JAMPRO
TRADE & INVESTMENT JAMAICA

ANNUAL REPORT 2013/2014

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

JAMAICA
MEANS BUSINESS

16 %
INCREASE IN FDI INFLOWS OVER 2012

52%
CAPEX ACHIEVEMENT OVER JAMPRO TARGET

68%
GROWTH IN EXPORT SALES FACILITATED BY JAMPRO

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 2013/2014 Financial Year and the prospects for the 2014/2015 Financial Year.

Contents

Board of Directors

Members of the JAMPRO Board

1. Ambassador Byron Blake
2. Ms. Myrtle Weir
3. Ms. Marjorie Seeberan
4. Ms. Andrea Moore
5. **Mr. Milton Samuda, CHAIRMAN**
6. Mr. Reginald Nugent
7. Ms. Diane Edwards
8. Ms. Keisha Burgher
9. Mr. Steven Whittingham
10. Mr. Norman Horne

Missing are:

Mr. Eugene Ffolkes
Mr. Jeffrey Hall
Mr. Andy Thorburn
Mr. Earl Jarrett (resigned May 2013)
Bishop E. Don Taylor

Executive Management Team

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

Chairman's Message

Milton Samuda

The 2013/14 reporting period was an inflection point for the recovery of foreign direct investment (FDI) flows into Jamaica in the post global recessionary period.

JAMPRO also marked its 25th anniversary as the national trade and investment promotions agency, facilitating over JA$18.7 billion in capital expenditures (CAPEX) by its investor clients and more than US$235 million in export sales by local export clients. Comparatively speaking, exports sales reported by JAMPRO clients was US$57.01 million in FY 2012/13.

On both counts, JAMPRO can point to an extraordinary year of achievements when viewed against the investment and export performance over the past three years.

With CAPEX at JA$18.7 bn for the fiscal year, JAMPRO achieved a 52% over the $12.3 billion target set for the period under review, which was also 130% above the $8.1 billion in actual CAPEX achieved during the previous year.

Investment projects create jobs. JAMPRO facilitated 6,088 jobs during the 2013/14 fiscal year against the targeted 5,660.

The 2014 World Investment Report (WIR) also corroborates the increased FDI flow to Jamaica, reflected in FDI of US$567 million in 2013, the highest since 2008. This performance accounted for the country's top-3 ranking among Small Island Developing States globally.

Macro-economic stability is essential for the attraction and retention of sustainable investments.

Jamaica's upgrade to 'B-' from a CCC rating by the Fitch Ratings Agency at the close of the 2013/14 period has significantly reduced Jamaica's risk profile. Concomitantly, the country's commitment to fiscal discipline resulting in the passing of four successive IMF tests has caught the attention of the global investor community.

Turning to the export side of JAMPRO's mandate, the Agency's export-related programmes and activities over the course of the past fiscal year were all designed to develop and expand its network of local and international buyers.

Export Max, JAMPRO's signature enterprise development programme was successfully completed in 2013/14 in response to the demand for more direct and customised support by the exporter community.

The Agency also achieved considerable success in deepening and expanding business linkages in the economy.

In the face of declining non-traditional exports in 2013, which fell by 17% to US$699 million from US$846 million in 2012, JAMPRO facilitated JA$885.3 million in linkages contracts during the reporting period, primarily in the Creative Industries sector.

In keeping with the directives of the Board, JAMPRO achieved an average rate of 93% in converting investment and export leads during the year. This is attributable to the Agency's targeted approach to the international and local business events in which it participates, and how it leverages its many relationships and contacts.

All these achievements were underpinned by the agency's efforts in developing a competitive business environment, which were marked by interventions to improve the country's business environment through new business policy formulation, sector strategy development and trade policy support.

As we seek to fulfill our mandate in the ensuing year, JAMPRO will be even more aggressive in seeking to secure foreign and local direct investment and finding new routes to market for our exporters.

I must commend the hardworking team and Board of JAMPRO for another remarkable year; and thank our many stakeholders who partner with us to realize our vision of delivering an enhanced quality for the people of Jamaica through trade and investment activities.

Milton Samuda
Chairman, JAMPRO

President's Report

Diane Edwards

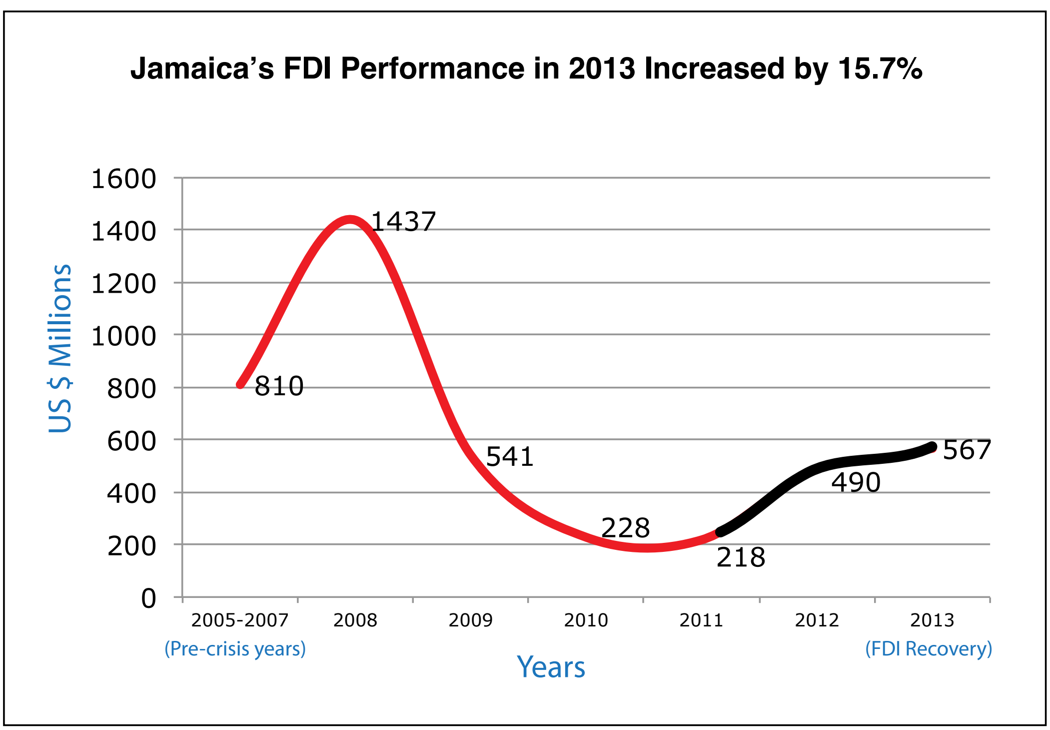
For the calendar year 2013, JAMPRO played a major part in the national achievement of record FDI inflows into Jamaica amounting to US$567 million, 16% higher than the previous year.

This is emblematic of the refocused JAMPRO, which is asserting its catalytic role in stimulating trade and investment projects and business and advocating for a more enabling business environment, and in so doing, improve its relevance to local and international investors.

JAMPRO is about creating wealth through trade and investment for Jamaica's economic growth and development. We see ourselves as the first vital link in the chain reaction to develop successful businesses that are fully integrated over time into the global economy. We will do this by influencing the enactment of enabling legislation, packaging investment and business projects, facilitating win-win business relationships, linking exporters to new markets, enhancing the business environment and stimulating new policy development.

Think of JAMPRO as the marketing agency for 'Business Jamaica'. We will market Jamaica's growing business attributes, both inside and outside of the country.

For the period under review, JAMPRO's award-winning export development programme Export Max, delivered value-adding business development and export promotion services to 15 local export companies in the manufacturing and agro-processing sectors.



Source: UNCTAD

The chart above reflects the recovery of FDI in Jamaica and the growing confidence of the global investor community.

President's Report (cont'd)

These companies reported a remarkable 31% growth in export sales and were able to access 33 new markets.

As noted before, Jamaica is once again on an upward trend in FDI, attributable to significant investments during the year in the Tourism and Business Process Outsourcing sectors. Jamaica is the third largest recipient of FDI among Small Island Developing States, as reported in the World Investment Report 2014.

JAMPRO's support to the Ministry of Industry, Investment and Commerce's Jamaica Logistics Hub Initiative contributed to an unprecedented move of 50 points by Jamaica in the World Bank's Logistics Performance Index at 74 out of 189 countries. Additionally, a unit dedicated to the promotion of investment opportunities in logistics has been set up inside the Office of the President.

In addition to promoting investment and export through our core divisions, JAMPRO provides strong institutional support for the National Competitiveness Council to improve Jamaica's business environment.

Looking ahead, JAMPRO has been supporting the efforts to develop new, sustainable and potentially lucrative sectors such as industrial hemp, medical marijuana, animation and health and wellness tourism. A new marketing oriented website has been launched to directly respond to clients' needs and to foster greater synergy and cross-functional collaboration among sector teams from the Investment Promotion, Corporate Development and Competitiveness and Export and Market Development Divisions. We are also breaking new ground in the digital space by initiating JAMPRO Global Business Connect (GBC), the first business-oriented online media portal fully dedicated to facilitating conversations about Jamaica's business brand.

