



JAMPRO

TRADE & INVESTMENT JAMAICA



ANNUAL REPORT | 2016 REPORT | 2017

DoBusiness
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JAMPRO
TRADE & INVESTMENT JAMAICA

The purpose of this report is to provide the Houses of Parliament, Cabinet, partners, stakeholders and clients with information on the performance of the Jamaica Promotions Corporation (JAMPRO) for the 2016/2017 financial year and the prospects for the 2017/2018 financial year.



Our Vision

To be a world class business enabler and promotions agency, making Jamaica the premier destination to do business.

Our Mission

Drive Jamaica's economic development through growth in investment and export.

Our Core Values

- Integrity
- Respect
- Innovation
- Excellence



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Board of Directors

The Corporation is led by a new Board of Directors appointed as at April 18, 2016. They have a range of experience in various professional disciplines including: marketing, human resources, legal services, business process outsourcing, manufacturing, agribusiness, banking and finance, tourism and information communication technology. They bring their informed private and public sector perspectives to the company's widespread Governance activities.

The appointed Board of Directors are: Senator Don Wehby, Chairman; Metry Seaga, Deputy Chairman and Chairperson for the Finance and Procurement Sub-Committee; Yoni Epstein, Chairperson for the Audit Sub-Committee; Zachary Harding, Chairperson for the Marketing and Projects Sub-Committee; Lisa Soares Lewis; Chairperson for the Human Resources Sub-Committee; Ian K. Levy; Deborah Newland; Michelle Chong; Gary Sadler; Christopher Williams and Peter Lloyd, Former Director (service ended March 10, 2017).



*Left to Right: FRONT ROW: Lisa Soares Lewis, Don Wehby
CENTRE ROW: Christopher Williams, Deborah Newland, Metry Seaga, Michelle Chong
BACK ROW: Zachary Harding, Gary Sadler, Ian K. Levy and Yoni Epstein*



Executive Management Team

The key functions of JAMPRO are carried out within three (3) core divisions, namely: Investment Promotion, Export and Market Development and Corporate Development and Competitiveness. Operational support from the President's Office (including Marketing Communications, Legal and Audit functions) and Finance and Corporate Services are integral to the successful operations of these core services.

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





Chairman's Foreword



The year 2016/2017 has been monumental for JAMPRO; one in which our team embraced and championed new goals, new challenges and major strategic shifts in our operations.

Despite the roller coaster ride throughout this year, the various teams managed to take home and exceed targets for capital expenditure (CAPEX) and jobs. I am extremely pleased with our performance and the role we continue to play in promoting and winning investments locally and from abroad. Through JAMPRO's work, investors are still confident in this country - Jamaica; and the world still craves a taste of who we are.

In 2016, the new Prime Minister announced the creation of a super ministry, which he would lead. JAMPRO would now form part of the new Ministry of Economic Growth and Job Creation and was considered a critical ingredient in growing the economy and driving the mandate for 'more jobs' in our country. The first role of the newly appointed Board of Directors was therefore, to position the organisation for this new task; equipping the team with the relevant resources and skills to make them win and win big.

JAMPRO subsequently adopted the "5 in 4" national imperative and underwent a comprehensive review of its strategic approach to investment and export promotion. This exercise was managed by an external consultant, who guided us to develop a new vision by the end of the third quarter of this year.

While the resulting three-year strategic plan would guide the operations of the agency during the 2017/2018 to 2019/2020 fiscal period, the agency adopted some of the key initiatives including: the contracting of a National BPO Coordinator, the implementation of #DOBIZJA promotional strategy to create greater awareness for business brand Jamaica, the expansion of our award-winning



Chairman's Foreword

Export Max programme, the development of the National Investment Policy (NIP) and the implementation of a change management programme to help staff adapt to the various operational improvements. The programme is geared at making the organisation more efficient, flexible and dynamic, better able to attract higher levels of investment, achieve greater export sales, spark the development of new industries and become a catalyst for improving the business climate.

There is no doubt that the organisation's success this year was down to hard work and a focused team and strategic partners, who continue to dedicate their lives to accelerating our country's progress. I would like to thank them for their dedication and commitment.

The Board of Directors, who brought innovative ideas and excellent recommendations and the professional executive team, are critical to the Agency's ability to meet its goals. Their leadership will bring JAMPRO to the place that it needs to be to create real economic growth for Jamaica; I want to praise their efforts and express my gratitude for their service.

The future of JAMPRO and Jamaica looks bright, and I am excited and inspired by the work that is ahead. To the many individuals and companies that have utilized JAMPRO's services over the year, we thank you. We remain committed over the coming months and years to serve you; and continue to persist in our global efforts to position Jamaica as the best country in the region to visit, do business and invest.

Senator Don Wehby
Chairman



President's Report



The 2016/2017 fiscal year was one of our most challenging, but produced some remarkable results. We continued to focus on our vision to grow Jamaica's economy, through growth in investment and exports; achieving record numbers for capital expenditure (US\$406.7 million) for JAMPRO facilitated projects, jobs (approximately 12,913), business linkages contracts (brokered JA\$943.1 million), export sales (US\$207.6 million) and on the macro level, Jamaica's foreign direct investment (FDI) inflows increasing by 34%.

Under the new mandate of the Ministry of Economic Growth and Job Creation we were also able to attain some key strategic outcomes, many of which will roll over to the new fiscal year. These include:

- The launch of Phase 1 of the Karisma Sugar Cane Hotel Development Project, the largest in the country's history, projecting construction of 5,000 hotel rooms
- The sale and expansion of the Jiquan Iron Steel Company (JISCO), formerly ALPART, projecting investment of US\$1 billion in 5 years and estimating 1500 jobs to the sector
- Market access for the 20 companies in JAMPRO's Export Max II programme (and preparation for the launch of the Caribbean Market Mission in May 2017)
- The launch of the Cuban Market Development Programme
- Collaboration with the Jamaica Film and Television Association (JAFTA) and support and launch of the JAF TA Propella script to screen film project



President's Report

- Launch of the Get Ready, Connect, Grow Higher Education Programme
- Global promotions for the innovative Shovel Ready Investment Prospectus
- Signing of concession agreement between Port Authority of Jamaica and CMA/CGM to expand and operate the Kingston Freeport Terminal: a critical linchpin in the development of the logistics centred economy.

We also made significant headway in the development of large logistics initiatives and ended the year with a portfolio of four strategic projects in this sector, which are slated for implementation in the next budget year. These initiatives were made up of the following operations: Bunkering, Dry Dock, Logistics Centre and Port Development.

JAMPRO continues to focus its development and promotional efforts on key growth sectors identified in Vision 2030. Some sectors continued to attract high investor and exporter interest. Tourism, logistics, manufacturing, ICT, mining and energy came out as the usual top performing industries for investments; while Carita, Grace Kennedy Limited, Federated Pharmaceuticals, Jam Island, Lydford Mining, PA Benjamin, Rainforest Seafoods and Seprod Limited came out on top as the Agency's top performing export clients.

Further to the work that commenced in the previous fiscal year, JAMPRO in 2016/2017 expanded the formal outsourcing annual survey exercise to include a more comprehensive update of the industry that covers, among other things, the following:

- General business information;
- Basic wages and benefits for select positions; and
- Matters related to wage inflation.

Another key area that required dedicated attention was the expedited finalization of the SEZ regime. This was not finalized at the end of the 2016/2017 FY, however, JAMPRO worked closely with the SEZ Authority to ensure that the status of companies that had applied for the free zone status just prior to the SEZ Act coming into effect (August 2016) was confirmed.



President's Report

The five-year programme to promote Jamaica as a business brand continued to advance with further development of the "Do Business Jamaica" marketing campaign. This year welcomed the launch of the national business blog: www.dobusinessjamaica.com and a global study was also undertaken to understand the perception of Jamaica's brand in respect to investment, export, talent, tourism and national prominence. With a goal to build Jamaica's awareness globally, a three-year strategic programme will be commissioned in the new fiscal year in an effort to jointly launch Jamaica's first country brand initiative.

As we close yet another year and prepare to create history at the start of a new period, I want to congratulate the hardworking JAMPRO team. They have been challenged at every level during this year, but remain strong and focused. They continue to deliver excellent results to build this country; creating jobs in the various communities across the island and building partnerships that add value to all our stakeholders. Congratulations on a great year's work!

We have been given a new mandate, developed a new three-year strategic plan and by the third quarter of 2017/2018, the world will see a refocused, more results-oriented sales and marketing arm of Government. We look forward to implementing more targeted, data driven marketing strategies, increasing our international representation and deepening our research and after care capabilities.

Let us continue to punch above our weight and demonstrate Jamaica's bold creativity and innovation in our various sectors and export products. I look forward to another year of excellence, greater success and encourage all Jamaicans to continue to Do Business!

Diane Edwards
President



Corporate Overview

JAMPRO is an agency of the Government of Jamaica's Ministry of Economic Growth and Job Creation. It promotes business opportunities in export and investment to the local and international private and public sectors. In addition to facilitating the implementation of investment and export projects, the organisation is a key policy advocate and advisor to the Government in matters pertaining to the improvement of Jamaica's business environment and the development of new industries.

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

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

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

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

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

Investment Promotion

The Investment Promotion Division includes ICT/Knowledge Services; Manufacturing, Energy and Mining; Tourism and Agriculture; Investment Facilitation; Logistics, Cannabis and Financial Services; as well as JAMPRO regional offices (Caribbean, Latin America, and Emerging Markets; Europe; North America).



Corporate Overview

The Investment Promotion Division attracts, creates and sustains a pipeline of inward investment into business sectors key to Jamaica's long-term competitiveness. The Division helps to win investment for major Jamaican infrastructure and regeneration projects. Its main goal is to ensure Jamaica remains a competitive FDI location in the Caribbean and the preferred FDI location in the English-Speaking Caribbean; specifically, for high-growth markets.

Export and Market Development

The Export and Market Development Division comprises two Market Development Departments (Agro-Processing and Services and Agriculture and Non-Food Manufacturing), Business Information Services, Creative Industries and the Western Regional Office. This Division helps Jamaican-based businesses succeed internationally by working with strong national, regional and overseas networks to provide companies with the support they need to enter new markets. To achieve this, JAMPRO has developed a comprehensive range of products and services for Jamaican businesses in key sectors including: manufacturing agro-processed goods; agriculture for fresh and semi-processed produce; creative industries including film and animation; and the services sector. The Division is also responsible for the registration of exporters, which is a critical first step in facilitating the shipment of products to overseas markets.

Corporate Development and Competitiveness

The Corporate Development and Competitiveness Division consists of Business Analysis and Research; Planning and Business Advocacy and Special Projects and works closely with all Ministries, Departments and Agencies (MDA's) of the Government of Jamaica to help create a more enabling business environment for local businesses and international investors. The Division also provides the essential government-to-government policy and advocacy support to these MDAs in order to maintain Jamaica's competitive position in the global marketplace.

