)

9. Other investments

	The Group		The Authority	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Amortised cost (2018: Loans and receivable):				
Deposits [See 9(a) below]	1,518,315	1,492,899	1,509,631	1,484,148
Staff mortgage deposits [See 9(b) below]	38,636	37,786	33,452	32,716
	1,556,951	1,530,685	1,543,083	1,516,864

(a) This amount includes:

i) Approximately US$6,306,000 (2018: US$6,288,000) on deposit in an offshore bank trust account in the names of the Authority and the European Investment Bank (EIB). The deposit is made in accordance with the EIB loan agreements 20.553 and 20.729, Articles 1.04A (e) and (c), which stipulate a specific ratio in respect of the aggregate principal on loans outstanding and the balance in the trust account. The loans are to be repaid by March 2020 and July 2021, respectively [note 19(d)]. The Group maintains the deposit at an amount to meet the required ratio which was met at the end of the reporting period. At period end the rate of interest on this deposit ranged from 0.2343% to 0.4530% (2018: 0.2343% to 0.4530%) per annum. At March 31, 2019, interest receivable amounted to $2.033 million (2018: $1.263 million) for the Group and the Authority.

ii) US$4 million (J$494 million) (2018: US$4 million (J$499 million) hypothecated in respect of the First Caribbean International Bank US$15 million loan facility which was disbursed on September 1, 2011 and is repayable by 2021/2022 [note 19(f)]. At March 31, 2019 interest receivable amounted to $0.671 million (2018: $0.142) million for the Group and the Authority.

9. Other investments (continued)

(a) This amount includes (continued):

iii) A fixed deposit of US$1.4 million (J$179 million) (2018: US$1.4 million (J$179 million) in a debt service reserve account in respect of the National Commercial Bank and Sagicor Life Jamaica Limited Loan of $2.5 billion disbursed on March 31, 2014 and is repayable by 2053/2054 [note 19(h)(v)]. At March 31, 2019 interest receivable amounted to $0.103 million (2018: $0.078) for the Group and the Authority.

iv) A fixed deposit of US$70,286 (J$8.684million) [2018: US$70,180 (J$8.751 million)] hypothecated to secure a long-term loan by a subsidiary company (See note 19(f)) and held at an interest rate of 0.150% (2018: 0.125%). At March 31, 2019, interest receivable amounted to $0.004 million (2018: $0.003 million) for the Group.

(b) This represents savings account balances held at Victoria Mutual Building Society at a rate of approximately 0.10% - 3% (2018: 0.10% - 3%) per annum for the Group and approximately 0.05% - 3% (2018: 0.10% - 3%) per annum for the Authority. At March 31, 2019, interest receivable amounted to $0.215 million (2018: $0.209 million) for the Group and $0.186 million (2018: $0.181 million) for the Authority.

10. Long-term receivables

	The Group		The Authority	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Staff housing assistance fund [note 10(a)]	10,912	13,757	10,912	13,757
Motor car staff loans [note 10(b)]	8,129	4,891	8,129	4,891
Deposit – Jamaica Public Service Co. Ltd.	5,475	5,475	5,475	5,475
Advances to related companies (net) [note 10(c)]	-	-	76,226	76,226
Other	7,948	9,453	7,948	9,453
	32,464	33,576	108,690	109,802
Current portion included in trade and other receivables (note 14) - other	(5,549)	(5,230)	(5,549)	(5,230)
	26,915	28,346	103,141	104,572

(a) Staff housing assistance fund

This represents the balance on a revolving fund used to provide housing benefits to staff members of the Authority. The loan amounts are between $550,000 and $960,000 with repayment terms ranging between 7 to 10 years. Loans are granted at an average interest rate of 3% per annum.

(b) Motor car staff loan facility

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

10. Long-term receivables (continued)

(c) Advances to related companies (net)

These comprise the following:

	The Authority	
	2019	2018
	$'000	$'000
Montego Bay Free Zone Company Limited	(4,500)	(4,500)
Jamaica International Free Zone Development Limited	80,726	80,726
	76,226	76,226

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

11. Post employment benefits

Defined benefit pension plans

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

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

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

The plan is funded by contributions from the employees and the Authority. The employees contribute at a rate of 5% of annual pensionable salaries and may also elect to pay additional voluntary contributions of 5% of pensionable salaries in order to secure additional benefits on retirement or otherwise. Pension benefits are determined on a prescribed basis and are payable at a rate of 2% of the employee's average earnings over the three years prior to retirement from the fund times the number of years pensionable service. Normal retirement is 65 years. The Group meets the balance of the cost of the Plan's benefits and administrative expense as determined by the external actuary. As at March 31, 2019, the Authority contributed at a rate of 10% (2018: 10%) of pensionable salaries.

The most recent actuarial valuation of the plan's assets and the present value of the defined benefit obligations were carried out on June 11, 2019 (2018: April 18, 2018) by Duggan Consulting Limited, Fellow of the Institute of Actuaries. This valuation was in respect of extrapolated balances at March 31, 2019 (2018: March 31, 2018). The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

11. Post employment benefits (continued)

Retiree medical and group life plan

The Group provides health benefits to certain retired employees of a company that previously managed one of its operations.

The most recent actuarial valuation of the retiree medical plan assets and the present values of the obligations were carried out at May 3, 2018 by Eckler Partners Limited (Consulting Actuaries) in respect of extrapolated obligations as at March 31, 2018. The present value of the obligation and the related current service costs and, past service cost, were measured using the projected unit credit method.

(a) Key assumptions used:

	The Group and The Authority	
	2019	2018
	%	%
Discount rate	7.0	7.5
Future salary increases	3.0	4.5
Future pension increases	Nil	Nil
Health cost inflation	6	6.75

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

	The Group					
	Defined Benefit Plan		Retiree Medical Plan		Total	Total
	2019	2018	2019	2018	2019	2018
	$000	$000	$'000	$'000	$'000	$'000
Present value of obligation	(201,308)	(152,115)	(610,979)	(546,735)	(812,287)	(698,850)
Fair value of plan assets	252,408	204,619	-	-	252,408	204,619
Net asset (liability) recognised in statement of financial position	51,100	52,504	(610,979)	(546,735)	(559,879)	(494,231)

11. Post employment benefits (continued)

(b) (Continued):

	The Authority					
	Defined Benefit Plan		Retiree Medical Plan		Total	Total
				Restated*		Restated*
	2019	2018	2019	2018	2019	2018
	$000	$000	$'000	$'000	$'000	$'000
Present value of obligation	(201,308)	(152,115)	(549,202)	(492,812)	(750,510)	(644,927)
Fair value of plan assets	252,408	204,619	-	-	204,619	204,619
Net asset (liability) recognised in statement of financial position	51,100	52,504	(549,202)	(492,812)	(545,891)	(440,308)

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

	The Group					
	Defined Benefit Plan		Retiree Medical Plan		Total	Total
	2019	2018	2019	2018	2019	2018
	$000	$000	$'000	$'000	$'000	$'000
Balance, beginning of the period	52,504	59,485	(546,735)	(425,537)	(494,231)	(366,052)
Adjustment	474	-	-	-	474	-
Net expense to profit and loss	(2,667)	(768)	(55,811)	(43,711)	(58,478)	(44,479)
Total re-measurement to other comprehensive income	(30,121)	(35,904)	(23,795)	(91,259)	(53,916)	(127,163)
Contributions by employer:	-					
- regular	12,910	11,691	15,362	13,772	28,272	25,463
- supplemental (*)	18,000	18,000	-	-	18,000	18,000
Balance, end of the year	51,100	52,504	(610,979)	(546,735)	(559,879)	(494,231)

	The Authority					
	Defined Benefit Plan		Retiree Medical Plan		Total	Total
				Restated*		Restated*
	2019	2018	2019	2018	2019	2018
	$000	$000	$'000	$'000	$'000	$'000
Balance, beginning of the period	52,504	59,485	(492,812)	(384,552)	(440,308)	(325,067)
Adjustment	474	-	-	-	474	-
Net expense to profit and loss	(2,667)	(768)	(48,633)	(36,878)	(51,300)	(37,646)
Total re-measurement to other comprehensive income	(30,121)	(35,904)	(23,119)	(85,154)	(53,240)	(121,058)
Contributions by employer:						
- regular	12,910	11,691	15,362	13,772	28,272	25,463
- supplemental (*)	18,000	18,000	-	-	18,000	18,000
Balance, end of the year	51,100	52,504	(549,202)	(492,812)	(498,102)	440,308

11. Post employment benefits (continued)

(c) (Continued):

(*) During the year, $18 million (2018: $18 million) was paid in respect of supplemental pension due for the defined contribution plan.

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

	The Group					
	Defined Benefit Plan		Retiree Medical Plan		Total	Total
	2019	2018	2019	2018	2019	2018
	$000	$000	$'000	$'000	$'000	$'000
Current service cost	(5,473)	(4,959)	(15,595)	(13,348)	(20,868)	(18,307)
Past service cost	-	-	-	9,475	-	9,475
Interest obligation	(12,134)	(10,797)	(40,416)	(39,838)	(52,550)	(50,635)
Interest income on plan asset	16,557	17,042	-	-	16,557	17,042
Administrative expenses	(1,617)	(2,054)	-	-	(1,617)	(2,054)
Net costs for year included in profit and loss	(2,667)	(768)	(55,811)	(43,711)	(58,478)	(44,479)
Items in other comprehensive income:						
Remeasurement (gain)/loss on obligation	(29,536)	(29,891)	(23,795)	(91,259)	(53,331)	(121,150)
Remeasurement loss on assets	(585)	(6,013)	-	-	(585)	(6,013)
Total remeasurement for other comprehensive income	(30,121)	(35,904)	(23,795)	(91,259)	(53,916)	(127,163)
Total	(32,788)	(36,672)	79,606	(134,970)	(112,394)	(171,642)

(*See note 36)

11. Post employment benefits (continued)

(d) (Continued):

	The Authority					
	Defined Benefit Plan		Retiree Medical Plan		Total	Total
				Restated*		Restated*
	2019	2018	2019	2018	2019	2018
	$000	$000	$'000	$'000	$'000	$'000
Current service cost	(5,473)	(4,959)	(12,257)	(10,408)	(17,730)	(15,367)
Past service cost	-	-	-	9,475	-	9,475
Interest obligation	(12,134)	(10,797)	(36,376)	(35,945)	(48,510)	(46,742)
Interest income on plan asset	16,557	17,042	-	-	16,557	17,042
Administrative expenses	(1,617)	(2,054)	-	-	(1,617)	(2,054)
Net costs for year included in profit and loss	(2,667)	(768)	(48,633)	(36,878)	(51,300)	(37,646)
Items in other comprehensive income:						
Remeasurement loss on obligation	(29,536)	(29,891)	(23,119)	(85,154)	(52,655)	(115,045)
Remeasurement loss on assets	(585)	(6,013)	-	-	(585)	(6,013)
Total remeasurement for other comprehensive income	(30,121)	(35,904)	(23,119)	(85,154)	(53,240)	(121,058)
Total	(32,788)	(36,672)	(71,752)	(122,032)	(104,540)	(158,704)