During the 2013/14 fiscal year, JAMPRO was recognised by the London-based fDi Intelligence Magazine for ground-breaking and creative investment promotion techniques in 'Diaspora Initiatives' in the publication's inaugural Investment Promotion Agency (IPA) Innovation Award 2013. JAMPRO won the award based on our partnership with the Ministry of Foreign Affairs and Foreign Trade to stage the 5th Biennial Diaspora Conference, which was held in June 2013 at the Montego Bay Convention Centre. JAMPRO was also nominated by the Jamaica Observer for its annual Business Leader Award as one of seven public sector entities that support the development of the local private sector.

As we look towards the upcoming year with renewed investor interest and growing confidence in Jamaica, we will launch the Export Max II Programme for the local export community; and stage the 2nd Jamaica Investment Forum (JIF) for international investors in March 2015.

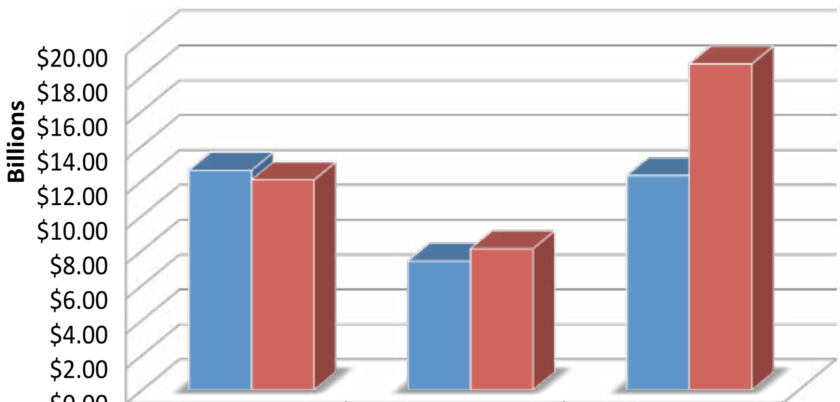
I must thank the extraordinary team of professionals at JAMPRO for the achievements of the 2013-14 fiscal year. The newly formed Executive Team has implemented a fresh approach to the work of JAMPRO and the entire JAMPRO team has embraced the new ways of working that will allow us to live up to our organisational values of Integrity, Respect, Innovation and Excellence. Thanks also to the Board of the Directors, for their leadership under the guidance of the Chairman, Milton Samuda and policy direction of our Minister, the Hon. G. Anthony Hylton.

I look forward to the upcoming fiscal year as we strive to give new meaning to our vision of being a catalytic force for wealth creation in Jamaica, as we seek to make our nation truly be the place to live, do business and raise families.

Diane Edwards
President of JAMPRO

JAMPRO Performance by the Numbers

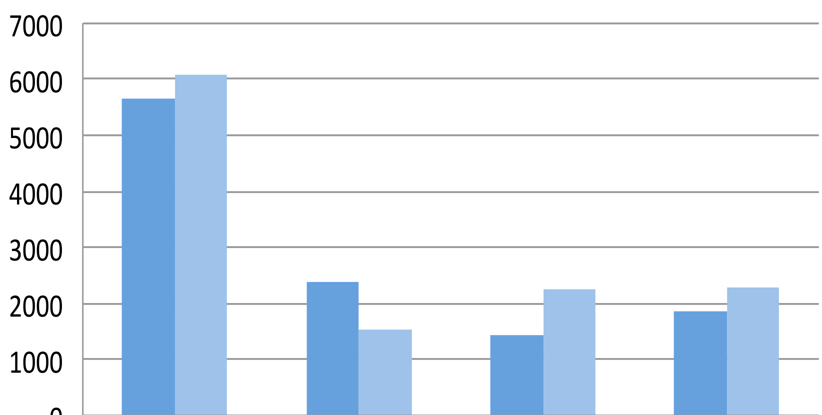
Capital Expenditure – 3 Year Comparison



	2011/12	2012/13	2013/14
Target	$12,600,000,000.00	$7,400,000,000.00	$12,300,000,000.00
Achieved	$12,052,503,307.29	$8,103,107,349.46	$18,707,721,790.13

JAMPRO performed admirably in FY 2013/2014, recording almost J$19 bn in investments from foreign and local sources – approximately 90% of the investments recorded for the previous two years combined. This was largely led by a strong recovery in tourism, in which JAMPRO clients registered over $13 bn in investments.

Jobs created from JAMPRO-Facilitated Investment Projects

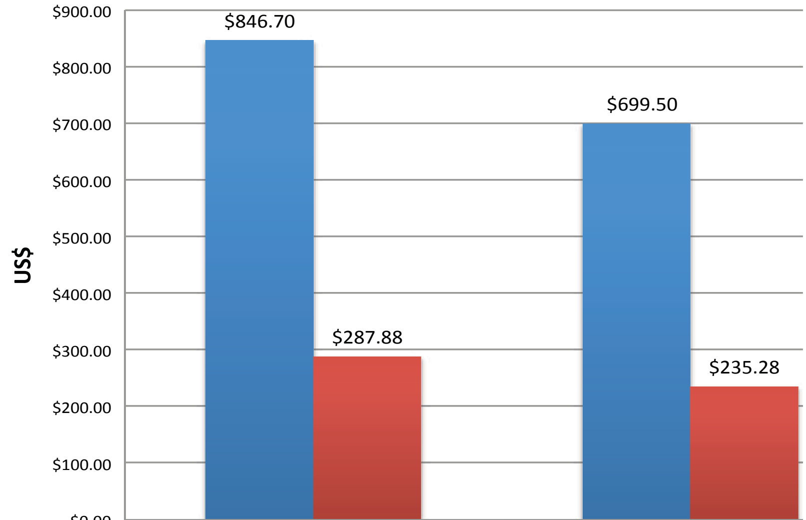


	Total Jobs	Permanent	Creative Industries (Temporary)	Other Temporary
Target	5660	2380	1430	1850
Achievement	6088	1539	2252	2297

The organization facilitated 6,088 jobs in FY 2013/14 with 1,574 of these jobs being permanent. Of these permanent jobs, 1,349 or 86% was attributable to the ICT/BPO industry. The majority of the jobs however were short-term contracts attached to film and creative industries projects as well as construction in the ICT and tourism sectors.

JAMPRO Performance by the Numbers (cont'd)

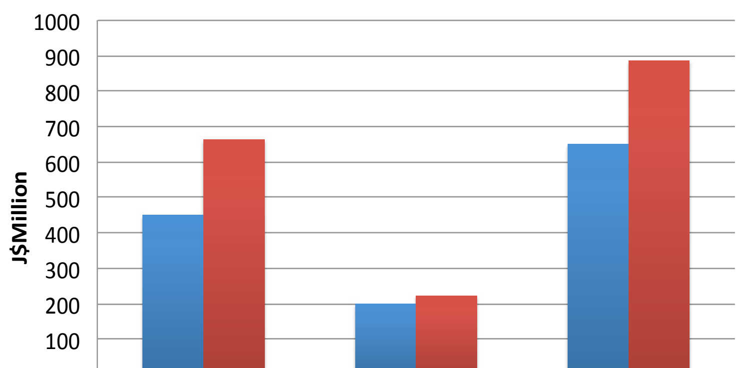
Value of Export Sales



	2012	2013
Non-Traditional Exports	$846.70	$699.50
JAMPRO Facilitated	$287.88	$235.28

Jamaica experienced a decline in non-traditional exports in 2013, which also impacted JAMPRO's clients. However, while the organisation performed less than expected it managed to maintain the ratio of JAMPRO facilitated to the overall national non-traditional export sales over the period.

Value of Linkages (Contracts)



	Creative Industries	Export-Led	Total
Target	450	200	650
Achievement	662.6	222.71	885.3

JAMPRO's thrust in linkages continues to have impressive results. The year saw the organisation far exceeding its targets for linkages led by business match-making between export and investment clients as well as the organisation's facilitation of the Creative Industries.

Other Performance Indicators:

- 185 export leads identified
- 17 supplier contracts secured
- 7 trade missions facilitated
- 306 business-to-business meetings scheduled
- 141 new exporters registered and 584 re-registered
- 289 investment leads generated
- 36 investment prospects landed

INVESTMENT PROMOTION SECTORS

KNOWLEDGE SERVICES

In 2013, the Jamaica Business Process Outsourcing (BPO) industry generated 2,500 jobs, welcoming new players such as Medullan and Healthcare EQ, against the background of ongoing business expansion of existing players such as, Hinduja, Xerox, Teleperformance, Island Outsourcers and ADS Global.

Local investors have also been making significant investments in the creation of more commercial space to support the expansion and growth in the sector.

To date, five organizations have benefitted from the DBJ-PetroCaribe ICT Infrastructure Loan (ICTIL) Facility, which has disbursed US$17.7M, resulting in the build-out of 260,000 sq. ft. of work-ready space.