ACHIEVEMENTS

FY 2016/17

CAPITAL EXPENDITURE



US\$406.7mn

113% achieved

JOBS

Permanent
Jobs

7,026



Temporary
Jobs

5,887

12,913

122% achieved

EXPORT SALES

US\$207.6mn

115% achieved

BUSINESS LINKAGES

JA\$943.1mn

101% achieved

Major Sectors:



- ✓ Agriculture
- ✓ Agro-Processing
- ✓ Non-Food Manufacturing



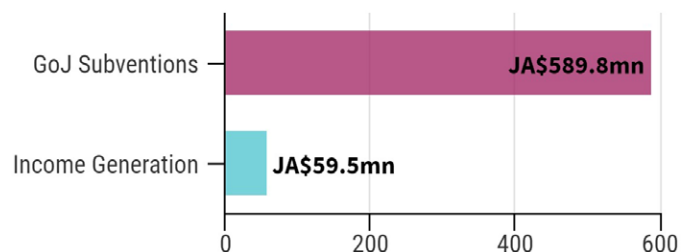
Business linkage contacts secured & film projects facilitated

CLIENT SATISFACTION

81%



FY2016/17 RESOURCES

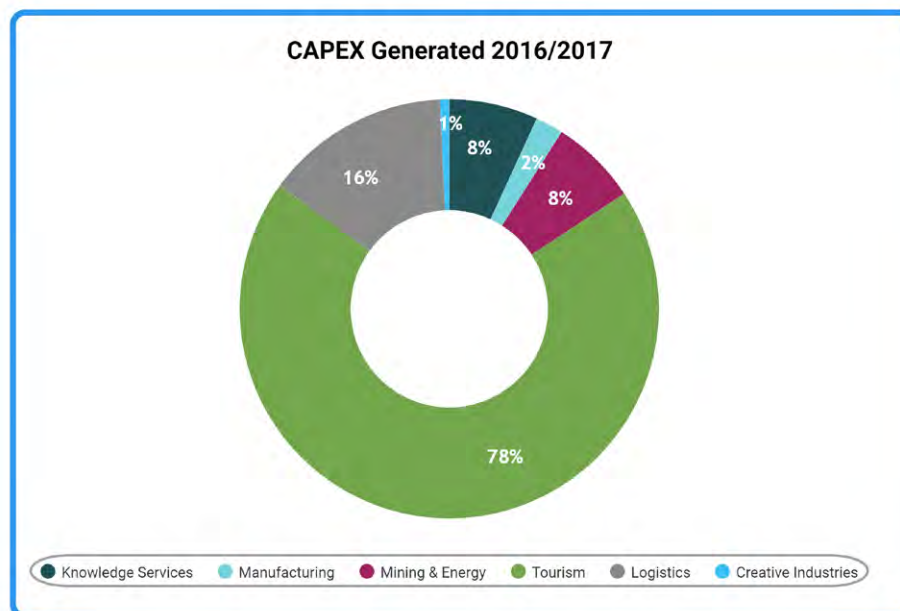




Operational Overview

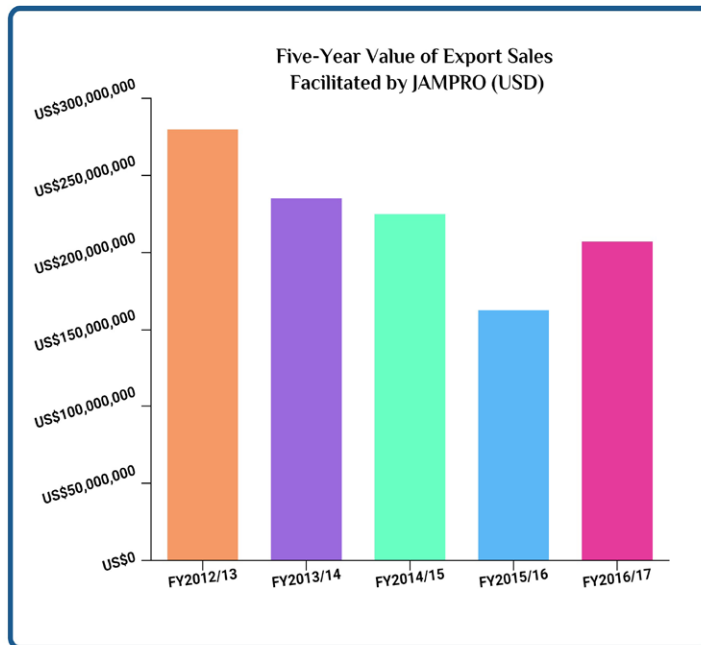
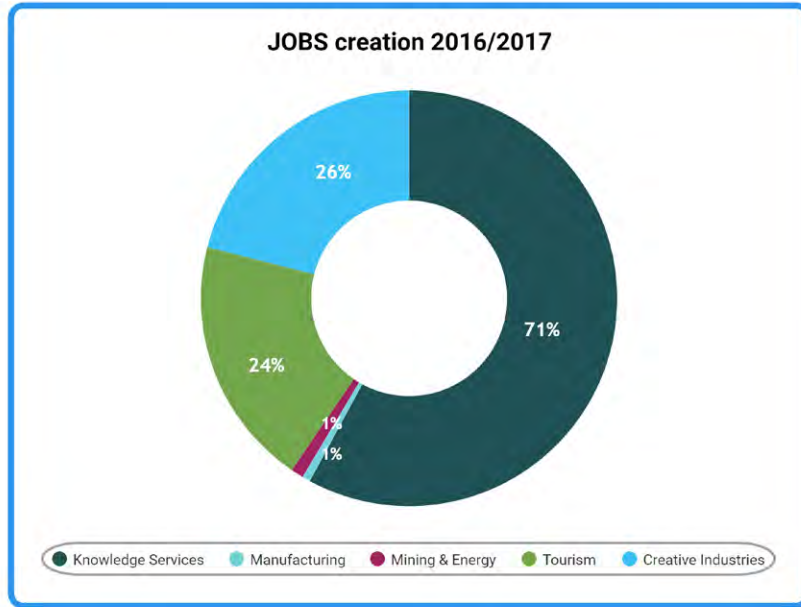
The new Administration articulated a very clear plan towards achieving sustainable economic development for the country - referenced as the '5-in-4' plan (i.e. the attainment of 5% growth in GDP in four years). JAMPRO's key role in achieving this national target was scoped and refined during a comprehensive strategic planning exercise conducted during the 2016/2017 fiscal year. The results of this exercise, though focused on the upcoming 2017/2018 fiscal period, began to influence the agency's direction and perspective as it continued to:

- Facilitate the implementation of investment and export projects; and
- Advocate and advise the Government on matters related to improving Jamaica's business environment and the development of new industries.





Operational Overview





Investment Promotion Performance

Capital Expenditure (CAPEX)

JAMPRO remained committed to promoting Jamaica as the ideal location for investments and facilitating projects across the country. The key performance indicators (KPIs) used to demonstrate the organisation's impact in relation to investment promotions included:

- Value of capital expenditure of clients facilitated by JAMPRO
- Number of jobs created by clients facilitated by the Agency

The Corporation surpassed targets set for both KPIs, amounting to 113% and 122%, respectively.

The Tourism Sector is the leading contributor to CAPEX which accounted for US\$281 million in investments. This was due to the development of various construction projects including the Royalton Negril, Royalton Blue Waters Trelawny, Riu Montego Bay, Azul Negril Seven Mile Beach Resort and AM Breathless Resort and Spa.

With direct investment of US\$58 million, the Logistics Sector was the second highest contributor to the Agency's capital expenditure.

The ICT/Knowledge Services sector accounted for the third highest contribution to capital expenditure; due mainly to expansion projects being implemented by Barnett Tech Park, Hinduja Global Services and FLOW Jamaica. The Mining and Energy sectors followed with US\$27.4 million in projects undertaken by the Jamaica Public Service (JPS) and Content Solar Power. Efforts to implement these two energy projects continued to drive the development of renewables in the energy market. LASCO Manufacturing and the Jamaica Biscuit Company were the main contributors to the CAPEX generated in the Manufacturing Sector. Approximately 26 new investment projects were implemented during the reporting period.



Investment Promotion Performance



Jobs

The ICT/Knowledge Services sector accounted for just under 70% of the total jobs created during the fiscal year. Conduent Business Process Services (formerly Xerox Commercial Services), Sutherland Global Services and Hinduja Global Services continued to expand their operations while increasing their labour pool. Newcomers, Ibex Global Services and National Credit Adjusters also established themselves firmly in the BPO space and are already planning expansions over the short to medium terms. The Tourism Sector created 2,729 new jobs, while the Manufacturing, Energy and Mining Sectors created just over 200 new jobs.



Sector Reviews

ICT/Knowledge Services

The BPO industry in Jamaica has matured over the last few years and is still attracting widespread interest from organisations due to its financial and strategic impact. JAMPRO positions Jamaica as a suitable nearshore location to capitalize on the growth and developing trends within the sector. Three new companies were established during this period. They include: Collective Solutions International (CSI), Unified Analytics and KPMG - International Recruiting Company. Through JAMPRO's efforts, the sector not only attracted new players, but also saw several existing companies expanding their operations. Approximately 7,480 ICT-related jobs were recorded during the period.



Tourism

The Caribbean has maintained investor interest, which resulted in major tour and hotel chains seeking market share in the region. JAMPRO capitalized on this interest and continued to strategically target investment for Jamaica through its promotional programmes. In the 2016/2017 financial year, the Agency converted three hotel accommodation projects - Karisma Sugarcane Project (Phase I), Renfrew Hotel and Zoetry Montego Bay. One medical tourism project - Zierlich International Dialysis Centre; and one attraction - Seahorse Subs Holdings Ltd (Water Striders) were also implemented. Approximately 1,297 hotel/resort rooms were projected during this period.





Sector Reviews

Agriculture

JAMPRO has recognized very low activity in respect to large-scale agricultural investments and therefore greater effort was made to improve Jamaica's competitiveness in this sector. Specific attention was given to identifying large, commercially viable expanses of arable land; guidance to transition labour-intensive agriculture to heavily-mechanized processes; improving traceability with respect to crops and animals; researching adequate and suitable infrastructure, including irrigation, packing houses, transportation and storage and exploring new markets and niches such as organic farming.



Manufacturing

During the final quarter of 2016/2017, the manufacturing sector expanded by 1.1% representing overall economic growth. JAMPRO has facilitated several expansion projects including JISCO, Blue Power Group Limited, LASCO, Jamaica Baking Company, Carib Cement, P.A. Benjamin Manufacturing Company, Paramount Trading (Jamaica) Limited, Pacific Tobacco Company Limited (Savannah Tobacco) and JP Foods accounting for close to US\$30 million in total investments.

Logistics

The Logistics Sector has seen significant investment activities during the 2016/2017 fiscal year, accounting for just over US\$58 million in CAPEX during this period. This bodes well moving forward, with increased investments in the physical plant/infrastructure as well as soft infrastructure such as the upgrading of software in the port to improve efficiencies; and the implementation of initiatives such as the Port Community System and the Customs online platform "ASYCUDA". These developments will undoubtedly stimulate growth within the sector.

This growth trend is anticipated for the next 2-3 years as the sector experiences further developments locally. JAMPRO will continue to promote hard and soft infrastructure; while upselling value-added logistics.