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

	The Group					
	Defined Benefit Plan		Retiree Medical Plan		Total	Total
	2019	2018	2019	2018	2019	2018
	$000	$000	$'000	$'000	$'000	$'000
Opening defined benefit obligation	(152,115)	(105,707)	(546,735)	(425,537)	(698,850)	(531,244)
Current service cost	(5,473)	(4,959)	(15,395)	(13,348)	(20,868)	(18,307)
Past service cost	-	-	-	9,475	-	9,475
Interest cost	(12,134)	(10,797)	(40,416)	(39,838)	(52,550)	(50,635)
Contributions from plan participants						
- compulsory	(6,341)	(5,221)	-	-	(6,341)	(5,221)
- voluntary	(4,586)	(3,152)	-	-	(4,586)	(3,152)
Benefits paid	8,877	7,612	15,362	13,772	24,239	21,384
Remeasurement loss on obligation for other comprehensive income	(29,536)	(29,891)	(23,795)	(91,259)	(53,331)	(121,150)
Closing defined benefit obligation	(201,308)	(152,115)	(610,979)	(546,735)	(812,287)	(698,850)

(*See note 36)

11. Post employment benefits (continued)

(e) (Continued):

	The Authority					
	Defined Benefit Plan		Retiree Medical Plan		Total	Total
				Restated*		Restated*
	2019	2018	2019	2018	2019	2018
	$000	$000	$'000	$'000	$'000	$'000
Opening defined benefit obligation	(152,115)	(105,707)	(492,812)	(384,552)	(644,927)	(490,259)
Current service cost	(5,473)	(4,959)	(12,256)	(10,408)	(17,729)	(15,367)
Past service cost	-	-	-	9,475	-	9,475
Interest cost	(12,134)	(10,797)	(36,376)	(35,945)	(48,510)	(46,742)
Contributions from plan participants						
- compulsory	(6,341)	(5,221)	-	-	(6,341)	(5,221)
- voluntary	(4,586)	(3,152)	-	-	(4,586)	(3,152)
Benefits paid	8,877	7,612	15,362	13,772	24,239	21,384
Remeasurement loss on obligation for other comprehensive income	(29,536)	(29,891)	(23,120)	(85,154)	(52,656)	(115,045)
Closing defined benefit obligation	(201,308)	(152,115)	(549,202)	(492,812)	(750,510)	(644,927)

The remeasurement loss comprises:

	The Group					
	Defined Benefit Plan		Retiree Medical Plan		Total	Total
	2019	2018	2019	2018	2019	2018
	$'000	$000	$'000	$000	$'000	$000
- changes in financial assumptions	(1,329)	(43,198)	46,996	(7,116)	45,667	(50,314)
- change in demographic assumptions	-	-	(75,121)	(73,550	(75,121)	(73,550)
- experience adjustment	(28,207)	13,307	4,330	(10,593)	(23,877)	2,714
	(29,536)	(29,891)	(23,795)	(91,259)	(53,331)	(121,150)

	The Authority					
	Defined Benefit Plan		Retiree Medical Plan		Total	Total
				Restated*		Restated*
	2019	2018	2019	2018	2019	2018
	$'000	$000	$'000	$000	$'000	$000
- changes in financial assumptions	(1,329)	(43,198)	39,938	(7,140)	38,609	(50,338)
- change in demographic assumptions		-	(69,897)	(64,970)	(69,897)	(64,970)
- experience adjustment	(28,207)	13,307	6,839	(13,044)	(21,368)	263
	(29,536)	(29,891)	(23,120)	(85,154)	(52,656)	(115,045)

(*See note 36)

11. Post employment benefits (continued)

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

	The Group and The Authority					
	Defined Benefit Plan		Retiree Medical Plan		Total	Total
	2019	2018	2019	2018	2018	2017
	$000	$000	$'000	$'000	$'000	$'000
Opening fair value of plan assets	204,619	165,192	-	-	204,619	165,192
Adjustment	474	-	-	-	474	-
Interest income on plan assets	16,557	17,042	-	-	16,557	17,042
Contributions (employer and employees)	41,837	38,064	-	-	41,837	38,064
Benefits paid	(8,877)	(7,612)	-	-	(8,877)	(7,612)
Administrative expenses	(1,618)	(2,054)	-	-	(1,618)	(2,054)
Remeasurement loss on obligation for other comprehensive income	(584)	(6,013)	-	-	(584)	(6,013)
Closing fair value of the plan assets	252,408	204,619	-	-	252,408	204,619

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

	The Group and The Authority	
	2019	2018
	$'000	$'000
Deposit Administrator Fund	219,854	180,316
Pooled Investment Fund	20,719	15,644
Pooled Money Market Fund	11,835	8,659
	252,408	204,619

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

	2019			
	The Group and The Authority			
Assumptions	Sensitivity level	Impact on defined benefits obligation $'000	Sensitivity level	Impact on defined benefits obligations $'000
Financial				
Discount rate	+0.05%	175,584	-0.05%	239,551
Future salary increases	+0.05%	211,422	-0.05%	193,253
Demographic				
Life expectancy of pensioners	+1 year	207,133	-1 year	195,578

11. Post employment benefits (continued)

(h) (Continued):

	2018			
	The Group and The Authority			
Assumptions	Sensitivity level	Impact on defined benefits obligation $'000	Sensitivity level	Impact on defined benefits obligations $'000
Financial				
Discount rate	+1%	116,439	-1%	222,272
Future salary increases	+1%	171,597	-1%	139,891
Demographic				
Life expectancy of pensioners	+1 year	157,076	-1 year	147,747

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

(i) The Authority expects to make a contribution of $14 million (2018: $12 million) to the health benefit scheme and $18 million (2018: $18 million) to the defined benefit plan during the next financial year.

The weighted average duration of the defined benefit obligation at the end of the reporting period is 19 years (2018: 19 years). The average liability duration of the retiree medical plan was 17.8 years (2018: 17.2 years).

Defined Contribution Plan

The Group participates in a defined contribution pension scheme administered by the Trustees and managed by Guardian Life Insurance Company Limited. The Scheme is funded by eligible employees' contribution of five percent (5%) plus an optional contribution of five percent (5%). The Authority contributes at a rate of ten percent (10%) of pensionable salaries. The contributions by the Group and the Authority for the year amounted to $98.317million and $79.113 million (2018: $86.931 million and $68.067 million) respectively.

12. Deferred tax assets/(liabilities)

The Group

Deferred taxation assets/(liabilities) is attributable to the following:

	Deferred tax					
	Asset		Liability		Net	
	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000
Property, plant and equipment	(1,598)	(428)	(3,808)	(7,433)	(5,406)	(7,861)
Foreign exchange losses	3,695	6,780	3,095	1,684	6,790	8,464
Interest receivable	(688)	(832)	(3,126)	(2,670)	(3,814)	(3,502)
Un-used vacation	3,852	2,870	356	188	4,208	3,058
Retirement benefits liability	15,444	13,481	-	-	15,444	13,481
Accounts receivable	3,705	-	224	-	3,929	-
Securities under re-sale agreement	769	-	-	-	769	-
Deposits	-	-	199	-	199	-
Foreign exchange gains	(702)	-	(2,679)	-	(3,381)	-
Interest payable	-	-	210	413	210	413
Tax losses	183	-	3,084	-	3,267	-
	24,660	21,871	(2,445)	7,818	22,215	14,053

Movement in temporary differences during the year are as follows:

Deferred tax assets

	Restated* April 1, 2017 $'000	Recognised in equity $'000	Recognised in income $'000 (note 26)	March 31, 2018 $'000	Recognised in equity $'000 (note 26)	Recognised in income $'000	March 31, 2019 $'000
Property, plant and equipment	551	-	(976)	(428)	-	(1,170)	(1,598)
Foreign exchange losses	-	-	6,780	6,780	-	(3,085)	3,695
Interest receivable	(3)	-	(829)	(832)	-	144	(688)
Un-used vacation	-	-	(2,870)	2,870	-	982	3,852
Retirement benefits liability	10,246	1,526	1,709	13,481	169	1,794	15,444
Accounts receivable	-	-	-	5,332	-	(1,627)	3,705
Securities under re-sale agreements	-	-	-	901	-	(132)	769
Foreign exchange gains	-	-	-	-	-	(702)	(702)
Tax losses	-	-	-	-	-	183	183
	10,794	1,526	9,551	21,871	6,402	(3,613)	24,660

(*see note 36)

12. Deferred tax assets/(liabilities) (continued)

The Group

Deferred taxation assets/(liabilities) is attributable to the following (continued):

Deferred tax liabilities

	April 31, 2017 $'000	Recognised in equity $'000	Recognised in income $'000 (note 26)	March 31, 2018 $'000	Recognised in equity $'000 (note 26)	Recognised in income $'000	March 31, 2019 $'000
Property, plant and equipment	(7,992)	-	559	(7,433)	-	3,625	(3,808)
Foreign exchange losses	168	-	1,516	1,684	-	1,411	3,095
Interest receivable	(3,696)	-	1,026	(2,670)	-	(456)	(3,126)
Un-used vacation	3,445	-	(3,257)	188	-	168	356
Accounts receivable	(218)	-	218	-	317	(93)	224
Deposits	-	-	-	-	180	19	199
Foreign exchange gains	(9,990)	-	9,990	-	-	(2,679)	(2,679)
Interest payable	5	-	408	413	-	(203)	210
Tax losses	-	-	-	-	-	3,084	3,084
	(18,278)	-	10,460	(7,818)	497	4,876	(2,445)

13. Inventories

	The Group and The Authority 2019 $'000	The Group and The Authority 2018 $'000
Spares	56,906	58,382
Fuel	16,652	26,309
Other	5,911	7,315
	79,469	92,006

The cost of inventories recognised as an expense during the year was $157.33 million (2018: $100 million).

14. Trade and other receivables

	The Group		The Authority	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade	2,710,848	2,833,258	765,858	1,417,321
Provision for bad debts	(347,047)	(163,574)	(79,070)	(28,430)
	2,363,801	2,669,684	686,788	1,388,891
Deposits and prepayments	14,719	23,053	26,424	17,524
Staff receivables	27,917	51,958	10,861	51,024
GCT recoverable	4,619	6,449	-	-
Advances to subsidiaries [note 14(a)]	-	-	172,432	7,075
Current portion of long-term receivables (note 10)	5,549	5,230	5,549	5,230
Sundry receivables	348,002	151,211	295,822	119,808
	2,764,607	2,907,585	1,197,876	1,589,552

The average credit period on services rendered is 30 days.

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

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

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

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

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

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.