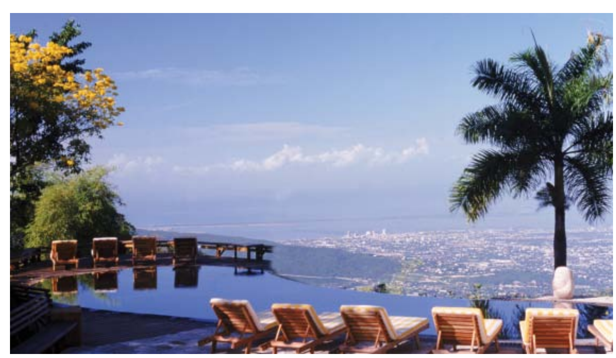
The BPO sector has grown by 20% over the past two years, and is on track to double the over 14,000 jobs in the sector in the next 3-5 years.

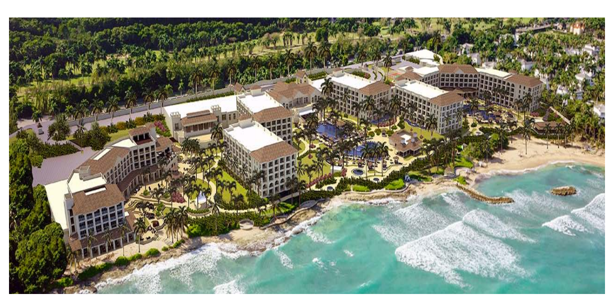
TOURISM

The financial year 2013/2014 was a time of significant activity in the tourism sector marked by major acquisitions of a number of hotel properties on Jamaica's northcoast, namely by the Riu Group (Riu Palace, Montego Bay), Playa Hotels (Hyatt Ziva, Montego Bay), Karisma (Azul Sensatori, Negril), Sagicor (Jewel Resorts, Runaway Bay) and the Sunwing Group (Royalton White Sands, Falmouth).

These investments have been a boon to the sector, driving visitor arrivals in the heart of the island's tourism belt. In the meantime, the ongoing construction of the Marriott Courtyard in Kingston will increase the room stock for business visitors in the national capital. JAMPRO will continue to engage with developers, investors and hotel brands with a view to capitalizing on the renewed interest by global investment funds to finance hotel projects in the Caribbean.

The Agency is also maintaining a strong focus on the development of the fast growing medical tourism segment of the industry with a view to winning increased investments and more diversification.





INVESTMENT PROMOTION SECTORS cont'd

AGRICULTURE

Interest in Jamaica's agriculture industry is growing among local and international investors. The transformational cassava beer production project by Diageo is expected to significantly increase the farming of Jamaican cassava, and the ongoing discussions between a UK-based investor and the Government on the possibilities for high-grade Jamaican cocoa augur well for a joint partnership to plant 120 acres of cocoa at Orange River Station, St. Mary.

Manihot esculenta
(Cassava)

LOGISTICS

JAMPRO, as an Agency of the Ministry of Industry, Investment and Commerce has aligned its efforts to support the Ministry's efforts to promote the Jamaica Logistics Hub initiative to local and international investors.

Out of high-level and targeted investment missions undertaken over the last year and a half, to Europe, Kuwait, Dubai, Singapore, China, the USA, Canada, India and Panama; we are currently having discussions with prospective investors around large-scale manufacturing investments in a range of sectors. These include energy, the extractive industries, as well as in ICT/Knowledge Services, medical devices, distribution and logistics targeting investors, originating primarily out of Asia, Europe, North America and Latin America.

These investors are seeking to invest in our seaports, airports and value added industries for our special economic zones, third party logistics (3PL) providers, ship repair and recycling, bunkering and tug boat industries.

The Jamaica Global Logistics Hub Initiative is a growth and development strategy designed to fully integrate Jamaica into global value chains for the production and delivery of goods and services around the world.

MANUFACTURING, ENERGY AND MINING

In the face of a 23% decline in locally produced exports and diminished earnings in the Mining and Quarrying Industry during the 2013/14 period, JAMPRO redoubled its efforts to attract more investments to the manufacturing, energy and mining sector, while supporting some of its manufacturing clients to expand and retool their operations.

Strategically, the Agency is targeting investments in contract manufacturing and light manufacturing including the assembly of consumer and electronic appliances, wire harnesses and medical devices along with greater linkages through packaging in order to grow the sector, which remains one of the largest contributors to gross domestic product (GDP).

In alignment with the efforts of the Government to realize the key goals for the energy sector as articulated by the National Energy Policy and Vision 2030 Jamaica National Development Plan- Energy Diversity, Energy Efficiency and Conservation, Development of the Renewable Energy Sector and Capacity Building- the Agency is currently assisting preferred bidders for both the 115MW and 381 MW projects. These projects include Blue Mountain Renewables, WRB Energy and Wigton Wind Farm. Additionally the Department has dedicated much of its resources to courting alternative energy investors such as in natural gas, bio-diesel and also energy from waste. During the period under review the department facilitated over ten (10) inward missions of company representatives from China, Canada and the USA seeking to do investments in one of these target areas.

JAMPRO has also facilitated investors seeking business opportunities in the minerals sector, especially in limestone, ranging from primary to value-added production.

A JAMPRO-led Limestone Sector Development Team has been established to generate leads and conversion, increase export-oriented FDI and re-investment, and commercialize the research findings on Jamaica's high quality limestone deposits.

The Agency also spearheaded an investment forum at the Jamaica Mining Industry Conference in June 2013 in Kingston, which focused on wealth-creating opportunities in the minerals sector and also hosted a seminar to publish the findings of the Limestone development study done by international consultant, Dr Conrad Douglas and Associates in October 2013.

EXPORT & MARKET DEVELOPMENT

Finding New Export Markets

Dominican Republic & Expo Wal-Mart, Guatemala City

Two (2) major missions were executed by the Market Development Department during the 2013/14 fiscal year. The first was the trade mission to the Dominican Republic which was undertaken during September 10-14, 2013 in Santo Domingo and Santiago and the second mission was the trade mission to Expo Wal-Mart 2014 in Central America and Mexico which took place in Guatemala City on February 25- 27, 2014.

A key objective of the Dominican Republic mission was to gain understanding of a market largely unexplored by Jamaica despite the CARICOM-DR Free Trade Agreement with a view to addressing the significant trade imbalance between both countries. The mission exceeded the expectations of all the companies that participated and shared product samples with potential distributors in the market.

One Jamaican company negotiated a trial order to a large supermarket chain in the DR and another local entity identified a distributor for the DR, Puerto Rico and potentially Haiti. A business delegation organised by the Santo Domino Chamber of Commerce and Production visited Expo Jamaica in 2014.

Discussing the results from the recent successful mission to the Dominican Republic are (from left): President of the Jamaica Manufacturer's Association, Brian Pengelley, chairman and chief executive officer, LASCO Group, Lascelles Chin, JAMPRO president, Diane Edwards, Ambassador Paul Robotham, permanent secretary in the Ministry of Foreign Affairs and Foreign Trade, and Minister Counsellor Alfredo Stefan, representing the embassy of the Dominican Republic at a recent press briefing held at JAMPRO's New Kingston offices in September 2013.

Expo Wal-Mart is the largest retail and annual trade show in the world exhibiting shelf-ready products and services. The mission was a success, generating 23 solid business leads, and included the participation of four local companies: Grace Foods, Wisynco, Seprod and Jamaican Teas.

Export Max I: Delivering Value to our Exporters

JAMPRO's Enterprise Development for Export Growth programme, Export Max I, started as a pilot in October 2011 to improve the competitiveness of existing exporters and export ready firms in Jamaica. A cluster of 15 firms was selected to participate in this highly customized 2-year export development programme, for which JAMPRO received the UNCTAD/International Trade Centre's Award for Best Trade Promotion Organization from a Small Island Developing State (SIDS).

Export Max clients experienced an average increase of 31% in sales, moving from J$1 Billion to J$1.4 Billion. Thirty three (33) new markets were accessed by eleven (11) of the companies and an additional fifty four (54) trade leads were generated. Altogether the companies accessed over J$100M in technical assistance and grant funding for upgrading and operational improvement purposes and development of strategic business management tools. Over 30% of the participating companies are female owned and 60% are located in rural communities. More than 800 persons are directly employed to these companies and 5,000 small farmers and other suppliers are indirectly engaged.

The Export Max programme enjoyed strong partnership and sponsorship support, valuing approximately J$20M. Sponsors were the Bureau of Standards and the Development Bank of Jamaica, the Jamaica Productivity Centre, Jamaica Public Service Company, the Scientific Research Council and the EXIM Bank.

EXPORT & MARKET DEVELOPMENT

Export Max I (cont'd)

Export Max II was scheduled to be launched in April 2014 to provide intensive capacity building and market penetration support to 20 existing exporters and export ready firms.

The 15 participating companies in JAMPRO's Export Max Development Programme are all smiles alongside JAMPRO's Export and Market Development team during the Export Max's official closing ceremony held on Thursday, January 23, 2014 at JAMPRO's New Kingston head offices.