Sector Reviews

Energy

During the period under review, the energy sector contributed 0.5% to GDP. This result was driven by several renewable energy and LNG projects, guided by the strategic implementation of the National Energy Policy. Consequently, JAMPRO's strategy for the energy sector was developed on the basis that its value was best focused on collaborating with the respective agencies in the sector to facilitate the implementation of permitted projects. Blue Mountain Renewable (BMR), Wigton Wind Farm and Content Solar are major projects executed during the fiscal year.



Mining

The mining sector declined by 5.7% of GDP, evidenced by the continued deceleration in the Bauxite Alumina sector. The sector did show encouraging signs as the PIOJ announced projections for a 2% growth in the new fiscal year (predicated by the re-start of JISCO) out of China.

JAMPRO contributed towards this development by virtue of the extensive due diligence conducted for JISCO that led to its decision to purchase the ALPART facility. It is anticipated that the plant will be re-opened in June 2017 and JAMPRO will continue to provide oversight and guidance as needed.



SUCCESS

Investment Success IBEX GLOBAL JAMAICA

IBEX Global Jamaica - showing Jamaica's potential as a BPO location

IBEX CEO Bob Dechant's journey to doing business with Jamaica started in 2008, when as a tourist he made numerous trips to Tryall Club in Hanover to escape the cold winter months in Boston. Dechant said, **"It was beautiful weather, and fantastic people, but most importantly it was only a 3 ½ hour flight. During those vacations I began to understand the potential that Jamaica had in the call centre space, which is where I spent most of my life."**

On his numerous trips to Jamaica, Bob saw that Jamaica's location and talent would be ideal for a large Business Process Outsourcing (BPO) service centre that could cater to thousands of clients globally. The country's location, skilled population and welcoming energy encouraged Dechant to consider Jamaica as a future location. **"In 2011, I envisioned creating a large BPO business here," he explained, "An alternative to the Philippines for high scale, superior customer service and customer care."**

Dechant's vision was closer than he thought. After 25 years of leadership in strategic sales, marketing and client management with companies like IBM, Convergys and 3Com Corporation, in 2015, he was named CEO of IBEX Global, a BPO company that focused on developing its agents and considered itself a service disrupter in the world of BPO.



Prime Minister, the Most Hon. Andrew Holness, says the investment of IBEX Global in the business process outsourcing (BPO) sector locally is a demonstration of confidence in Jamaica as a 'right fit' destination for its operations.

L-R: Bob Dechant, CEO, IBEX; Most Hon. Andrew Holness, Prime Minister of Jamaica; Diane Edwards, President, JAMPRO and Joseph Dalglish, Site Director & Country Manager at IBEX Global Jamaica.



Investment Success IBEX GLOBAL JAMAICA

With the opportunity present, he started to work on creating the IBEX Global Jamaica reality, **“In June 2015, I became CEO Of IBEX and immediately we began to build a Nearshore strategy. There were two distinct markets, number one was Nicaragua, number two was Jamaica, an ideal location to complement the Philippines,”** he said. According to Dechant, Jamaica was an easy sell for the service centre, and clients lined up before IBEX started operations, IBEX was able to easily appeal to clients, including Fortune 10 companies, because of Jamaica’s attractiveness in the BPO sector.

The indicators were clear, IBEX Global Jamaica was destined for success. Through the help of a local partner, the company opened the centre, and got started immediately at the Countryside campus in Kingston. But IBEX would soon discover that the current campus would not be able to hold the company’s achievements, and it was clear that expansion was needed in 2016 to meet the demand. Dechant described the lightbulb moment by saying, **“The success we had here was faster than we ever envisioned, the dams had broken from the call volume and the growth that they projected. We said, wow, this is well beyond the means of what the Countryside could offer.”**

The company went on to contact JAMPRO to facilitate the establishment of its own service centre. Through the Agency, IBEX looked at many locations that could accommodate 700 seats and provide over 1,000 jobs. The team eventually decided to pick a location in Portmore, which is one of Jamaica’s ideal locations for young, skilled talent.

“When we looked at it, 70% of the agents we had were in Portmore, the stars aligning perfectly.” Dechant said. When all was finalised, the service centre was launched with much fanfare in October 2016.

Mr. Dechant said the launch was a success, and that IBEX was confident that the centre would be great to operate not just for today, but also for many years to come. He commended the work of the Jamaican partners to get the project in operation, saying, **“The speed of the contractors to get the facility operating was amazing, the cooperation with Government, especially Minister Vaz, and JAMPRO helped us to get Free Zone status quickly.”**

IBEX Jamaica is now performing at what Bob calls, “top quartile performance”, and is outperforming centres in the United States, Philippines, India and many other markets. According to Dechant, none of this would be possible without the Jamaican team.



Export & Market Development Performance

JAMPRO's impact in export and market development was tracked based on the national performance and KPI's for:

- The total value of export sales facilitated by its clients; and
- The total value of business linkages contracts secured by its clients.

JAMPRO achieved 115% and 101% against its export targets and linkages targets, respectively.

JAMPRO accomplished its objectives by concentrating on the following:

- Facilitating trade lead generation and conversion;
- Generation of local linkages;
- Exporter registration and capacity building;
- Conducting outward trade missions to targeted markets;
- Arranging buyer engagement and business matchmaking sessions; and
- Facilitating exporters' participation in international trade shows

Top performing export clients for 2016/2017



JAM
ISLAND

LYDFORD
MINING CO.





Export & Market Development Performance

Trade Lead Generation & Conversion

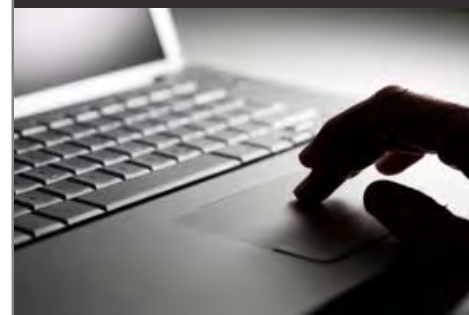
Refining its approach to identifying impactful export opportunities, JAMPRO worked with both international buyers and local suppliers to improve its ability to generate solid prospects for the export of Jamaican goods and services. **A total of 356 trade leads were secured, representing 115% of the total target.**

Linkage Facilitation

At the close of the fiscal year, JAMPRO recorded linkage contracts between its clients and local suppliers valued at a total of JA\$943.1 million. The Creative Industries—particularly in the area of Film—was the major contributor towards this achievement; while BPO and processed foods accounted for 14% and 7%, respectively. The business match-making initiatives of the Corporation served to expand the reach of local goods and services, particularly where they were introduced into the wider value chain of global companies.



Exporter Registration



Of the total of 600 active exporters in 2016/2017, 103 were first time registrants.

In total, exporters were largely within the Agro- Processing, Non-Food Manufacturing sector, Services and Agriculture, Aquaculture, ICT and Mining sectors.



Sector Reviews

Creative Industries

JAMPRO's work with the Creative Industries led to the execution of 23 sector initiatives, missions and projects to drive its development. One key intervention of the Film Commission was the 20-person delegation that it led to the Toronto International Film Festival (TIFF) during 2016; one of the largest delegations ever facilitated by the organisation. The significance of JAMPRO's participation was marked by the world premiere of *King of the Dancehall*, which was filmed in Jamaica. Further, the local lead on the film was selected to participate in the international actors' programme in Toronto. In addition, the Agency, for the first time, hosted a trade desk on the promotional floor at TIFF and solidified its support for the Jamaica Film and Television Association (JAFTA).



L-R: Nile Saulter, Angela-Gay Magnus, Danielle Russell, Sarah Manley, Kyle Chin

JAFTA PROPELLA is a script to screen programme which nurtures Jamaican content creators and enables them to tell their stories cinematically by providing funding and in-kind support. PROPELLA aims to support the talent of Jamaican filmmakers, and garner international exposure for Jamaican culture through film.

Through a blind selection process, five filmmakers were identified. The cohort received training in script consultation, directing for short films and festival strategy; a financial grant from the CHASE Fund to each produce a short film; and funding to represent their film projects as a part of the Jamaican delegation to the 2016 Toronto International Film Festival, and to the World Premiere screening of their films at the 2016 Trinidad and Tobago Film Festival. Films were screened in other locations including Brazil and South Africa.

Some of the films are now being looked at for further development in collaboration with the Ministry of Culture, Gender, Entertainment and Sport and Television Jamaica (TVJ).



Sector Reviews

Services

JAMPRO launched its **“Get Ready, Connect, Grow”** programme, which saw three higher education institutions benefiting from institutional development through mentorship and market penetration. An international consultant was contracted to provide coaching and technical support to participating companies in areas including internationalization and strategy development. Additionally, JAMPRO provided support to participants in other key areas, and exposed participants to international workshops that yielded strategic partnerships with in-market recruiters, agents and educators.



Agriculture

Agriculture represented 42% of total export sales recorded for JAMPRO clients. One major area of focus for this sector during 2016/2017 was the development of the opportunities within the emerging castor oil industry. The Corporation presented findings from a study it commissioned, propelling the establishment of the new private sector-driven Jamaica Castor Industry Association (JCIA). The analysis of the sector revealed high growth potential and increasing demands for Jamaican Black Castor Oil. This indicates opportunities for entering the commercial grade castor oil market globally, which could prove lucrative to sustaining local exports. JAMPRO’s initial role was to support the development and formalization of the sector, and guide the development of an exposure to markets agenda for the local manufacturers.



To date, JAMPRO has led a delegation of seven castor oil exporters to the Caribbean Week of Agriculture Trade Show in Cayman. This generated 19 leads and six conversions, with repeat orders.



Sector Reviews

Agro-Processing & Manufacturing

JAMPRO led several missions designed to better position agro-processing and manufacturing exporters within the target markets. Special focus was placed on the agro-processing, cosmetics, pharmaceuticals and chemicals industries. Exporters benefited from various market penetration programmes including JAMPRO’s Road Show USA (RSUSA) in New York and Canadian Market Missions. These programmes were designed as marketing and trade networking initiatives geared towards deepening penetration of core markets in the United States and Canada.

A total of 14 exporters participated in both initiatives, which generated 40 leads combined and 13 converted to actual sales. Products were promoted in the respective markets and resulted in greater awareness and visibility throughout the media and in the marketplace. Exporters are being groomed on issues related to pricing and labelling, particularly for products that will require dual language labelling in North America.





Export & Market Development Programmes

Cuban Market Development Programme

JAMPRO continued to roll-out its programmed activities in Cuba during 2016/2017. An in-market broker was contracted for Cuba to primarily generate export sales, build critical relationships and generate real time ongoing market intelligence. At the end of the fiscal year, the broker was successful in leading a 10-member trade delegation to the Cuban market. A total of 32 business meetings were facilitated, resulting in 24 leads and 2 containers shipped to Cuba as at March 2017.



Cuban Ambassador Bernardo Guanche Hernandez (right) greets Berletter Henlon Forrester, Manager, Market Development – Agriculture & Non-Food Manufacturing at a FIHAV Briefing Meeting last year.



