



JAMPRO
TRADE & INVESTMENT JAMAICA

A large circular inset image showing an aerial view of a city, likely Kingston, Jamaica, with various buildings and a mountain range in the background under a cloudy sky.

ANNUAL REPORT
2014 | 2015

The purpose of this report is to provide the Houses of Parliament, partners, stakeholders and clients with information on the performance of the Jamaica Promotions Corporation (JAMPRO) for the 2014/2015 Financial Year and the prospects for the 2015/2016 Financial Year.

Our Vision

A catalyst for wealth creation through trade and investment, enhancing quality of life for all Jamaicans.

Our Mission

Market, promote and facilitate implementation of projects that add value to the Jamaican economy.

Our Core Values

Integrity

Respect

Innovation

Excellence

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Board of Directors



FRONT ROW (Bottom to top): Milton Samuda (Chairman), Marjory Kennedy, Eugene Ffolkes (Deputy Chairman), Keisha Burgher, Rt. Rev. Dr. Howard Gregory
BACK ROW (Bottom to top): Myrtle Weir, Diane Edwards (President), Reginald Nugent, Steven Whittingham, Marjorie Seeberan, Ambassador Byron Blake

Absent: Norman Horne, Jeffrey Hall, Ray Goulbourne, Andrea Moore, Don Taylor (deceased)

The Corporation is governed by a Board of Directors who have a diverse range of experience and competence in various professional fields and disciplines including: marketing, manufacturing, agribusiness, banking and finance, legal, insurance, shipping and information communication technology. The Board of Directors bring their informed perspective to the Corporation's widespread Governance activities.

COMMITTEES OF THE BOARD

In addition to the monthly meetings of the Board of Directors, Sub-Committees of the Board also meet periodically to provide strategic support and guidance to the Corporation. The Sub-Committees include:

- Marketing and Projects
- Finance and Procurement
- Audit
- Human Resources

Executive Management Team



FRONT (L-R) Diane Edwards, President;
Wendy Pryce, Vice President, Finance & Corporate Services;
BACK (L-R) Claude Duncan, Vice President, Investment Promotions;
Shullette Cox, Vice President, Corporate Development & Competitiveness;
Robert Scott, Vice President, Export & Market Development

The key functions of the Jamaica Promotions Corporation are carried out within three (3) core areas, namely: Investment Promotion, Export and Market Development and Corporate Development and Competitiveness. The operational support areas of President's Strategic Support Unit, Finance and Corporate Services, and Corporate Communications are integral to the successful operations of these core services.

With a staff complement of approximately 100 employees, JAMPRO's operations are led by a highly qualified executive management team comprising the President, Vice President of Investment Promotion, Vice President of Export and Market Development, Vice President of Corporate Development and Competitiveness and Vice President of Finance and Corporate Services.

Chairman's Foreword

In the year under review, the Government's resolute management of the macro-economic framework and the continued recovery of the World Economy from the recent Global Recession provided the Jamaican Economy with an opportunity to solidify gains and move towards real growth. JAMPRO, equally resolute, played its part by promoting foreign direct investment from and Jamaican export to, traditional and non-traditional markets. Additionally, JAMPRO ramped up its support for local investment and for the overseas expansion of home grown multinationals. It is within that challenging but exciting context that, as Chairman of JAMPRO, I have the privilege of presenting the performance of the Corporation for the FY 2014-2015.

I would like to congratulate the JAMPRO team for achieving above target for capital expenditure (CAPEX), employment generation and business linkages. This was achieved despite a challenging year for many of the productive sectors which we serve. While export sales recorded a slight decline in non-traditional exports, I am confident that our strategy to build exporter capacity over the next financial year will prove fruitful and will see some amount of growth in the future. We are encouraged by the growth in sub-sectors targeted by JAMPRO, namely limestone, agro processing and other manufactured goods, which registered 48% growth during the period. Important to note, is the resumption of banana exports to the UK, after Hurricane Sandy's devastation to that crop in 2012. Our European Regional Office organized the first shipment in June 2014, the first, in six years of inactivity in that market.

JAMPRO is at the heart of the Government's ambitions for trade and investment. The second iteration of our flagship Jamaica Investment Forum was again very successfully staged and we have moved quickly to capitalize on the leads generated. Our strategy continues to focus on Investment Promotion and Export Market Development opportunities, as well as supporting the creation of an enabling business environment for local and foreign businesses. This strategy marks a stark change in the way JAMPRO, and the Government as a whole, direct their efforts by adopting a proactive approach to delivering opportunities and focusing on the export and investment markets that provide the best prospects for growth. Ours is a targeted, strategic approach – research driven spear

fishing, rather than hopeful trawling. One of the key features of the 2014 - 2015 financial period was the restructuring of core promotional divisions. This resulted in a greater alignment in the sector-based promotions and marketing and the reassignment of



other support functions to increase organisational efficiency and effectiveness. In all its promotional efforts, JAMPRO works towards that strategic goal, pulling together diverse yet interconnected investments which we view as key components of an emerging whole.

Looking to the year ahead, JAMPRO will focus its efforts on attracting new classes of investors particularly in the BPO Sector; staging the inaugural Jamaica Film Festival; expanding the role of the Film Commission to include capacity development and funding of the sector; increasing exporter capacity by providing value added support to export firms through our Export Max II programme; and supporting cross-Government initiatives that focus on making it easier to do business in Jamaica.

On behalf of the Board of Directors and all the Staff at JAMPRO, I would like to thank individuals and firms who have commissioned our services over the past year. We look forward to working with stakeholders to develop new projects responsive to JAMPRO's organizational priorities. I also wish to thank the hardworking Staff of JAMPRO, led by our Executive Team, for another solid year of achievement in a challenging environment.

Milton Samuda
Chairman

President's Report

JAMPRO had a phenomenal year in serving our local firms and engaging investors to support the growth of our economy. Our focus and mission for the 2014/2015 journey was distilled in one word – INNOVATION.

As an agency of the Ministry of Industry, Investment and Commerce, we are guided by the overall strategies of Government; however, our day-to-day philosophy is driven by a private sector ethos which includes: delivering on our targets, being creative, looking outwardly at the performance of other countries to remain competitive and attracting the well needed local and foreign direct investments (LDI and FDI) to our country.

This was achieved by aligning our strategies to meet international standards, improving our productivity and efficiency, developing an in-depth understanding of the key sectors, owning buyer relationships, leveraging Brand Jamaica and finding the right team to deliver our mandate.

To improve our relevance to local SMEs, we focused more on developing an in-depth understanding of various sectors and building buyer relationships in specified markets. The Export and Market Development Division of JAMPRO was consequently sectorised into: manufacturing and agro-processed goods, agriculture (fresh and semi-processed produce) and the creative industries.

We also introduced sector responsibility for the export of services. Experienced team members were assigned to conduct qualitative studies on these sectors and use market intelligence to guide programmes that would progressively introduce new export opportunities. This exercise proved fruitful, as six new markets were identified for fresh produce and baked goods, and approximately 509 business matchmaking meetings facilitated over the reporting period.

Our efforts to align our strategies to international standards also resulted in assistance to 732 local companies, 513 leads generated, 24 new projects, approximately 8,261 investment related jobs created, media value of approximately J\$31 million in local and international exposure and J\$27.1 billion in capital expenditure for JAMPRO facilitated projects, up to March 2014.

According to the International Trade Centre (ITC) Institutional Assessment and Benchmarking programme report conducted in July 2014, "JAMPRO has shown itself to be a TPO (Trade Promotion Organization) from the developing world that is performing at the level of developed countries. It is a clear leader in the

region." Although we are encouraged by the results of that study, we are aspiring to strengthening our business-to-business support, broadening our inward investment footprint and encouraging international business owners to locate or expand offices in Jamaica.



We were certain that operating at optimal levels and leveraging Brand Jamaica would bring greater outcomes and therefore efforts to enhance our internal systems were incorporated in our operations for this financial year. The implementation of a robust Customer Relationship Management (CRM) tool was one such initiative that will improve our productivity and manage the organization's interactions with current and future clients. The system is designed to organize our current database of investors, exporters and buyers, ensure our teams are operating in synch and institute a knowledge management programme that tracks our monthly deliverables.

The Global Business Connect (GBC) online platform was also developed in an effort to create greater client support, build our stakeholder database and connect with potential investors and exporters. A five year programme to promote Jamaica as a business brand was also developed, but we have not been provided with the necessary resources to action this programme. All of these programmes will be reviewed and refined for the 2015/2016 financial year.

Finally, I want to congratulate the hardworking JAMPRO team. They continue to work as one to break down silos, build cross-functional partnerships and add value to all our stakeholders – local and international. Their efforts have resulted in major achievements this year, including the Jamaica Observer Business Leader Award nomination where JAMPRO was one out of seven state-run Corporations nominated. This is commendable and speaks volumes to our efforts over the past year, to transform the business environment and achieve the best possible results for the Jamaican tax-payers. The work continues. I look forward to even greater success in the year ahead.

Diane Edwards
President

Corporate Overview



JAMPRO is an agency of the Government of Jamaica's Ministry of Industry, Investment and Commerce, which promotes business opportunities in export and investment to the local and international private and public sectors. In addition to facilitating the implementation of investment and export projects, the organization is a key policy advocate and advisor to the government in matters pertaining to the improvement of Jamaica's business environment and the development of new industries.

During the reporting period, JAMPRO's corporate strategy and operations were aligned to the following key national development goals:

- Sustained robust economic growth and development
- Creating an enabling business environment
- Enhanced competitiveness of the nation
- High quality jobs from wealth creating investments
- Highly differentiated niche export promotion
- Achieving export-led growth

The operations of the Corporation were guided by six imperatives, namely:

1. Actively promote investment in growth areas
2. Develop exporter capacity and create routes to market
3. Create an enabling business environment
4. Proactive and efficient communications strategy
5. Efficient and effective team of satisfied professionals
6. Optimize use of corporate resources

Corporate Overview

Jamaica is operating in a complex and challenging economic environment. Global trade and investment have been fluctuating since the economic crisis of 2008-2009, which has affected many of the traditional developing market partners. Trade and investment has also shifted from the West, to developing Asia, where China is now the largest exporter and Foreign Direct Investment (FDI) recipient. Following a recovery in 2011, global trade has now passed the US\$18 trillion mark. Against this challenging backdrop, the Government of Jamaica has set out to achieve ambitious trade targets. These include: doubling the value of exports, getting more Jamaican companies exporting by 2030 and developing an economic roadmap for the priority sectors.

The Government's plan to double exports go hand in hand with a push to increase inward investment. This embraces export-focused investment to strengthen our value chains and support our larger companies, which will create a virtuous circle in which FDI gets translated into export activity. The proposed establishment of Special Economic Zones (SEZs) and the Jamaica Logistics Hub Initiative provide the gateway for future growth in trade and investment, while improving the island's image as a destination to do business.

JAMPRO plays a central role in helping the Government to realize these goals. To ensure it provides the best possible outcomes for both Jamaica and its businesses, JAMPRO is organized around the following business units:

- **INVESTMENT PROMOTION** which includes Knowledge Services; Manufacturing, Energy & Mining and the Tourism and Agriculture sector teams, Investment Facilitation Services as well as the JAMPRO regional offices for Caribbean, Latin America, and Emerging Markets; Europe and North America;
- **EXPORT AND MARKET DEVELOPMENT** which includes Market Development; Export Development; Business Information Services; Creative Industries and the Western Jamaica Regional Office;
- **CORPORATE DEVELOPMENT AND COMPETITIVENESS** which includes Business Analysis and Research; Planning and Business Advocacy and Special Projects.

Investment Promotion

The Investment Promotion Division promotes Jamaica as a place to do business, as well as promote specific public and private sector investment projects. Through these efforts, the unit attracts, creates and sustains a pipeline of inward investment opportunities which are key to Jamaica's long-term competitiveness. It helps to win investment for major Jamaican infrastructure and regeneration projects. The Division strives to ensure that Jamaica is projected and perceived as a competitive and preferred location for inward FDI investments within the Caribbean and Latin American region. This is done through varied marketing and promotional activities through a combination of channels such as electronic, print and face-to-face.