14. Trade and other receivables (continued)

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

Movement in the allowance for impaired receivables

Allowances for doubtful accounts were established until March 31, 2018 based on incurred loss analyses over delinquent accounts considering aging of balances, the credit history and risk profile of each customer and legal processes to recover accounts receivable. Effective April 1, 2018 such allowances are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") of the trade accounts receivable and are recognised over their term.

Under this ECL model, the company uses its accounts receivable based on days past due and determines an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the accounts receivable. The average ECL rate used as at March 31, 2019 to apply against the accounts receivable balance less 365 days is as disclosed in [note 31(b)].

	The Group		The Authority	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Balance at beginning of the year	163,574	212,782	28,430	64,057
Transition adjustment at April 1, 2018	55,244	-	32,581	-
Impairment losses as IFRS 9	132,786	-	18,059	-
Other impairment losses	-	2,396	-	449
Impairment losses reversed	(3,899)	(1,422)	-	(496)
Amount written off during the year	(548)	(47,343)	-	(33,249)
Foreign exchange adjustment	(110)	(2,839)	-	(2,331)
Balance at end of the year	347,047	163,574	79,070	28,430

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

14. Trade and other receivables (continued)

Movement in the allowance for impaired receivables (continued)

(a) Advances to subsidiaries and joint venture

These comprise the following:

	The Authority	
	2019 $'000	2018 $'000
Kingston Free Zone Company Limited	29,467	2,818
Montego Bay Free Zone Company Limited	65,801	2,484
Ports Management and Security Limited	72,760	1,438
Jamaica International Free Zone Company Limited	4,055	-
Port Authority Management Services Limited	127,232	124,607
	299,315	131,347
Provision for impairment losses (note 30)	(126,883)	(124,272)
	172,432	7,075

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

Movement in the allowance for impairment

	The Authority	
	2019 $'000	2018 $'000
Balance at the beginning of the year	124,272	136,606
Impairment losses recognised (reversed)	2,611	(12,334)
Balance at the end of the year	126,883	124,272

15. Cash and short-term deposits

		The Group			
		2019		2018	
		US$'000	J$'000	US$'000	J$'000
Cash	- J$	-	971,372	-	52,313
	- US$	9,877	1,220,557	5,179	645,774
Short-term deposits	- J$	-	3,423,984	-	673,918
	- US$	13,763	1,683,669	65,963	8,222,658
		23,640	7,299,582	71,142	9,594,663

15. Cash and short-term deposits (continued)

			The Authority			
			2019		2018	
			US$'000	J$'000	US$'000	J$'000
Cash	-	J$	-	871,963	-	37,516
	-	US$	5,820	719,142	3,594	447,974
Short-term deposits						
	-	J$	-	2,976,370	-	151,761
	-	US$	2,391	295,510	53,865	6,714,515
			8,211	4,862,985	57,459	7,351,766

Short-term deposits have an original maturity of three (3) months or less and are being held to meet short-term cash needs. Included in this balance are amounts totaling $634.565 million (2018: $573.661 million) designated in respect of the partial funding of fixed assets replacement [note 16(f)], employer's liability insurance reserve (note 16(g) and wharfage reserve [note 16(h)]. The Jamaica dollar deposits are at interest rates ranging from 0.05% - 4.65% (2018: 0.10% - 3%) per annum for the Group and 0.05% - 3.5% (2018: 0.10% - 3%) per annum for the Authority. The United States dollar deposits are at interest rates ranging from 0.15% - 4.0%. (2018: 0.60% - 2.65%) per annum for the Group and 0.15% - 1% (2018: 0.60% -2.65%) per annum for the Authority.

Included in Short term deposits are impairment losses as follows:

	The Group		The Authority	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Short term investment:				
Amortised cost (2018: loans and receivables)	1,700,837	8,222,658	2,988,219	6,714,515
Less: impairment allowance	(17,168)	-	(11,849)	-
Short term deposits (net of impairment losses)	1,683,669	8,222,658	2,976,370	6,714,515

16. Reserves

	The Group		The Authority	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
General [note 16(a)]	359,450	359,450	359,450	359,450
Capital [note 16b)]	5,089,330	5,089,330	5,083,337	5,083,337
Development [note 16(c)]	305,150	305,150	305,150	305,150
Equalisation [note 16(d)]	1,630	1,630	1,630	1,630
Stabilisation [note 16(e)]	32	32	32	32
Fixed assets replacement [note 16(f)]	705,579	657,333	705,579	657,333
Insurance [note 16(g)]	151,766	151,766	151,766	151,766
Wharfage [note 16(h)]	185,884	183,088	185,884	183,088
	6,798,821	6,747,779	6,792,828	6,741,786

16. Reserves (continued)

(a) General

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

(b) Capital

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

(c) Development

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

(d) Equalisation

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

(e) Stabilisation

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

(f) Fixed assets replacement

This represents transfers from retained earnings to offset the cost of replacing fixed assets. It is partially funded by bank deposits totaling $325 million (2018: $277.987 million). (Note 15).

This comprises:

	The Group and The Authority	
	2019	2018
	$'000	$'000
Transfer from retained earnings	910,106	861,860
Amounts received from wharf operators from the Special Wharfage Fund as reimbursement to the Authority for certain capital expenditure	4,996	4,996
Amounts used to effect repairs to wharves	(31,330)	(31,330)
Amounts used to acquire property	(178,193)	(178,193)
	705,579	657,333

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

(g) Insurance reserve

This includes amounts transferred from retained earnings for a partially unfunded insurance reserve to provide for future insurance coverage of the Authority's assets. This also includes a reserve for $94.99 million (2018: $94.99 million) for future claims against employer's insurance liability for the Authority's Container Terminal Operations which is funded by bank deposits of $116.504 million (2018: $114.266 million) (note 15).

16. Reserves (continued)

(h) Wharfage fund reserve

This represents a percentage of gross wharfage revenue that is transferred annually to a reserve fund for any port development and expenditure. The percentage transferred for the year represents 16% (2018: 16%) of total direct gross wharfage revenue. It is partially funded by bank deposits totaling $182.719 million (2018: $181.408 million) (Note 15).

This comprises:

	The Group and The Authority	
	2018	2018
	$'000	$'000
Transfers from retained earnings	330,092	327,296
Amount drawn down for property purchase	(144,208)	(144,208)
	185,884	183,088

17. Retained earnings

This comprises accumulated surplus as follows:

	The Group	
	2019	2018
	$'000	$'000
The Authority	21,074,747	17,066,246
Its Subsidiaries	3,778,208	3,172,908
Its Associates [note 8(a)]	203,133	172,236
	25,056,088	20,411,390

18. Non-controlling interest in subsidiary companies

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

	The Group	
	2019	Restated* 2018
	$'000	$'000
Ordinary shares in:		
Kingston Free Zone Company Limited	5,965	5,965
Montego Bay Free Zone Company Limited*	-	-
Boundbrook Wharves Development Company Limited**	-	-
Ports Management and Security Limited *** [note 18(a)]	128,600	128,600
Jamaica International Free Zone Limited	3,575	3,575
	138,140	138,140
Share of profits in subsidiary companies attributable to minority shareholders' interest:		
Opening balance	1,869,809	1,413,113
Adjustment in respect of prior year	-	(15,062)
	1,869,809	1,398,051
Transition adjustment arising from IFRS 9	(9,721)	-
Movement for the year	388,330	471,758
	378,609	471,758
Closing balance	2,248,418	1,869,809
	2,386,558	2,007,949
Share of capital reserve	2,331	2,331
Share of pre-acquisition profits	1,257	1,257
	2,390,146	2,011,537

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

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

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

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

(*See note 36)

18. Non-controlling interest in subsidiary companies (continued)

Financial information of subsidiaries for which the Authority has material non-controlling interests are provided below:

					The Group	
Percentage	28%	50%	49%	25%		Restated*
	KFZ	MBFZ	PMS	JIFZ	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000
Total assets	1,661,624	1,051,739	3,020,000	1,608,500	7,341,863	6,362,259
Total liabilities	(134,395)	(406,444)	(368,467)	(246,006)	(1,155,312)	(1,166,300)
Net assets	1,527,229	645,295	2,651,533	1,362,494	6,186,551	5,195,959
Share of non-controlling interests net assets	427,624	322,647	1,299,251	340,624	2,390,146	1,946,473
Revenue	308,071	666,600	2,796,174	142,518	3,913,363	3,553,580
Profit for the year	94,972	8,208	823,353	93,045	1,019,578	1,019,754
Profit allocated to non-controlling interest	26,592	4,104	403,443	23,261	457,400	471,758

(*See note 36)

19. Long-term liabilities

	The Group		The Authority	
These comprise:	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
(a) Non-government loans				
Foreign currency loans [note 19(c)(i)]	7,487,220	7,440,629	7,381,530	7,302,945
Local currency loan [note 19(c)(ii)]	6,201,912	5,198,038	6,201,912	5,198,038
	13,689,132	12,638,667	13,583,442	12,500,983
(b) Government loans [note 19(g)]				
Foreign currency loans	14,795,851	15,536,233	14,795,850	15,536,233
Local currency loans	3,857,152	2,050,750	3,849,983	2,043,581
	18,653,003	17,586,983	18,645,833	17,579,814
	32,342,135	30,225,650	32,229,275	30,080,797
Loan interest payable	352,846	331,425	351,163	329,775
Prepaid credit insurance [note 19(j)]	(6,767)	(33,871)	(6,767)	(33,871)
Loan fees	(88,950)	(73,233)	(88,739)	(72,954)
	32,599,264	30,449,971	32,484,932	30,303,747
Current portion:				
Long-term liabilities	(4,047,690)	(7,127,564)	(4,005,357)	(7,085,419)
Prepaid credit insurance	6,099	27,195	6,099	27,195
Amortised loan fees	2,142	1,524	2,073	1,456
Current portion of long-term liabilities	(4,039,449)	(7,098,845)	(3,997,185)	(7,056,768)
	28,559,815	23,351,126	28,487,747	23,246,979

19. Long-term liabilities (continued)

(c) Non-government loans

(i) Foreign currency loans

Interest Rate %	Lender	Repayment Instalments		The Group 2019 Foreign Currency $'000	2019 JMD $'000	2018 Foreign Currency $'000	2018 JMD $'000
LIBOR + 1.50	HSBC US$121.65M (Falmouth Cruise Ship Development)	Semi-annually until 2020/2021	US$	6,031	762,766	18,234	2,297,160
3.00	European Investment Bank Loan #20.729 (KCT 3 Western Expansion) [note 19(d)]	Annually until 2020/2021	EURO	1,922	273,530	2,843	452,525
10.00	Kingston Freeport Terminal Limited	Quarterly until 2031/2032	US$	26,605	3,364,697	-	-
3.56	European Investment Bank Loan #20.553 (KCT 3 Western Expansion) [note 19(d)]	Semi-annually until 2019/2020	US$	2,434	307,789	4,786	602,922
8.75	Bank of Nova Scotia (US$44M) refinanced [note 19(h)(i)]*	Quarterly until 2020/2021	US$	6,438	814,252	10,715	1,349,879
8.95	Bank of Nova Scotia – (US$39.4M) refinanced [note 19(h)(ii)]*	Quarterly until 2021/2022	US$	11,805	1,492,916	15,735	1,982,372
LIBOR+0.35	FirstCaribbean International Bank [note 19(e)]	Quarterly until 2021/2022	US$	2,891	365,580	4,906	618,087
LIBOR+2.62	FirstCaribbean International Bank [note 19(f)]	Quarterly until 2020/2021	US$	836	105,690	1,092	137,684
					7,487,220		7,440,629