Export Max II Programme

As the Agency responsible for investment promotion, JAMPRO is also focused on providing support to our local exporters. The Agency plays a critical role in building the capacity of all Jamaican exporters (large or small) while increasing the number of markets they penetrate globally. Through an initiative, Export Max (Enterprise Development for Export Growth programme), JAMPRO is seeking to provide focused and customized support to existing exporters and export ready firms by enhancing their competitiveness and positioning them to take advantage of export market opportunities. The pilot for the programme was implemented over a two-year period from October 2011 to September 2013 with 15 companies engaged.

Since the launch of the programme in 2011, approximately 35 Jamaican companies have been enrolled. The participants are existing exporters or Micro, Small and Medium-sized Enterprises (MSMEs) that demonstrate the potential to export. Companies are expected to achieve 50% overall growth in export sales and access at least one new market for each year of the programme; some of the companies have reported access to at least one new market (32%). As a result of this intervention, companies have also created their individual enterprise development plans, participated in business coaching and mentoring and have made notable investments (50%) in their facilities. The programme and the organisation were recognized by the International Trade Centre as the “Best Trade Promotion Organisation in a Small Island Developing State” in 2012.

Additionally, 229 firms and individuals were trained in other capacity building initiatives during the 2016/2017 fiscal year. These include: Services Go Global Export of Services (13 firms); Labelling Standards for the USA, Canada and EU markets (30 firms); Management Consulting Workshop (49 firms); Step by Step Guide to Exports (100 firms/individuals) and Western Jamaica Exporter’s Forum (37 firms/individuals).

“229
firms and
individuals
trained”



Export Success: KING PEPPER

King Pepper – Accessing new markets through JAMPRO

One of Jamaica's leading manufacturers of seasonings and condiments for over 25 years, King Pepper, the manufacturer of the Eaton's brand, is an award winning company operating from Falmouth, Trelawny. The manufacturer is known for not only producing jerk and scotch bonnet pepper sauces and rubs, but for contract manufacturing for noted Jamaican and international companies.

As an employer of over 60 people, and producing over 20 products, the company had built a reputation over many years in the hotel industry leading to the development of an international fan base that sought to have the jerk experience in their own homes. It is only natural that the company started to export internationally to the Cayman Islands, Barbados, the United States of America, Germany and the United Kingdom.

The company was experiencing much success, but had a challenge maintaining a presence in Canada, one of Jamaica's largest diaspora markets. King Pepper had a distributor in the country, but was forced to seek a different distributor in 2016 due to unforeseen circumstances.

Coincidentally, JAMPRO was in the process of planning a mission to Canada that would end with a product showing at the JAMBANA One World Festival, one of the largest festivals in Canada that caters to a Caribbean audience. JAMPRO is focused on Canada as a key export market for Jamaican products due to the large Jamaican diaspora and changing food consumption trends favouring ethnic foods.

In fact, it is estimated that there are over 300,000 persons of Jamaican descent in the country, and that the Caribbean food market is valued at US\$10M and growing 5% annually. The Agency utilized its roster of distributors of Caribbean products in Canada to bring more Jamaican products to the country, and has developed a close relationship with the top importers. Together these importers/distributors account for 50% of the Canadian ethnic food market.



*Christine Wong, Managing Director
King Pepper*



King Pepper – Accessing new markets through JAMPRO



Based on these facts, the mission presented an opportunity for King Pepper to re-enter the Canadian market. King Pepper's Managing Director Christine Wong said her company was focused on maintaining its presence in the North American market due to the large diaspora base in the United States and Canada. She described her experience on the mission as fruitful, saying, **"The Canada mission was well organized. I was impressed with the professionalism in each of the three components: buyer meetings, trade/market visits and consumer days. It was an asset to the mission that JAMPRO has a Toronto office, and I feel that it was a significant reason for the trip's success. Buyer feedback to our Eaton's products was extremely positive. They were particularly impressed with our packaging and wide product range."**

She explained that the company is now looking to capitalize on its recent achievements and expand outside of the diaspora base to the general market. Discussing King Pepper's future strategy, Ms. Wong said, **"Further success and growth for our brand will come from product acceptance from outside the diaspora and we are confident that this acceptance is within reach. It is important that we support our distributors with marketing activities and specials, so I will be visiting again soon to work on marketing strategies. Getting the products on the shelf is only half the battle, we also have to get consumers to give the products a try."** The company now participates in multiple JAMPRO missions with the hopes of gaining access to more international markets.

Congratulating the company's success, Vice President of Export and Market Development Robert Scott said that JAMPRO has a strategy in place to support Jamaican companies that want to maintain their presence in our country's traditional and non-traditional export markets. Mr. Scott said, **"It is important for us to carry these companies in market so they can properly assess demand, pricing, labeling and other issues affecting their access to market. The mission to Canada encompassed all of this, and we have been seeing positive reactions from the exporters who participated. We look forward to working more with these companies and cementing deals to increase Jamaica's exports to Canada."**



Improving Jamaica's Competitiveness

During 2016/2017 fiscal year, the Corporation maintained its strategic focus on critical areas that help to establish and sustain a more competitive business environment.

Sector Development

Medical Tourism

With the assistance of external consultants, JAMPRO led the Government's mandate to establish a medical tourism industry. The Corporation undertook research required to establish a policy framework that would guide the development and implementation of the industry. The overall objective of the medical tourism policy framework is to create infrastructure and an environment conducive to the development of the medical tourism industry. The Ministry of Health is one of the key partners and jointly targeting earnings of approximately US\$600 million and 100,000 medical tourists within a ten-year period.



National Coordinator for Outsourcing

Following discussions with the Ministry of Finance and Public Service, approval was given for JAMPRO to assume responsibility for a Caribbean Development Bank (CDB) grant, geared towards the establishment of a single national coordinator for all initiatives under the National Outsourcing Strategy. The CDB approved new terms of reference that were developed and an addendum was also granted to allow the new consultant to be in place for 18 months. At the end of the year, procurement was underway and it is expected that the selected coordinator will commence by the end of April 2017.



Services Strategy

The Health and Wellness, ICT, Management Consultants, Music and Offshore Medical Education sectors were reviewed under the service sector strategy and expansion plan for the period. Recommendations were also posited for future action plans that address these sectors. During the three years of the plan, 47% of the actions were implemented with no significant funding identified for the services strategy.



Business Environment Initiatives

Foundations for Competitiveness and Growth Project (FCGP)

As lead coordinator of Component One on the FCGP, JAMPRO achieved numerous milestones and advancements of key reforms. A summary of achievements are as follows:

- **Secured funding of US\$586,000 to support:**
 - The development of the Application Management and Data Analysis (**AMANDA**) system;
 - Drafting of legislation and regulations for the SEZ ACT; and
 - Training of judges and attorneys in the Insolvency Act. This resulted in the establishment of an Insolvency Division in the Supreme Court.
- **Secured new funding to support:**
 - In-Market Broker for the agro-processing sector to increase export sales;
 - The development of a National Investment Policy;
 - The creation of a National Investment Portal.

Shovel Ready Investment Programme (SRIP)

The Shovel Ready Investment Programme was initiated in 2014 as a national multi-agency project involving JAMPRO, Tourism Enhancement Fund (TEF) and National Environmental Planning Agency (NEPA). In 2016, TEF funded US\$80,000 for a promotional initiative to develop and package tourism lands for investment. Approximately 13 properties from across the island - publicly and privately owned - were identified and featured in the Shovel Ready Investment Tourism Prospectus. JAMPRO also worked with NEPA to secure detailed enquiry reports on each SRIP land in the programme.

The Sugarcane Karisma Project was also birthed out of SRIP, and will provide for the undertaking of a 5,000+ hotel room development, having significant impact on the island's tourism product. The SRIP Prospectus was promoted internationally at the American Resort and Development Association Timeshare Event, the Caribbean Hotel and Resort Investment Summit, NYU International Hospitality Industry Investment Conference and CHICOS Caribbean.



Business Environment Initiatives

Support to Economic Growth Council

Significant support has been given to the work of the Economic Growth Council (EGC) in the development and implementation of the National Action Plan that espouses the list of initiatives that form the basis of the work of this Prime Minister-appointed group. The Agency worked closely with the Secretariat of the EGC in the development of the document, which was published in October 2016. In addition, the team is involved in the various working groups established by the Council, including:

- Immigration and Work Permits;
- Land Titling;
- Development Approvals; and
- Access to Finance.

National Investment Policy (NIP)

Cabinet approved the request to establish a National Investment Policy on February 27, 2017. Funding for its development was secured under the World Bank's Foundations for Growth and Competitiveness Project (FGCP). The primary objective of the policy is to position Jamaica as a major player within the global investment community. Development work will convene in the 2017/2018 Financial Year.

National Export Strategy

Sector development under the NES2 has been undertaken in five priority sectors (agro processing, light manufacturing, mining, film and animation and ITES) and the five cross cutting sectors (capacity building, market access, export financing, standards and quality management, and logistics).

In total, 106 initiatives were scheduled for implementation across these priority sectors and cross cutting areas by December 2016.

- Of the 60 priority sector initiatives, 21 were completed, 14 advanced and 25 have not progressed or were unreported.
- Of the 46 cross cutting initiatives, five were completed, 22 advanced and 19 did not progress or were unreported.



Special Projects

JISCO

Alumina Partners of Jamaica (ALPART), at Nain in St. Elizabeth, was officially handed over to the Chinese company JISCO on November 24, 2016 with production set to begin within the new fiscal year. JISCO will undertake the following projects, which JAMPRO has been integral in facilitating:

- Port Kaiser Upgrade;
- Plant Modernization & Upgrade;
- Power House Upgrade; and
- ALPART Aluminum Production and Coal Fired Plant.



All Party Parliamentary Group for Jamaica (APPG for Jamaica)

JAMPRO and a UK Member of Parliament have formed the All Party Parliamentary Group for Jamaica (APPG for Jamaica), a cross party association dedicated to promoting Jamaica. The APPG for Jamaica is chaired by Dawn Butler and is made up of 15 other Members of Parliament from the Labour, Conservative and Liberal-Democrat parties in the UK. JAMPRO serves as the secretariat of the APPG and guides its agenda. The group contributes to ensuring strong ties between the UK and Jamaican Parliaments. Renewable energy, trade and investment are recurring themes on the agenda.





Signature Events

Approximately 96 local and international events were undertaken in this fiscal year. The following provides a summary of the major industry activities executed by the Agency:

Expo Jamaica | April 14-17, 2016

The 44th staging of Expo Jamaica took place in April 2016. JAMPRO retained its responsibility as buyer recruitment partner, a role it has played since 2008. Once again, the Agency surpassed its targets for buyer registration, registering 547 buyers for this event. Additionally, some 512 business matching meetings were held and, most significantly, 252 leads were generated from the event. More than 20 deals were closed during its staging. JAMPRO will continue to work closely with the companies to ensure full exploitation of the opportunities.

New Product, New Market Stakeholder Validation Session | June 1, 2016

The NES and Commonwealth Secretariat hosted a Stakeholder Validation Session with the objective of presenting and discussing the findings of the **Commonwealth Secretariat Study: Identification of New Products, New Markets for Jamaica**. The Validation session consisted of more than 35 exporters, along with stakeholders from the relevant ministries, departments and agencies of government. The results of the study served as a platform for exporters to make informed decisions about penetrating current and new export markets. The official study will be released in July 2017.