Export and Market Development

The Export and Market Development Division helps Jamaican-based businesses succeed internationally. The Division works together with strong national, regional and overseas networks to provide companies with the help and support they need to enter new markets, and support them once they are there. To achieve this, it has developed a comprehensive range of programmes and services for Jamaican businesses in key priority sectors including: manufacturing, agriculture limestone, creative industries such as film and animation and the services sector. The Division is also responsible for the registration of exporters which is a critical first step in facilitating the shipment of products to overseas markets.

Corporate Development and Competitiveness

The Corporate Development and Competitiveness Division works closely with all Ministries, Departments and Agencies of the Government of Jamaica to help create a more enabling business environment for local businesses and international investors both at the firm level and the national level. It also provides the essential government-to-government policy and advocacy support to the Ministry of Industry, Investment and Commerce in pursuit of maintaining Jamaica's competitive position in the global market.



JAMPRO
TRADE & INVESTMENT JAMAICA

PERFORMANCE & KEY ACHIEVEMENTS

JAMPRO measures the impact of its work on the business performance of the investors and exporters they serve.

RESOURCES

JS\$514.6 m
Government

JS\$46.2 m
Income & Sponsorships



ACHIEVEMENTS



281

Inward Investment Leads

208

Export Leads

94

B2B Linkages Contracts

24

New Projects Facilitated

INVESTMENTS

J\$27.1 bn

Capital Expenditure (CAPEX) for JAMPRO Facilitated Projects



EXPORTS

732

Company Interventions

147

New Exporters Registered

US\$225.5 mn

Export Sales Facilitated

J\$994 m

Business Linkages Contracts

NEW JOBS CREATED

8261 →

Permanent = 4234

Temporary = 4027



Operational Overview

For the financial year (FY) 2014-2015, the Jamaica Promotions Corporation underwent a number of strategic revisions to its operations while maintaining its keen focus on attracting investments and driving exports. Key improvements were reported for capital expenditure (CAPEX), job creation and business linkages. Efforts have resulted in an increase in the organization's efficiency, and exceeding the targets set for the financial year. Key improvements were reported for capital expenditure (CAPEX), job creation and business linkages.

CAPEX was recorded at J\$27.1 billion across all JAMPRO facilitated investment projects, representing a 33% achievement over the annual target of J\$20.3 billion and an increase of 44% over the recorded achievement for FY 2013-2014. Similar levels of performance were recorded for the temporary and permanent jobs created from projects facilitated by JAMPRO throughout 2014-2015 with an overall tally of 8,261 jobs secured compared to the target of 7,714. JAMPRO also recorded high performance in the creation of business linkages within its targeted sectors. Based on a target of J\$815 million, the year-end figures ended at J\$994 million, representing a 121% achievement. Export sales on the other hand recorded a slight decline of US\$225 million compared to the previous year (US\$238.83m), which is consistent with the global decline in exports. This figure represents exports sales facilitated among JAMPRO clients, where 71% of the target was achieved.

Jamaica has been improving its global positioning, a move that makes the nation more attractive to potential local and foreign investors, and directly impacts the potential of both the investment and export community. Consistent with the Government of Jamaica's commitment to creating an enabling business environment, the National Competitiveness Council (NCC) was established in JAMPRO in 2010 to address critical business issues and to monitor the development of the business landscape. Through the NCC's efforts a number of business reforms in Government were facilitated and monitored, and during the year the country saw tremendous success in these reform efforts. The 2015 Doing Business Report, published by the World Bank, recorded Jamaica as making an impressive improvement on the process of setting up and doing business in the country, moving the nation's ranking of 85 in 2014 to 58 in 2015, a 27 place improvement. In addition

to this overall achievement, under the individual ranking for the level of access to credit for businesses, Jamaica saw a 113 place jump moving to 12th place.

Similarly, Jamaica has improved its ranking in both the Global Competitiveness Report (GCR) and the Logistics Performance Index (LPI). In the LPI 2014 report the nation was ranked 70; this is a 54 place improvement from the last report done in 2012. In the case of the GCR, out of 144 economies, Jamaica was ranked 86, up from a 94 ranking in 2013. These movements reflect tangible evidence of the high level of commitment from Government to improve the experience of doing business in Jamaica. These will invariably present bankable opportunities for prospective investors.

Against this backdrop, we convened the second staging of the Jamaica Investment Forum (JIF). The Investment Conference which was held in March 2015 was focused on raising the profile of doing business in Jamaica, promoting high profile investment opportunities and increasing investor confidence. JIF 2015 attracted 184 C-Suite local and international investors and was successful in its attempt to highlight the available investment opportunities in our country.

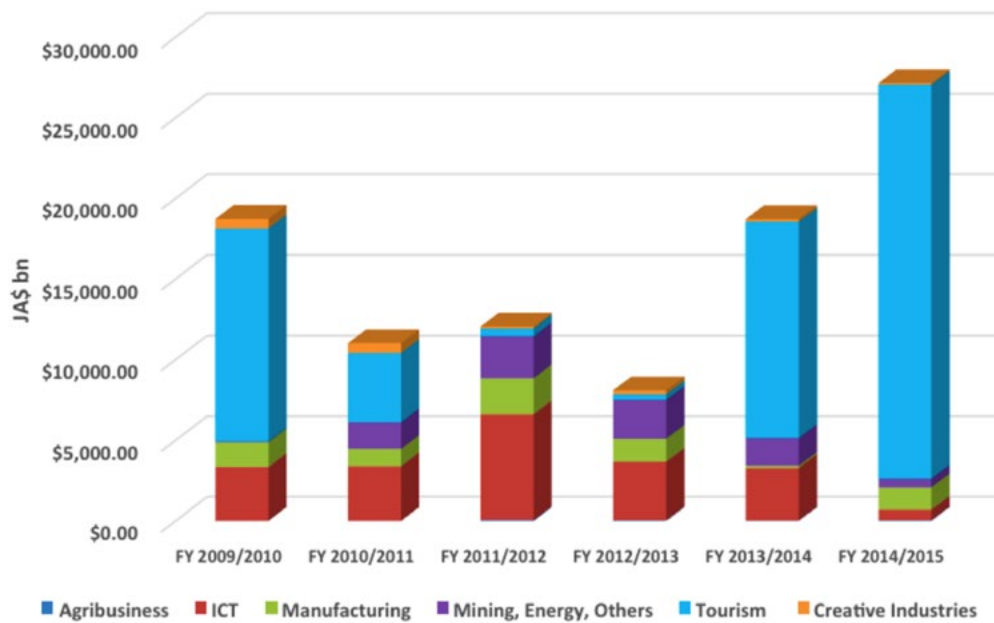
Throughout the 2014/15 fiscal year, JAMPRO was actively engaged in the development and implementation of key policy-based programmes and initiatives. These included:

- The Shovel-Ready Investment Programme: the programme creates the framework for suitably identified locations to receive the relevant pre-approvals that make them more attractive to investors.
- Five-year National Strategy for the Outsourcing Industry: the strategy outlines the government's plan to ensure growth of the industry by 18,000 jobs over the next five years.
- Foundations for Competitiveness and Growth Project (FCG): JAMPRO was announced as lead coordinator for component one of the project which aims to support a variety of business climate reforms, including those related to the SEZ regime and the reform of the development applications processes.

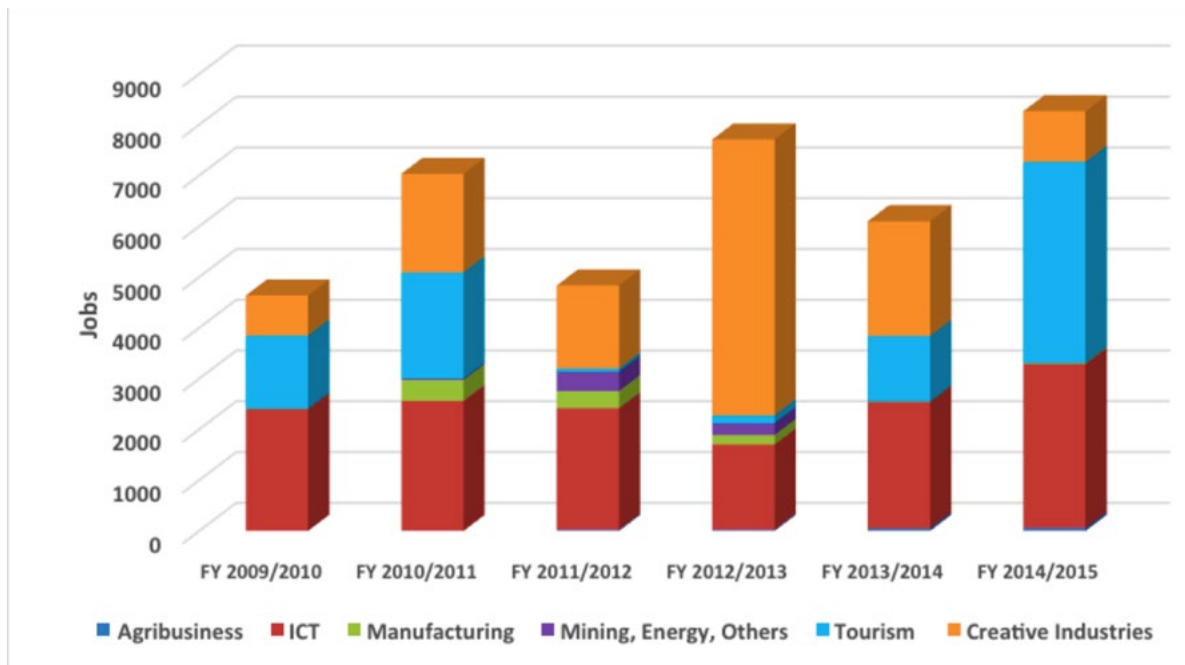
Operational Overview

JAMPRO'S SIX YEAR PERFORMANCE

Value of Capital Expenditure for JAMPRO Facilitated Projects (JA\$bn)



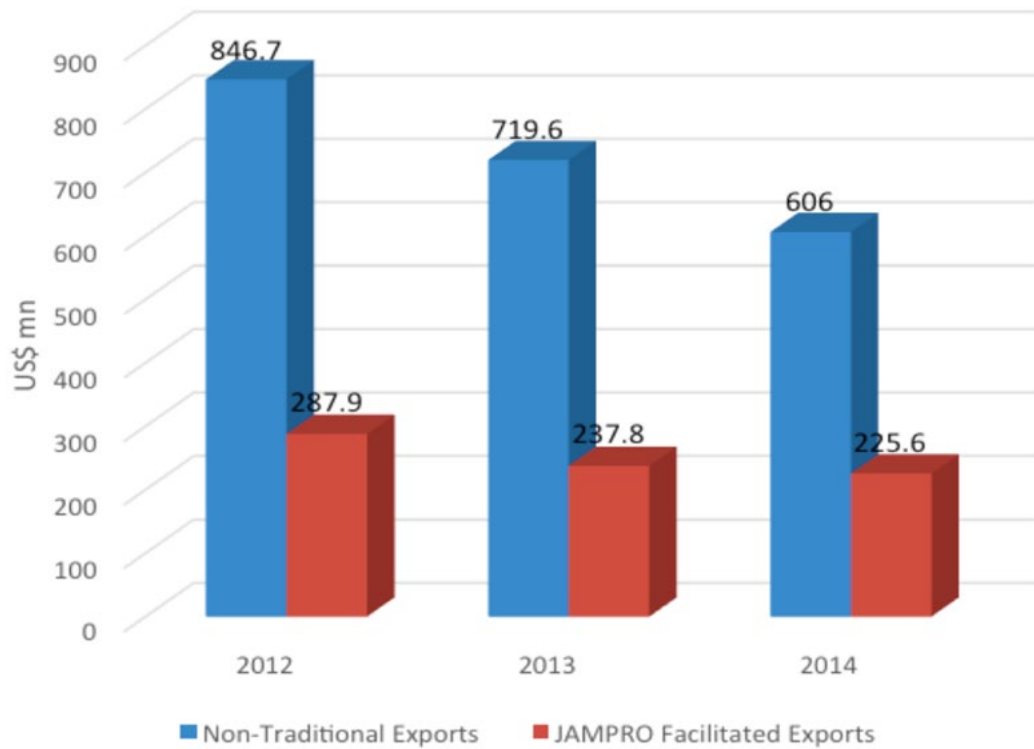
Jobs created by JAMPRO Facilitated Projects