19. Long-term liabilities (continued)

(c) Non-government loans (continued)

Interest Rate %	Lender	Repayment Instalments	The Group 2019 JMD $'000	The Group 2018 JMD $'000
(ii) Local currency loans (continued)				
7.9	FirstCaribbean International Securities Limited & NCB Capital Markets Limited [note 19(h)(vi)]	In full June 2018	-	2,696,855
8.35	NCB Capital Markets	In full March 2044	3,700,000	-
14.50	NCB Insurance Company Limited ($2B) & Sagicor Life Jamaica Limited ($500M) [note 19(h)(v)]	In full March 2054	2,501,912	2,501,183
			6,201,912	5,198,038
TOTAL			13,689,132	12,638,667
Secured				
Guaranteed by the Government of Jamaica			3,651,253	6,684,858
Charge on the assets [note 5(c)]			6,337,879	3,256,954
Unsecured - (including loans evidenced by promissory notes)			3,700,000	2,696,855
			13,689,132	12,638,667

Three months LIBOR at March 31, 2019 was 2.59975% (2018: 2.31175%)
Six months LIBOR at March 31, 2019 was 2.65950% (2018: 2.45240%)
Prime at March 31, 2019 was 5.5% (2018: 4.75%).

* These loans were restructured in 2008/2009 resulting in an extension of the repayment period [note 19(h)].

19. Long-term liabilities (continued)

(c) Non-government loans (continued)

Interest Rate %	Lender	Repayment Instalments		The Authority 2019 Foreign Currency $'000	2019 JMD $'000	2018 Foreign Currency $'000	2018 JMD $'000
(i) Foreign currency loans							
LIBOR + 1.50	HSBC US$121.65M (Falmouth Cruise Ship Development)	Semi-annually until 2020/2021	US$	6,031	762,766	18,234	2,297,160
3.00	European Investment Bank Loan #20.729 (KCT 3 Western Expansion) [note 19(d)]	Annually until 2020/2021	EURO	1,922	273,530	2,843	452,525
10.00	Kingston Freeport Terminal Limited	Quarterly until 2031/2032	US$	26,605	3,364,697	-	-
3.56	European Investment Bank Loan #20.553 (KCT 3 Western Expansion) [note 19(d)]	Semi-annually until 2019/2020	US$	2,434	307,789	4,786	602,922
8.75	Bank of Nova Scotia (US$44M) refinanced [note 19(h)(i)]*	Quarterly until 2020/2021	US$	6,438	814,252	10,715	1,349,879
8.95	Bank of Nova Scotia – (US$39.4M) refinanced [note 19(h)(ii)]*	Quarterly until 2021/2022	US$	11,805	1,492,916	15,735	1,982,372
LIBOR+0.35	FirstCaribbean International Bank [note 19(e)]	Quarterly until 2021/2022	US$	2,891	365,580	4,906	618,087
					7,381,530		7,302,945

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2019
(Expressed in Jamaica dollars unless otherwise indicated)

19. Long-term liabilities (continued)

(c) Non-government loans (continued)

Interest Rate %	Lender	Repayment Instalments	The Authority 2019 JMD $'000	The Authority 2018 JMD $'000
(ii) Local currency loans				
7.9	FirstCaribbean International Securities Limited & NCB Capital Markets Limited [note 19(h)(vi)]	In full June 2018	-	2,696,855
8.35	NCB Capital Markets	In full March 2044	3,700,000	-
14.50	NCB Insurance Company Limited ($2B) & Sagicor Life Jamaica Limited ($500M) [note 19(h)(v)]	In full March 2054	2,501,912	2,501,183
			6,201,912	5,198,038
TOTAL			13,583,442	12,500,983
Secured				
Guaranteed by the Government of Jamaica			3,651,253	6,684,858
Charge on the assets [note 5(c)]			6,232,189	3,119,269
Unsecured - (including loans evidenced by promissory notes)			3,700,000	2,696,856
			13,583,442	12,500,983

Three months LIBOR at March 31, 2019 was 2.59975% (2018: 2.31175%)
Six months LIBOR at March 31, 2019 was 2.65950% (2018: 2.45240%)
Prime at March 31, 2019 was 4.75% (2018: 4.75%).

* These loans were restructured in 2008/2009 resulting in an extension of the repayment period [note 19(h)].

19. Long-term liabilities (continued)

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

(e) The loan from FirstCaribbean International Bank Limited was disbursed on September 1, 2011. The loan is for a period of 10 years and principal is repayable in 39 equal quarterly installments which commenced December 2011. Interest is charged at a rate of LIBOR plus 3.5% per annum [note 9(a)(ii)].

(f) On March 22, 2007, a subsidiary entered into a 15 year loan facility with FirstCaribbean International Bank (the Bank), inclusive of 12 months moratorium on principal payable, by way of a promissory note for US$3,600,000 for contribution towards the purchase price of commercial real estate. Up to December 31, 2011, interest was charged based on the US dollar six months LIBOR plus a spread of 2.62% or such other rate as declared by the Bank every five years. Effective January 1, 2012, the rate was changed by the Bank to a set percentage for a period of six months, after which it would be subject to change by the Bank periodically. At March 2019 the rate was 6.37% (2018:5.16%) per annum.

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

The loan is secured as follows:

a) Promissory note for US$3,600,000.

b) US$3,600,000 first mortgage charge over commercial real estate being 15.944 acres commercial real estate, inclusive of buildings located at Newport West, registered at Vol. 1180 Folio 336 [note 6(e)].

c) Fire & Peril Insurance over subject properties with Bank's interest noted.

d) Hypothecation of fixed deposits in the amount of US$70,286 (2018: US$70,180) (excluding interest receivable with the Bank [note 9(a)(iv)] with 10-day top up (cure) feature, failing which unconditional guarantees, joint and several of partners are required (i.e. minority interest 100% and the Authority 100%). In the event that only one party provides its guarantee then that party must be the Authority with 100% cover.

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

19. Long-term liabilities (continued)

(g) Government of Jamaica (GOJ) - Loans

	Interest Rate %	The Group 2019 $'000	The Group 2018 $'000	The Authority 2019 $'000	The Authority 2018 $'000
(i) Development of Montego Bay Free Zone Company Limited		7,169	7,169	-	-
(ii) Ministry of Finance Fixed Interest Rate at 7.5% repayable quarterly until 2036 [note 19 (h)(iv)]		3,849,983	2,043,581	3,849,983	2,043,581
		3,849,983	2,050,750	3,849,983	2,043,581
(iii) Foreign currency loans: GOJ Petrocaribe 5% payable semi-annually in arrears 2012 - 2037 (US$126.513 million) (evidenced by promissory notes [note 19(h)(iii)]		14,795,851	15,536,233	14,795,851	15,536,233
		18,653,003	17,586,983	18,645,834	17,579,814

(h) 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) Effective June 30, 2012, the Petrocaribe Loans [see note 19(g)(iii)] 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.

iv) Ministry of Finance loan facility totalling US$30 million, disbursed in tranches in Jamaican dollars, with an amount of $1.49 billion was received during the year. The loan is for a period of 20 years at fixed interest rate of 7.5% inclusive of a two year moratorium on principal and is repayable quarterly commencing March 2019 per annum.

v) National Commercial Bank Insurance Company and Sagicor Life Jamaica Limited loan of $2.5 billion is for a period of 40 years with full repayment on March 31, 2054. Interest is payable quarterly and commenced June 2014 at a fixed rate of 14.5% per annum. Loan security includes hypothecation of fixed deposit of US$1.4 million [note 9(a)(iii)].

vi) FirstCaribbean International Securities Limited loan is for a period of 24 months with principal being repaid in full on June 30, 2018. Interest is repayable semi-annually and commenced December 2016 at a fixed rate of 7.99% per annum.

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

19. Long-term liabilities (continued)

(j) Kingston Freeport Terminal Limited Quay Wall Reinforcement

As per the section 4.12 of the concession agreement, the authority is to repay US$30M over a period of 15 years in quarterly payment of US$970,601.88 inclusive of interest. The Authority currently deducts US$485,300.94 per quarter for the Quay wall payment against the fixed concession fee.

(k) 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.

(l) Breach of loan agreements

As at March 31, 2019, the Authority did not meet the debt service covenant ratios for certain loans and a negative covenant in respect of a particular loan. Based on the loan agreements, these breaches did not result in the loans becoming callable by the lenders. As at March 31, 2019, the Authority has obtained waivers in respect of these breaches for the period up to March 31, 2019.

20. Deferred income

	The Group and The Authority	
	2019	2018
	$'000	$'000
Balance at the beginning of the year	495,174	543,076
Additions during the year [note 20(b)]	248,547	-
Amortised during the year	(47,902)	(47,902)
Reclassification from payables	110,621	-
Balance at the end of the year	806,440	495,174
Comprising:		
Government grants [note 20(a)]	398,126	38,958
Assets transferred [note 20(b)]	408,314	456,216
	806,440	495,174

(a) This represents:

1) 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.

2) Additions during 2015/2016 of $35.958 million represent amounts received from the Shipping Association of Jamaica (SAJ) and the Jamaica Customs, for the establishment of the Port Community System (PCS), which have been recognised as a grant following termination of an arrangement between parties on March 31, 2015.

3) Additions during the year of $359.18 million represents amounts received from Tourism Enhancement Fund (TEF) for the aesthetical and structural improvement of the outskirts of the Ocho Rios and Falmouth Cruise Ship Terminal.

20. Deferred income (continued)

(b) This represents:

(i) The transfer of lighthouses and associated buildings to the Authority by the Government of Jamaica. The grant is being amortised over 40 years, the estimated lives of the respective assets.

(ii) Transfer of land valued at $19.5 million in 2009/2010 to the Authority by the Government of Jamaica. The grant is being amortised over 40 years which is the period equivalent to the life of the building on the property.

(iii) Transfer of Boundbrook land and building valued at $198.5 million and Boundbrook land (Marina section) valued at $79.2 million to the Authority during 2010/2011 by the Government of Jamaica for development of the Port Antonio Marina. The grants are being amortised over the lives of the buildings of 20 years and 33 years, respectively.

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

(v) X-ray machine valued at $303.192 million was received in September 2012 from the Chinese Government. The grant is being amortised over 10 years.