#DoBizJA Forums on Medical Tourism | June 7-9, 2016 – Washington DC & Atlanta

The Do Business Forums on Medical Tourism provided a platform for medical practitioners in the Diaspora to collaborate with Jamaican stakeholders around opportunities for investment and partnerships in Medical Tourism. The Forums were executed in collaboration with IDB/Compete Caribbean, which provided grant funding.

They were successful in attracting approximately 100 targeted attendees in each location. JAMPRO led the seven-member delegation of medical practitioners on the mission, which subsequently resulted in the development of the Health and Wellness Association. The Association is designed to spearhead the industry's growth and development.



Signature Events

Outward Mission to the Philippines | October 24-30, 2016

JAMPRO participated in the outward mission to the Philippines. Led by Minister WITHOUT PORTFOLIO in the Ministry of Economic Growth and Job Creation, Hon. Daryl Vaz MP, the mission had the following objectives:

- To learn about the ICT and BPO industries in the Philippines and explore the market's success in creating jobs and driving economic growth and development
- To attend the Information Technology and Business Process Management (IT-BPM) Summit, on October 28, 2016

This mission unearthed key findings that will significantly improve the country's outsourcing services industry for years to come. Preliminary insights were gained on the structuring of a competitive incentive regime, the necessity of robust public/private sector partnerships, and the importance of alignment between the training curriculum and industry needs.

#DoBizJA Agriculture Investment Forum | November 16, 2016

JAMPRO, in collaboration with the Ministry of Industry, Commerce, Agriculture and Fisheries (MICAFA), hosted its inaugural Do Business Jamaica Agriculture Investment Forum. The Forum explored the business cases for opportunities to export yam, sweet potato and hot peppers as viable products for international markets. The forum also explored financing options for increased investment in the agriculture sector. More than 70 participants received insight and value from the presentations and the opportunity to engage directly with key stakeholders in the industry.



Signature Events

Business Facilitation Partners (BFP) Engagement Forum | November 24, 2016

The second staging of the Business Facilitation Partners Engagement Forum was held under the theme **“Increasing Jamaica’s Competitiveness through Improved Efficiency of the Business Facilitation Process.”** 38 business facilitation partners were in attendance from the various MDAs.

The objective of the Forum was to bring together industry experts to discuss Jamaica’s current business environment and demonstrate how improved inter-agency collaboration can drive economic growth and development. The Forum also provided an opportunity for information sharing on JAMPRO’s impending priority investment projects. Discussions related to any challenges faced in planning or development approvals were also encouraged during the session. Key outcomes include:

- The establishment of the BFP Network for common sharing
- The introduction of “Quarterly reporting” within the network on investment projects in the pipeline



Michael Lee Chin (left) having a chat with Robert Scott, VP, Export and Market Development, JAMPRO



Dr. Eric Deans, CEO, Special Economic Zone Authority address the forum



Signature Events

JCSI Transition MOU Signing | January 23, 2017

JAMPRO and the Jamaica Chamber of Commerce (JCC) signed a Memorandum of Understanding (MOU) to signal the start of a new phase of the Jamaica Coalition of Service Industries (JCSI). The MOU outlined greater private sector involvement in the development of the services economy, with special emphasis on the export of services.

JAMPRO will continue to monitor the JCSI's programmes through its role on the advisory board of the Coalition, recognizing that the growth of the services sectors will depend on knowledge sharing and collaboration among private and public organisations. The next step of this initiative is to form the Coalition Advisory Board and to support the JCC in the development of a work programme.



L-R: Marjorie Straw (Manager, Special Projects, JAMPRO), Diane Edwards, (President, JAMPRO), Trevor Fearon (CEO, JCC) and Larry Watson (President, JCC)



Signature Events

National Competitiveness Council (NCC) Business Environment Roundtable | March 30, 2017

The 7th Annual NCC Business Environment Roundtable event was held under the theme **“Institutionalisation of Reforms for Sustainable Growth and Competitiveness.”** The focus of the event was to sensitize stakeholders of current business reforms and to encourage private sector discussions on improving Jamaica’s competitiveness in underperforming business indicators. The roundtable discussions covered: trading across borders, registering property, paying taxes, enforcing contracts and getting electricity.

JAMPRO was challenged to develop a roadmap through the NCC, to improve Jamaica’s ranking among the top ten countries in the Doing Business Report by 2020.



From Left to Right: Shullette Cox, (Vice President, JAMPRO), Adam Stewart (Economic Growth Council), Senator Don Wehby (Chairman, JAMPRO) and Diane Edwards (President, JAMPRO)

Market Activations 2016/2017

Countries Engaged



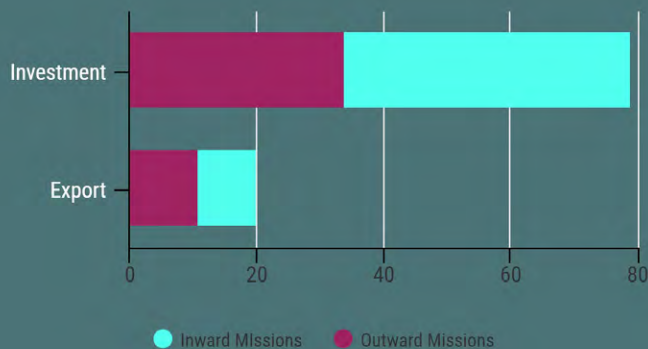
99 Missions Undertaken

54 Inward Missions

Investment: 45
Export: 9

45 Outward Missions

Investment: 34
Export: 11





Looking Ahead - FY 2017/2018

Guided by the 2017/2018 to 2019/2020 three-year strategic plan, JAMPRO's efforts at investment and export promotion and facilitation are directly aligned with the Government's national growth strategy and thus reflect a commitment to its revised vision "to be a world class business enabler and promotions agency, making Jamaica the premier destination to do business".

New strategic initiatives will be implemented over the course of the next three fiscal years. These include:

- Driving the implementation of key projects
- Implementation of targeted innovative marketing programmes, including implementation of the 'Jamaican Flavas' programme (which will include contracting an international marketing agency)
- Restructuring for growth leading to the reorganization of the Agency
- Expansion of performance-based work programmes for partners, including increased use of in-market brokers
- Implementation of a new investment regime for Jamaica, including promulgation of the National Investment Policy and fast-tracking priority investment projects via a 'one stop shop' facility

NEW GOALS

By the close of the financial year 2019/2020, JAMPRO aims to have met its strategic targets of:

Increasing Investments to US\$2.5bn



Creating 100,000 jobs



Exporting goods to the value of US\$2.5bn



Board Of Directors Compensation 2016/2017

| Name and Position of Director | Fees (\$) | Motor Vehicle Upkeep/Travelling Or Value of Assignment of Motor Vehicle (\$) | Honoraria (\$) | All Other Compensation including Non-Cash Benefits as applicable (\$) | Total (\$) |
|--------------------------------|-----------|--|----------------|---|------------|
| Senator Don Wehby Chairman | 203,500 | | | | 203,500 |
| Metry Seaga Deputy Chairman | 174,750 | | | | 174,750 |
| Zachary Harding | 165,300 | | | | 165,300 |
| Michelle Chong | 148,750 | | | | 148,750 |
| Yoni Epstein | 147,100 | | | | 147,100 |
| Ian K. Levy | 126,650 | | | | 126,650 |
| Deborah Newland | 106,038 | | | | 106,038 |
| Peter Lloyd | 86,250 | | | | 86,250 |
| Lisa Soares Lewis | 77,000 | | | | 77,000 |
| Gary Sadler | 77,000 | | | | 77,000 |
| Christopher Williams | 66,000 | | | | 66,000 |

Notes

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

Executives' Compensation 2016/2017

| Position of Senior Executive | Basic Salary (\$) | Gratuity & Performance Incentive (\$) | Travelling Allowance/ Assigned Motor Vehicle | Retirement Benefits | Other Allowances & Payments | Health & Group Life Insurance (\$) | Total (\$) |
|--|-------------------|---------------------------------------|--|---------------------|-----------------------------|------------------------------------|-------------------|
| President Diane Edwards | 8,591,683 | 3,007,089 | 1,374,646 | 37,500 | 429,584 | 322,708 | 13,763,210 |
| VP - Investment Promotion Claude Duncan | 6,207,318 | 2,482,927 | 1,635,462 | 37,500 | 1,172,183 | 349,226 | 11,884,617 |
| VP - Export & Market Development Robert Scott | 5,907,718 | 2,038,163 | 802,889 | 37,500 | - | 334,055 | 9,120,324 |
| VP - Corporate Development & Competitiveness Shullette Cox | 5,807,851 | 2,032,748 | 1,635,462 | 37,500 | 953,231 | 325,894 | 10,792,686 |
| VP - Finance & Corporate Services Wendy Pryce | 6,207,318 | 2,482,927 | 1,635,462 | 37,500 | 1,600,749 | 260,406 | 12,224,363 |
| TOTAL | 32,721,888 | 12,043,854 | 7,083,921 | 187,500 | 4,155,748 | 1,592,289 | 57,785,200 |



JAMPRO
TRADE & INVESTMENT JAMAICA



FINANCIAL STATEMENTS


YEAR ENDED 31 MARCH 2017

(Expressed in Jamaican dollars unless otherwise indicated)



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INDEPENDENT AUDITOR'S REPORT

To the Members of Jamaica Promotions Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jamaica Promotions Corporation (the Corporation), which comprise the statement of financial position as at 31 March 2017 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Corporation as at 31 March 2017, and of the Corporation's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Responsibilities of Management and the Board of Directors for the Financial Statements

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

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

The Corporation's Board of Directors are responsible for overseeing the financial reporting process.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of Jamaica Promotions Corporation (Continued)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Corporation's financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of Jamaica Promotions Corporation (Continued)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

Other Matter

The financial statements of the Corporation for the financial year ended 31 March 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on 8 July 2016.

A handwritten signature in blue ink that reads 'Ernst & Young' in a cursive style.

