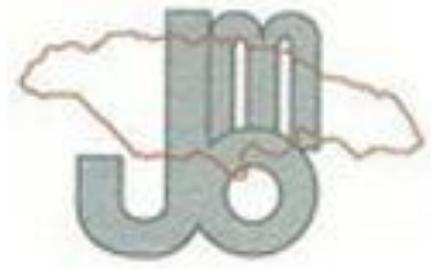


JAMAICA BAUXITE MINING LTD



Annual Report 2016/2017

Contents

- REPORT OF THE BOARD OF DIRECTORS..... 2
 - Board of Directors..... 2
 - Restatement of Financial Statements..... 2
- DISCUSSION..... 2
- RESULTS 3
- SEGMENT REPORT 5
 - Lydford Operations / Port of Ocho Rios..... 5
 - Noranda Jamaica Bauxite Partners II (NJBPII)..... 7
- OUTLOOK 7
 - Dividend 7
 - Future Prospects 7
- Appendix 9
 - Senior Executives’ Compensation..... 9
 - Directors’ Compensation 10

JAMAICA BAUXITE MINING LIMITED

REPORT OF THE BOARD OF DIRECTORS

Board of Directors

On May 16, 2016 the entire Board of Directors resigned and a new Board was appointed. The new members are Ambassador Clifton Whyms-Stone, Chairman alongside Directors, Mr. Christian Tavares-Finson, Mr. Stevie Barnett, Ambassador Anthony Hill, Mr. Ian Moore, Mr. Ruel Crawford, Mr. Paul East, Mr. Philip Anthony Schwapp and Dr. Oral Rainford while Mr. Coy Roache continued as Managing Director

Restatement of Financial Statements

At the start of the year, JBM was given a grant by the Government of Jamaica (GOJ) to complete the payment of penalties and interest due to Glencore International AG for non-performance of a trade agreement which occurred with the closure of the Winalco plant. The penalty and interest were charged against profits over the fiscal years 2011 to 2014 while the grant has been treated as deferred income in 2015 and 2016 fiscal years. The financial statements as presented reflect the restatement of these fiscal years as this deferred income is reclassified as income to offset the related expenditure. **As shown in the financial statements, all penalties and interest have now been paid and no further grants are required or expected.** One very important consequence of this restatement is JBM's return to solvency.

DISCUSSION

The fiscal year 2016/17 proved to be an exciting year for Jamaica Bauxite Mining Limited. There were significant changes in the different industries the company is involved in while continuing to master its core competency: the efficient delivery of top quality service and property management.

In the bauxite industry, JBM's joint venture partner changed as New Day Aluminum LLC, an affiliate of DADA Holdings LLC, acquired the holdings of Noranda Bauxite's operations in St. Ann in November. New Day Aluminum also acquired Noranda Alumina's operations at Gramercy in Louisiana, therefore preserving the route of exporting bauxite from Jamaica to New Day's operations at Gramercy. Aluminium prices trended upwards during the fiscal year, rising by approximately 25%.

In the limestone industry, JBM entered a long term lease agreement with Lydford Mining Limited. Lydford Mining currently ships all of its exported limestone through JBM's Port of Ocho Rios. JBM, in keeping with its plan to lease its lands for creating an industrial complex, has leased Lydford mining a plot close to its wells. This lease now allows Lydford Mining to expand their limestone operations to include production of beach sand, a product with heavy demand for the hotel industry especially with new hotel construction being planned

In the tourism industry, the long-awaited remodeling and refurbishing of the Port of Ocho Rios in collaboration with the Port Authority of Jamaica has begun. The much needed improvements will make the Port not only tourist friendly, but will also repair and expand the pier to accommodate larger cruise ships.

On Lydford Land, the JBM has laid pipelines from its housing area to connect to the National Water Commission supply. In addition, JBM has repaved roads in the housing area to facilitate the numerous renters of their houses.

In Discovery Bay, JBM and the Guardsman Group Limited have entered a 20 year lease arrangement for the redevelopment and management of the popular Puerto Seco public beach. The beach has been closed since December 2015 but it is undergoing a complete makeover and both JBM and Guardsman have acknowledged the importance of the Beach to commerce in the community and are working assiduously to reopening it as soon as possible.