(vi) A motor vehicle valued at $2.8 million was received in November 2012 but was not officially transferred to the PAJ until July 2013) from E. Phil & Sons. This grant is being amortised over 3 years.

21. Provisions

	The Group		The Authority	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
At April 1	101,868	111,944	87,348	92,465
Provision for the year	106,711	90,789	85,535	74,394
Utilised during the year	(81,764)	(100,865)	(65,560)	(79,511)
At March 31	126,815	101,868	107,323	87,348

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

22. Trade and other payables

	The Group		The Authority	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade	1,341,361	1,147,455	1,291,734	901,216
Amounts to be disbursed in respect of specific projects	814,210	299,464	814,210	299,464
Accruals	921,623	901,613	832,220	807,711
Rental deposits	237,638	224,228	-	-
Related company [note 22(a)]	28,795	28,795	-	-
Advances from subsidiary companies [note 22(b)]	-	-	157,603	158,740
Income tax payable	138,131	198,004	-	-
Deposits on lands and projects	-	217,742	-	217,742
Others	433,629	541,658	272,995	459,508
	3,915,387	3,558,959	3,368,762	2,844,381

22. Trade and other payables (continued)

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

(b) Advances from subsidiary companies

	The Authority	
	2019	2018
	$'000	$'000
Montego Bay Free Zone Company Limited [note 22(b)(i)]	123,342	120,014
KCT Services Limited [note 22(b)(ii)]	-	13,855
Ports Management & Security Limited [note 22(b)(ii)]	34,261	24,871
	157,603	158,740

(i) Effective April 1, 2014, interest was charged at a rate of 5% per annum until December 2018, when the decision was taken by the Board to capitalize the accumulated interest to November 2018. The loan is to be repaid in quarterly instalments over 22 months commencing April 2019 until January 2021. The amount is unsecured.

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

23. Revenue

	The Group		The Authority	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Cargo	3,412,051	3,487,805	3,412,051	3,487,805
Cruise	3,526,096	3,614,284	3,526,096	3,614,284
Wharfage	794,880	862,283	794,880	862,283
Marine	1,620,240	1,913,953	1,620,240	1,913,953
Land, building and equipment lease	1,272,700	1,151,535	1,042,683	879,795
Port Antonio Marina	92,330	125,274	92,330	125,274
Security services	2,786,986	2,558,709	8,207	7,463
Other	230,396	200,552	150,198	118,342
	13,735,679	13,914,395	10,646,685	11,009,199

24. Expenses

a) Direct Operating

	The Group		The Authority	
		Restated*		Restated*
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Personnel emoluments and allowances (including contracted services)	633,961	711,320	611,035	682,015
Training and staff welfare	14,077	12,485	14,077	12,485
Legal and professional fees	25,209	46,969	25,194	46,879
Electricity, water and telephone	220,454	235,847	188,825	204,131
Repairs and maintenance	208,468	292,818	132,355	227,205
Janitorial expense	13,341	4,288	8,471	-
Garbage disposal	13,029	12,091	615	-
Tug Hire	178,268	689,995	178,268	689,995
Security	1,042,628	980,190	109,411	97,864
Insurance	179,113	124,001	120,202	88,738
Fuel	93,327	84,620	93,327	84,620
Claims	-	7,876	-	7,876
Collection fees	49,078	7,536	-	-
Audit fees	420	754	-	-
Travelling	30,215	23,423	30,215	23,423
Bad debt recognised (reversed)	15,413	882	15,413	(47)
Depreciation	1,082,693	945,344	1,082,693	945,344
Miscellaneous	49,124	60,534	49,008	60,524
Equipment rental	53,508	10,990	-	-
Taxes – property and asset	23,108	23,078	23,048	22,918
Management fees	45,596	68,390	45,596	68,390
Marina, Falmouth and Port Handlers costs	152,590	150,333	152,590	150,333
Maintenance dredging	343,080	61,398	343,080	61,398
Permit and certification	2,585	2,777	2,585	2,777
Materials and supply	9,007	16,101	9,007	16,101
Subscriptions and periodicals	3,365	6,827	3,365	6,827
Public relations and promotions	36,610	31,915	36,610	31,915
Cruise expenses	55,693	24,613	55,693	24,613
Office and general	29,790	20,442	29,790	20,442
Project expenses - non-capital	58,764	-	58,764	-
	4,662,514	4,657,837	3,419,237	3,576,766

(*See note 36)

24. Expenses (continued)

b) Administrative

	The Group		The Authority	
		Restated*		Restated*
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Personnel emoluments and allowances	1,233,965	1,099,973	901,918	794,765
Redundancy	199,632	-	199,632	-
Statutory deductions	112,042	103,428	79,753	74,815
Pension contributions employer	46,731	39,833	28,046	22,830
Health Scheme - Employer	108,541	99,043	80,663	73,544
Office and general	81,614	83,689	78,498	79,732
Local travel and motor vehicle expense	12,974	11,113	9,335	8,842
Foreign travel	11,725	34,868	10,842	31,676
Insurance	78,253	82,358	72,675	78,506
Electricity and telephone	88,557	59,653	79,339	51,958
Water charges	9,609	6,248	3,592	3,737
Public relations and promotions	34,392	22,106	28,874	16,641
Legal and professional fees	392,123	115,939	389,928	113,075
Miscellaneous	10,166	670	15,869	7,058
Security expenses	18,709	12,842	18,589	12,006
Printing and stationery	14,699	14,985	11,306	11,887
Repairs and maintenance	272,676	255,242	268,253	253,347
Computer expense	129,950	121,205	116,020	117,804
Training and staff welfare	101,979	93,199	40,164	34,466
Board fees and expenses	5,721	5,858	2,685	4,647
Bad debts (including direct write offs)	(15,006)	20,275	(7,948)	7,850
Audit fees	15,036	17,199	11,406	13,023
Depreciation	105,497	67,339	86,989	53,241
Project expenses- non-capital	449,342	57,761	449,342	57,761
Non-capitalised fixed assets	1,120	3,283	811	1,029
Annual report	1,710	1,689	1,404	827
ID Cards	972	273	589	-
Asset and minimum business tax	200	800	-	-
Donation and subscriptions	1,252	664	-	-
Relocation of X-ray machines	(15,138)	45,521	-	-
Bank charges and amortisation	1,741	2,094	-	-
Sanitation	1,153	1,952	-	-
Penalties & interest and with-holdings	14,885	41,795	14,847	41,730
Property taxes	36,492	46,537	35,673	44,668
Preliminary expenses	26	143,371	25	143,371
Special economic zone fees	27,658	-	-	-
	3,590,998	2,712,805	3,029,119	2,154,836

(*See note 36)

24. Expenses (continued)

c) Finance charges and interest on loans

	The Group		The Authority	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Interest on long-term liabilities	1,796,223	1,699,850	1,792,168	1,697,417
Interest on overdrafts and other	14,314	19,507	14,314	19,507
Amortised cost on loans	(5,565)	(54,555)	(5,633)	(54,623)
	1,804,972	1,664,802	1,800,849	1,662,301

25. Other gains and losses

	The Group		The Authority	
	2019 $'000	Restated* 2018 $'000	2019 $'000	Restated* 2018 $'000
Foreign exchange gains (net) [note 25(a)]	256,745	133,172	276,822	169,485
Investment property fair value adjustment (note 6)	1,309,234	901,981	1,244,834	872,411
Gains on disposal of property, plant and equipment	197,949	4,342	197,949	4,342
	1,763,928	1,039,495	1,719,605	1,046,238
Classified as:				
- Foreign exchange (losses) gains on loans	(227,686)	446,607	(226,316)	443,524
- Other (b)	1,991,614	592,888	1,945,921	602,714
	1,763,928	1,039,495	1,719,605	1,046,238

(* See note 36)

(a) This includes foreign exchange losses of $0.228 billion (2018: gains of $0.447 billion) for the Group and losses of $0.226 billion (2018: gains of $0.443 billion) for the Authority arising on retranslation of foreign currency loans.

(b) This includes exchange adjustment on banks, receivables, payables as well as fair value adjustments on investment properties.

26. Taxation

Current and deferred tax have been calculated using the tax rate of 25% (2018: 25%), except for three of the subsidiary company (MBFZ, KFZ and JIFZ), which acquired Special Economic Zone status under the Special Economic Zone Act, 2016. Under this Act taxable income (excluding revenues from rentals of properties in the zone) is subject to a tax rate of 12.5%.

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

	The Group	
	2019 $'000	2018 $'000
Current taxation	242,169	271,938
Prior year taxation	(15,696)	(11,712)
Deferred tax adjustments (note 12)	(1,263)	(20,011)
	225,210	240,215

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

	The Group	
	2019 $'000	2018 $'000
Profit before taxation	5,214,647	5,895,438
Tax at the domestic income tax rate of 25%	1,303,661	1,473,860
Tax effect of expenses not deductible for tax purposes	4,499	641
Tax effect of income not subject to tax	(1,013,171)	(1,168,552)
Tax effect of expenses not subject to tax	(750)	(3,675)
Tax effect of unused tax losses	(2,897)	536
Tax effect of income not subject to tax under the Special Economic Zone Act, 2016	(10,091)	(9,251)
Tax effect of change in tax rate from 25% to 12.5%	862	(1,163)
Tax effect of employment tax credit	(37,181)	(36,537)
Tax effect of expenses deductible for tax purposes	(385)	(332)
Tax effect of other adjustments	(3,641)	(3,600)
Prior year tax adjustments	(15,696)	(11,712)
	225,210	240,215

(c) Subject to the agreement of the Commissioner General, Tax Administration Jamaica, tax losses of subsidiary companies aggregating approximately $155.519 million (2018: $130.797 million) are available to be set off against future taxable profits of those companies. Tax losses may be carried forward indefinitely; however, the amount that can be utilised is restricted to 50% of chargeable income (before prior year losses) in one year. At March 31, 2019 and 2018, no deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future taxable profits.