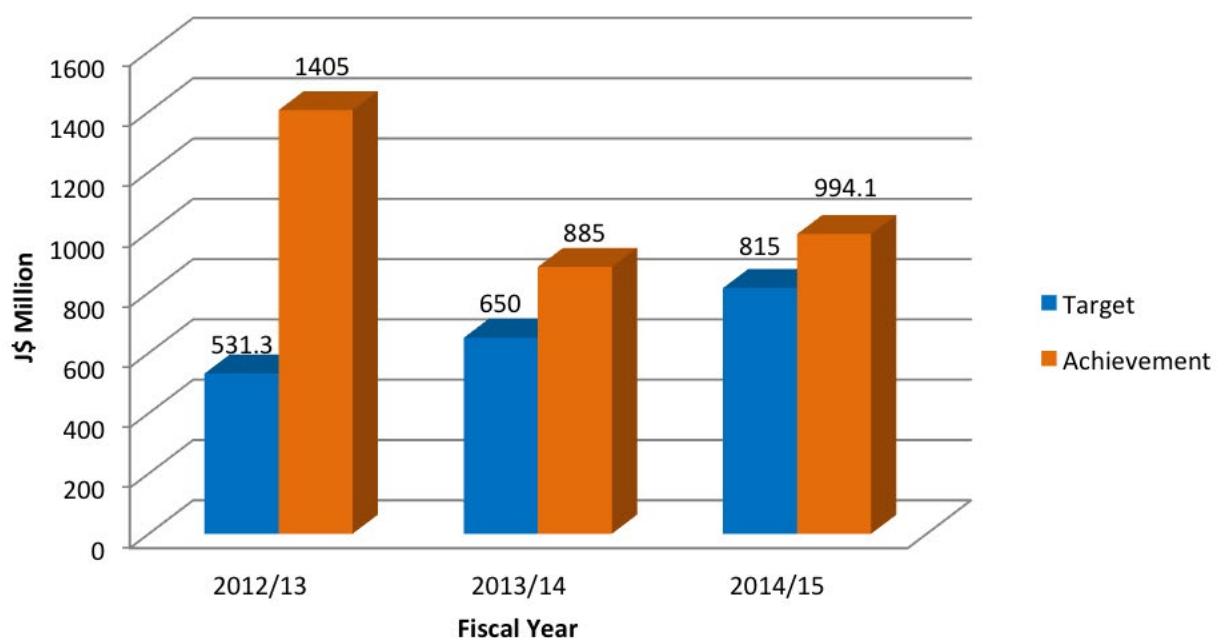
Operational Overview

VALUE OF EXPORT SALES

National Non-Traditional Exports vs JAMPRO Facilitated Export Sales



Value of JAMPRO-facilitated Linkages (Contracts)



Investment Promotion

Throughout the 2014-2015 financial year, the Investment Promotion Division performed creditably in promoting investments in the country's growth areas of business process outsourcing (BPO), manufacturing, logistics, tourism and agribusiness. The Division continues to operate along a linear path of generating leads, converting leads to prospects and finally confirming investment projects.

Approximately 281 leads were generated through direct engagement with investors throughout the various sectors; from which 24 new investment projects have been delivered and 8,261 jobs secured. This is against the backdrop of declining inward FDI globally and locally. To effectively promote Jamaica as a business destination and to attract FDI, the Division participated in approximately 19 outward missions, while 52 inward missions were facilitated. From these engagements, major leads were generated in Europe, North America, Asia, the Caribbean and Latin America among others. The Division also hosted key events to engage local stakeholders and investors; these include the Opportunities in the Electronics Manufacturing Symposium, Small Ruminants Seminar, Local Government Stakeholders' Engagement as well as Jamaica's leading investment and

business conference – Jamaica Investment Forum (JIF) 2015.

Key achievements were noted in the Offshore Oil Exploration project, facilitated by the European office; the potential of which can generate up to US\$60 million in CAPEX. The UK office was also integrally involved in facilitating Jamaica's first banana shipment to that country after a six year hiatus.



KNOWLEDGE SERVICES

The Government of Jamaica continues to provide strong support for the development of the ICT sector, particularly in BPO, which currently employs approximately 14,000 persons. The Knowledge Service business unit's main objective was therefore to attract new providers and companies to the country and expand the operations of existing players who continue to benefit from Jamaica's competitive and highly skilled workforce. At the end of the financial year, six (6) new players were introduced to Jamaica, namely; Quality Works Consulting Group, PCR Nearshore, Advanced Call Centre Technologies, MJ Contact Solutions, DG Call Sales Solutions Limited and Tritel Services Jamaica Limited. Approximately 3,237 new jobs were created from these projects and the sector witnessed expansions from existing operators into central parts of the island.



Investment Promotion

TOURISM

The Tourism Sector continues to attract the majority of the capital intensive investments to the country, primarily driven by the development of properties such as Moon Palace Jamaica Grande, La Playa Resorts (Hyatt Ziva & Zilara), Hospiten, Karisma (Azul Sensatori), The Royalton and Marriott Hotels. For the period under review, the Moon Palace Jamaica Grande project was the greatest contributor to this sector accounting for over J\$17 billion or 64% of total CAPEX.

With key indicators of occupancy and average daily rate (ADR) increasing, tourist arrivals continued to increase and so did investors' interest. Attention was largely focused on investors' acquisition of existing properties with renovation and expansion potential. These initiatives and interventions were results of projects spearheaded by the JAMPRO Tourism department. The aforementioned projects accounted for a majority of the jobs created in the sector during this period. The Tourism sector contributed to 48% of total employment created or 3,955 new jobs in 2014.



AGRICULTURE

JAMPRO played a lead role in assisting Diageo's 'Project Grow' initiative which entails substituting barley with cassava in the production of beer. The organization continues to work with multiple stakeholders across government and private sector to identify and validate samples and to identify lands and potential investors.

Facilitated by JAMPRO's Agriculture sector team, the project is estimated to reduce Diageo's current imports by up to 20% by utilizing a minimum of 3000 acres of land to grow cassava locally. The pilot phase of the project started with the cultivation of 36 acres in Bernard Lodge, St. Catherine and aims to cultivate 400 acres through an out grower model (contract farming) by the end of the preliminary phase.

In an effort to drive key segments of the agriculture sector, JAMPRO hosted the first Small Ruminants Seminar during this period and explored emerging areas of interest such as medical marijuana. The Government has subsequently moved

to draft legislation for the decriminalization of marijuana, particularly for use in medicine. JAMPRO continues to collaborate with the multiple stakeholders in shaping the industry's development and fielding the numerous investors expressing interest in the sector.

Agriculture currently contributes 6.7% to the Jamaican economy, employing over 18% of the workforce.



Investment Promotion

LOGISTICS

Since the development of the Global Logistics Hub Initiative (GLHI) in 2012, JAMPRO, under the guidance of the Ministry of Industry, Investment and Commerce was commissioned to promote this initiative to local and foreign investors. Efforts were made to build and create awareness of the project, as well as identify and develop a pipeline of suitable leads for the build-out of the logistics sector in Jamaica.

With a dedicated unit focused on Logistics, the organization provided business facilitation support for logistics projects to include:

- The expansion of Kingston Wharves Limited (KWL) ,
- Kingston Container Terminal (KCT) modernization and expansion,
- Assembly and distribution of HINO truck panel body.

The total investment in KWL is valued at \$70 million however,

Phase 1 is to be completed at a cost of \$20 million to include the construction of a 150,000 square feet Total Logistics Centre. CMA CGM (French container transportation and shipping company) is the new concessionaire for KCT and will be investing over US\$500 million to improve and expand the Port, to attract post Panamax vessels and increase transshipment business at the Port.

Some key areas of investor focus during the period were bunkering, dry docking, mega yacht hub, distribution hub for global manufacturers, ship graveyard, cold chain supply operation and third party logistics business. Significant effort was expended to attract anchor clients in these areas, with JAMPRO gaining strong investor interest from around the world. Discussions are ongoing and it is expected that some of these leads will be converted to projects in the upcoming year.

MANUFACTURING, ENERGY AND MINING

Manufacturing continues to provide great prospects for investment, export-led growth and generating CAPEX and jobs in Jamaica.

JAMPRO's focus has been to build equity and mindshare around Jamaica as a potential location for manufacturing in the targeted sectors of medical devices and electronic assembly. The strides being made are evident in the successful staging of an electronic assembly business opportunity forum at JAMPRO's headquarters in October 2014 and the partnership being forged with an international medical devices company and a local manufacturer. Other manufacturing focus areas are electronics, medical devices, food processing, limestone-based industries, as well as other niche manufacturing areas in which we have a competitive and comparative advantage. Significant interest continues to surround the Energy Sector, which is evident by the large number of enquiries

that were directed to JAMPRO during the 2014/2015 financial year, particularly in the waste to energy subsector. Conversion of these interests are limited by the current regulatory environment.

Additional areas of opportunity include bio fuels and energy efficiency and conservation (EEEC). From the Jamaica Investment Forum 2015, JAMPRO has secured the interest of a top US-based provider to establish a facility in Jamaica.

In the Mining Sector, focused interventions by JAMPRO has seen successes with CEMEX now exporting into the Trinidad and Tobago market and Lydford Mining Company obtaining a new lease for Reynolds Pier from Jamaica Bauxite Mining Limited.

Export & Market Development

The Export and Market Development Division focused on providing exporter support and increasing the number of markets exporters penetrated. The Division was guided by a need to:

- shift away from trade show participation to more targeted, buyer focused missions like Road Show USA;
- focus on utilising quality research to ascertain the right markets for products;
- leverage promotional opportunities through in- market partnership with Jamaican and overseas stakeholders and brand leaders;
- enhance the business facilitation process for new and existing exporters by partnering with stakeholders within the trade support network;
- deliver targeted linkage opportunities across Jamaica, to allow local suppliers to capitalise on opportunities from international investors and domestic business entities;
- renew focus on the sectors within Creative Industries particularly film and implement various capacity building initiatives.

In meeting its mandate the Export and Market Development Division came into contact with over 500 Jamaican businesses; providing services inclusive of exporter registration, market research, and establishing business to business linkages. As a business facilitator, over 94 linkage contracts were made for the period valued at JA\$994,100,177; 22% over the targeted amount and the highest in three years. The Creative Industries department, (new to the Division) facilitated \$637.6 million of this amount. The Division facilitated 480 planned



business to business meetings between buyers and suppliers (192% of target) and generated 55 linkages leads. The linkage contracts facilitated were in the agro processing sector (66%), manufacturing (30%) and retail and distribution (3%).

Jamaica's exporter base was augmented by the registration of 147 new export businesses (98% of target) while recording re-registration of 589 existing exporters. The value of export sales facilitated (US\$225.5 million) achieved 71% of the targeted amount, reflecting the national decline in non-traditional exports.

In order to facilitate growth and strengthen the capacity of firms, the Division executed nine inward and eight outward missions. The Division facilitated four firms in accessing JA\$7,495,350 in funding from the Caribbean Export Development Agency.

Export & Market Development

CREATIVE INDUSTRIES

The Creative Industries Unit moved to the Division as part of the thrust towards capacity building and development of opportunity, for the production and export of Jamaican content for multiple platforms to also include film and television. The programme aims to market and promote Jamaica as a destination for quality film, while music production remains a priority.

The department fully embraced the divisional mandate in securing linkages and facilitating capital expenditure in a variety of areas. Expo Jamaica was used as a strategic event to leverage Jamaica's offerings along with the lead conversion with the Africa Channel to host the content of Jamaican producers.

Job creation facilitated by the Creative Industries reflected the nature of work in the industry. As most employment is project or event based, 995 temporary jobs were facilitated, 13% over the target figure.

The Film Commission, housed in the Unit is responsible for the development and implementation of an inaugural Jamaica Film Festival, which is expected to be the parent film festival in Jamaica. The festival which is scheduled for July 7- 11, 2015 is anticipated to attract hundreds of films from local and international film producers, over a variety of subject areas. The festival's main objective is to build capacity and provide an opportunity for local content to be showcased globally. The inaugural film festival is also expected to attract increased attention to Jamaica as a more diverse location, showcasing and highlighting technical capacity of the industry.

The country is already receiving attention from the announcement of the White Witch of Rose Hall film trilogy to be filmed on location.



Future projects from the department include initiating the establishment of a Film Fund – for the development of the sub industry – and the creation of a Reggae School/University in collaboration with the University of the West Indies. This is expected to strengthen Jamaica's reach while exposing other nationals to Jamaica's rich culture.