Creative Industries

Jamaica possesses strong capacity to export a wide range of creative and cultural products across the spectrum of film, music, entertainment, art and gifting. The Jamaica Film Commission housed in JAMPRO is focused on the export of film, TV and interactive content, investments in local industry, and the promotion and facilitation of Jamaica as a location for international audio-visual production. For the financial year 2013-2014 JAMPRO's Creative Industries Unit facilitated 95 projects with a value of JMD $1.2 billion, employing 5392.

KingstOOn – Animation Conference

Emerging from the wellspring of Jamaica's ubiquitous Creative Industries is an area in which Jamaica is rapidly developing a competitive advantage – Animation.

In June 2013, hundreds of Jamaican young people turned out for the KingstOOn animation conference and festival. JAMPRO partnered with the University of the West Indies/ CARIMAC and private animation studio GSW Reel Rock to stage the event in collaboration with two notable players in the international animation industry, Toon Boom and Bento Box.

By the end of the financial year, CARIMAC/GSW Reel Rock Animation Studio had partnered to train and certify 43 local animators.CARIMAC has since commenced a second run of the course, while other educational institutions have started offering or designing training courses in animation.

GSW Reel Rock Animation Deal

JAMPRO client GSW Reel Rock announced in 2013 a contract to provide animation services on 52 episodes of a globally distributed Nickelodeon animation series called "Lucky Fred", in which it will share in the copyright. The partnership includes animation studios in Italy, Spain, Luxembourg and Ireland. Currently, Jamaica has four animation studios. Jamaica is fielding interest from international investors interested in investing in the industry both in creation of intellectual property and creation of new animation studios.

(L-R) Vice President, marketing and communication, Toon Boom Animation Inc, Karina Bessoudo; World Bank representative to Jamaica, Giorgio Valentini, Caribbean Institute of Media and Communication (CARIMAC), Professor Hopeton Dunn; JAMPRO's Vice President of Finance & Corporate Services Wendy Lyttle and Executive Director, GSW Animation Limited, Wayne Sinclair discuss CARIMAC's new animation course following a press conference held on the campus of University of the West Indies, Mona on July 19.

COMPETITIVENESS & THE BUSINESS ENVIRONMENT

National Competitiveness Council (NCC)

JAMPRO is the secretatiat for the National Competitiveness Council (NCC), which is central to the reforms being enacted to improve the Jamaican business environment.

Since 2012, the NCC under the chairmanship of the Honourable Minister of Industry, Investment and Commerce has worked closely with private and public sector entities to identify and resolve impediments to the effective conduct of business in Jamaica. The Cabinet has also approved the expansion of the role of the NCC to remove bottlenecks faced by investors in their interface with Government regulators and other entities.

JAMPRO in collaboration with the Inter-American Development Bank (IDB) hosted a National Competitiveness Council (NCC) Business Roundtable discussion at the Jamaica Pegasus on Thursday, February 20, 2014. Executive Director at Compete Caribbean, Sylvia Dohnert (second left) shakes hands with JAMPRO President Diane Edwards (second right). Looking on are (L-R) Manager of Special Projects at JAMPRO, Marjorie Straw; Andrea Gallina, Senior Social Development Specialist in Latin America and the Caribbean Region and Coordinator of the "Caribbean Growth Forum" ; IDB Country Representative in Jamaica, Therese Turner-Jones and Vice President of Investment Promotions at JAMPRO, Claude Duncan.

National Export Strategy

The NES Secretariat, which is housed in JAMPRO, has been coordinating a number of initiatives to promote and grow Jamaica's export sector. The latest review of the performance of the Strategy shows that 63% of a total of 325 initiatives have been implemented with moderate progress on priority industries and cross-cutting issues.

Business Environment Reforms Implemented during 2013/2014

May 2013
Two credit bureaus were operationalized

Dec. 17, 2013
Enactment of Security Interest in Personal Property Act (SIPP)

Jan 2, 2014
National Collateral Registry Established at Companies Office

Jan 2, 2014
Single Business Registration "Super form" rolled out by Companies Office

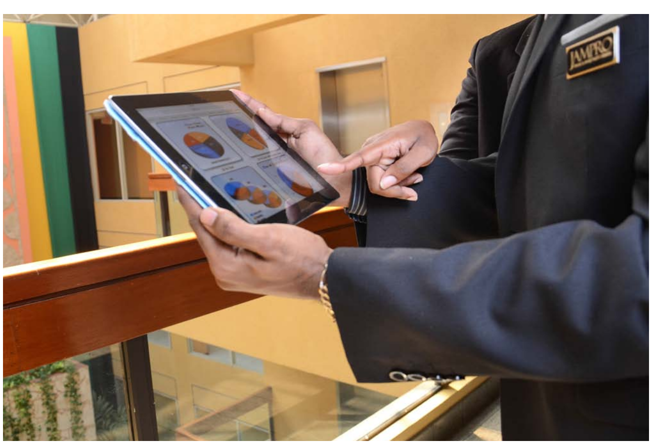
Jan 27 – 31, 2014
Over 360 persons trained in the lending and legal sectors on the SIPP Act.

COMPETITIVENESS & THE BUSINESS ENVIRONMENT

Policy Advocacy Initiatives

Jamaica Economic Residency Programme (JERP): JERP has been proposed as an additional immigration residency category for consideration to facilitate foreign investors who are able to implement projects with a pre-defined amount of capital investment. Individuals that qualify would not be required to apply for work permits and would be able to travel freely as they manage their business interests in Jamaica. JAMPRO in consultation with other relevant stakeholders, chief of which is the Passport, Immigration and Citizenship Agency (PICA) have agreed that the Programme is feasible, especially against the background of the need to spur increased levels of FDI, and better regulate the movement of foreign investors in Jamaica.

Investment-Ready Projects Initiative: This is an initiative of JAMPRO, in collaboration with TEF, UDC and NEPA, to package opportunities where most of the development approvals and land acquisition processes are in place for potential investors. This is expected to significantly reduce the bureaucracy faced by landed investors. Other agencies of the Government involved in this initiative are the Commissioner of Lands, DBJ; NHT NWC, NWA, and the Ministry of Local Government and Community Development.

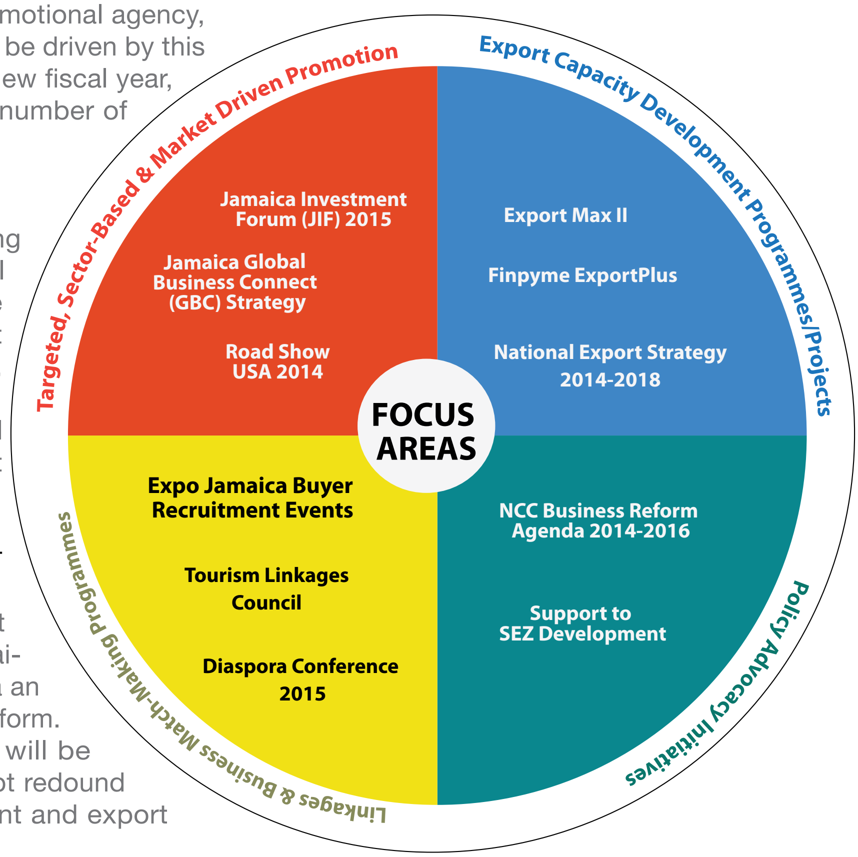


Jamaica Film Fund – Financing Local Film Projects: Through consultation with the Ministry of Finance and the MIIC, JAMPRO has proposed the development of a fund to facilitate the development of the local film industry, through the financing of the production and/or post-production phase of locally based film projects that are being produced by local talent. One key part of the eligibility criteria to access the Fund is that applicants are required to demonstrate a high level of Jamaican involvement in the project, e.g. talent, storyline/plot, scenery etc. as well as the positive cultural image of the country, which will support the tourism product. The Fund is expected to enhance the international profile of Jamaica's film industry. This will be achieved through the production of viable film projects, and the creation of more employment opportunities especially for young Jamaicans in the emerging animation sector.