Chartered Accountants
Kingston, Jamaica

11 July 2017

JAMAICA PROMOTIONS CORPORATION

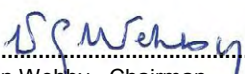
**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017**

(Expressed in Jamaican dollars unless otherwise indicated)

| | Notes | 2017 \$ | 2016 \$ |
|--|-------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 41,263,762 | 58,306,578 |
| Securities purchased under resale agreements | 3 | 93,061,101 | 49,634,967 |
| Trade and other receivables | 4 | 10,110,903 | 21,287,639 |
| | | <u>144,435,766</u> | <u>129,229,184</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 5 | 154,009,379 | 171,463,926 |
| Grant received in advance | 6 | 8,397,621 | 8,008,578 |
| | | <u>162,407,000</u> | <u>179,472,504</u> |
| NET CURRENT LIABILITIES | | (17,971,234) | (50,243,320) |
| NON- CURRENT ASSETS | | | |
| Property & equipment | 7 | 145,570,815 | 146,288,502 |
| Employee benefit asset | 8 | 224,844,000 | 205,311,000 |
| | | <u>352,443,581</u> | <u>301,356,182</u> |
| FINANCE BY: | | | |
| ACCUMULATED SURPLUS | | 153,475,215 | 102,236,823 |
| CAPITAL RESERVE | 9 | 197,629,686 | 197,629,686 |
| | | 351,104,901 | 299,866,509 |
| NON-CURRENT LIABILITY | | | |
| Deferred income | 10 | 1,338,680 | 1,489,673 |
| | | <u>352,443,581</u> | <u>301,356,182</u> |

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

The financial statements were approved by the Board of Directors on 29 June 2017 and signed on its behalf by:


.....
Don Wehby - Chairman


.....
Diane Edwards - President

JAMAICA PROMOTIONS CORPORATION

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2017**

(Expressed in Jamaican dollars unless otherwise indicated)

| | Notes | 2017 \$ | 2016 \$ |
|---|----------|--------------------|--------------------|
| Gross operating revenue | 11 | 687,914,786 | 613,066,393 |
| Operating expenses: | | | |
| Promotional | 12 (i) | 147,792,897 | 149,181,943 |
| Staff-related | 12 (ii) | 419,612,112 | 383,677,739 |
| General and administrative | 12 (iii) | 86,538,350 | 90,869,493 |
| | | <u>653,943,359</u> | <u>623,729,175</u> |
| Operating surplus/(deficit) for the year | | 33,971,427 | (10,662,782) |
| Other income: | | | |
| Interest income | | 2,368,265 | 1,948,126 |
| Miscellaneous income | | 81,700 | - |
| | | <u>2,450,000</u> | <u>1,948,126</u> |
| Surplus/(Deficit) for the year | | 36,421,392 | (8,714,656) |
| Other comprehensive income: | | | |
| Items that will never be reclassified to profit or loss | | | |
| Re-measurement gain on defined benefit plan | 8 (iv) | 14,817,000 | 12,574,000 |
| | | <u>14,817,000</u> | <u>12,574,000</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>51,238,392</u> | <u>3,859,344</u> |

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

JAMAICA PROMOTIONS CORPORATION**STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2017****(Expressed in Jamaica dollars unless otherwise indicated)**

| | Accumulated surplus \$ | Capital reserve \$ | Total \$ |
|--|---------------------------------------|-----------------------------------|---------------------|
| Balances at 31 March 2015 | 98,377,479 | 197,629,686 | 296,007,165 |
| Deficit for the year | (8,714,656) | - | (8,714,656) |
| Other comprehensive income for the year Remeasurement gain on defined benefit plan | 12,574,000 | - | 12,574,000 |
| Total comprehensive income for the year | 3,859,344 | - | 3,859,344 |
| Balance at 31 March 2016 | 102,236,823 | 197,629,686 | 299,866,509 |
| Surplus for the year | 36,421,392 | - | 36,421,392 |
| Other comprehensive income: Remeasurement gain on defined benefit plan | 14,817,000 | - | 14,817,000 |
| Total comprehensive income for the year | 51,238,392 | - | 51,238,392 |
| Balances at 31 March 2017 | 153,475,215 | 197,629,686 | 351,104,901 |

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

JAMAICA PROMOTIONS CORPORATION

**STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2017**

(Expressed in Jamaica dollars unless otherwise indicated)

| | Notes | 2017 \$ | 2016 \$ |
|---|--------------|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Surplus/(Deficit) for the year | | 36,421,392 | (8,714,656) |
| Adjustments for: | | | |
| Depreciation | 7, 12 (iii) | 12,338,858 | 12,542,610 |
| Employee benefits | | (4,716,000) | (4,390,000) |
| Amortisation of deferred income | 10, 12 (iii) | (150,993) | (168,334) |
| Interest income | | (2,368,265) | (1,948,126) |
| Foreign exchange losses | 12 (iii) | 458,797 | 2,729,811 |
| | | <u>41,983,789</u> | <u>51,305</u> |
| Decrease in a trade and other receivables | | 11,176,737 | 19,033,999 |
| Decrease in trade and other payables and grants received in advance | | <u>(17,065,504)</u> | <u>(1,618,092)</u> |
| Net cash provided by operating activities | | <u>36,095,022</u> | <u>17,467,212</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of property & equipment | 7 | (11,621,171) | (2,457,926) |
| Interest received | | 2,368,265 | 1,948,126 |
| Securities (purchased)/sold under resale agreements | | <u>(43,426,134)</u> | <u>21,897,706</u> |
| Net cash (used in)/provided by investing activities | | <u>(52,679,040)</u> | <u>21,387,906</u> |
| Net (decrease)/increase in cash and cash equivalents | | (16,584,018) | 38,855,118 |
| Cash and cash equivalents at beginning of year | | 58,306,578 | 22,181,271 |
| Effect of exchange rate fluctuations on cash and cash equivalents | | <u>(458,798)</u> | <u>(2,729,811)</u> |
| CASH AND CASH EQUIVLENTS AT END OF YEAR | 3 | <u><u>41,263,762</u></u> | <u><u>58,306,578</u></u> |

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

JAMAICA PROMOTIONS CORPORATION

STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 MARCH 2017

(Expressed in Jamaica dollars unless otherwise indicated)

| | Accumulated surplus \$ | Capital reserve \$ | Total \$ |
|--|------------------------------|--------------------------|-------------|
| Balances at 31 March 2015 | 98,377,479 | 197,629,686 | 296,007,165 |
| Deficit for the year | (8,714,656) | - | (8,714,656) |
| Other comprehensive income for the year Remeasurement gain on defined benefit plan | 12,574,000 | - | 12,574,000 |
| Total comprehensive income for the year | 3,859,344 | - | 3,859,344 |
| Balance at 31 March 2016 | 102,236,823 | 197,629,686 | 299,866,509 |
| Surplus for the year | 36,421,392 | - | 36,421,392 |
| Other comprehensive income: Remeasurement gain on defined benefit plan | 14,817,000 | - | 14,817,000 |
| Total comprehensive income for the year | 51,238,392 | - | 51,238,392 |
| Balances at 31 March 2017 | 153,475,215 | 197,629,686 | 351,104,901 |

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

JAMAICA PROMOTIONS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation (Continued):

New standards and amendments/revisions to published standards and interpretations effective in 2016 but not applicable to the Corporation:

The following new standards, amendments and annual improvements that have been issued do not apply to the activities of the Corporation:

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation – Effective 1 January 2016
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants – Effective 1 January 2016
- Amendments to IAS 27: Equity Method in Separate Financial Statements – Effective 1 January 2016
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – Effective 1 January 2016
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests – Effective 1 January 2016
- IFRS 14 Regulatory Deferral Accounts – Effective 1 January 2016

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
- IFRS 7 Financial Instruments: Disclosures (Servicing contracts and Applicability of the offsetting disclosures to condensed interim financial statements)
- IAS 19 Employee Benefits - Discount rate: regional market issue
- IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

JAMAICA PROMOTIONS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation (Continued):

New, revised and amended standards and interpretations not yet effective:

At the date of authorization of these financial statements, certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Corporation has not early-adopted. The Corporation has assessed the relevance of all such new standards, amendments and interpretations with respect to the Corporation's operations and has determined that the following are likely to have an effect on the financial statements.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and help users of financial statements better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

On initial application of the amendment, entities are not required to provide comparative information for preceding periods. Early application is permitted. These amendments have an effective date of 1 January 2017.

IFRS 9 Financial Instruments

IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and the business model under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.

(i) Classification and measurement of financial assets and financial liabilities

An entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held.

JAMAICA PROMOTIONS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation (Continued):

New, revised and amended standards and interpretations not yet effective (Continued):

IFRS 9 Financial Instruments (Continued)

(i) ***Classification and measurement of financial assets and financial liabilities (continued)***

Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.

For financial liabilities designated as FVTPL using the fair value option, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in the profit or loss, unless presentation in the OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.

(ii) ***Impairment***

IFRS 9 requires entities to record expected credit losses (ECL) on all of its debt securities, loans and receivables. Entities are required to recognise 12-month ECL on initial recognition (or when the commitment or guarantee was entered into) and thereafter as long as there is no significant deterioration in credit risk. However, if there has been a significant increase in credit risk on an individual or collective basis, then entities are required to recognise lifetime ECL either on a 12-month or lifetime basis.

(iii) ***Hedge accounting***

This amendment would not apply as the Corporation does not apply hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation (Continued):

New, revised and amended standards and interpretations not yet effective (Continued):

IFRS 15 Revenue from Contracts with Customers

IFRS 15 outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The standard establishes a five-step model to account for revenue arising from contracts with customers and also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

In April 2016, the IASB issued amendments to IFRS 15 to address several implementation issues discussed by the Joint Transition Resource Group for Revenue Recognition.

The amendments:

- Clarify when a promised good or service is distinct within the context of the contract
- Clarify how to apply the principal versus agent application guidance, including the unit of account for the assessment, how to apply the control principle in service transactions and reframe the indicators
- Clarify when an entity's activities significantly affect the intellectual property (IP) to which the customer has rights, which is a factor in determining whether the entity recognises revenue for licences over time or at a point in time
- Clarify the scope of the exception for sales-based and usage-based royalties related to licences of IP (the royalty constraint) when there are other promised goods or services in the contract
- Add two practical expedients to the transition requirements of IFRS 15 for: (a) completed contracts under the full retrospective transition approach; and (b) contract modifications at transition

The amendments have an effective date of 1 January 2018, which is the effective date of IFRS 15. Entities are required to apply these amendments retrospectively. The amendments are intended to clarify the requirements in IFRS 15, not to change the standard.

JAMAICA PROMOTIONS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation (Continued):

New, revised and amended standards and interpretations not yet effective (Continued):

IFRS 16 Leases

The scope of this standard includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Key features

- The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).
- Lessees recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).
- Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.
- Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.
- Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach.

This standard is effective for annual periods beginning on or after 1 January 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. Early application is permitted, but not before an entity applies IFRS 15.

JAMAICA PROMOTIONS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation (Continued):

New, revised and amended standards and interpretations not yet effective (Continued):

Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date.

Retrospective application in accordance with IAS 8 is only permitted if that is possible without the use of hindsight.

Early application of the amendments is permitted and must be disclosed. This amendment is effective for annual periods beginning on or after 1 January 2018.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the interpretation
- Or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Early application of interpretation is permitted and must be disclosed. This interpretation is effective for annual periods beginning on or after 1 January 2018.

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation (Continued):

New, revised and amended standards and interpretations not yet effective (Continued):

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

Annual Improvements 2012-2014 Cycle

The amendments from the 2014-2016 annual improvements cycle are as follows:

- IFRS 1 First-time Adoption of International Financial Reporting Standards (Amendments) - Deletion of short-term exemptions for first-time adopters (effective 1 January 2018)
- IAS 28 Investments in Associates and Joint Ventures (Amendment) - Clarification that measuring investees at fair value through profit or loss is an investment-by investment choice (effective 1 January 2018)
- IFRS 12 Disclosure of Interests in Other Entities (Amendment) - Clarification of the scope of the disclosure requirements in IFRS 12 (effective 1 January 2017)

(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:

JAMAICA PROMOTIONS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Estimates and judgements (Continued)

(i) Pension and other post-employment benefits:

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

The expected return on net plan assets 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 that have an original maturity of between one and three months.