Export & Market Development

EXPORT MAX II

The second installment of JAMPRO's Export Max programme was launched in October of 2014. Ten (10) firms were selected from the agro-processing and services industries and another ten (10) in non-food manufacturing and fresh produce. The primary objectives of Export Max are to design and implement customized enterprise development programmes in order to improve the export business performance and competitiveness of the participating companies. The programme seeks to facilitate 50% growth in export sales and access to new markets for all firms, as well as, generate a minimum of 15 trade leads for each of the companies.

Under the Export Max II programme companies are being facilitated in accessing mentorship support and individualised business coaching, capacity building training, productivity audits and market penetration support. The programme receives support through strategic partnerships established with private and public sector entities including the Development Bank of Jamaica (DBJ), Jamaica Productivity Centre, Bureau of Standards Jamaica, HEART Trust/NTA and Bank of Nova Scotia Jamaica (BNS).

Export Max firms participated in the following JAMPRO-led export market penetration initiatives during the period:

1. LAC Flavours (October 2014) – EG Wellness & Patwa Apparel
2. Road Show USA (October 2014) – Grace Agro Processing and Bio-Tech
3. ExpoComer (March 2015) – Grace Agro Processing and Bio-Tech



The Hon. G. Anthony Hylton is pictured with JAMPRO'S President, VP of Export and Market Development, Export Development Manager and mentors of JAMPRO's export development programme Exportmax II. From L-R Senator Norman Grant, Mavis Bank Coffee Factory (Mentor) , Mr Robert Scott , VP of Export and Market Development, JAMPRO; Dr Trevor Hamilton, Hamilton and Associates (Mentor) ; Dr Wayne Wesley, HEART Trust NTA (Sponsor), Hon. G Anthony Hylton , Minister of Industry, Investment and Commerce; Cheryl Stewart, HEART Trust NTA (Sponsor); Pamela Douglas, Bank of Nova Scotia (Sponsor), Marlene Porter, Export Development Manager, JAMPRO; Diane Edwards, President, JAMPRO; Michelle Cunningham, MC and Associates (Mentor); Melody Cammock-Gayle, MC and Associates (Mentor); Dwight Ramdon, Bureau of Standards Jamaica (Sponsor); Stanley Beckford, Grace Kennedy (Mentor); Stephen Spence, SMS Communication (Mentor); Phillip Shay, Jamaica Productivity Centre (Sponsor).

Success Story

EXPORT MAX I

Following an assessment of the agency's export clients and Jamaica's SME manufacturers, JAMPRO developed an initiative that would target companies that are specifically interested in increasing export sales and accessing new markets. This led to the genesis of JAMPRO's award winning flagship export development programme, Export Max.

The programme's strength resides in its tailored solutions for export-oriented SMEs; JAMPRO identifies the needs of participating companies and designs custom programmes for their development. The agency assists companies with improving their competitiveness in international markets and provides capacity building sessions and mentoring for the selected SMEs.

JAMPRO also gives assistance in market research and development as well as partnered with other state-run agencies such as Bureau of Standards and HEART Trust/ NTA. The aim is to empower participants with knowledge on business essentials such as financial and records management and quality standards development.

Significant growth of 31% was achieved in export sales overall and 33 new markets were penetrated for the companies participating in phase 1. In addition to the rise in sales, J\$100M in technical assistance, grant funding and other financing was secured for the Export Max companies.

Due to the massive success of the programme, JAMPRO launched the second phase in 2014 and 20 companies from the agro-processing, services, fresh produce, and non-food manufacturing industries were selected. Companies have been receiving market penetration support to take advantage of international market opportunities and to increase their contribution to the Jamaican economy.

Since the programme's launch in 2011, JAMPRO has enrolled 35 companies in the Export Max programme.

For **Michelle Smith, CEO of chocolatier Chocolate Dreams**, the programme was a crucial intervention for her business and led to the company's expansion.



"My business plan was done by JAMPRO. We were working in a tiny area and now we have expanded our space to 1700 square feet. I am very grateful to JAMPRO for what they did and continues to do."

One of Jamaica's growing fashion houses Heather Laine also participated in the Export Max programme. JAMPRO enlisted the help of the Jamaica Productivity Centre to support Export Max, resulting in critical interventions to manage Heather Laine's productivity and its output to international markets.

Speaking of her experience with JAMPRO, **Zoe Heather Summers, CEO of Heather Laine** said,

"The help JAMPRO has given us is invaluable. They helped us with a marketing plan and they came into the factory to help us with productivity. We have benefitted from many training sessions and workshops that have helped us get to where we are right now."



With the impending launch of the National Export Strategy (NES) and other export initiatives being undertaken by the Ministry of Industry, Investment and Commerce occurring simultaneously, JAMPRO will continue to monitor the progress of companies in the Export Max programme and execute other plans for intensive export development of Jamaican companies. Phase II of Export Max will conclude in 2017.



JAMPRO
TRADE & INVESTMENT JAMAICA

**export
max**
ENTERPRISE DEVELOPMENT
FOR EXPORT GROWTH

Success Story

FINPYME EXPORT PLUS | IRIE ROCK SPA

Name of Client: Racquel Brown
Business Brand: Irie Rock Yaad Spa

Irie Rock Yaad Spa is one of Jamaica's rising skincare product manufacturers. The company has a natural skin care line that remedy a variety of skin problems using potent mixtures of organic Jamaican plants.

Entrepreneur Racquell Brown thought of creating her products due to problems with her own skin and later on finding natural solutions to remedy her personal skin issues, "The company started about 5 years ago, but the idea started as far back as 10 years back when I was living and working in the UK. I started experimenting due to my problematic skin and started to play with the idea of opening a business. Then, the opportunity came, and I acted on it."

Brown and her small team soon found success by directly marketing her products to boutique and large hotels and spas. The company branched out by building a personal relationship with potential clients, "When we just started our focus was limited; we started by going to our local hotels for their feedback and then eventually grew to the local community's pharmacies and stores," she said.

The company's hard work has started to pay off. Last year, Irie Rock Yaad Spa had their first entry into exporting to major cities in North America and developed their e-commerce ability through participating in JAMPRO and the Inter-American Investment Corporation's (IIC) export development programme FINPYME Export Plus.

The primary benefit of the programme to Irie Rock Yaad Spa was the reframing of the company's online presence by using e-commerce and social media identity to increase their electronic sales. The company has boosted its export sales by using online marketing to grow its access to international markets, a critical tool for Jamaican SMEs to increase the reach of their products globally.

"Right now we are trying to build our online sales" Brown said, "We are actively seeking persons through that channel so we can reach persons globally. In the next five years, we would like to do more international sales and intensify our marketing to access Europe and the rest of the Caribbean."



Racquel Brown in her booth at JAPEX September 2014

Brown and her team have worked with JAMPRO for many years to develop the company's export capacity. Irie Rock has been a successful participant in a variety of JAMPRO programmes, which has provided much needed support to increasing business for the company.

"Our connection with JAMPRO has been excellent. We are a huge beneficiary of the Business Linkages programme, as we have gained great exposure and we have made real and long-standing connections with business partners through participating in trade shows.

The FINPYME ExportPlus Programme was also excellent; you get benefits from the professionals offering assistance and from interacting with your colleagues."

For the future, Irie Rock plans to update their facilities to enable increased production of the company's skincare lines. The company has continued to participate in various missions with JAMPRO to continue to broaden their export horizons and Brown thanks JAMPRO for its support. "When we started this journey, it was hard to get information. Then, when I started working with JAMPRO I realised that the agency has a special relationship with its clients. The staff is committed and driven to get the tasks done and that is what we, the companies, need."

The FINPYME ExportPlus Programme operates as a development tool to increase the export capacity of local Small and Medium sized enterprises.



Corporate Development & Competitiveness

The Corporate Development and Competitiveness Division continued to support the activities of clients, internally and externally for the 2014-2015 period. Key divisional activities included sector development, business environment initiatives, research and market intelligence, firm-level business interventions, corporate development and planning.

Within sector development, the Division supported the animation and film industries, cannabis and the services industry (through the Jamaica Coalition for Service Industries). The division facilitated the research of medical tourism as a tourism product and the development of a five (5) year National Outsourcing Strategy, which seeks to create 18,000 jobs by 2020.

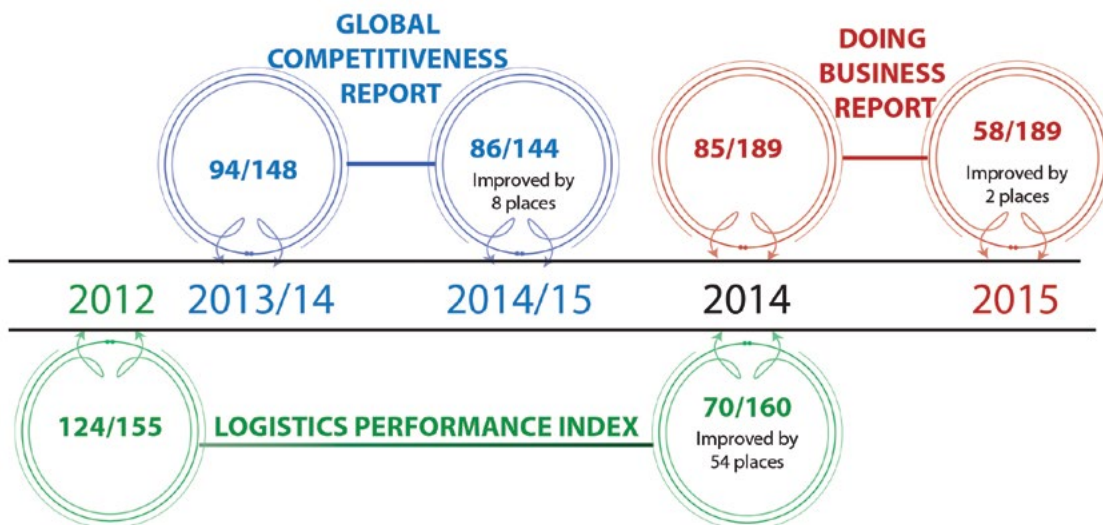
The Division continued its partnership with other key stakeholders to develop and implement the Shovel Ready Investment Program. The project aims to fast-track investments by expediting the development process pre promotion. Under the growth mandate, the National Competitiveness Council (NCC) boasts the improvement in Jamaica's doing business rankings for 2014 as a result of key reforms facilitated in business start-up and access to credit. The NCC was the lead coordinator for reforms of the business climate targeting the Development Approvals Review Process (DARP) and the Special Economic Zone regime.

Direct assistance was provided to 33 firms, with the Division's Planning and Business Advocacy department acting as an intermediary between the government agencies and Jamaican firms. Major clients supported were Moon Palace, Caribbean Tissue Company and Rokben.

JAMPRO was named Country Representative of the Canadian Executive Service Organization (CESO) programme, which is a programme geared towards capacity building among the nation's SMEs through the use of retired consultant experts that have specific areas of focus. A total of eight (8) assignments were executed within the reporting period for JAMPRO, University College of the Caribbean (UCC), Registrar General Department (RGD), Orandy Moving & Storage and Hall & All Produce. JAMPRO is hoping to receive an additional five year extension as Country Representative under the CESO programme, which could see an additional 12 projects being implemented annually.

As part of its thrust towards improving customer service and providing relevant business services, the Division conducts client satisfaction surveys which revealed satisfaction levels from 73% of external clients against 64% for JAMPRO staff.

JAMAICA'S COMPETITIVENESS RANKING



Sources: Doing Business Report 2015, Global Competitiveness Index 2014/2015, Logistics Performance Index (2012 & 2014)

Corporate Development & Competitiveness

SPECIAL PROJECTS

Jamaican Girls Coding Summer Camp (July/August 2014)

The “Jamaican Girls Coding Project 2014” was organized by the Jamaica Coalition of Service Industries (JCSI) initiative in partnership with JAMPRO, UK Department for International Development (DFID) and Caribbean Development Bank (CDB) as a gender-based ICT project requirement under CDB grant funding secured during FY 2013/14. The project was structured as a “Girls Coding Camp” spanning from July 28 to August 22, 2014. A total of twenty (20) teenage girls during the course of the 4-week camp were introduced to website design/development, introduction to HTML, coding – concepts and practices of computational thinking, sequence and loops. The young ladies also learnt introduction to animation using Toon Boom software at the Reel Rock GSW Animation Studios.