FOCUS AREAS FOR 2014/15 FISCAL YEAR

Targeted, Sector-Based & Market Driven Promotion

As the national investment and trade promotional agency, JAMPRO's core activities will continue to be driven by this legislated mandate. Specifically, for the new fiscal year, the Corporation will be implementing a number of signature events, i.e.:



Jamaica Investment Forum (JIF) 2015

JIF 2015 will serve as the second staging of the country's premier international investment event that will attract C-Suite investors and allow Jamaica to present pre-packaged investment opportunities, further to success of the first JIF in 2012. The Global Logistics Hub Initiative will again feature as the signature investment opportunity for JIF 2015.

Jamaica Global Business Connect (GBC)Strategy,

GBC will position JAMPRO to better connect and leverage the relationships with Jamaicans and friends of Jamaica overseas via an aggressive and ambitious web-based platform. The promotional reach of the agency will be exponentially expanded and will no doubt redound to the benefit of the country's investment and export performance.

Road Show USA 2014

This will present new and innovative opportunities to directly target the business community and the leading buyers in selected cities.

Linkages & Business Match-Making Programmes

JAMPRO's participation in the Expo Jamaica 2014 also represents the continued implementation of its ongoing Linkages Programme. By virtue of the effort placed in securing international and regional buyers, the agency is able to employ a targeted and deliberate strategy of constant engagement with the buyers after they would have witnessed the strength of Jamaica's productive sector. Thereafter, and over the course of the next two (2) years (until the next hosting of the Expo), the Corporation will execute an extensive contract conversion strategy in order to ensure that the opportunity of Expo Jamaica results in repeat orders from Jamaica's goods and services providers. JAMPRO's membership and participation on the Ministry of Tourism's Linkages Council will also support the organization's efforts in securing linkage contracts between the and the local suppliers.

Export Capacity Development Programmes/Projects

The Ministry has identified MSME development and entrepreneurship as a major cornerstone of its contribution towards the fulfillment of the country's Strategic Growth Agenda. During the new fiscal year, JAMPRO will seek to improve upon the already proven success of the first round of the Export Max programme (enterprise development for export growth). Export Max II will support an additional 20 companies and will work towards an ambitious target of 50% average growth in the export sales for participating companies by the end of the three (3) year programme. The efforts of the next round of this programme will be boosted by the agency's continued work at identifying and sourcing additional financial and technical assistance from its partners in the local and international donor community.

FOCUS AREAS FOR 2014/15 FISCAL YEAR

Export Capacity Development Programmes/Projects (cont'd)

National Export Strategy (NES) Next Steps

The Lead Coordinating Partners – JEA, JAMPRO and the Trade Board will be hosting a series of validation sessions with stakeholders for proposed initiatives during the months of April to June. This is to be followed by the review and validation of the action plan which is slated to be completed by the end of June, and the final Strategy Action Plan for Phase II of the NES Strategy which is scheduled to begin right after for completion by the end of August 2014.

Policy Advocacy Initiatives

JAMPRO's policy advocacy role is both reactive and proactive, addressing issues raised by clients and various stakeholders, but also advocating for new approaches to increasing the countries investments and export levels. In the new fiscal year, JAMPRO will focus on:

NCC Business Environment Reform Agenda 2014-2016

JAMPRO, in facilitating the NCC, will continue to drive and facilitate reforms under the Business Environment Reform Agenda as identified by Government. The Corporation will be able to achieve its objectives by collaborating with MDAs in developing, refining and implementing a number of initiatives, some of which may already be in progress.

Support To SEZ Development

JAMPRO will continue to participate in the development of the requisite legislative and regulatory framework to support the Logistics Hub and the attendant SEZs. Working closely with MIIC, the Corporation will ensure that framework adequately positions Jamaica to compete with other global SEZs.

New and Emerging Industries

Limestone

In November 2013, JAMPRO concluded an assessment of Limestone as a viable export and investment industry in Jamaica. The assessment highlighted the availability of the vast deposits of high-quality limestone that can be mined within environmental integrity. These are also significant cost savings that can be achieved by investments in the production of value-added limestone products in Jamaica such as pharmaceuticals and paints to target markets such as the USA, Brazil and the Caribbean Islands.

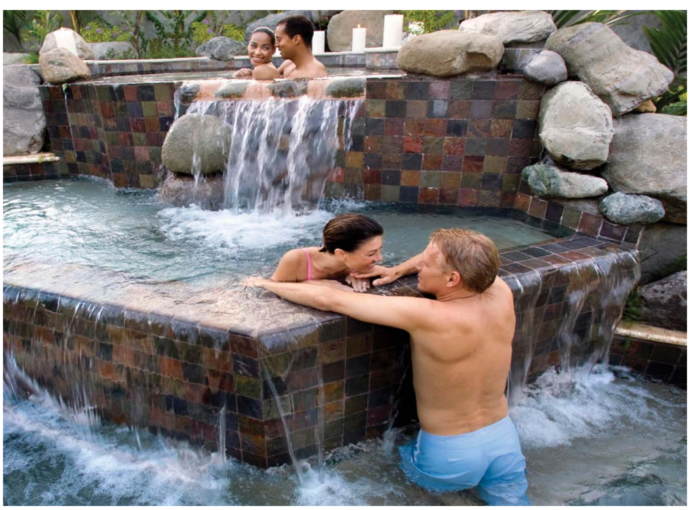
A Limestone Sector Development Team is currently examining ways to capitalise on the opportunities in the global market.

FOCUS AREAS FOR 2014/15 FISCAL YEAR

New and Emerging Industries cont'd

Health and Wellness Tourism

The National Health and Wellness Steering Committee appointed by Cabinet in March 2012, which was tasked to facilitate the development and implementation of key activities to grow the Health and Wellness sector in Jamaica, has been meeting on a quarterly basis since September 2013. The Steering Committee through its Accreditation and Regulatory sub-committees is working on an action plan for the national accreditation of spa operators and the framework for a legal and regulatory structure to grow the Health and Wellness sectors.



Fern Tree Spa at Half Moon, Montego Bay

Industrial Hemp

JAMPRO, under the direction of the Ministry of Industry, Investment and Commerce, has been leading in the development of the legislative and regulatory framework to support the emergence and success of a viable hemp industry in Jamaica. The legal cultivation of Industrial Hemp has presented a major global opportunity for a number of countries across Europe, Asia, North and South America, where legislation facilitates farmers to grow hemp. More than 25,000 products are estimated to be derived from the hemp plant. Jamaica has a unique opportunity to carve out a niche in the global market for Industrial Hemp as well as a medical marijuana industry.

JAMPRO Profiles in Success

Turning Dreams into Solid Investments

Mystic Mountain Rainforest Adventure Park


Mike Drakulich

For most patrons the Mystic Mountain Rainforest Adventure Park nestled in the centre of Ocho Rios is a dream-like experience comparable to no other. For Mystic Mountain Managing Director Mike Drakulich, the adventure park is a dream come true.

Started in 2005 Mystic Mountain was long in the pipeline for the entrepreneur. "I had this dream for a long time. We identified the property and took several years to secure it", Drakulich describes. He was later approached by Rainforest Tram, now known as Rainforest Adventures, to partner on the project. "What we have today is what has been called by a lot of people in the industry *a destination defining attraction*," he said.

The Adventure Park is home to a number of attractions ranging from bobsled rides, the sky explorer, canopy zip lining and mystic waterslides to more relaxed settings such as the butterfly and humming bird gardens. Since inception the adventure park has grown exponentially attracting visitors both locally and overseas.

What started as an impressive count of 5000 patrons in their first year of opening has blossomed to 110,000 in the last fiscal year.

While successful now, the journey to get there was not without difficulties. Drakulich attests to the assistance of the national trade and investment agency, JAMPRO, in getting his business off the ground. He said, "To get commercial banks and people to invest and believe in us was a really difficult task. I have to thank JAMPRO for believing in us and the concept and helping us find the type of people who would make this possible." JAMPRO stepped in with expert advice, strategizing and market relations which Drakulich admits, "was instrumental to cut through the red tape. There are a lot of processes that you have to go through. They (JAMPRO) made it a lot easier for us."

He expresses joy at the fact that the company has grown so much in such a relatively short space of time and has been receiving so much positive feedback from visitors and investors alike. He said "the thing that pleases me the most is when a Jamaican leaves the park, shakes my hand and says 'This is First World'. They take a great deal of national pride in what we have created in Mystic Mountain. That to me is the best compliment we get."

JAMPRO Profiles in Success

Innovative Diaspora Investment

ISOCON-JLB - ISO TANK MAINTENANCE

Beverly Johnson

ISOCON-JLB International, is a Jamaican Diaspora business success story that was facilitated out of JAMPRO's European Regional Office in London.