RESULTS

Excluding the grant from the GOJ, the results for 2016/17 exceeded the restated results for 2015/16. Operating profits were J\$1.363Bln, a 21% improvement of the previous fiscal year but slightly below the Corporate Plan budget of J\$1.499Bln. The difference is largely due to the treatment of taxation for which no budget allocation was made.

The GOJ grant amounted to J\$1.473Bln, thereby accounting for 70% of JBM's income for the fiscal year 2016/17, less than the 72.5% in 2015/16 but 5% more than what was budgeted in the Corporate Plan. The Corporate Plan has not budgeted for any further grants from the GOJ.

Other income, including that from Lydford Operations amounted to J\$259.95mln, 1.6% more than 2015/16. However Lydford Operations profits, when combined with other income were 77% less than 2015/16 and J\$8mln less than budgeted in the Corporate Plan.

Investment income is comprised largely of revenue from JBM's investment in Noranda Jamaica Bauxite Partners II (84%) and other passive fixed income investments (16%). New Day Aluminum LLC has resumed payments to JBM after Noranda's bankruptcy. An agreement between New Day and JBM has not been finalized as yet due to ongoing consultations regarding the boundaries for mining. Investment income realized amounted to J\$255mln in 2016/17 or 9% more than 2015/16 and almost J\$30mln or 13% more than the Corporate Plan.

In total, including foreign exchange gains and gains on disposal of property, income (including government grants) for 2016/17 was J\$2.11bln, approximately 8% more than 2015/16 and 13% more than budgeted in the Corporate Plan.

SEGMENT REPORT

Jamaica Bauxite Mining Limited	
Subsidiary	% Ownership
Lydford Operations	100
Port of Ocho Rios	100
Noranda Jamaica Bauxite Partners II	51
Puerto Seco Beach	100

Lydford Operations / Port of Ocho Rios

Lydford Operations is a wholly owned subsidiary of Jamaica Bauxite Mining Limited and is comprised of the former Reynolds Operations as well as the Port of Ocho Rios.

Thirty-Seven (37) cruise ships with 123,142 passengers and crew called at the Port in 2016/17. This represents a 9% increase in the number of ships arriving at the Port when compared with the previous fiscal year, while the number of crew and passengers was up 19%.

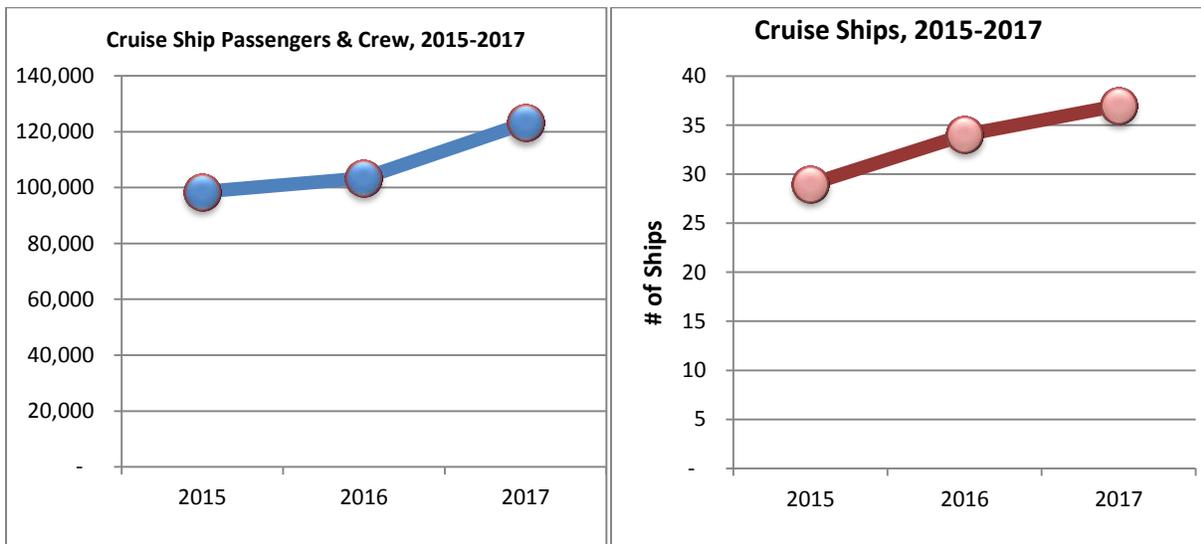


Figure 1 Cruise Ship Passengers, Crew & Number of Ships, 2015-17

There were seven (7) limestone shipments during the fiscal year, the same as the previous fiscal year with total tonnage increasing by 0.5% to 213,621 metric tonnes.