27. Profit after taxation

Profit after taxation is stated after taking into account the following items:

	The Group		The Authority	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
(a) Revenue (expense) on:				
Interest income				
Interest income on long-term receivables	737	701	737	701
Income from short-term deposits	98,960	190,745	57,450	147,796
Other	7	10	-	-
	98,704	191,456	58,187	148,497

	The Group		The Authority	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Impairment(expense)/recoveries				
- Trade receivables	128,337	(974)	18,059	(47)
Finance charges and interest on loans at amortised cost	(1,804,972)	(1,664,802)	(1,716,360)	(1,662,301)
(b) Gains (losses)				
Net foreign exchange (losses) gains on financial instruments at amortised costs				
- Foreign currency loans	(227,686)	446,607	(226,316)	443,524
- Short-term deposits and other investments	484,431	(313,435)	503,138	(274,039)
(c) Other				
Audit fees - current year	14,770	16,096	10,950	10,448
- prior year	686	2,806	456	2,575
Cost of inventories recognised in expenses	157,338	100,000	157,338	100,000
Net gain on disposal of property, plant and equipment	(197,949	(4,342)	(197,949)	(4,342)
Depreciation and amortisation	1,188,240	1,012,683	1,169,671	998,585
Adjustment to property, plant and equipment	2,311	(429)	1,867	(463)
Write off of property, plant and equipment	402,583	185,835	402,569	185,835
Fair value gain on investment properties	1,309,234	901,981	1,244,834	872,411
Adjustment to investment properties	-	(34)	-	(34)

28. Comprehensive income

The Group's comprehensive income attributable to the shareholders of the Authority is reflected in the financial statements of the Authority on the equity basis and comprises surplus of:

	The Group	
	2019	2018
	$'000	$'000
The Authority	4,106,169	4,688,973
The subsidiary companies	634,286	614,349
The associated companies	30,897	25,751
	4,771,352	5,329,073

29. Commitments and contingent liabilities

Capital commitments

At the end of the reporting period, approximately $4.55 billion (2018: $1.83 billion) had been committed and contracted by the Group and relates to costs to be borne under the KCT Concession Agreement, infrastructure projects at Montego Bay Freeport and Ocho Rios, motor vehicle for harbours and other projects. In respect of the prior year, the costs applied to the foregoing except for those related to the KCT Concession Agreement.

Legal contingencies

In the normal course of business, the Group and the Authority may be defendant in certain litigation matters, claims and other legal preceedings. In such instances, provisions will be established for such matters where it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made.

The Group and the Authority remain contingently liable in respect of other litigation matters which, are considered, to be possible but not probable and thus no provision has been made in these financial statements.

THE PORT AUTHORITY AND ITS SUBSIDIARIES

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30. Related party transactions/balances

Transactions and balances

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

	The Authority					
	Lease rental		Other		Balance due from (to)	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Subsidiaries						
Jamaica International Free Zone Development Limited	-	-	5,179	5,095	84,780	80,726
Kingston Free Zone Company Limited	44,355	43,638	3,500	3,500	29,467	2,818
Montego Bay Free Zone Company Limited	323,984	195,682	3,500	3,500	(62,041)	(122,030)
Ports Management and Security Limited	320,884	315,118	27,000	27,000	38,499	(23,434)
Port Authority Management Services Limited	-	-	-	1,494	127,232	124,607
KCT Services Limited	-	-	-	-	-	(13,855)
	689,223	554,438	39,179	40,589	217,937	48,832
Provision for impairment [note 14(a)]	-	-	-	-	(126,883)	(124,272)
	689,223	554,438	39,179	40,589	91,054	(75,440)
Included in the following balances:						
Long-term receivables [note 10(c)]	-	-	-	-	76,226	76,226
Trade and other receivables [note 14(a)]	-	-	-	-	172,432	7,075
Trade and other payables [note 22(b)]	-	-	-	-	(157,604)	(158,740)
	-	-	-	-	91,054	(75,439)
Key management personnel	-	-	32,658	43,939	18,406	43,942

30. Related party transactions/balances (continued)

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

Key Management Personnel

	The Group		The Authority	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Short-term benefits	335,953	292,528	307,465	270,587
Pension	5,558	4,827	3,669	3,653
	341,511	297,355	311,134	274,240

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

Board of Directors and Committee Members

	The Group		The Authority	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Short-term benefits - (directors fees and expenses)	4,586	2,936	1,550	1,725

31. Financial instruments, financial risks and capital risks management

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of 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 4 to the financial statements.

31. Financial instruments, financial risks and capital risks management (continued)

Financial risk management policies and objectives

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

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

Financial risk management objectives

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

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

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

Finance Committee

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

Audit Committee

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

The Internal Audit Department

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

Procurement Sector Committee

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

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

31. Financial instruments, financial risks and capital risks management (continued)

Financial risk management policies and objectives (continued)

Exposures are measured using sensitivity analyses indicated below.

(a) Market risk

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

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

Management of market risk

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

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

- Foreign currency risk

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

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

  At March 31, 2019, the Group had US$ denominated balances amounting to US$35.417 million (2018: US$82.900 million) of which US$11.776 million (2018: US$11.758 million) [note 9(a)] is held in respect of funding certain loans amounting to US$6.161 million (2018: US$10.784 million), €1.922 million (2018: €2.843 million) and J$2.502 billion (2018:J$2.501 billion [note 19(d), 19(f)] and 19(h)(v) at the end of the reporting period.

31. Financial instruments, financial risks and capital risks management (continued)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

- Foreign currency risk (continued)

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

	The Group					
	Liabilities		Assets		Net Liabilities	
	2019	2018	2019	2018	2019	2018
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
Currency						
United States dollar	23,535,573	23,973,860	5,126,464	11,544,168	18,409,109	12,429,692
EURO	273,530	452,525	-	-	273,530	452,525

	The Authority					
	Liabilities		Assets		Net Liabilities	
	2019	2018	2019	2018	2019	2018
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
Currency						
United States dollar	23,160,782	23,605,524	3,125,845	9,795,979	20,034,937	13,809,545
EURO	273,530	452,525	-	-	273,530	452,525

Foreign currency sensitivity analysis

The Group's most significant currency exposure is to the United States dollar. The following table details the Group's sensitivity to a 4% revaluation and 6% devaluation (2018: 2% revaluation and 4% devaluation) in the Jamaica 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 year end for the percentage changes as in foreign currency rates as described above. The sensitivity analysis includes external loans where the loan is denominated in a currency other than the currency of the borrower.

31. Financial instruments, financial risks and capital risks management (continued)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

- Foreign currency risk (continued)

If the Jamaican dollar strengthens by 4% or weakens by 6% against the relevant currencies (2018: strengthens by 2% or weakens by 4%), the income will increase or (decrease) by:

	The Group							
	Revaluation		Devaluation		Revaluation		Devaluation	
	2019				2018			
	Change in Currency Rates %	$'000	Change in Currency Rates %	$'000	Change in Currency Rates %	$'000	Change in Currency Rates %	$'000
Currency								
United States dollar	+4	736,364	-6	(1,104,547)	+2	248,594	-4	(497,188)
EURO	+4	10,941	-6	(16,412)	+2	9,051	-4	(18,101)

	The Authority							
	Revaluation		Devaluation		Revaluation		Devaluation	
	2019				2018			
	Change in Currency Rates %	$'000	Change in Currency Rates %	$'000	Change in Currency Rates %	$'000	Change in Currency Rates %	$'000
Currency	+4	801,397	-6	(1,202,096)	+2	276,191	-4	(552,382)
United States								
dollar	+4	10,941	-6	(16,412)	+2	9,051	-4	(18,101)
EURO								

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

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

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

Management of interest rate risk

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

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31. Financial instruments, financial risks and capital risks management (continued)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

- Interest rate risk (continued)

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

	2019				
	The Group				
	Due within 1 Year $'000	1-5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Assets					
Other investments	-	1,540,090	13,836	3,026	1,556,952
Long-term receivables	-	13,493	-	13,422	26,915
Trade and other receivables		-	-	2,745,269	2,745,269
Cash and short-term deposits	7,054,213	-	-	245,369	7,299,582
Total assets	7,054,213	1,553,583	13,836	3,007,086	11,628,718
Liabilities					
Long-term liabilities	3,692,689	6,632,700	21,913,860	360,015	32,599,264
Trade and other payables	-	-	-	2,827,926	2,827,926
Bank overdraft (unsecured)	-	-	-	322	322
Total liabilities	3,692,689	6,632,700	21,913,860	3,188,263	35,427,512
Total interest rate sensitivity gap	3,361,524	(5,079,117)	(21,900,024)	(181,177)	(23,798,794)
Cumulative gap	3,361,524	(1,717,593)	(23,617,617)	(23,798,794)	

31. Financial instruments, financial risks and capital risks management (continued)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

- Interest rate risk (continued)

	2018 The Group				
	Due within 1 Year $'000	1-5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Assets					
Other investments	-	1,515,200	13,790	1,695	1,530,685
Long-term receivables	-	12,310	1,108	14,928	28,346
Trade and other receivables	-	-	-	2,878,083	2,878,083
Cash and short-term deposits	9,508,146	-	-	86,517	9,594,663
Total assets	9,508,146	1,527,510	14,898	2,981,223	14,031,777
Liabilities					
Long-term liabilities	6,803,437	7,787,814	15,520,126	338,594	30,449,971
Trade and other payables	-	-		2,452,904	2,452,904
Bank overdraft (unsecured)	-	-	-	26,805	26,805
Total liabilities	6,803,437	7,787,814	15,520,126	2,818,303	32,929,680
Total interest rate sensitivity gap	2,704,709	(6,260,304)	(15,505,228)	162,920	(18,897,903)
Cumulative gap	2,704,709	(3,555,595)	(19,060,823)	(18,897,903)	

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31. Financial instruments, financial risks and capital risks management (continued)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

- Interest rate risk (continued)

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.

	2019 The Authority					
	Due within 1 Year $'000	1-5 Years $'000	Over 5 Years $'000	No Specific Terms of Repayment $'000	Non-Interest Bearing $'000	Total $'000
Assets						
Other investments	-	1,540,090	-	-	2,993	1,543,083
Long-term receivables	-	13,493	-	-	89,648	103,141
Trade and other receivables	-	-	-	-	1,187,015	1,187,015
Cash and short-term deposits	4,750,537	-	-	-	112,448	4,862,985
Total assets	4,750,537	1,553,583	-	-	1,392,104	7,696,224
Liabilities						
Long-term liabilities	3,652,108	6,567,802	21,913,860	-	351,163	32,484,933
Trade and other payables	-	-	-	-	2,536,544	2,536,544
Bank overdraft (unsecured)	-	-	-	-	-	-
Total liabilities	3,652,108	6,567,802	21,913,860	-	2,887,707	35,021,477
Total interest rate sensitivity gap	1,098,429	(5,014,219)	(21,913,860)	-	(1,495,603)	(27,325,253)
Cumulative gap	1,098,429	(3,915,790)	(25,829,650)	(25,829,650)	(27,325,253)	

Notes to the Consolidated and Separate Financial Statements (Continued)
Year ended March 31, 2019
(Expressed in Jamaica dollars unless otherwise indicated)

31. Financial instruments, financial risks and capital risks management (continued)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

- Interest rate risk (continued)

	2018					
	The Authority					
	Due within 1 Year $'000	1-5 Years $'000	Over 5 Years $'000	No Specific Terms of Repayment $'000	Non-Interest Bearing $'000	Total $'000
Assets						
Other investments	-	1,515,200	-	-	1,664	1,516,864
Long-term receivables	-	12,310	1,108	-	91,154	104,572
Trade and other receivables	-	-	-	-	1,572,028	1,572,028
Cash and short-term deposits	7,333,459	-	-	-	18,307	7,351,766
Total assets	7,333,459	1,527,510	1,108	-	1,683,153	10,545,230
Liabilities						
Long-term liabilities	6,763,010	7,690,836	15,520,126	-	329,775	30,303,747
Trade and other payables	-	-	-	100,000	1,936,670	2,036,670
Bank overdraft (unsecured)	-	-	-	-	22,836	22,836
Total liabilities	6,763,010	7,690,836	15,520,126	100,000	2,289,281	32,363,253
Total interest rate sensitivity gap	570,449	(6,163,326)	(15,519,018)	(100,000)	(606,128)	(21,818,023)
Cumulative gap	570,449	(5,592,877)	(21,111,895)	(21,211,895)	(21,818,023)	

31. Financial instruments, financial risks and capital risks management (continued)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

- Interest rate risk (continued)

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 100 basis points increase and 100 basis points decrease (2018: 100 basis points increase/decrease) for local borrowing and a 100 basis points increase and 100 basis points decrease (2018: 50 basis points increase and a 50 basis points decrease) is used for foreign currency denominated balances when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher or lower (2018: 50 basis points higher or 50 basis points lower) on its foreign currency borrowings and investments profit for the period would decrease/increase by approximately $17.226 million (2018: profits for the period would decrease/increase by approximately $28.507million). For the local borrowings and investments if interest rates were 100 basis points higher or lower (2018: 100 basis point higher or lower) and all other variables were held constant, the profit for the year would increase/decrease by approximately $37.702 million (2018: the profit for the year would increase/decrease by approximately $5.075 million).