Born from the innovation of a Scottish company ISOCON and Jamaican freight forwarding firm JLB International, ISOCON-JLB is the first ISO-Tank maintenance, leasing, repairs, testing and certified facility to be established in Jamaica. The company provides maintenance service to ISO-Tank owners and operators throughout the Caribbean, Central and South America, handling an average of forty tanks monthly from both the import and export trade. ISOCON-JLB is regarded as a maritime support service agency and a prime example of the possibilities of the Jamaica Logistics Hub Initiative.

ISOCON-JLB's Managing Director Beverly Johnson, describes the company's purpose as, "like sugarcane, if a product can be liquidized it can become a world class product, such as rum, fruit concentrate, oils, perfumery etc. Now export these products in bulk liquid containers known as ISO-tanks and there lies a new industry – blending and re-branding."

The company started from a chance meeting of Beverly Johnson and Scottish businessman Michael Kane of Isocon Engineering Ltd in Glasgow.

"We saw the need to establish an ISO tank facility as there was no professional cleaning (service) in Jamaica or in the Caribbean", said Johnson.

"Before Isocon-JLB, bulk products exporters were terribly inconvenienced as they had to wait on cleaned tanks from places like Rotterdam in Holland and Houston to load their export orders.

Michael Kane

Now the rum export markets and other food grade bulk liquids are reaching their markets in a timely, safe and secure manner with cost savings on freight", she added.

Jamaica was chosen for its strategic location, Free Zone operations and the ease of access to the highly modernised Port of Kingston and the Caribbean islands' primary rum export markets.

ISOCON-JLB is the recipient of the 2013 Compete Caribbean Award for business vision and innovation.

Board of Directors' Compensation for 2013/2014

Director's Name	Gross Payment ($)
Milton Samuda - Chairman	150,000
Earl Jarrett	7,500
Reginald Nugent	143,000
Eugene Ffolkes	142,500
Marjorie Seeberan	74,000
Bishop E Don Taylor	40,500
Norman Horne	164,000
Keisha Burgher	79,500
Byron Blake	131,500
Myrtle Weir	121,500
Steven Whittingham	109,000
Andrea Moore	121,000
Jeffrey Hall	51,500
Andy Thorburn	30,000
TOTAL	**1,365,500**

Executives' Compensation for 2013/2014

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	2013/2014	7,977,224.54	1,843,519.71	649,509.26	37,500.00	840,768.92	147,266.24	11,495,788.67
**VP - Finance & Corporate Services	2013/2014	4,242,346.83	1,696,938.73	749,234.20	28,125.00	646,975.63	171,333.54	7,534,953.93
***VP - Corporate Development & Competitiveness	2013/2014	3,285,011.15	766,502.60	668,250.53	25,000.00	147,014.61	178,542.08	5,070,320.97
VP - Investment Promotion	2013/2014	5,772,783.29	2,309,113.32	1,003,728.53	37,500.00	1,510,289.76	290,669.04	10,924,083.94
***VP - Export & Market Development	2013/2014	4,182,899.59	854,008.67	519,921.94	33,748.59	158,928.29	171,368.98	5,920,876.05
TOTAL		**25,460,265.40**	**7,470,083.03**	**3,590,644.45**	**161,873.59**	**3,303,977.21**	**959,179.88**	**40,946,023.55**

* Includes remuneration for Interim Presidents serving April - August 2014

** Represents proportional payment: VP acted as President for part of the year

*** Represents proportional payment: post vacant for part of the year

Financial Statements

MARCH 31, 2014

JAMPRO
TRADE & INVESTMENT JAMAICA

KPMG

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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 27, which comprise the statement of financial position as at March 31, 2014, 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 controls 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 controls 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, 2014, and of its financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standard.

KPMG

Chartered Accountants
Kingston, Jamaica

July 7, 2014

JAMAICA PROMOTIONS CORPORATION

Statement of Financial Position
March 31, 2014

	Notes	2014	2013
CURRENT ASSETS			
Cash and cash equivalents	3	10,821,397	5,348,364
Securities purchased under resale agreements	3,2(e)	65,395,160	78,593,867
Accounts receivable	4	32,715,725	30,534,185
		108,932,282	114,476,416
CURRENT LIABILITIES			
Accounts payable	5	149,035,979	144,226,011
Grants received in advance	6	7,282,752	7,916,813
		156,318,731	152,142,824
NET CURRENT LIABILITIES		(47,386,449)	(37,666,408)
NON-CURRENT ASSETS			
Long term receivables	7	-	6,780,000
Property, plant & equipment	8	164,348,777	169,032,297
Employee benefit asset	9	146,236,000	184,794,000
		$263,198,328	322,939,889
Financed by:			
ACCUMULATED SURPLUS		63,722,894	123,254,974
CAPITAL RESERVE	10	197,629,686	197,629,686
		261,352,580	320,884,660
NON-CURRENT LIABILITY			
Deferred income	11	1,845,748	2,055,229
		$263,198,328	322,939,889

The financial statements on pages 3 to 27 were approved by the Board of Directors on July 7, 2014, 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, 2014

	Notes	2014	2013 (Restated) Note 15
Gross operating revenue	12	510,437,994	517,386,792
Operating expenses:			
Promotional		102,956,253	115,488,108
Staff-related		356,004,490	359,415,844
General and administrative		72,301,150	73,488,924
		531,261,893	548,392,876
Operating deficit for the year	13	(20,823,899)	(31,006,084)
Other income:			
Interest income		3,127,581	5,215,379
Gain on disposal of property, plant & equipment		1,876,238	365,501
Deficit for the year		(15,820,080)	(25,425,204)
Other comprehensive (loss)/income			
Items that will never be reclassified to profit or loss:			
Remeasurement (loss)/gain on employee benefit asset		(43,712,000)	48,235,000
Total comprehensive (loss)/income for the year		$ (59,532,080)	22,809,796

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

JAMPRO TRADE & INVESTMENT JAMAICA

JAMAICA PROMOTIONS CORPORATION

Statement of Changes in Equity
Year ended March 31, 2014

	Accumulated surplus	Capital reserve (note 10)	Total
Balances at March 31, 2012	100,445,178	197,629,686	298,074,864
Surplus for the year as previously stated	22,809,796	-	22,809,796
Effect of changes in accounting policy (note 15)	(48,235,000)	-	(48,235,000)
Deficit for the year as restated	(25,425,204)	-	(25,425,204)
Other comprehensive income	48,235,000	-	48,235,000
Total comprehensive income for the year	22,809,796	-	22,809,796
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	(43,712,000)	-	(43,712,000)
Total comprehensive income for the year	(59,532,080)	-	(59,532,080)
Balance at March 31, 2014	$ 63,722,894	197,629,686	261,352,580

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

JAMPRO TRADE & INVESTMENT JAMAICA

JAMAICA PROMOTIONS CORPORATION

Statement of Cash Flows
Year ended March 31, 2014

	2014	2013 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit for the year	(15,820,080)	(25,425,204)
Adjustments for:		
Depreciation	12,925,393	14,273,438
Employee benefits	(5,154,000)	(3,072,000)
Amortisation of deferred income	(209,481)	(233,855)
Interest income	(3,127,581)	(5,215,379)
Gain on disposals of property, plant & equipment	(1,876,238)	(365,501)
Foreign exchange (gain)/loss	(270,172)	481,674
	(13,532,159)	(19,556,827)
Increase in accounts receivable	(2,181,540)	(3,956,402)
Decrease in long term receivables	6,780,000	13,560,000
Increase/(decrease) in accounts payable and grants received in advance	4,175,907	(39,474,967)
Net cash used by operating activities	(4,757,792)	(49,428,196)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant & equipment	(9,070,887)	(5,434,400)
Interest received	3,127,581	5,215,379
Proceeds from disposal of property, plant & equipment	2,705,252	365,501
Securities purchased under resale agreements	13,198,707	44,470,335
Net cash provided by investing activities	9,960,653	44,616,815
Net decrease in cash and cash equivalents	5,202,861	(4,811,381)
Cash and cash equivalents at beginning of year	5,348,364	10,641,419
Effect of exchange rate fluctuations on cash and cash equivalents	270,172	(481,674)
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 10,821,397	5,348,364

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

JAMPRO
TRADE & INVESTMENT JAMAICA

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements
Year ended March 31, 2014

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 significant deficit at the reporting date. The appropriateness of this basis 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 Government of Jamaica has indicated that it will continue to provide such financial assistance as the Corporation may require to meet its obligations for the foreseeable future. Management, therefore, is of the opinion 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 IFRS, interpretations of, and amendments to, existing standards which were in issue, came into effect for the current financial year. The Corporation has assessed them and has adopted those which are relevant to its financial statements, with a date of initial application of April 1, 2013. The nature and effects of the changes are as follows:

(i) IFRS 13, *Fair Value Measurement*

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as 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. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. Consequently, the Corporation has included additional disclosures in this regard, [see note 16(iv)].

In accordance with the transitional provisions of IFRS 13, the Corporation applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Corporation's assets and liabilities.