Programmers in the making: Young participants at the Jamaican Girls Coding Workshop.

National Export Strategy (NES) Stakeholder Consultation (January 2015)

In November 2014, the Commonwealth Secretariat contracted Tourism Intelligence International (TII) to provide expertise on the design and development of Jamaica’s Second National Export Strategy. Commonwealth Secretariat and TII conducted its inception mission to Jamaica in November/December 2014. As part of the on-going effort to further develop the strategic action plans for Phase II of the NES, JAMPRO in partnership with the JEA and the Trade Board Limited, with the support of the Commonwealth Secretariat, and consultants hosted a two-day NES Validation Workshop on January 21 & 22,



Export. Live. Prosper

2015. Over the two-day period, 168 persons participated in brainstorming sessions, workshops and the development of key initiatives that will form the core of the second phase of the NES.

Signature Events

EXPO JAMAICA (APRIL 2014)

JAMPRO collaborated with the Jamaica Manufacturers' Association and the Jamaica Exporters' Association to host the Caribbean's largest trade show, Expo Jamaica 2014 from April 3 to 6. JAMPRO's role as buyer recruiter resulted in 475 buyers (275 local and 200 international) from over 24 countries in an important event, especially as Jamaica seeks to reposition exports in the global market to significantly increase export earnings, reduce our debt to GDP ratio, and achieve long-term sustainable economic growth.

Hosted under the theme "The Business hub of the Caribbean", the biennial trade show exposed a wide range of Jamaican-made products from over 100 exhibitors.

Over the two buyer days of the Expo, a total of 332 business meetings were recorded among buyers, from over 20 countries (including Jamaica).

There were approximately 114 trade enquiries. From this number, 74 were deemed exploratory, while 92 were deemed as strong leads with the possibility of converting to actual sales. Up to the time of this report, 27 samples were either delivered or requested and 25 orders were completed. Buyer/seller engagements are still being monitored under this initiative.

NEW YORK CITY INVESTORS' FORUM (OCTOBER 2014)

JAMPRO in partnership with Citibank N.A. hosted the New York City Investors' Forum at the bank's Headquarters in Tribeca, New York. The Forum, which was held on October 31, was themed "Jamaica's Economy: New Possibilities Ahead" and featured keynote speaker, Minister of Finance and Planning - Dr. the Hon. Peter Phillips.

This forum aided significantly in boosting investor confidence and presented several existing clients, including XEROX, with the opportunity to meet the Minister of Finance and Planning, Dr. the Hon. Peter Phillips and gain a better appreciation of the direction the nation is heading in relation to growth and investments. The Investors' Forum generated seven investment leads after two stakeholder consultations convened during the event.

ROAD SHOW USA (NOVEMBER 2014)

The Road Show USA (RSUSA) series rolled out in November 2014, and will include numerous stops at key locations in the United States. The first execution was held in Florida with the other stops scheduled for Houston and Atlanta (April/May 2015); and New York and Baltimore (September 2015). The principal objective of the RSUSA series is to have a more targeted mission with pre-identified buyers linking with participating exporters. The series includes JAMPRO Business Breakfast Networking Forums, B2B Meetings, in-market trade visits and B2C activities.

The first event attracted 13 buyers, five participating exporting companies, with 29 B2B meetings facilitated and 21 leads generated. One significant criterion for the programme is to ensure consistent participation from the identified exporters to monitor growth and success of their participation over the duration of the RSUSA series.

Signature Events

JAMAICA INVESTMENT FORUM (MARCH 2015)

The Jamaica Investment Forum (JIF) 2015 is Jamaica's international investment and business conference; designed for eager investors and business executives who want to discover business opportunities and industry developments; learn about alternative emerging opportunities and discuss Jamaica's business climate.

The conference focused on the key sectors of Tourism, Logistics, Manufacturing, Business Processing Outsourcing (BPO), Agribusiness and International Financial Services.

Held for three days from March 10-12, JIF 2015 provided investors and business executives with an exclusive opportunity for dialogue with the Prime Minister of Jamaica (conference host), other senior decision-makers in the Government of Jamaica, global business leaders, prominent international speakers and industry experts. Investors also had an opportunity to gain insight in Jamaica's overall economic plans and



future and develop in-depth understanding specific to key sectors of interest.

Approximately 498 participants registered for the conference; this includes 132 foreign investors from 21 countries. JAMPRO secured approximately 251 business meetings over three days. Up to the time of this report 37 new investment leads were generated from this event and approximately seven investment opportunities have progressed since.



MARKET ACTIVATIONS






2014 - 2015



Connecting
Businesses
Globally

88
MISSIONS

COUNTRIES
ENGAGED:

-  Antigua and Barbuda
-  Brazil
-  Canada
-  China
-  Columbia
-  Cuba
-  Dominican Republic
-  France
-  Germany
-  Guatemala
-  Guyana
-  India
-  Indonesia
-  Mexico
-  Nigeria
-  Panama
-  Rwanda
-  Scotland
-  South Korea
-  Switzerland
-  Trinidad and Tobago
-  United Kingdom
-  USA
-  Venezuela

INVESTMENT



52

INWARD
MISSIONS



19

OUTWARD
MISSIONS

EXPORT



9

INWARD
MISSIONS



8

OUTWARD
MISSIONS

513

LEADS
GENERATED

Looking Ahead

FOCUS AREAS FOR FISCAL YEAR 2015/2016



The Jamaica Promotions Corporation will continue to ensure the successful marketing, promotion and facilitation of projects implemented in our country. The organization is poised to target and attract projects that add value to the Jamaican economy and its various stakeholders. Among the strategies essential to our growth is the continued focus on improving the efficiencies of the core function areas: Investment Promotion; Export and Market Development and Corporate Development and Competitiveness.

We remain focused on developing roadmaps and milestones for attracting lucrative investments to priority sectors that will lead to employment and job retention. Special focus will be placed on:

- The marketing of packaged investment projects
- Expanding into new areas of investment including:
 - Logistics
 - Nutraceuticals
 - Medical Tourism
 - Knowledge Process Outsourcing
- Employing new outreach strategies that better engage client value chains for referrals
- Engaging in-market brokers to shorten the sales cycle for specific areas of opportunity
- Encouraging re-investment through investment after care.

Looking Ahead

FOCUS AREAS FOR FISCAL YEAR 2015/2016

These initiatives will position the right products, through the right channels in front of the right audience, which is a critical step to attracting investments for the targeted industries. For these investments to come to fruition, JAMPRO will also continue to place special emphasis on repurposing Jamaica's business environment by employing the following tactics:

- Monitoring of the Business Environment Reform Agenda (BERA) and continued implementation of Component One – Foundation for Competitiveness Project (C1-FCG), including:
 - Implementation of changes to development approvals
 - Drafting of the SEZ Act
 - Public education for new and on-going reforms
- Finalisation and implementation of National Exporter Strategy (NES) II
- Packaging of Shovel Ready Investment Projects (SRIP)
- Development and implementation of National Services Policy and National Health and Wellness Tourism Policy
- Supporting the development of a National Training Strategy

In relation to increasing exporter capacity, JAMPRO will continue to encourage business transformation to meet the needs of a wider cross section of potential exporters and open access to a focused range of international markets; consistent with the National Export Strategy. We will pay special attention to four key areas, namely:

1. Building effective relationships with international buyers in the targeted markets of the USA, Canada, Caribbean, Panama, Cuba and Venezuela.

2. Focus on increasing exports in targeted sectors of fresh produce, creative industries, agribusiness, services, limestone and non-food manufacturing.
3. Accelerating matchmaking opportunities between exporters and international buyers. Departments will be streamlined to focus on the engagement of buyers through inward and outward missions, thereby maximizing the contact between buyers and sellers.
4. Building continuous and effective local and international networks and relationships with the key stakeholders that lie at the heart of our ability to generate matchmaking opportunities and close deals with international partners.

In helping the organization to move forward, we also recognize the importance of having the right people trained in the right positions. Therefore, we will continue to invest in the strategic development of our human resource and provide support through continuous training and team building initiatives as well as health and wellness care to all our staff. Equally, we will continue to concentrate on delivering superior customer service and offer products and services of the highest quality; to meet our clients' growing demands.

Finally, JAMPRO remains a strong and vibrant player in the business circuits because of the support of a committed board of directors, management team, staff, partners and various stakeholders who are all critical to the success of the corporation. We wish to assure all our stakeholders that we are dedicated to operating at internationally recognized standards and pledge to be exemplary corporate citizens in all aspects of our operations.

BOARD OF DIRECTORS' COMPENSATION FOR 2014/2015

| Director's Name | Gross Payment (\$) |
|----------------------------------|--------------------|
| Milton Samuda - Chairman | 137,500 |
| Eugene Ffolkes - Deputy Chairman | 103,500 |
| Byron Blake | 100,500 |
| Reginald Nugent | 73,500 |
| Norman Horne | 96,000 |
| Marjorie Seeberan | 85,000 |
| Myrtle Weir | 75,000 |
| Jeffrey Hall | 67,000 |
| Steven Whittingham | 65,500 |
| Keisha Burgher | 55,000 |
| Andrea Moore | 52,000 |
| Marjory Kennedy | 22,500 |
| Bishop Howard Gregory | 22,500 |
| Bishop E Don Taylor (deceased) | - |
| Ray Goulbourne | - |
| Diane Edwards - President | - |
| TOTAL | 955,500 |

EXECUTIVES' COMPENSATION FOR 2014/2015

| Position of Senior Executive | Year | Basic Salary (\$) | Gratuity & Performance Incentive (\$) | Travelling Allowance/Assigned Motor Vehicle | Retirement Benefits | Other Allowances & Payments | Health & Group Life Insurance (\$) | Total (\$) |
|--|-----------|-------------------|---------------------------------------|---|---------------------|-----------------------------|------------------------------------|-------------------|
| President | 2014/2015 | 8,020,615 | 2,807,215 | 550,125 | 37,500 | 14,583 | 313,302 | 11,743,341 |
| VP - Finance & Corporate Services | 2014/2015 | 5,794,733 | 2,317,893 | 1,006,434 | 37,500 | 71,903 | 250,532 | 9,478,995 |
| VP - Corporate Development & Competitiveness | 2014/2015 | 5,281,974 | 1,848,691 | 1,006,434 | 37,500 | 25,000 | 311,458 | 8,511,057 |
| VP - Investment Promotion | 2014/2015 | 5,794,733 | 2,317,893 | 1,006,434 | 37,500 | 396,947 | 327,232 | 9,880,739 |
| VP - Export & Market Development | 2014/2015 | 5,515,047 | 1,930,266 | 523,505 | 37,500 | 14,583 | 319,345 | 8,340,246 |
| TOTAL | | 30,407,102 | 11,221,959 | 4,092,932 | 187,500 | 523,017 | 1,521,868 | 47,954,378 |



JAMAICA PROMOTIONS CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2015

| | |
|--|---------|
| INDEPENDENT AUDITORS REPORT | FS_1-2 |
| STATEMENT OF FINANCIAL POSITION | FS_3 |
| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | FS_4 |
| STATEMENT OF CHANGES IN EQUITY | FS_5 |
| STATEMENT OF CASH FLOWS | FS_6 |
| NOTES TO THE FINANCIAL STATEMENTS | FS_7-26 |
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| STATEMENT OF COMPREHENSIVE INCOME & EXPENDITURE | FS_28 |



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INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PROMOTIONS CORPORATION

Report on the Financial Statements

We have audited the financial statements of Jamaica Promotions Corporation (“the Corporation”), set out on pages 3 to 26, which comprise the statement of financial position as at March 31, 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

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

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



To the Members of
JAMAICA PROMOTIONS CORPORATION

Report on the Financial Statements, continued

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Jamaica Promotions Corporation as at March 31, 2015, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

A handwritten signature in blue ink, appearing to read 'KPMG'.