(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 difference between the purchase and resale price is treated as interest and accrued over the lives of the agreements.

JAMAICA PROMOTIONS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Trade and other receivables:

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

(g) Trade and other payables and accrued charges:

Trade and other payables are measured at amortised cost.

(h) Property & equipment:

Property & equipment are measured 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 and equipment is recognised in profit or loss.

(i) Depreciation:

Property & 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% |
| Computers | 20% |
| Motor vehicles | 20% |

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

(j) Foreign currencies:

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Corporation operates ('the functional currency'). The financial statements are presented in Jamaican dollars which is the Corporation's functional and presentation currency.

Transactions and balances

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.

JAMAICA PROMOTIONS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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, National Insurance Scheme 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.

(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 plan:

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.

JAMAICA PROMOTIONS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Related parties (Continued):

(viii) The entity or any member of a group of which it is a part, provides key management services to the Corporation.

(ix) 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 asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

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

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.

JAMAICA PROMOTIONS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Provisions:

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

(m) Related parties:

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

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

- (i) Has control or joint control over the reporting entity;
- (ii) Has significant influence over the reporting entity; or
- (iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (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).

JAMAICA PROMOTIONS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Related parties (Continued):

(viii) The entity or any member of a group of which it is a part, provides key management services to the Corporation.

(ix) 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 asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

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

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.

JAMAICA PROMOTIONS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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, securities purchased under resale agreements and accounts receivable. Similarly, financial liabilities include accounts payable and grants received in advance.

(p) Deferred income:

Where property & 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 & equipment in 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 & equipment.

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

Finance income comprise interest receivable on surplus funds invested during the course of routine treasury management and foreign exchange gains and losses recognised in profit or loss. Interest income is recognised in profit or loss as it accrues, taking into account the effective yield on the asset.

(r) Expenses:

Operating lease payments

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

JAMAICA PROMOTIONS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Jamaican dollars unless otherwise stated)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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

| | 2017 \$ | 2016 \$ |
|--------------|-------------------|-------------------|
| Cash at bank | 40,678,267 | 57,831,057 |
| Cash on hand | <u>585,495</u> | <u>475,521</u> |
| | <u>41,263,762</u> | <u>58,306,578</u> |

(a) Interest is earned on Euro dollar bank balances at an average rate of 0.10% per annum (2016: 0.10%) and for United States dollar bank balances at an average rate of 0.10% per annum (2016: 0.12%).

| | 2017 \$ | 2016 \$ |
|--|-------------------|-------------------|
| Securities purchased under resale agreements – JMD | 39,057,342 | 34,181,716 |
| Securities purchased under resale agreements – USD | <u>54,003,759</u> | <u>15,453,251</u> |
| | <u>93,061,101</u> | <u>49,634,967</u> |

(b) Interest is earned on Jamaica dollar deposit balances at an average rate of 5.20% per annum (2016: 6.30%) and for United States dollar deposit balances at an average rate of 1.30% per annum (2016: 1.50%). These deposits will mature within one month after the year end.

JAMAICA PROMOTIONS CORPORATION

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3. CASH AND CASH EQUIVALENTS AND SECURITIES PURCHASED UNDER RESALE AGREEMENTS (CONTINUED)

- (c) Included in cash and cash equivalents and securities purchased under resale agreements are the following amounts for specific projects:
- (i) \$15,844,644 (2016: \$24,080,956) 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)].
 - (ii) \$539,180 (2016: \$539,180) received for specified investment promotion activities for CART Fund project [see note 5(ii)].
 - (iii) \$4,381,306 (2016: \$4,381,306) received for specified investment promotion activities [see note 5(iii)].
 - (iv) \$8,397,621 (2016: \$8,008,578) placed on deposit in the name of the Corporation, which relates to amounts received from the Ministry of Industry Commerce & Technology for aiding in the development of cultural art (see note 6).

4. TRADE AND OTHER RECEIVABLES

| | 2017 | 2016 |
|-------------------|-------------------|-------------------|
| | \$ | \$ |
| Prepaid expenses | 2,192,260 | 3,790,118 |
| Other receivables | 7,918,643 | 17,497,521 |
| | <u>10,110,903</u> | <u>21,287,639</u> |

Included in other receivables is an amount of \$4,796,407 (2016: \$4,796,407) due from the Government of Jamaica.

JAMAICA PROMOTIONS CORPORATION

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(Expressed in Jamaican dollars unless otherwise stated)

5. TRADE AND OTHER PAYABLES

| | 2017 | 2016 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Jamaica International Financial Services Authority (i) | 15,844,644 | 24,080,956 |
| CART Fund (ii) | 539,180 | 539,180 |
| Trade payables | 8,948,581 | 6,126,639 |
| Accrued expenses | 21,217,774 | 33,214,372 |
| Staff costs payable | 75,631,252 | 77,298,427 |
| General Consumption Tax payable | 16,331,970 | 10,711,215 |
| Other payables (iii) | 15,495,978 | 19,493,137 |
| | <u>154,009,379</u> | <u>171,463,926</u> |

- (i) This represents unspent accumulated amounts in respect of funds received from the Government of Jamaica and various sponsors to fund the Jamaica International Financial Services Authority (JIFSA) project for the year April 2015 to March 2017.
- (ii) This represents unspent amounts in respect of funds received from the Caribbean Development Bank to fund the CART Fund project of the Jamaica Coalition of Service Industries.
- (iii) Included in other payables is \$4,381,306 (2016: \$4,381,306) received in advance for specific investment promotions activities [see note 3(b)(iii)].

6. GRANTS RECEIVED IN ADVANCE

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

JAMAICA PROMOTIONS CORPORATION

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7. PROPERTY & EQUIPMENT

| | Land, buildings & leasehold improvements \$ | Furniture equipment and computers \$ | Motor vehicles \$ | Total \$ |
|--------------------------------|---|--|-------------------------|-------------|
| At cost or deemed cost: | | | | |
| 31 March 2015 | 201,352,295 | 108,741,430 | 7,678,905 | 317,772,630 |
| Additions | - | 2,457,926 | - | 2,457,926 |
| 31 March 2016 | 201,352,295 | 111,199,356 | 7,678,905 | 320,230,556 |
| Additions | 455,972 | 11,165,199 | - | 11,621,171 |
| 31 March 2017 | 201,808,267 | 122,364,555 | 7,678,905 | 331,851,727 |
| Depreciation: | | | | |
| 31 March 2015 | 65,932,226 | 88,978,065 | 6,489,153 | 161,399,444 |
| Charge for the year | 4,843,899 | 7,238,911 | 459,800 | 12,542,610 |
| 31 March 2016 | 70,776,125 | 96,216,976 | 6,948,953 | 173,942,054 |
| Charge for the year | 4,843,899 | 7,035,159 | 459,800 | 12,338,858 |
| 31 March 2017 | 75,620,024 | 103,252,135 | 7,408,753 | 186,280,912 |
| Net book values: | | | | |
| 31 March 2017 | 126,188,243 | 19,112,420 | 270,152 | 145,570,815 |
| 31 March 2016 | 130,576,170 | 14,982,380 | 729,952 | 146,288,502 |

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

8 EMPLOYEE BENEFIT ASSET

The Corporation operates a defined benefit pension plan for all permanent employees. The plan 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.

The Board of Trustees of the pension fund is comprised of representatives from both the employer and members of the plan. The Board of Trustees of the pension fund is required by law to act in the interest of the fund and all relevant stakeholders.

The Plan's investment portfolio is managed by Sagicor Life Jamaica Limited and the fund administrator is Employee Benefits Administrator Limited.

JAMAICA PROMOTIONS CORPORATION

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8. EMPLOYEE BENEFIT ASSET (CONTINUED)

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

| | 2017 | | 2016 | |
|--|------------------------|------------|------------------------|------------|
| | \$ | | \$ | |
| Pension asset: | | | | |
| Fair value of plan assets | 1,712,367,000 | | 1,589,116,000 | |
| Present value of defined benefit obligation | <u>(307,252,000)</u> | | <u>(297,395,000)</u> | |
| Net assets | 1,405,115,000 | | 1,291,721,000 | |
| Asset not recognised due to limitation in economic benefits | <u>(1,180,271,000)</u> | | <u>(1,086,410,000)</u> | |
| Asset recognized in the statement of financial position | <u>224,844,000</u> | | <u>205,311,000</u> | |
| | 2017 | % | 2016 | % |
| Plan assets consist of the following: | | | | |
| Pooled Equity fund | 278,818,000 | 16 | 183,173,000 | 12 |
| Pooled Mortgage and Real Estate fund | 623,238,000 | 36 | 641,104,000 | 40 |
| Pooled Fixed Income fund | 229,614,000 | 13 | 198,437,000 | 12 |
| Pooled Money Market fund | 164,010,000 | 10 | 183,173,000 | 12 |
| Pooled CPI fund | 114,807,000 | 7 | 106,851,000 | 7 |
| Pooled International Equity fund | <u>49,203,000</u> | <u>3</u> | <u>45,793,000</u> | <u>3</u> |
| | 1,459,690,000 | 85 | 1,358,531,000 | 86 |
| Global Bonds fund | 180,411,000 | 11 | 167,908,000 | 10 |
| Ordinary shares | 4,093,000 | - | 2,706,000 | - |
| Purchased annuities | 52,947,000 | 3 | 60,797,000 | 4 |
| Net benefit adjustments | <u>15,226,000</u> | <u>1</u> | <u>(826,000)</u> | <u>-</u> |
| | <u>1,712,367,000</u> | <u>100</u> | <u>1,589,116,000</u> | <u>100</u> |

The expected contributions to the plan for the twelve months ending 31 March 2018 amount to \$7,308,000.