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements
Year ended March 31, 2014

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

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

New, revised and amended standards and interpretations that became effective during the year (cont'd):

(ii) IAS 19, *Employee Benefits*

As a result of the adoption of IAS 19, *Employee Benefits (2011)*, the Corporation has changed its accounting policy with respect to the basis for determining the income or expense related to its post-employment defined benefit plans.

As a result of the change, the Corporation now determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability at the beginning of the annual period. Net interest also takes into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Actuarial gains and losses are now recognised immediately in other comprehensive income. Previously, the Corporation recognised actuarial gains and losses using the corridor method, which required that any cumulative unrecognised gains or losses exceeding 10% of the present value of the benefit obligation be recognised in profit or loss over the expected average remaining working lives of the employees affected.

The change in policy is applied retrospectively (see note 15).

(iii) Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

As a result of the amendments to IAS 1, items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future are presented separately from those that will never be reclassified to profit or loss. Also, the title of the statement has changed from statement of comprehensive income to *statement of profit or loss and other comprehensive income*.

New and revised standards and interpretations that are not yet effective:

At the date of authorisation of the financial statements, certain new and revised standards and interpretations have been issued but are not yet effective, and which the Corporation has not early-adopted. The Corporation has assessed the following standards as relevant but none will have a significant impact on its financial statements:

- Amendment to IAS 32 *Financial Instruments: Presentation* - The standard clarifies that an entity currently has a legal enforceable right to offset if that right is not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all the counterparts. In addition, it clarifies that gross settlement is equivalent to net settlement if, and only if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk; and process receivables and payables in a single settlement process or cycle. The amendment is effective for annual reporting periods beginning on or after January 1, 2014.

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements cont'd
Year ended March 31, 2014

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

New and revised standards and interpretations that are not yet effective (cont'd):

- *IFRS 9, Financial Instruments* (effective January 1, 2018) introduces new requirements for classifying and measuring financial assets. The standard also amends some of the requirements of *IFRS 7 Financial Instruments: Disclosures,* including added disclosures about investments in equity instruments designated as fair value through other comprehensive income.

- Amendments to IAS 36 Impairment of Assets: *Recoverable Amount Disclosures for Non-financial Assets*, which is effective for accounting periods beginning on or after January 1, 2014, reverse the unintended requirement in IFRS 13 *Fair Value Measurement*, to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. The amendment requires the recoverable amount to be disclosed only when an impairment loss has been recognised or reversed.

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. The main amendments applicable to the Corporation 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 (amortization) is eliminated against the gross carrying amount of the asset.

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements cont'd
Year ended March 31, 2014

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

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

New standards, and interpretations that are not yet effective (cont'd):

- *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.

Management is assessing the impact, if any, that the new, revised and amended standards may have on its financial statements in future years when they become effective.

(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 retirement benefits:

The amounts recognised in the statement of financial position and profit or loss for pension and other post-retirement 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.

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

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

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 (cont'd):

(i) Pension and other post retirement 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, 2014

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, 2014

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.

JAMPRO TRADE & INVESTMENT JAMAICA

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements cont'd
Year ended March 31, 2014

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):

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.

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.

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements cont'd
Year ended March 31, 2014

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:

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

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

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

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

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

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements cont'd
Year ended March 31, 2014

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

(n) Impairment (cont'd):

(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.

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 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.

JAMPRO TRADE & INVESTMENT JAMAICA

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements cont'd
Year ended March 31, 2014

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

(r) Expenses (cont'd):

(i) Net finance costs (cont'd):

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.

(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

These include:

(a) $7,282,752 (2013: $6,945,328) 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.

(b) $4,381,306 (2013: $4,381,306) received for specified investment promotion activities [see note 5(iii)].

(c) $20,048,825 (2012: $8,653,959) 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)].

(d) $433,695 (2013: $1,695,844) received for specified investment promotion activities for CART Fund project [see note 5(ii)].

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements cont'd
Year ended March 31, 2014

4. Accounts receivable

	2014	2013
Prepaid expenses	1,314,868	3,054,149
Other receivables	31,400,857	27,480,036
	$32,715,725	30,534,185

Included in other receivables is $6,780,000 (2013: $13,560,000) which represents the current portion of retroactive salaries due from the Government of Jamaica arising from wage agreements for the period 2009/2010 to 2010/2011 (see note 7).

5. Accounts payable

	2014	2013
Jamaica International Financial Services Authority (i)	20,048,825	8,653,959
CART Fund (ii)	433,695	1,695,844
Trade payables	11,512,588	6,061,381
Accrued expenses and other liabilities	117,040,871	127,814,827
	$149,035,979	144,226,011

(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 2013 to March 2014.

(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 for the 21-month period ending June 2013.

(iii) Include in accrued expenses and other liabilities is $4,381,306 (2013: $4,381,306) received in advance for specific investment promotions activities [see note 3(b)].

6. Grants received in advance

These are unspent balances in respect of funds received from overseas agencies to finance certain activities and projects.

7. Long term receivables

	2014	2013
Retroactive salaries	6,780,000	20,340,000
Less: current portion	(6,780,000)	(13,560,000)
	$ -	6,780,000

This represents retroactive salaries due from the Government of Jamaica arising from wage agreements for the period 2009/2010 to 2010/2011. This amount is to be settled in five equal instalments in May and October each year, ending May 2015 (see note 4).

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements cont'd
Year ended March 31, 2014

8. Property, plant & equipment

	Land, buildings & leasehold improvements	Furniture equipment and computers	Motor vehicles	Total
At cost or deemed cost:				
March 31, 2012	201,352,295	90,580,418	11,054,450	302,987,163
Additions	-	5,434,400	-	5,434,400
Disposals	-	-	(1,246,475)	(1,246,475)
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	-	-	(4,428,070)	(4,428,070)
March 31, 2014	201,352,295	102,786,705	7,678,905	311,817,905
Depreciation:				
March 31, 2012	51,400,529	65,588,428	8,126,871	125,115,828
Charge for the year	4,843,899	7,422,354	2,007,185	14,273,438
Eliminated on disposals	-	-	(1,246,475)	(1,246,475)
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
Net book values:				
March 31, 2014	$140,263,968	22,435,257	1,649,552	164,348,777
March 31, 2013	$145,107,867	23,004,036	920,394	169,032,297

Surpluses arising on revaluations are included in capital reserve (note 10).

9. 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-retirement employee benefits comprise the following:

	2014	2013 (Restated)
Pension asset:		
Present value of funded obligations	(252,451,000)	(232,861,000)
Fair value of plan assets	1,183,001,000	996,372,000
Net surplus	930,550,000	763,511,000
Asset not recognised due to limitation in economic benefits	(784,314,000)	(578,717,000)
Asset recognised in the statement of financial position	$ 146,236,000	184,794,000

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements cont'd

9. Employee benefit asset (cont'd)

Scheme assets consist of the following:

	2014	%	2013	%
Pooled Equity fund	67,797,000	6	65,734,000	7
Pooled Mortgage and real estate fund	395,484,000	33	254,720,000	26
Pooled Fixed income fund	135,594,000	11	230,070,000	23
Pooled Money market fund	361,585,000	31	82,168,000	8
Pooled Foreign exchange fund	90,396,000	8	131,469,000	13
Pooled CPI fund	79,097,000	7	57,518,000	6
Deposit administration fund	-	-	131,766,000	13
	1,129,953,000		953,445,000	
Ordinary shares	1,175,000	-	1,762,000	-
Purchased annuities	51,724,000	4	47,772,000	5
Net benefit adjustments	149,000	-	(6,607,000)	(1)
	$1,183,001,000	100	996,372,000	100

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

	2014	2013 (Restated)
Balance at beginning of year	184,794,000	133,487,000
Contributions paid	537,000	582,000
Change recognised in profit or loss	4,617,000	2,490,000
Remeasurements recognised in OCI	(43,712,000)	48,235,000
Balance at end of year	$146,236,000	184,794,000

(ii) Movement in scheme assets:

	2014	2013 (Restated)
Fair value of scheme assets as at April 1	996,372,000	920,355,000
Purchased annuities	-	6,087,000
Contributions paid into the plan	6,801,000	7,316,000
Benefits paid by the plan	(13,656,000)	(15,049,000)
Interest income on plan assets	89,045,000	82,759,000
Remeasurement-changes in assumptions	8,360,000	-
Remeasurement-experience adjustments	96,079,000	(5,096,000)
Fair value of scheme assets as at March 31	$1,183,001,000	996,372,000
Actual return on plan assets	19%	8%

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JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements cont'd
Year ended March 31, 2014

9. Employee benefit asset (cont'd)

(iii) Change recognised in profit or loss:

	2014	2013 (Restated)
Current service costs	12,313,000	9,561,000
Interest on obligations	20,030,000	16,720,000
Expected return on plan assets	(89,045,000)	(82,759,000)
Interest on effect of the asset ceiling	52,085,000	53,988,000
	$(4,617,000)	(2,490,000)