Chartered Accountants
Kingston, Jamaica

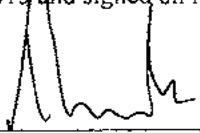
June 30, 2015


JAMAICA PROMOTIONS CORPORATION

Statement of Financial Position
March 31, 2015

| | <u>Notes</u> | <u>2015</u> | <u>2014</u> |
|--|--------------|----------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3(a) | 22,181,271 | 10,821,397 |
| Securities purchased under resale agreements | 2(e) | 71,532,673 | 65,395,160 |
| Accounts receivable | 4 | <u>40,321,637</u> | <u>32,715,725</u> |
| | | <u>134,035,581</u> | <u>108,932,282</u> |
| CURRENT LIABILITIES | | | |
| Accounts payable | 5 | 173,454,038 | 149,035,979 |
| Grants received in advance | 6 | <u>7,636,558</u> | <u>7,282,752</u> |
| | | <u>181,090,596</u> | <u>156,318,731</u> |
| NET CURRENT LIABILITIES | | (47,055,015) | (47,386,449) |
| NON-CURRENT ASSETS | | | |
| Property, plant & equipment | 7 | 156,373,186 | 164,348,777 |
| Employee benefit asset | 8 | <u>188,347,000</u> | <u>146,236,000</u> |
| | | <u>\$297,665,171</u> | <u>263,198,328</u> |
| Financed by: | | | |
| ACCUMULATED SURPLUS | | 98,377,479 | 63,722,894 |
| CAPITAL RESERVE | 9 | <u>197,629,686</u> | <u>197,629,686</u> |
| | | 296,007,165 | 261,352,580 |
| NON-CURRENT LIABILITY | | | |
| Deferred income | 10 | <u>1,658,006</u> | <u>1,845,748</u> |
| | | <u>\$297,665,171</u> | <u>263,198,328</u> |

The financial statements on pages 3 to 26 were approved by the Board of Directors on June 30, 2015 and signed on its behalf by:


 _____ Chairman
 Milton Samuda


 _____ President
 Diane Edwards

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

JAMAICA PROMOTIONS CORPORATION

Statement of Profit or Loss and Other Comprehensive Income
Year ended March 31, 2015

| | <u>Notes</u> | <u>2015</u> | <u>2014</u> |
|---|--------------|----------------------|--------------------|
| Gross operating revenue | 11 | <u>609,742,074</u> | <u>510,437,994</u> |
| Operating expenses: | | | |
| Promotional | | 154,972,563 | 102,956,253 |
| Staff-related | | 367,612,518 | 356,004,490 |
| General and administrative | | <u>93,044,274</u> | <u>72,301,150</u> |
| | | <u>615,629,355</u> | <u>531,261,893</u> |
| Operating deficit for the year | 12 | (5,887,281) | (20,823,899) |
| Other income: | | | |
| Interest income | | 2,113,866 | 3,127,581 |
| Gain on disposal of property, plant & equipment | | <u>-</u> | <u>1,876,238</u> |
| Deficit for the year | | (3,773,415) | (15,820,080) |
| Other comprehensive income/(loss): | | | |
| Items that will never be reclassified to profit or loss | | | |
| Remeasurement gain/(loss) on defined benefit plan | | <u>38,428,000</u> | (43,712,000) |
| Total comprehensive income/(loss) for the year | | \$ <u>34,654,585</u> | (59,532,080) |

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

JAMAICA PROMOTIONS CORPORATION

Statement of Changes in Equity
Year ended March 31, 2015

| | <u>Accumulated surplus</u> | <u>Capital reserve (note 9)</u> | <u>Total</u> |
|---|--------------------------------|---|--------------------|
| Balances at March 31, 2013 | 123,254,974 | 197,629,686 | 320,884,660 |
| Deficit for the year | (15,820,080) | - | (15,820,080) |
| Other comprehensive loss: | | | |
| Remeasurement loss on defined benefit plan | (43,712,000) | - | (43,712,000) |
| Total comprehensive loss for the year | (59,532,080) | - | (59,532,080) |
| Balance at March 31, 2014 | 63,722,894 | 197,629,686 | 261,352,580 |
| Deficit for the year | (3,773,415) | - | (3,773,415) |
| Other comprehensive income: | | | |
| Remeasurement gain on defined benefit plan | 38,428,000 | - | 38,428,000 |
| Total comprehensive income for the year | 34,654,585 | - | 34,654,585 |
| Balances at March 31, 2015 | <u>\$ 98,377,479</u> | <u>197,629,686</u> | <u>296,007,165</u> |

JAMAICA PROMOTIONS CORPORATION

Statement of Cash Flows Year ended March 31, 2015

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Deficit for the year | (3,773,415) | (15,820,080) |
| Adjustments for: | | |
| Depreciation | 13,930,316 | 12,925,393 |
| Employee benefits | (3,683,000) | (5,154,000) |
| Amortisation of deferred income | (187,742) | (209,481) |
| Interest income | (2,113,866) | (3,127,581) |
| Gain on disposals of property, plant & equipment | - | (1,876,238) |
| Foreign exchange loss/(gain) | <u>1,684,530</u> | <u>(270,172)</u> |
| | 5,856,823 | (13,532,159) |
| Changes in: | | |
| Increase in accounts receivable | (7,605,912) | (2,181,540) |
| Decrease in long term receivables | - | 6,780,000 |
| Increase in accounts payable and grants received in advance | <u>24,771,865</u> | <u>4,175,907</u> |
| Net cash provided by/(used in) operating activities | <u>23,022,776</u> | <u>(4,757,792)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of property, plant & equipment | (5,954,725) | (9,070,887) |
| Interest received | 2,113,866 | 3,127,581 |
| Proceeds from disposal of property, plant & equipment | - | 2,705,252 |
| Securities purchased under resale agreements | <u>(6,137,513)</u> | <u>13,198,707</u> |
| Net cash (used in)/provided by investing activities | <u>(9,978,372)</u> | <u>9,960,653</u> |
| Net increase in cash and cash equivalents | 13,044,404 | 5,202,861 |
| Cash and cash equivalents at beginning of year | 10,821,397 | 5,348,364 |
| Effect of exchange rate fluctuations on cash and cash equivalents | <u>(1,684,530)</u> | <u>270,172</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$22,181,271</u> | <u>10,821,397</u> |

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

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements
Year ended March 31, 2015

1. The Corporation

Jamaica Promotions Corporation was established on April 26, 1990 as a Statutory Corporation under the Jamaica Promotions Corporation Act (“the Act”) with the objectives of stimulating, facilitating and promoting the development of trade and industry, export trade and investment activities in all sectors of the Jamaican economy.

2. Statement of compliance, basis of preparation and significant accounting policies

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board.

(b) Basis of preparation:

The financial statements are presented in Jamaica dollars and are prepared on the historical cost basis.

The financial statements have been prepared on the going concern basis, although the Corporation reported a deficit of \$3,773,415 (2014: \$15,820,080) at the reporting date. At the same date current liabilities exceeded current assets by \$47,055,015 (2014: \$47,386,449). Continuation of the Corporation as a going concern is dependent on the ability of the Corporation to obtain continued financing from the Government of Jamaica, and, ultimately, on future surplus generating operations. The directors believe that the preparation of the financial statements on the going concern basis continues to be appropriate.

New and revised standards and interpretations that became effective during the year:

Certain new, revised and amended standards and interpretations which were in issue came into effect for the current year. The adoption of these amendments did not result in any change to the presentation and disclosures in the financial statements.

A number of new standards, amendments to standards and interpretations have been issued which are not yet effective at the reporting date and which the Corporation has not early-adopted. Management has assessed the relevance of all such new standards, amendments and interpretations with respect to the Corporation’s operations and has determined that the following are likely to have an effect:

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements (Cont'd)
Year ended March 31, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(b) Basis of preparation (cont'd):

- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.
- IFRS 15, *Revenue from Contracts with Customers* is effective for periods beginning on or after January 1, 2017. It replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.
- IAS 1 *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:
 - specific single disclosures that are not material do not have to be presented even if they are a minimum requirement of a standard.
 - the order of notes to the financial statements is not prescribed.
 - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material.
 - specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI.
 - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements (Cont'd)

Year ended March 31, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(b) Basis of preparation (cont'd):

- *Improvements to IFRS 2010-2012 and 2011-2013* cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014 are as follows:
 - IFRS 13, *Fair Value Measurement* is amended to clarify that issuing of the standard and consequential amendments to IAS 39, and IFRS 9, did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.
 - IAS 16, *Property, Plant and Equipment* and IAS 38, *Intangible Assets*. The standards have been amended to clarify that, at the date of revaluation:
 - (i) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortization) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses or
 - (ii) the accumulated depreciation/amortisation is eliminated against the gross carrying amount.
- *Improvements to IFRS 2010-2012 and 2011-2013* cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014 are as follows (continued):
 - *IAS 24, Related Party Disclosures* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.
- *Improvements to IFRS, 2012-2014* cycle contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016 are as follows:
 - IFRS 7, *Financial Instruments: Disclosures*, has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements (Cont'd)
Year ended March 31, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(b) Basis of preparation (cont'd):

- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*, are effective for accounting periods beginning on or after January 1, 2016.
 - The amendment to IAS 16, *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
 - The amendment to IAS 38, *Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

Management is assessing the impact, if any, that the new standards and amendments may have on the company's financial statements when the standards are adopted.

(c) Estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from these estimates.

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

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Pension and other post employment benefits:

The amounts recognised in the statement of financial position and profit or loss for pension and other post-employment benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include expected long-term return on plan assets, the discount rate used to determine the present value of estimated future cash flows required to settle the pension.

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements (Cont'd)
Year ended March 31, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(c) Estimates and judgements (cont'd):

(i) Pension and other post employment benefits (cont'd):

The expected return on net plan assets assumed considers the long-term historical returns, asset allocation and future estimates of long-term investment returns. The discount rate is determined based on the estimate of yields on long-term government securities that have maturity dates approximating the terms of the Corporation's obligation, in the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. Any changes in these assumptions will affect the amounts recorded in the financial statements for these obligations.

(ii) Allowance for impairment losses on receivables:

In determining amounts recorded for impairment losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables, for example, default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from those assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

(d) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances including short term deposits maturing between one and three months from the reporting date.

(e) Securities purchased under resale agreements (resale agreements):

Securities purchased under resale agreements are short-term transactions in which the Corporation makes funds available to other parties and in turn receives securities which it agrees to resell on a specified date at a specified price. Resale agreements are accounted for as short-term collateralised lending.

The fair value of resale agreement approximates the carrying value at the reporting date.

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements (Cont'd)
Year ended March 31, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(f) Accounts receivable:

Trade and other receivables are stated at cost, less impairment losses.

(g) Accounts payable and accrued charges:

Trade and other payables are stated at amortised cost.

(h) Property, plant & equipment:

Property, plant & equipment are stated at cost or deemed cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of the day-to-day servicing of property, plant and equipment are recognised in profit or loss.

(i) Depreciation:

Property, plant & equipment, with the exception of land, on which no depreciation is charged, are depreciated on the straight-line basis at annual rates estimated to write off the assets over their expected useful lives. The depreciation rates are as follows:

| | |
|-------------------------|----------------------------|
| Buildings | 2½% |
| Leasehold improvements | over the life of the lease |
| Furniture and equipment | 10% |
| Motor vehicles | 20% |
| Computers | 20% |

The depreciation methods, useful lives and residual values are reassessed at the reporting date.

(j) Foreign currencies:

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

(k) Employee benefits:

Employee benefits comprise all forms of consideration given by the Corporation in exchange for service rendered by employees. These include current or short-term benefits such as salaries, NIS contributions paid, annual vacation, and non-monetary benefits, such as medical care; post-employment benefits, such as pension; other long term employee benefits such as long service awards; and termination benefits.

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements (Cont'd)
Year ended March 31, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(k) Employee benefits (cont'd):

(i) General benefits:

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and are expensed as the related service is provided. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post employment benefits are accounted for as described in paragraph (ii) below. Other long-term benefits, including termination benefits, which arise when either: (1) the employer decides to terminate an employee's employment before the normal retirement date; or (2) an employee decides to accept voluntary redundancy in exchange for termination benefits, are accrued as they are earned and charged as an expense, unless not considered material, in which case they are charged when they fall due.

(ii) Defined benefit pension scheme:

In respect of defined-benefit arrangements, employee benefits, comprising pensions and other post-employment assets, and obligations included in the financial statements are determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations are conducted in accordance with IAS 19, and the financial statements reflect the Corporation's post-employment benefit assets and obligations as computed by the actuary. In carrying out their audit, the auditors rely on the work of the actuary and the actuary's report.