Sugar shipments, remained steady as four (4) ships were loaded for the second consecutive fiscal year. Unfortunately, these same 4 shipments represented a shortfall of 22% to 43,307 metric tonnes.

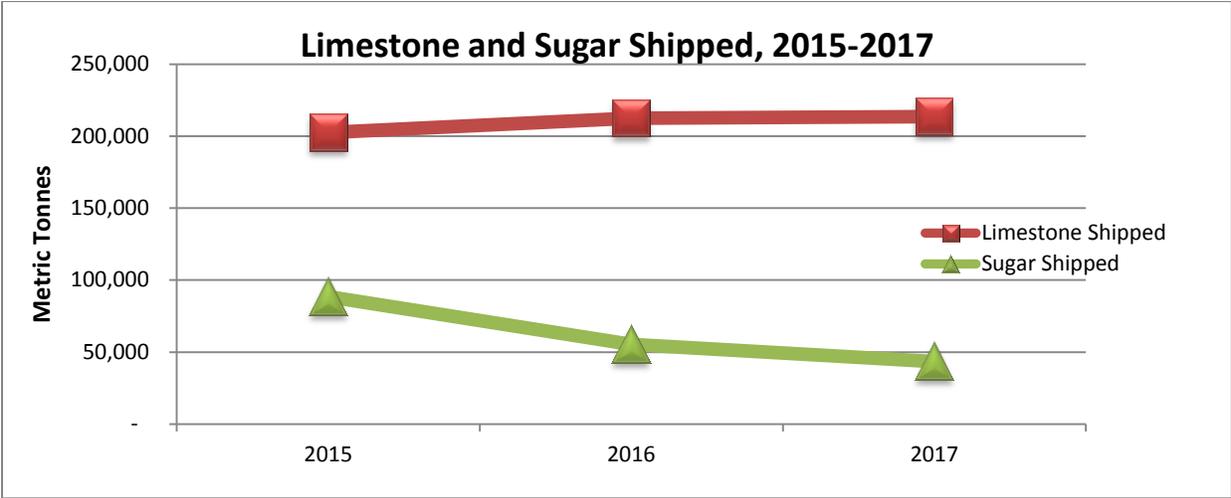


Figure 2: Limestone & Sugar Shipped (2015-2017)

Lydford Operations were only marginally profitable in 2016/17, eking out a net profit of J\$9.396mln from \$251.879mln of revenue. This fell well below the budgeted profit for Lydford (J\$25.25mln) because of the shortfall in sugar shipments, a significant allocation of J\$41.7mln for bad debt expense and increases in salary due to reclassification and employment of new management staff.

Although Lydford Operations rental income fell by 29% to J\$36.2mln, mainly due to the expiry of the lease arrangements with China Harbour Engineering Company (CHEC), the company continues to seek the highest value utilization of its land and building assets in line with its corporate plan. Maintenance income and Port Income rose by 30% and 15% respectively, in spite of the shortfall in sugar shipments.

Reported profit fell dramatically, by over 84% versus 2015/16 and was the lowest since 2008/09 when Lydford Operations reported a loss of J\$11.1mln.