The Group's sensitivity to interest rates has decreased during the current period mainly due to a decrease in the variable rate debt instruments.

See also Liquidity Risk Management at 31(e) below.

(b) Credit risk

Credit risk is the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Group. Financial assets that potentially subject the Group to credit risk primarily consists of trade receivables investment in associates, other investments, long-term receivables and cash and bank deposits. The maximum exposure to credit risk is the amount of $11.845 billion (2018: $14.217 billion) disclosed under 'categories of financial instruments' above and the Group holds no collateral in this regard. The Group manages the risk primarily by reviews of the financial status of each obligator and its investments which are monitored regularly and are held with reputable financial institutions. Management believes that the credit risk associated with these financial instruments is minimal.

Trade receivables

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

31. Financial instruments, financial risks and capital risks management (continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

Trade receivables (continued)

Expected credit loss assessment as at April 1, 2018

The Group uses an allowance matrix to measure ECLs of trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off, current conditions and the economic conditions over the expected lives of the receivables.

The following table provides information about the Group's and Authority's exposure to credit risk and ECLs for trade receivable as at March 31, 2019.

The Group

Age Buckets	Weighted Average loss rates	Gross Carrying Amount $'000	Impairment loss allowance $'000	Credit Impaired
Current (not past due)	0.06%	2,183,425	14,328	No
31-60 days	1.97%	129,936	2,564	No
61-90 days	0.87%	32,399	284	No
91-120 days	16.3%	20,723	3,397	No
121-150 days	3.60%	4,940	179	No
151-180 days	23.90%	6,983	1,668	No
181-210 days	26.05%	1,781	464	No
211-240 days	64.8%	3,410	2,212	No
241-270 days	100.00%	7,129	7,129	No
271-300 days	100.00%	7,881	2,809	No
301-330 days	100.00%	3,695	3,467	No
331-360 days	100.00%	4,448	4,448	No
361days and over	100.00%	304,098	304,098	Yes
		2,710,848	347,047	

31. Financial instruments, financial risks and capital risks management (continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

Trade receivables (continued)

Expected credit loss assessment as at April 1, 2018 (continued)

The Authority

Age Buckets	Weighted Average loss rates	Gross Carrying Amount $'000	Impairment loss allowance $'000	Credit Impaired
Current (not past due)	1.30%	525,746	6,062	No
31-60 days	0.04%	109,609	42	No
61-90 days	0.18%	27,153	51	No
91-120 days	0.90%	14,406	131	No
121-150 days	3.00%	4,830	146	No
151-180 days	14.00%	6,039	848	No
181-210 days	28.15%	1,158	326	No
211-240 days	47.85%	2,242	1,073	No
241-270 days	100.00%	6,635	6,635	No
271-300 days	100.00%	7,530	3,246	No
301-330 days	100.00%	1,358	1,358	No
331-360 days	100.00%	2,971	2,971	No
361days and over	100.00%	56,181	56,181	Yes
		765,858	79,070	

The Group has a significant concentration of credit risk exposure to companies operating in the Marine Industry. Four debtors of the Group account for approximately 19% (2018: Three debtors 38%) respectively, whilst two debtor of a subsidiary company accounts for 73% (2018: two debtors 46%) of the Group's trade receivables. Management however seeks to minimise this risk by ensuring that outstanding amounts are received within a reasonable time period.

Loans to employees

There is also credit risk with respect to loans to employees which account for approximately 6% (2018: 6%) of long-term receivables. The Authority has established policies and procedures which govern standards for granting loans and the process of continuous monitoring.

Cash and cash equivalents

The risk is managed in line with the Group's policy. Excess funds are invested for short periods of time, depending on the Group's cash flow requirement. These surplus funds are placed with approved financial institutions with no concentration of the funds being at any specific counterparty and thereby mitigating potential financial losses.

31. Financial instruments, financial risks and capital risks management (continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

Investment in deposits and securities under re-purchase agreements

The Group seeks to minimise the risk of its investments in deposits and securities under re-purchase agreements in the following ways:

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

Maximum exposure to credit risk

Impairment on cash and cash equivalents (including short-term investments) for the Group and Authority have been measured at 12 - month expected loss basis and reflects the short maturities of the exposures. No impairment allowance was recognised on initial adoption of IFRS 9 for cash and cash equivalents and there was no change during the period.

For securities purchased under resale agreement and deposits loss allowance are as follows:

	Group	Authority
	$'000	$'000
Balance at April 1, 2018 under IAS 39	-	-
Remeasurement on April 1, 2018 under IFRS 9	19,087	14,045
Reversed during period	(1,919)	(2,196)
Balance at March 31, 2019 under IFRS 9	17,168	11,849

Related party balances

The Group assesses each related entity's ability to pay if payment is demanded as at the reporting date. Management reviews recovery scenarios considering given economic conditions and the counterparties liquidity over the expected life of the recoverable. The expected credit losses are calculated on this basis.

(c) Liquidity risk

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

31. Financial instruments, financial risks and capital risks management (continued)

Financial risk management policies and objectives (continued)

(c) Liquidity risk (continued)

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

Non-derivative financial liabilities

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

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

The Group

2019

	Term to Maturity /Re-Pricing				
	Carrying amount	Due Within 1 Year $'000	1-5 Years $'000	Over 5 Years $'000	Total $'000
Financial Liabilities					
Interest bearing					
Variable rate loans	1,234,038	1,127,762	182,205	-	1,309,967
Fixed rate loans	31,108,097	4,530,682	12,889,882	44,567,846	61,988,410
Bank overdrafts	322	322	-	-	322
Non-interest bearing					
Trade and other payables	3,777,258	3,777,258	-	-	3,777,258
Provisions	126,815	126,815	-	-	126,815
Total	36,246,530	9,562,839	13,072,087	44,567,846	67,202,772

2018

	Term to Maturity /Re-Pricing				
	Carrying amount	Due Within 1 Year $'000	1-5 Years $'000	Over 5 Years $'000	Total $'000
Financial Liabilities					
Interest bearing					
Variable rate loans	3,052,931	1,896,484	1,260,786	-	3,157,270
Fixed rate loans	27,172,719	6,713,419	11,543,593	32,128,075	50,385,087
Bank overdrafts	26,805	26,805	-	-	26,805
Non-interest bearing					
Trade and other payables	3,360,956	3,360,956	-	-	3,360,956
Provisions	101,868	101,868	-	-	101,868
Total	33,715,279	12,099,532	12,804,379	32,128,075	57,031,986

31. Financial instruments, financial risks and capital risks management (continued)

Financial risk management policies and objectives (continued)

(c) Liquidity risk (continued)

Non-derivative financial liabilities (continued)

The Authority

2019

	Carrying amount	Due Within 1 Year $'000	1-5 Years $'000	Over 5 Years $'000	No Specific Repayment Term $'000	Total $'000
		Term to Maturity /Re-Pricing				
Financial Liabilities						
Interest bearing						
Variable rate loans	1,128,348	1,080,061	112,646	-	-	1,192,707
Fixed rate loans	31,100,928	4,530,682	12,889,882	44,560,677	-	61,981,241
Non-interest bearing						
Trade and other payables	3,368,764	3,211,161	-	-	157,603	3,368,764
Provisions	107,321	107,321	-	-	-	107,321
Total	35,705,361	8,929,225	13,002,528	44,560,677	157,603	66,650,033

2018

	Carrying amount	Due Within 1 Year $'000	1-5 Years $'000	Over 5 Years $'000	No Specific Repayment Term $'000	Total $'000
		Term to Maturity /Re-Pricing				
Financial Liabilities						
Interest bearing						
Variable rate loans	2,915,247	1,848,215	1,155,652	-	-	3,003,867
Fixed rate loans	27,165,550	6,713,419	11,543,593	32,120,906	-	50,377,918
Bank overdraft	22,836	22,836	-	-	-	22,836
Non-interest bearing						
Trade and other payables	2,844,381	2,685,641	-	-	158,740	2,844,381
Provisions	87,348	87,348	-	-	-	87,348
Total	33,035,362	11,357,459	12,699,245	32,120,906	158,740	56,336,350

31. Financial instruments, financial risks and capital risks management (continued)

Financial risk management policies and objectives (continued)

(d) Capital risk management

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

The Group is subject to external capital requirements (as stipulated by lenders) and capital adequacy is monitored by the Group's management on a regular basis.

The gearing ratio at the end of the reporting period is as follows:

	The Group		The Authority	
	2019	2018 Restated	2019	2018 Restated
	$'000	$'000	$'000	$'000
Debt	32,599,586	30,476,776	32,484,933	30,326,583
Cash and short-term deposits	(7,299,582)	(9,594,663)	(4,862,985)	(7,351,766)
Net debt	25,300,004	20,882,113	27,621,948	22,974,817
Equity	34,245,054	29,170,706	27,867,573	23,808,032
Net debt to equity ratio	74%	72%	99%	97%

The Group's strategy remains unchanged from the year ended March 31, 2018.

The capital structure of the Group consists of reserves (note 16) and accumulated surplus.

32. Fair value of other assets

Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognised stock exchange) exists, is the best evidence of the fair value of a financial instrument. Where market prices are not available for the financial assets and liabilities, fair values are determined using various estimations techniques based on market conditions existing at the end of the reporting period. Generally, judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the Group would realise in a current market exchange.

32. Fair value of other assets (continued)

Fair values (continued)

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.