The Corporation's net obligation in respect of the defined-benefit pension schemes is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and any unrecognised past service costs and the fair value of scheme assets are deducted. The discount rate is the yield at the reporting date on long-term government securities that have maturity dates approximating the terms of the Corporation's obligations. The calculation is performed by an independent qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Corporation, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability/(asset), which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Corporation determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense and other expense related to defined benefit plans are recognized in profit or loss.

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements (Cont'd)
Year ended March 31, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(k) Employee benefits (cont'd):

(ii) Defined benefit pension scheme (cont'd):

When the benefits of a plan are changed or when the plan is curtailed, the resulting change in benefit that relates to the past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Corporation recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Where the calculation results in a benefit to the Corporation, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(l) Provisions:

A provision is recognised in the statement of financial position when the Corporation 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.

(m) Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements.

- 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.

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements (Cont'd)
Year ended March 31, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(m) Related parties (cont'd):

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

v) The entity is a post-employment benefit plan 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).

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

(n) Impairment:

The carrying amounts of the Corporation'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 at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(i) Calculation of recoverable amount:

The recoverable amount of the Corporation's receivables 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 is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment:

An impairment loss in respect of loans and receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For all other assets, an impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements (Cont'd)
Year ended March 31, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(n) Impairment (cont'd):

(ii) Reversals of impairment (cont'd):

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.

(o) Financial instruments:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalents and accounts receivable. Similarly, financial liabilities include accounts payable and grants received in advance.

(p) Deferred income:

Where property, plant & equipment are received as gifts from, or acquired out of funds granted by donors, the amount of the grant, determined by the cash received or, in the case of gifts in kind, the fair value of the asset received, is credited to deferred income.

An amount equivalent to the depreciation charged on the property, plant & equipment for the financial year is transferred from deferred income to profit or loss.

(q) Revenue recognition:

Government subventions, Government grants and contributions are accounted for when received. Government and other grants received are deferred where the grant is represented by property, plant & equipment. Annual transfers, equivalent to depreciation charged on property, plant & equipment funded by a grant, are made from the deferred income account to the statement of profit or loss and other comprehensive income [see note 2(p)]. In all other cases, grants are brought to account as revenue for the period in which they are received.

(r) Expenses:

(i) Net finance costs:

Net finance costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on surplus funds invested during the course of routine treasury management and foreign exchange gains and losses recognised in profit or loss.

Interest income is recognised in profit or loss as it accrues, taking into account the effective yield on the asset.

(ii) Operating lease payments:

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements (Cont'd)
Year ended March 31, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(s) Determination of surplus:

Surplus is determined as the difference between the revenues from the services rendered and the costs and other charges incurred during the year. Surplus on transactions are taken in the period in which they are realised.

(t) Fair value disclosures:

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. Some financial instruments lack an available trading market. These instruments have been valued using present value or other valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

3. Cash and cash equivalents and securities purchased under resale agreements

(a) Cash and cash equivalents include cash at bank amounting to \$21,746,357 and cash on hand amounting to \$434,914.

(b) Included in cash and cash equivalents and securities purchased under resale agreements are the following amounts for specific projects:

(i) \$7,636,558 (2014: \$7,282,752) placed on deposit in the name of the Corporation, which relates to amounts received from the Ministry of Industry, Commerce & Technology for aiding in the development of cultural art (see note 6).

(ii) \$4,381,306 (2014: \$4,381,306) received for specified investment promotion activities [see note 5(iii)].

(iii) \$26,654,302 (2014: \$20,048,825) received for specified investment promotion activities, for The Jamaica International Financial Services Authority (JIFSA), formerly International Financial Services Centre Project (IFSC) [see note 5(i)].

(iv) \$248,820 (2014: \$433,695) received for specified investment promotion activities for CART Fund project [see note 5(ii)].

4. Accounts receivable

| | <u>2015</u> | <u>2014</u> |
|-------------------|---------------------|-------------------|
| Prepaid expenses | 6,261,239 | 1,314,868 |
| Other receivables | <u>34,060,398</u> | <u>31,400,857</u> |
| | <u>\$40,321,637</u> | <u>32,715,725</u> |

Included in other receivables is an amount of \$5,553,352 (2014: \$5,617,946) due from the Government of Jamaica.

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements (Cont'd)
Year ended March 31, 2015

5. Accounts payable

| | <u>2015</u> | <u>2014</u> |
|--|----------------------|--------------------|
| Jamaica International Financial Services Authority (i) | 26,654,302 | 20,048,825 |
| CART Fund (ii) | 248,820 | 433,695 |
| Trade payables | 13,446,328 | 11,512,588 |
| Accrued expenses | 25,077,412 | 27,152,948 |
| Staff costs payables | 75,368,358 | 67,460,443 |
| GCT payables | 7,578,941 | 17,625 |
| Other payables (iii) | <u>25,079,877</u> | <u>22,409,855</u> |
| | <u>\$173,454,038</u> | <u>149,035,979</u> |

(i) This represents unspent accumulated amounts in respect of funds received from the Government of Jamaica and various sponsors to fund the Jamaica International Financial Services Authority (JIFSA) project for the year April 2014 to March 2015.

(ii) This represents unspent amounts in respect of funds received from the Caribbean Development Bank to fund the CART Fund project of the Jamaica Coalition of Service Industries.

(iii) Include in other payables is \$4,381,306 (2014: \$4,381,306) received in advance for specific investment promotions activities [see note 3(b)(ii)].

6. Grants received in advance

These are unspent balances in respect of funds received from the Ministry of Industry, Commerce & Technology for aiding in the development of cultural art [see note 3(b)(i)].

7. Property, plant & equipment

| | <u>Land, buildings & leasehold improvements</u> | <u>Furniture equipment and computers</u> | <u>Motor vehicles</u> | <u>Total</u> |
|-------------------------|---|--|---------------------------|--------------------|
| At cost or deemed cost: | | | | |
| March 31, 2013 | 201,352,295 | 96,014,818 | 9,807,975 | 307,175,088 |
| Additions | - | 6,771,887 | 2,299,000 | 9,070,887 |
| Disposals | <u>-</u> | <u>-</u> | (4,428,070) | (4,428,070) |
| March 31, 2014 | 201,352,295 | 102,786,705 | 7,678,905 | 311,817,905 |
| Additions | <u>-</u> | <u>5,954,725</u> | <u>-</u> | <u>5,954,725</u> |
| March 31, 2015 | <u>201,352,295</u> | <u>108,741,430</u> | <u>7,678,905</u> | <u>317,772,630</u> |

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements (Cont'd)
Year ended March 31, 2015

7. Property, plant & equipment (cont'd)

| | <u>Land, buildings & leasehold improvements</u> | <u>Furniture equipment and computers</u> | <u>Motor vehicles</u> | <u>Total</u> |
|-------------------------|---|--|---------------------------|--------------|
| Depreciation: | | | | |
| March 31, 2013 | 56,244,428 | 73,010,782 | 8,887,581 | 138,142,791 |
| Charge for the year | 4,843,899 | 7,340,666 | 740,828 | 12,925,393 |
| Eliminated on disposals | - | - | (3,599,056) | (3,599,056) |
| March 31, 2014 | 61,088,327 | 80,351,448 | 6,029,353 | 147,469,128 |
| Charge for the year | 4,843,899 | 8,626,617 | 459,800 | 13,930,316 |
| March 31, 2015 | 65,932,226 | 88,978,065 | 6,489,153 | 161,399,444 |
| Net book values: | | | | |
| March 31, 2015 | \$135,420,069 | 19,763,365 | 1,189,752 | 156,373,186 |
| March 31, 2014 | \$140,263,968 | 22,435,257 | 1,649,552 | 164,348,777 |

Surpluses arising on revaluations are included in capital reserve (note 9).

8. Employee benefit asset

The Corporation operates a contributory pension scheme for all permanent employees. The scheme is funded by employee contributions of 5% of pensionable earnings, and employer contributions as recommended by independent actuaries. Annual pension at retirement is based on the average annual rate of pensionable earnings for the last three years prior to retirement.

Amounts recognised in the financial statements in respect of post-employment employee benefits comprise the following:

| | <u>2015</u> | <u>2014</u> |
|---|----------------|----------------|
| Pension asset: | | |
| Present value of funded obligations | (260,644,000) | (252,451,000) |
| Fair value of plan assets | 1,243,130,000 | 1,183,001,000 |
| Net assets | 982,486,000 | 930,550,000 |
| Asset not recognised due to limitation in economic benefits | (794,139,000) | (784,314,000) |
| Asset recognised in the statement of financial position | \$ 188,347,000 | 146,236,000 |

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements (Cont'd)
Year ended March 31, 2015

8. Employee benefit asset (cont'd)

Plan assets consist of the following:

| | <u>2015</u> | <u>%</u> | <u>2014</u> | <u>%</u> |
|--------------------------------------|------------------------|------------|----------------------|------------|
| Pooled Equity fund | 83,436,000 | 7 | 67,797,000 | 6 |
| Pooled Mortgage and real estate fund | 417,181,000 | 34 | 395,484,000 | 33 |
| Pooled Fixed income fund | 250,309,000 | 20 | 135,594,000 | 11 |
| Pooled Money market fund | 178,792,000 | 14 | 361,585,000 | 31 |
| Pooled Foreign exchange fund | 154,953,000 | 12 | 90,396,000 | 8 |
| Pooled CPI fund | <u>107,275,000</u> | <u>9</u> | <u>79,097,000</u> | <u>7</u> |
| | 1,191,946,000 | - | 1,129,953,000 | |
| Ordinary shares | 1,661,000 | - | 1,175,000 | - |
| Purchased annuities | 50,045,000 | 4 | 51,724,000 | 4 |
| Net benefit adjustments | (522,000) | - | 149,000 | - |
| | <u>\$1,243,130,000</u> | <u>100</u> | <u>1,183,001,000</u> | <u>100</u> |

(i) Movements in the net asset recognised in the statement of financial position:

| | <u>2015</u> | <u>2014</u> |
|-------------------------------------|----------------------|----------------------|
| Balance at beginning of year | 146,236,000 | 184,794,000 |
| Contributions paid | 492,000 | 537,000 |
| Change recognised in profit or loss | 3,191,000 | 4,617,000 |
| Remeasurements recognised in OCI | <u>38,428,000</u> | <u>(43,712,000)</u> |
| Balance at end of year | <u>\$188,347,000</u> | <u>146,236,000</u> |

| | <u>2015</u> | <u>2014</u> |
|--|------------------------|----------------------|
| (ii) Movement in plan assets: | | |
| Fair value of scheme assets as at April 1 | 1,183,001,000 | 996,372,000 |
| Contributions paid into the plan | 6,417,000 | 6,801,000 |
| Benefits paid by the plan | (22,851,000) | (13,656,000) |
| Interest income on plan assets | 111,622,000 | 89,045,000 |
| Remeasurement-changes in assumptions | - | 8,360,000 |
| Remeasurement-experience adjustments | <u>(35,059,000)</u> | <u>96,079,000</u> |
| Fair value of scheme assets as at March 31 | <u>\$1,243,130,000</u> | <u>1,183,001,000</u> |
| Actual return on plan assets | <u>7%</u> | <u>19%</u> |

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements (Cont'd)
Year ended March 31, 2015

8. Employee benefit asset (cont'd)

(iii) Change recognised in profit or loss:

| | <u>2015</u> | <u>2014</u> |
|---|-----------------------|---------------------|
| Current service costs | 10,999,000 | 12,313,000 |
| Interest on obligations | 22,922,000 | 20,030,000 |
| Expected return on plan assets | (111,622,000) | (89,045,000) |
| Interest on effect of the asset ceiling | <u>74,510,000</u> | <u>52,085,000</u> |
| | <u>\$(3,191,000)</u> | <u>(4,617,000)</u> |

(iv) Items in other comprehensive income:

| | <u>2015</u> | <u>2014</u> |
|---|-----------------------|--------------------|
| Remeasurement gain from change in assumptions | - | 49,195,000 |
| Experience adjustments | 26,257,000 | (158,995,000) |
| Change in effect of the asset ceiling | <u>(64,685,000)</u> | <u>153,512,000</u> |
| | <u>\$(38,428,000)</u> | <u>43,712,000</u> |