(iv) Items in other comprehensive income:

	2014	2013
Remeasurement gain from change in assumptions	49,195,000	-
Experience adjustments	(158,995,000)	26,908,000
Change in effect of the asset ceiling	153,512,000	(75,143,000)
	$ 43,712,000	(48,235,000)

(v) Present value of funded obligation:

	2014	2013
Present value of funded obligation at April 1	232,861,000	186,996,000
Service cost	12,313,000	9,561,000
Interest cost on defined benefit obligation	20,030,000	16,720,000
Members' contributions	6,264,000	6,734,000
Benefits paid	(13,656,000)	(15,049,000)
Value of annuities purchased	-	6,087,000
Remeasurement-changes in assumptions	57,555,000	-
Remeasurement-experience adjustments	(62,916,000)	21,812,000
Present value of funded obligation at March 31	$252,451,000	232,861,000

(vi) Movement in effect of asset ceiling

	2014	2013
Effect of asset ceiling at April 1	578,717,000	599,872,000
Interest of effect of asset ceiling	52,085,000	53,988,000
Remeasurement	153,512,000	(75,143,000)
Effect of asset ceiling at March 31	$784,314,000	578,717,000

JAMPRO TRADE & INVESTMENT JAMAICA

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements cont'd
Year ended March 31, 2014

9. Employee benefit asset (cont'd)

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

	2014	2013
Discount rate	9.50%	10.00%
Inflation	5.50%	5.50%
Future salary increases	5.50%	5.50%
Future pension increases	5.50%	5.50%
Minimum funding rate	0.25%	0.25%

10. Capital reserve

	2014	2013
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	3,069,096	3,069,096
	$197,629,686	197,629,686

11. Deferred income

	2014	2013
Balance at beginning of the year	2,055,229	2,289,084
Amortisation during the year	(209,481)	(233,855)
Balance at end of the year	$1,845,748	2,055,229

12. Gross operating revenue

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

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JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements cont'd
Year ended March 31, 2014

13. Disclosure of expenses

Operating deficit for the year is stated after charging:

	2014	2013 (Restated)
Depreciation	12,925,393	14,273,438
Directors' remuneration:		
Fees	1,365,500	1,549,500
Management remuneration	6,467,288	13,950,625
Auditors' remuneration	1,350,000	1,100,000
Key management personnel:		
Compensation – short-term benefit (included in other staff costs)	39,856,125	48,637,172
Salaries & statutory payments	294,960,367	297,580,463
Other staff costs	62,461,362	64,054,863
Pension assets	$(4,617,000)	(2,490,000)

14. 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:

	2014 $	2013 $
Accounts receivable:		
Government of Jamaica	$5,617,946	4,265,551
Accounts payable:		
Government of Jamaica	$ 17,625	166,017

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

15. Changes in accounting policy

As indicated in note 2(b), IAS 19 - Employee benefits, became effective on January 1, 2013. This change in accounting policy was applied retrospectively. The effects of adjustments as a result of this change are reflected below:

a) Effect on statement of financial position items:

IAS 19, Employee benefits requires a surplus pension asset to be recognised at the lower of the actual surplus or the amount determined under the asset ceiling method. A prior period adjustment of the net pension asset would have resulted in the amount exceeding the asset ceiling. Consequently, the surplus pension asset was maintain at the asset ceiling amount, hence no effect to the amount recognised in the statement of financial position.

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements cont'd
Year ended March 31, 2014

15. Changes in accounting policy (cont'd)

b) Effect on statement of comprehensive income items

	As previously reported $	Effect of change in accounting policy $	As restated $
Staff related expenses	311,180,844	48,235,000	359,415,844
Surplus/(deficit) for the year	22,809,796	(48,235,000)	(25,425,204)
Other comprehensive income	-	48,235,000	48,235,000
Total comprehensive income for the year	22,809,796	-	22,809,796

The effect of the change is to reduce surplus for the year by $48,235,000 and increase other comprehensive income by the same amount with no effect on total comprehensive income for the year.

c) Effect on statement of changes in equity items:

As indicated in 15(b) the change had no impact on total comprehensive income for the year ended March 31, 2013. Similary, it had no impact on opening accumulated surplus for the same period hence have no impact to accumulated surplus.

d) Effect on statement of cashflows:

Other than the reclassification between the comparative numbers, the change in this accounting policy had no effect to the statement of cashflows.

16. 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.

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Notes to the Financial Statements cont'd
Year ended March 31, 2014

16. Financial risk management (cont'd)

(i) Credit risk (cont'd):

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 following table presents the undiscounted contractual cash flows of financial liabilities, including interest payments, on the basis of their earliest possible contractual maturity, compared to carrying amounts.

	2014		
	Within 3 months	Contractual cash flows	Carrying amount
Financial liabilities	$	$	$
Accounts payable (excluding amounts received in advance – see note 5(iii)	144,654,673	144,654,673	144,654,673

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements cont'd
Year ended March 31, 2014

16. Financial risk management (cont'd)

(ii) Liquidity risk (cont'd):

	2013		
	Within 3 months	Contractual cash flows	Carrying amount
Financial liabilities	$	$	$
Accounts payable (excluding amounts received in advance – see note 5(iii)	139,844,705	139,844,705	139,844,705

(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.

(a) Foreign currency risk:

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

	2014				2013			
	US$	(£)	(€)	CAD$	US$	(£)	(€)	CAD$
Cash and cash equivalents	51,317	8,257	1,499	3,465	22,018	13,109	1,496	7,091
Accounts payable	(106,499)	-	-	-	(91,175)	(2,557)	-	(689)
Net exposure	(55,182)	8,257	1,499	3,465	(69,157)	10,552	1,496	6,402

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

	US$	£	€	CAD$
March 31, 2014:	108.99	179.38	147.69	97.18
March 31, 2013:	97.94	148.04	124.96	96.51

Sensitivity analysis

A 1% (2013: 1%) strengthening of the United States dollar, Pound Sterling, Euro and Canadian dollar against the Jamaica dollar at March 31, would have decreased/(increased) surplus/(deficit) for the year by $39,883 (2013: $44,063).

JAMAICA PROMOTIONS CORPORATION

Notes to the Financial Statements cont'd
Year ended March 31, 2014

16. Financial risk management (cont'd)

(iii) Market risk (cont'd):

(a) Foreign currency risk (cont'd):

Sensitivity analysis (cont'd)

A 15% (2013: 10%) weakening of the United States dollar, Pound Sterling, Euro and Canadian dollar against the Jamaica dollar at March 31, would have increased/(decreased) (deficit)/surplus for the year by $598,254 (2013: $440,632). 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:

	2014	2013
Financial assets:		
Cash and cash equivalents	225,890	186,988
Securities purchased under resale agreements	65,395,160	78,593,867
	$65,621,050	78,780,855

(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.

Financial instrument	Method
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.

17. Contingencies

The Corporation is contingently liable for income taxes amounting to $5,274,150 (2013: $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.

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SUPPLEMENTARY INFORMATION

TO THE FINANCIAL STATEMENTS

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JAMAICA PROMOTIONS CORPORATION

Detailed Statement of Operating income and Expenses
Year ended March 31, 2014

	2014	2013 (Restated)
OPERATING INCOME		
Government grants	454,218,785	446,132,307
Certification fees	2,737,508	2,861,978
JIFSA project	18,009,446	21,783,111
Other income	35,472,255	46,609,396
	510,437,994	517,386,792
OPERATING EXPENSES		
Promotional		
Advertising and promotion	43,218,052	42,052,672
Books, publications and subscription	5,490,140	3,706,350
Entertainment	2,845,564	5,196,929
Foreign and local travel and subsistence	20,424,783	26,120,089
Professional fees	12,968,268	16,628,957
JIFSA project	18,009,446	21,783,111
	102,956,253	115,488,108
Staff-related		
Salaries, statutory payments and gratuities	288,562,736	292,095,479
Staff benefits	67,078,362	64,026,354
Pension benefit, net	(4,617,000)	(2,490,000)
Unused vacation leave	3,215,215	3,997,447
Staff training	1,765,177	1,786,564
	356,004,490	359,415,844
General and administrative		
Directors' fees	1,365,500	1,549,500
Professional fees	1,043,813	-
Office rental	1,068,750	1,068,750
Utilities	27,690,508	27,480,427
Repairs and maintenance	10,840,878	11,724,869
Office supplies and other operating expenses	6,032,271	4,784,708
Audit fees	1,350,000	1,171,500
Motor vehicle and travelling	533,846	950,084
Bank charges	1,066,274	1,070,769
Insurance	2,836,434	2,882,602
Stationery	3,287,587	3,749,847
Security	2,226,101	2,330,323
Other expenses	243,276	685,962
Depreciation, net of allocation to tenants	12,925,393	14,273,438
Amortisation of deferred income	(209,481)	(233,855)
	72,301,150	73,488,924
Total expenses	531,261,893	548,392,876
Operating deficit	$(20,823,899)	(31,006,084)

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