The following table provides the fair value measurement hierarchy of the Authority's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy

	The Group			
	Quoted Prices in Active Market Level 1 $'000	Significant Observable Inputs Level 2 $'000	Significant Unobservable Inputs Level 3 $'000	Total $'000
At March 31, 2019				
Assets measured at fair value:				
- Investment properties	-	-	20,078,654	20,078,654
At March 31, 2018				
Assets measured at fair value:				
- Investment properties	-	-	18,769,420	18,769,420

	The Authority			
	Quoted Prices in Active Market Level 1 $'000	Significant Observable Inputs Level 2 $'000	Significant Unobservable Inputs Level 3 $'000	Total $'000
At March 31, 2019				
Assets measured at fair value:				
- Investment properties	-	-	17,487,254	17,487,254
At March 31, 2018				
Assets measured at fair value:				
- Investment properties	-	-	16,242,420	16,242,420

33. Other disclosures

Staff costs incurred during the year were:

	The Group		The Authority	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Salaries, wages and allowances	1,426,218	1,234,745	1,082,414	929,584
Statutory contributions	144,306	132,095	110,600	101,278
Pension contributions	96,913	60,924	77,709	42,090
Health scheme contributions	93,889	89,765	65,481	63,279
Redundancy costs	206,482	-	199,632	-
Travelling and other	230,972	213,824	167,304	152,787
	2,198,780	1,731,353	1,703,140	1,289,018

34. Operations in joint venture

The Banana Export Company Limited (BECO), 49% stakeholder in Boundbrook Wharves Development Company Limited and the lessee of one of the Authority's piers, ceased operations as of December 31, 2009. BECO relinquished its interest in the venture to the Authority and the wind up of the joint venture was effected. [See note 8(b)].

35. Transfer to the government of Jamaica Consolidated fund

In accordance with Regulation 6 of the Public Bodies Regulations, 2015, and the provisions of the enabling Act, the Public Bodies Management and Accountability Act, a payment of a financial distribution of $8.011 million (2018: $252.918 million) from retained earnings was transferred to the Government of Jamaica Consolidated Fund.

36. Correction of Error

During 2019, the Authority discovered that some investment properties were erroneously carried as property, plant and equipment in previous years and reclassified these assets to investment properties in 2018, however, the required adjustments should have been made at the start of the earliest reporting period being April 1, 2016. As a consequence, the fair value movements on these assets were not recognised in the correct reporting period.

Additionally, during the year, the Authority restated its 2018 financial statements to reflect the impact of the reversal of post-retirement medical benefits obligation that related to retired employees of a subsidiary company that was included in the Authority's financial statements. As a consequence, the Authority's retirement benefit expense and the related liability have been overstated.

The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following table summarise the impacts on the Group's and Authority's financial statements.

36. Correction of Error (continued)

a) Statement of Financial Position at March 31, 2018

	Notes	The Group 2018 As previously reported $'000	Adjustments $'000	2018 As restated $'000	Notes	The Authority 2018 As previously reported $'000	Adjustments $'000	2018 As restated $'000
ASSETS								
Deferred tax assets		8,390	13,481	21,871		-	-	-
Others		51,741,911	-	51,741,911		49,021,006	-	49,021,006
Total non-current assets		51,750,301	13,481	51,763,782		49,021,006	-	49,021,006
Total current assets		12,594,254	-	12,594,254		9,033,324	-	9,033,324
Total assets		64,344,555	13,481	64,358,036		58,054,330	-	58,054,330
EQUITIES AND LIABILITIES								
Reserves		6,747,779	-	6,747,779		6,741,786	-	6,741,786
Retained earnings		20,378,092	33,298	20,411,390		17,012,323	53,923	17,066,246
	(ii)	27,125,871	33,298	27,159,169	(i)	23,754,109	53,923	23,808,032
Non-controlling interests		2,031,354	(19,817)	2,011,537		-	-	-
Total equity		29,157,225	13,481	29,170,706		23,754,109	53,923	23,808,032
Non-current liabilities								
Retirement benefit liability		546,735	-	546,735		546,735	(53,923)	492,812
Long-term liabilities		23,351,126	-	23,351,126		23,246,979	-	23,246,979
Deferred income		495,174	-	495,174		495,174	-	495,174
Deferred tax liabilities		7,818	-	7,818		-	-	-
		24,400,853	-	24,400,853		24,288,888	(53,923)	24,234,965
Total current liabilities		10,786,477	-	10,786,477		10,011,333	-	10,011,333
Total equity and liabilities		64,344,555	13,481	64,358,036		58,054,330	-	58,054,330

THE PORT AUTHORITY AND ITS SUBSIDIARIES

Notes to the Consolidated and Authority Financial Statements (Continued)
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36. Correction of Error (continued)

b) Statement of Financial Position at March 31, 2017

	Notes	The Group 2017 As previously reported $'000	The Group Adjustments $'000	The Group 2017 As restated $'000	Notes	The Authority 2017 As previously reported $'000	The Authority Adjustments $'000	The Authority 2017 As restated $'000
ASSETS								
Investment properties		18,397,286	(529,881)	17,867,405		15,899,856	(529,881)	15,369,975
Deferred tax assets		548	10,246	10,794		-	-	-
Others		26,836,045	-	26,836,045		26,690,587	-	26,690,587
Total non-current assets		45,233,879	(519,635)	44,714,244	(iv)	42,590,443	(529,881)	42,060,562
Total current assets		16,208,364	-	16,208,364		13,918,736	-	13,918,736
Total assets		61,442,243	(519,635)	60,922,608		56,509,179	(529,881)	55,979,298
EQUITIES AND LIABILITIES								
Reserves		6,698,978	-	6,698,978		6,692,985	-	6,692,985
Retained earnings		15,888,609	(504,573)	15,384,036	(v)	13,167,888	(488,896)	12,678,992
	(ii)	22,587,587	(504,673)	22,083,014		19,860,873	(488,896)	19,371,977
Non-controlling interests		1,554,841	(15,062)	1,539,779		-	-	-
Total equity	(ii)	24,142,428	(519,635)	23,622,793		19,860,873	(488,896)	19,371,977
Non-current liabilities								
Retirement benefit liability		425,537	-	425,537	(i)	425,537	(40,985)	384,552
Long-term liabilities		29,089,935	-	29,089,935		28,950,701	-	28,950,701
Deferred income		543,076	-	543,076		543,076	-	543,076
Deferred tax liabilities		18,278	-	18,278		-	-	-
		30,076,826	-	30,076,826		29,919,314	(40,985)	29,878,329
Total current liabilities		7,222,989	-	7,222,989		6,728,992	-	6,728,992
Total equity and liabilities		61,442,243	(519,635)	60,922,608		56,509,179	(529,881)	55,979,298

36. Correction of Error (continued)

c) Impact of correction of errors on the Statement of Profit and Loss and Other Comprehensive Income for the year ended March 31, 2018

The Group

	Notes	2018 As previously reported $'000	Adjustments $'000	Notes	2018 As restated $'000	2018 As previously reported $'000	Adjustments $'000	2018 As restated $'000
Revenue		13,914,395	-		13,914,395	11,009,199	-	11,009,199
Expenses:								
Direct operating		(4,657,837)	-		(4,657,837)	(3,576,766)	-	(3,576,766)
Administrative		(2,712,805)	-	(iii)	(2,712,805)	(2,161,669)	6,833	(2,154,836)
		(7,370,642)	-		(7,370,642)	(5,738,435)	6,833	5,731,602
		6,543,753	-		6,543,753	5,270,764	6,833	5,277,597
Share of associated companies' results		25,751	-		25,751	-	-	-
Interest income		191,456	-		191,456	148,497	-	148,497
Gains and losses:								
Foreign exchange losses on loans		446,607	-		446,607	443,524	-	443,524
Other gains		63,007	529,881	(iv)	592,888	72,833	529,881	602,714
Finance charges and interest on loan		(1,664,802)	-		(1,664,802)	(1,662,301)	-	(1,662,301)
PROFIT BEFORE TAXATION		5,605,772	-		6,135,653	4,273,317	6,833	4,810,031
Taxation		(241,924)	1,709		(240,215)	-	-	-
PROFIT AFTER TAXATION		5,363,848	-		5,895,438	4,273,317	6,833	4,810,031
Profit for the year from discontinued operations		31,030	-		31,030	-	-	-
Profits attributable to non-controlling interests		(476,513)	4,755		(471,758)	-	-	-
NET PROFIT FOR THE YEAR		4,918,365	536,345		5,454,710	4,273,317	6,833	4,810,031
OTHER COMPREHENSIVE LOSS FOR THE YEAR		(127,163)	1,526	(iii)	(125,637)	(127,163)	6,105	(121,058)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,791,202	537,871		5,329,073	4,146,154	542,819	4,688,973

36. Correction of Error (continued)

Notes

(i) Adjustments resulting from actuarial remeasurements for retirement benefit liability relating to retired medical benefits for the Ports Management and Security Limited (PMSL) now recorded in PMSL.

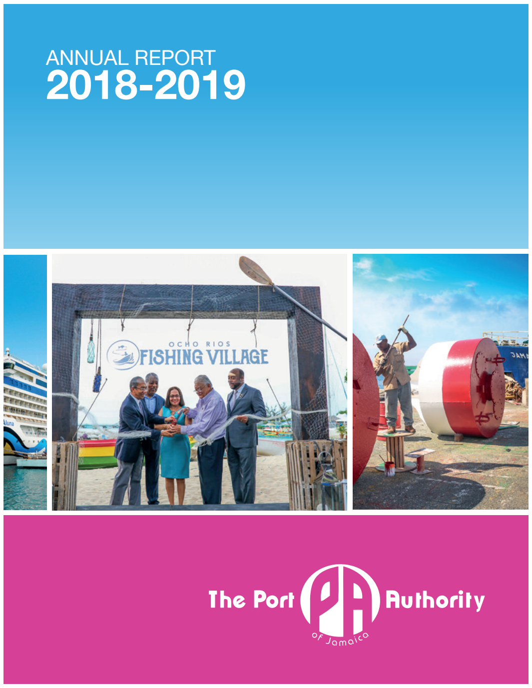
(ii) Adjustment to non-controlling interest resulting from the retired medical benefits as noted in (i) above.

(iii) Reversal of adjustment retirement benefit asset between other comprehensive income, administrative expenses and equity for the retired medical benefits relating to PMSL.

(iv) Adjustment to effect reclassification of Investment Properties (IP) which was being appraised and fair value adjustments done to the IP carrying value, however, these properties were inadvertently classified as property, plant and equipment. Profit and loss also reflect fair value adjustment for the equivalent amount arising from the reclassification.

(v) Adjustment for fair value adjustment on properties $529.881M offset by the retirement benefit liability adjustment amounting to $53.923M.

(vi) Other than the restatement of comparatives for profit for the year and the effects of taxation, there was no effect on the cashflows for the year ended March 31, 2018.



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