(v) Present value of funded obligation:

| | <u>2015</u> | <u>2014</u> |
|--|----------------------|----------------------|
| Present value of funded obligation at April 1 | 252,451,000 | 232,861,000 |
| Service cost | 10,999,000 | 12,313,000 |
| Interest cost on defined benefit obligation | 22,922,000 | 20,030,000 |
| Members' contributions | 5,925,000 | 6,264,000 |
| Benefits paid | (22,851,000) | (13,656,000) |
| Remeasurement-changes in assumptions | - | 57,555,000 |
| Remeasurement-experience adjustments | <u>(8,802,000)</u> | <u>(62,916,000)</u> |
| Present value of funded obligation at March 31 | <u>\$260,644,000</u> | <u>252,451,000</u> |

(vi) Movement in effect of asset ceiling

| | <u>2015</u> | <u>2014</u> |
|-------------------------------------|----------------------|--------------------|
| Effect of asset ceiling at April 1 | 784,314,000 | 578,717,000 |
| Interest of effect of asset ceiling | 74,510,000 | 52,085,000 |
| Remeasurement | <u>(64,685,000)</u> | <u>153,512,000</u> |
| Effect of asset ceiling at March 31 | <u>\$794,139,000</u> | <u>784,314,000</u> |

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements (Cont'd)
Year ended March 31, 2015

8. Employee benefit asset (cont'd)

(vii) Principal actuarial assumptions at the reporting date (expressed as weighted averages):

| | <u>2015</u> | <u>2014</u> |
|--------------------------|--------------|--------------|
| Discount rate | 9.00% | 9.50% |
| Inflation | 6.00% | 5.50% |
| Future salary increases | 6.00% | 5.50% |
| Future pension increases | 6.00% | 5.50% |
| Minimum funding rate | <u>0.25%</u> | <u>0.25%</u> |

(viii) Sensitivity analysis

The calculation of the projected obligation is sensitive to the assumptions used. The table below summarises how the defined benefit obligation measured at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analysis for each assumption, all other were held constant.

| | <u>2015</u> | | <u>2014</u> | |
|------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>1% Increase</u> | <u>1% Decrease</u> | <u>1% Increase</u> | <u>1% Decrease</u> |
| | \$ | \$ | \$ | \$ |
| Discount rate | (40,856,000) | 54,195,000 | (40,728,000) | 52,117,000 |
| Salary growth | 22,644,000 | (19,299,000) | 22,810,000 | (20,946,000) |
| Pension increase | 28,169,000 | (23,910,000) | 27,345,000 | (22,960,000) |
| Life expectancy | <u>6,099,000</u> | <u>(6,153,000)</u> | <u>5,875,000</u> | <u>(6,100,000)</u> |

9. Capital reserve

| | <u>2015</u> | <u>2014</u> |
|---|----------------------|--------------------|
| Gain on disposal of land and building | 16,420,395 | 16,420,395 |
| Surplus on disposal of real estate | 80,215,145 | 80,215,145 |
| Excess of the value of assets over liabilities vested in the Corporation | 1,675,556 | 1,675,556 |
| Realised surplus on disposal of buildings | 86,002,348 | 86,002,348 |
| Realised surplus on disposal of plant & equipment | 591,000 | 591,000 |
| Unrealised surplus on revaluation of furniture & fixtures | 9,656,146 | 9,656,146 |
| Unrealised surplus on revaluation of computers | <u>3,069,096</u> | <u>3,069,096</u> |
| | <u>\$197,629,686</u> | <u>197,629,686</u> |

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements (Cont'd) Year ended March 31, 2015

10. Deferred income

| | <u>2015</u> | <u>2014</u> |
|----------------------------------|--------------------|------------------|
| Balance at beginning of the year | 1,845,748 | 2,055,229 |
| Amortisation during the year | (187,742) | (209,481) |
| Balance at end of the year | <u>\$1,658,006</u> | <u>1,845,748</u> |

11. Gross operating revenue

This represents gross income from government grants, certification fees and miscellaneous income.

12. Disclosure of expenses

Operating deficit for the year is stated after charging:

| | <u>2015</u> | <u>2014</u> |
|---------------------------------------|---------------------|-------------------|
| Depreciation | 13,930,316 | 12,925,393 |
| Directors' remuneration: | | |
| Fees | 955,500 | 1,365,500 |
| Auditors' remuneration | 1,600,000 | 1,350,000 |
| Key management personnel compensation | <u>\$47,954,378</u> | <u>40,946,023</u> |

13. Related party balances and transactions

- (i) The statement of financial position includes balances arising in the ordinary course of business with related parties as follows:

| | <u>2015</u> | <u>2014</u> |
|-----------------------|------------------|------------------|
| | \$ | \$ |
| Accounts receivable: | | |
| Government of Jamaica | <u>5,553,532</u> | <u>5,617,946</u> |
| Accounts payable: | | |
| Government of Jamaica | <u>7,578,941</u> | <u>17,625</u> |

- (ii) Transactions with related parties are disclosed in the relevant notes to the financial statements.

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements (Cont'd)

Year ended March 31, 2015

14. Financial risk management

The Corporation has exposure to credit risk, liquidity risk and market risk from its use of financial instruments. This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Corporation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(i) Credit risk:

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's other receivables, cash and cash equivalents and securities purchased under agreements to resell.

The maximum exposure to credit risk at the reporting date is represented by the carrying value of its financial assets in the statement of financial position.

Accounts receivables:

Management establishes an allowance for impairment that represents its estimate of losses in respect of other receivables. Management's policy is to provide for balances based on past default experience, current economic conditions and expected recovery.

Cash and cash equivalents and securities purchased under agreements to resell:

These are placed with substantial financial institutions for short-term periods and management believes these institutions have minimal risk of default.

(ii) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquid assets to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

The Corporation manages this risk by maintaining an adequate level of liquid funds and relies on the Government of Jamaica for financial support, if needed.

The contractual outflows as at March 31, 2015 and 2014, for accounts payable (excluding amounts received in advance) are represented by their statement of financial position carrying amount and require settlement within 12 months at the reporting date.

(iii) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange and interest rates, will affect the Corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters while optimising the return on risk.

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements (Cont'd)
Year ended March 31, 2015

14. Financial risk management (cont'd)

(iii) Market risk (cont'd):

(a) Foreign currency risk:

The Corporation's exposure to foreign currency risk which is in the Corporation's primary intervening currency is as follows:

| | 2015 | | | | 2014 | | | |
|--|----------------|--------------|--------------|--------------|-----------------|--------------|--------------|--------------|
| | US\$ | (£) | (€) | CAD\$ | US\$ | (£) | (€) | CAD\$ |
| Cash and cash equivalents | 61,515 | 30,266 | 1,071 | 2,386 | 51,317 | 8,257 | 1,499 | 3,465 |
| Securities purchases under resale agreements | 125,438 | - | - | - | - | - | - | - |
| Accounts payable | (49,565) | (20,730) | - | - | (106,499) | - | - | - |
| Net exposure | <u>137,388</u> | <u>9,536</u> | <u>1,071</u> | <u>2,386</u> | <u>(55,182)</u> | <u>8,257</u> | <u>1,499</u> | <u>3,465</u> |

Exchange rates, in terms of Jamaica dollars, were as follows:

| | US\$ | £ | € | CAD\$ |
|-----------------|--------|--------|--------|-------|
| March 31, 2015: | 114.58 | 169.62 | 122.23 | 90.26 |
| March 31, 2014: | 108.99 | 179.38 | 147.69 | 97.18 |

Sensitivity analysis

A 1% (2014: 1%) strengthening of the Jamaica dollar against the United States dollar, Pound Sterling, Euro and Canadian dollar against the Jamaica dollar at March 31, would have increased deficit for the year by \$117,057 (2014: \$39,883).

A 10% (2014: 15%) weakening of the Jamaica dollar against the United States dollar, Pound Sterling, Euro and Canadian dollar against the Jamaica dollar at March 31, would have decreased deficit for the year by \$1,770,565 (2014: \$598,254). This analysis assumes that all other variables, in particular interest rates, remain constant.

(b) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Financial assets which are subject to fixed interest are as follows:

| | 2015 | 2014 |
|--|---------------------|-------------------|
| Financial assets: | | |
| Cash and cash equivalents | 132,027 | 225,890 |
| Securities purchased under resale agreements | <u>71,532,673</u> | <u>65,395,160</u> |
| | <u>\$71,664,700</u> | <u>65,621,050</u> |

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements (Cont'd)
Year ended March 31, 2015

14. Financial risk management (cont'd)

(iii) Market risk (cont'd):

(b) Interest rate risk (cont'd):

Sensitivity analysis

The Corporation does not account for any financial instruments at fair value due their short term in nature, therefore a change in interest rates, at the reporting date, would not affect the carrying value of the Corporation's financial instruments. Likewise, all the Corporation's financial instruments are at fixed rates, therefore a change in interest rates would not affect its cash flows.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is done on the same basis as in 2014.

(iv) Fair values:

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. Where quoted market prices are not available, the fair values of these instruments have been determined using a generally accepted alternative method.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value.

| <u>Financial instrument</u> | <u>Method</u> |
|--|---|
| Cash equivalents, resale agreements, loans and other receivables, accounts payables, and short-term loans. | Assumed to approximate their carrying values, due to their short-term nature. |

15. Contingencies

The Corporation is contingently liable for income taxes amounting to \$5,274,150 (2014: \$5,274,150), on the salaries of non-resident employees for the period 1997 to October 2000.

The Corporation has applied to the Minister of Finance & Planning for a waiver of the amount, and anticipates a positive response.



JAMAICA PROMOTIONS CORPORATION
SUPPLEMENTARY INFORMATION
TO THE FINANCIAL STATEMENTS

JAMAICA PROMOTIONS CORPORATION

Detailed Statement of Operating Income and Expenses Year ended March 31, 2015

| | <u>2015</u> | <u>2014</u> |
|--|-----------------------|----------------------|
| OPERATING INCOME | | |
| Government grants | 502,111,711 | 454,218,785 |
| Certification fees | 2,874,987 | 2,737,508 |
| JIFSA project | 21,041,139 | 18,009,446 |
| Other income | <u>83,714,237</u> | <u>35,472,255</u> |
| | <u>609,742,074</u> | <u>510,437,994</u> |
| OPERATING EXPENSES | | |
| Promotional | | |
| Advertising and promotion | 76,092,908 | 43,218,052 |
| Books, publications and subscription | 4,965,575 | 5,490,140 |
| Entertainment | 4,484,543 | 2,845,564 |
| Foreign and local travel and subsistence | 22,464,365 | 20,424,783 |
| Professional fees | 25,924,033 | 12,968,268 |
| JIFSA project | <u>21,041,139</u> | <u>18,009,446</u> |
| | <u>154,972,563</u> | <u>102,956,253</u> |
| Staff-related | | |
| Salaries, statutory payments and gratuities | 297,968,942 | 288,562,736 |
| Staff benefits | 68,867,279 | 67,078,362 |
| Pension benefit, net | (3,191,000) | (4,617,000) |
| Unused vacation leave | 2,548,061 | 3,215,215 |
| Staff training | <u>1,419,236</u> | <u>1,765,177</u> |
| | <u>367,612,518</u> | <u>356,004,490</u> |
| General and administrative | | |
| Directors' fees | 955,500 | 1,365,500 |
| Professional fees | 905,951 | 1,043,813 |
| Office rental | 1,729,233 | 1,068,750 |
| Utilities | 28,866,014 | 27,690,508 |
| Repairs and maintenance | 13,425,111 | 10,840,878 |
| Office supplies and other operating expenses | 6,245,360 | 6,032,271 |
| Audit fees | 1,600,000 | 1,350,000 |
| Motor vehicle and travelling | 480,068 | 533,846 |
| Bank charges | 961,536 | 1,066,274 |
| Insurance | 3,586,744 | 2,836,434 |
| Stationery | 1,878,410 | 3,287,587 |
| Security | 2,630,755 | 2,226,101 |
| Other expenses | 6,110,285 | 513,448 |
| Depreciation, net of allocation to tenants | 13,930,316 | 12,925,393 |
| Amortisation of deferred income | (187,741) | (209,481) |
| Exchange losses/(gain) | 1,684,530 | (270,172) |
| General Consumption Tax expense | <u>8,242,202</u> | <u>-</u> |
| | <u>93,044,274</u> | <u>72,301,150</u> |
| Total expenses | <u>615,629,355</u> | <u>531,261,893</u> |
| Operating deficit | <u>\$(5,887,281)</u> | <u>(20,823,899)</u> |



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