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

| | 2017 | 2016 |
|-------------------------------------|--------------------|--------------------|
| | \$ | \$ |
| Balance at beginning of year | 205,311,000 | 188,347,000 |
| Employer's contributions | 535,000 | 520,000 |
| Change recognised in profit or loss | 4,181,000 | 3,870,000 |
| Remeasurements recognised in OCI | <u>14,817,000</u> | <u>12,574,000</u> |
| Balance at end of year | <u>224,844,000</u> | <u>205,311,000</u> |

JAMAICA PROMOTIONS CORPORATION

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(Expressed in Jamaican dollars unless otherwise stated)

8. EMPLOYEE BENEFIT ASSET (CONTINUED)

| | | | |
|-------|---|----------------------|----------------------|
| (ii) | Movement in plan assets: | | |
| | | 2017 | 2016 |
| | | \$ | \$ |
| | Fair value of plan assets as at 1 April | 1,589,116,000 | 1,243,130,000 |
| | Contributions paid into the plan | 6,949,000 | 6,753,000 |
| | Benefits paid by the plan | (26,808,000) | (31,579,000) |
| | Interest income on plan assets | 142,855,000 | 117,594,000 |
| | Value of annuities purchased | - | 13,988,000 |
| | Remeasurement - changes in assumptions | (1,657,000) | 1,403,000 |
| | Remeasurement - experience adjustments | 1,912,000 | 237,827,000 |
| | | <u>1,712,367,000</u> | <u>1,589,116,000</u> |
| | Fair value of plan assets as at 31 March | | |
| | Actual return on plan assets | <u>9%</u> | <u>29%</u> |
| (iii) | Change recognised in profit or loss: | | |
| | | 2017 | 2016 |
| | | \$ | \$ |
| | Current service costs | 14,603,000 | 13,589,000 |
| | Interest on obligations | 26,294,000 | 24,692,000 |
| | Expected return on plan assets | (142,855,000) | (117,594,000) |
| | Interest on effect of the asset ceiling | 97,777,000 | 75,443,000 |
| | | <u>(4,181,000)</u> | <u>(3,870,000)</u> |
| (iv) | Items in other comprehensive income: | | |
| | | 2017 | 2016 |
| | | \$ | \$ |
| | Change in financial assumptions | (25,578,000) | 26,508,000 |
| | Experience adjustments | 14,677,000 | (255,910,000) |
| | Change in effect of the asset ceiling | (3,916,000) | 216,828,000 |
| | | <u>(14,817,000)</u> | <u>(12,574,000)</u> |
| v) | Present value funded obligation: | | |
| | | 2017 | 2016 |
| | | \$ | \$ |
| | Present value of funded obligation at 1 April | 297,395,000 | 260,644,000 |
| | Current service cost | 14,603,000 | 13,589,000 |
| | Interest cost on defined benefit obligation | 26,294,000 | 24,692,000 |
| | Members' contributions | 6,414,000 | 6,233,000 |
| | Benefits paid | (26,808,000) | (31,579,000) |
| | Value of annuities purchased | - | 13,988,000 |
| | Remeasurement-changes in assumptions | (27,235,000) | 27,911,000 |
| | Remeasurement-experience adjustments | 16,589,000 | (18,083,000) |
| | | <u>307,252,000</u> | <u>297,395,000</u> |
| | Present value of defined benefit obligation at 31 March | | |

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(Expressed in Jamaican dollars unless otherwise stated)

8. EMPLOYEE BENEFIT ASSET (CONTINUED)

| | | | |
|-------|---|----------------------|----------------------|
| (vi) | Movement in effect of asset ceiling: | | |
| | | 2017 | 2017 |
| | | \$ | \$ |
| | Effect of asset ceiling at 1 April | 1,086,410,000 | 794,139,000 |
| | Interest on asset | 97,777,000 | 75,443,000 |
| | Remeasurement effect | <u>(3,916,000)</u> | <u>216,828,000</u> |
| | Effect of asset ceiling at 31 March | <u>1,180,271,000</u> | <u>1,086,410,000</u> |
| (vii) | Principal actuarial assumptions at the reporting date (expressed as weighted averages): | | |
| | | 2017 | 2016 |
| | Discount rate | 9.50% | 9.00% |
| | Inflation | 6.50% | 5.50% |
| | Future salary increases | 5.50% | 5.50% |
| | Future pension increases | 6.50% | 5.50% |
| | Minimum funding rate | <u>0.25%</u> | <u>0.25%</u> |

(viii) Sensitivity analysis

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

| | 2017 | | 2016 | |
|------------------|--------------------|--------------------|--------------------|--------------------|
| | 1% Increase | 1% Decrease | 1% Increase | 1% Decrease |
| | \$ | \$ | \$ | \$ |
| Discount rate | (45,283,000) | 60,678,000 | (44,364,000) | 59,763,000 |
| Salary growth | 28,455,000 | (24,180,000) | 27,860,000 | (23,643,000) |
| Pension increase | 31,349,000 | (26,773,000) | 31,717,000 | (27,018,000) |
| Life expectancy | <u>5,432,000</u> | <u>(5,464,000)</u> | <u>5,683,000</u> | <u>(5,691,000)</u> |

9. CAPITAL RESERVE

| | | |
|--|--------------------|--------------------|
| | 2017 | 2016 |
| | \$ | \$ |
| 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 equipment | 591,000 | 591,000 |
| Unrealised surplus on revaluation of furniture & fixtures | 9,656,146 | 9,656,146 |
| Unrealised surplus on revaluation of computers | <u>3,069,096</u> | <u>3,069,096</u> |
| | <u>197,629,686</u> | <u>197,629,686</u> |

JAMAICA PROMOTIONS CORPORATION

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(Expressed in Jamaican dollars unless otherwise stated)

10. DEFERRED INCOME

| | 2017 | 2016 |
|----------------------------------|------------------|------------------|
| | \$ | \$ |
| Balance at beginning of the year | 1,489,673 | 1,658,007 |
| Amortisation during the year | <u>(150,993)</u> | <u>(168,334)</u> |
| Balance at end of the year | <u>1,338,680</u> | <u>1,489,673</u> |

11. GROSS OPERATING REVENUE

| | 2017 | 2016 |
|--------------------|--------------------|--------------------|
| | \$ | \$ |
| Government grants | 589,828,639 | 513,469,179 |
| Certification fees | 2,693,379 | 2,757,510 |
| JIFSA project | 38,576,577 | 31,921,433 |
| Rental income | 19,948,986 | 18,100,000 |
| Sponsorship income | 10,310,764 | 40,000,000 |
| Other income | <u>26,556,441</u> | <u>6,848,271</u> |
| | <u>687,914,786</u> | <u>613,066,393</u> |

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

12. DISCLOSURE OF EXPENSES

| | 2017 | 2016 |
|---|--------------------|--------------------|
| | \$ | \$ |
| (i) Promotional | | |
| Advertising and promotion | 42,533,349 | 41,181,609 |
| Books, publications and subscription | 5,141,875 | 4,182,423 |
| Entertainment | 4,773,938 | 5,511,582 |
| Foreign and local travel and subsistence | 31,937,802 | 34,040,887 |
| Professional fees | 24,829,356 | 32,344,009 |
| JIFSA project | <u>38,576,577</u> | <u>31,921,433</u> |
| | <u>147,792,897</u> | <u>149,181,943</u> |
| (ii) Staff-related | | |
| Salaries, statutory payments and gratuities | 331,654,516 | 310,754,767 |
| Staff benefits | 88,529,788 | 74,305,942 |
| Pension benefit, net (Note 8) | (4,181,000) | (3,870,000) |
| Unused vacation leave | 2,327,200 | 1,436,591 |
| Staff training | <u>1,281,608</u> | <u>1,050,439</u> |
| | <u>419,612,112</u> | <u>383,677,739</u> |

The average number of persons employed by the Corporation during the year was 101 (2016: 101).

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12. DISCLOSURE OF EXPENSES (CONTINUED)

| | 2017 | 2016 |
|--|--------------------|--------------------|
| | \$ | \$ |
| (iii) General and administrative | | |
| Directors' fees | 1,417,188 | 970,000 |
| Professional fees | 2,808,347 | 2,135,570 |
| Office rental | 1,798,820 | 1,827,639 |
| Utilities | 22,889,881 | 23,628,859 |
| Repairs and maintenance | 13,692,293 | 14,667,043 |
| Office supplies and other operating expenses | 5,154,322 | 6,333,419 |
| Audit fees | 1,850,000 | 1,725,000 |
| Motor vehicle and travelling | 3,547,504 | 2,224,956 |
| Bank charges | 1,366,591 | 1,721,789 |
| Insurance | 2,475,778 | 3,303,287 |
| Stationery | 2,792,566 | 2,163,656 |
| Security | 2,506,689 | 2,401,240 |
| Other expenses | 1,848,435 | 2,673,014 |
| Depreciation, net of allocation to tenants | 12,338,858 | 12,542,610 |
| Amortisation of deferred income | (150,993) | (168,334) |
| Foreign exchange losses | 458,797 | 2,729,811 |
| General Consumption Tax expense | 9,743,274 | 9,989,934 |
| | <u>86,538,350</u> | <u>90,869,493</u> |
| Total expenses | <u>653,943,359</u> | <u>623,729,175</u> |

13. RELATED PARTY BALANCES AND TRANSACTIONS

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

| | 2017 | 2016 |
|------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Trade and other receivables: | | |
| Government of Jamaica | <u>4,796,407</u> | <u>4,796,407</u> |
| Trade and other payables: | | |
| Government of Jamaica | <u>16,407,028</u> | <u>10,740,046</u> |

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

| | 2017 | 2016 |
|--|-------------------|-------------------|
| | \$ | \$ |
| (iii) Compensation of key management personnel | <u>54,956,426</u> | <u>49,023,907</u> |

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14. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk:

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

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

Trade and other 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.

| | 2017 | 2016 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Trade and other receivables | 7,873,643 | 17,452,521 |
| Cash and cash equivalents | 40,678,267 | 57,831,057 |
| Securities purchased under resale agreements | 93,061,101 | 49,634,967 |
| | <u>141,613,011</u> | <u>124,918,545</u> |

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.

There were no financial assets that are considered past due but not impaired or there was no impairment of financial assets for the current or the prior year.

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14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Liquidity risk:

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

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

The contractual outflows as at 31 March 2017 and 2016, for accounts payable (excluding amounts received in advance) are represented by their statement of financial position carrying amount and require settlement within 12 months at the reporting date.

(iii) Market risk:

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

(a) Foreign currency risk:

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

| | 2017 | | | | 2016 | | | |
|--|----------|----------|-------|-------|---------|--------|-------|-------|
| | US\$ | £ | € | CAD\$ | US\$ | £ | € | CAD\$ |
| Cash and cash equivalents | 79,781 | 8,655 | 1,498 | 6,032 | 89,825 | 12,619 | 1,496 | 6,796 |
| Securities purchases under resale agreements | 422,677 | - | - | - | 127,331 | - | - | - |
| Trade and other payables | (40,136) | (11,416) | - | - | (7,626) | - | - | - |
| Net exposure | 462,322 | (2,761) | 1,498 | 6,032 | 209,530 | 12,619 | 1,496 | 6,796 |

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

| | US\$ | £ | € | CAD\$ |
|---------------|--------|--------|--------|-------|
| 31 March 2017 | 127.77 | 157.86 | 132.97 | 95.74 |
| 31 March 2016 | 121.30 | 171.25 | 135.67 | 89.63 |

JAMAICA PROMOTIONS CORPORATION

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14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Market risk (Continued):

(a) Foreign currency risk (Continued):

Sensitivity analysis

A 1% (2016: 1%) strengthening of the Jamaica dollar against the United States dollar, Pound Sterling, Euro and Canadian dollar against the Jamaica dollar at 31 March, would have reduced surplus for the year by \$594,117 (2016: \$283,891).

A 6% (2016: 6%) weakening of the Jamaica dollar against the United States dollar, Pound Sterling, Euro and Canadian dollar against the Jamaica dollar at March 31, would have increased surplus for the year by \$3,564,703 (2016: \$1,703,345). 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:

| | 2017 | 2016 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Financial assets: | | |
| Cash and cash equivalents | 199,126 | 145,995 |
| Securities purchased under resale agreements | <u>93,061,101</u> | <u>49,634,967</u> |
| | <u>93,260,227</u> | <u>49,780,962</u> |

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

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is done on the same basis as in 2016.

(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.

JAMAICA PROMOTIONS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

(Expressed in Jamaican dollars unless otherwise stated)

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Fair values (Continued):

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 the value.

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



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