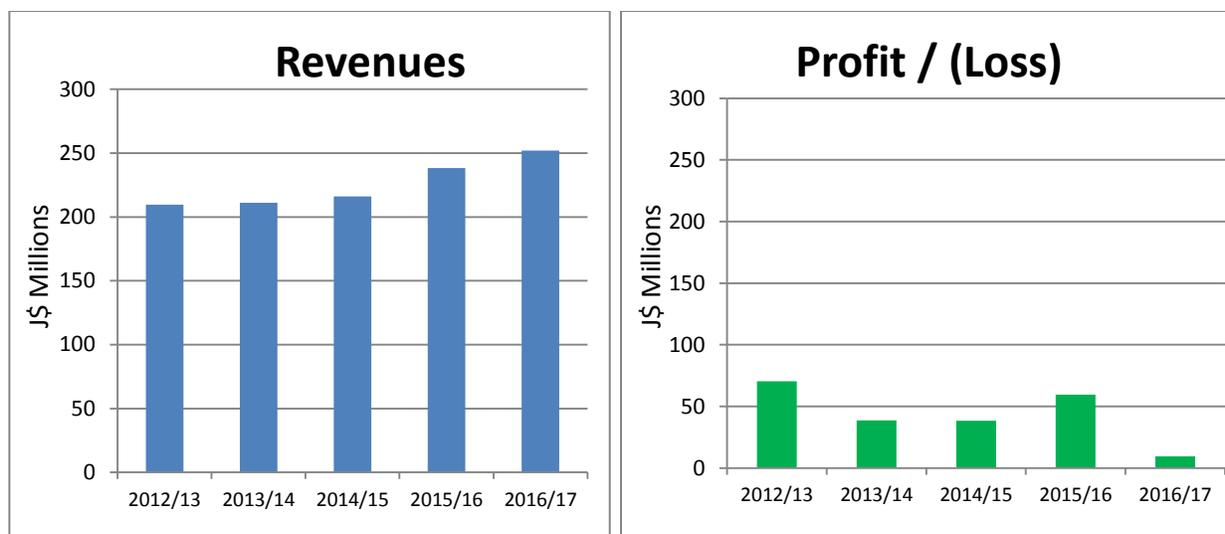


Figure 3: Revenues & Profits (2013-2017)

Noranda Jamaica Bauxite Partners II (NJBP II)

JBM is the majority (51%) owner of Noranda Jamaica Bauxite Partners II. New Day Aluminum LLC is the managing partner, having acquired Noranda’s share following bankruptcy proceedings. JBM retains its role as part of the Executive Committee as majority partner. The Company mines bauxite and exported 100% of output to overseas alumina processing plants.

JBM received an annual Use of Asset Fee from its equity in Noranda Jamaica Bauxite Partners II (“NJBP II”). This fee was the equivalent of J\$218.8mIn and exceeded the target of J\$206.6mIn by 6%. The variance was due to a difference in exchange rate as the fee is paid in United States dollars.

Any new injection of capital by JBM will attract an interest rate of 14.68%. NJBP chose not to request any additional capital from JBM during the fiscal year. As such, NJBP sold land with the consent of JBM, with 51% of the proceeds going to JBM. This resulted in a one-time gain of J\$8.07mIn.

OUTLOOK

Dividend

No dividend is proposed at this time.

Future Prospects

Management of JBM has forecast an operating profit for the 2017/18 fiscal year of J\$162.979mIn. This is based on projected profits of J\$25.472mIn from Lydford Operations.

It is also assumed that the Use of Assets fee from NJBP will continue to be paid in full, and that New Day Aluminum will honour the current contract structure between JBM and NJBP. The value of this fee is projected at J\$194.556mln, but is paid in US\$ and fluctuates according to the exchange rate.

JBM also manages money, keeping it on fixed deposit for use as may be required by Lydford or NJBP II and also as part of good long-term planning. The interest on fixed deposits is projected to be J\$18.9mln in 2017/18.

Expenses for JBM, not including the Lydford Operations, are estimated to fall to J\$75.949mln from J\$119.745mln.

The Board of Directors of JBM and its parent Ministry continue to engage industry players with the view of constructing an alumina processing plant to capture the value-add of alumina versus raw bauxite sales both at NJBP II and Lydford.

Aluminium prices on the world market have risen to US\$1,950 per MT and JBM is optimistic that prices will return to US\$2,200 (as this is the breakeven price for most aluminium smelters) in the next fiscal year. In addition, JBM is heartened with the continuing engagement of different industries to find energy solutions for the island and is encouraged that solutions are on the horizon.



Managing Director

Coy Roache, CD, JP



Chairman

Ambassador Clifton Whyms-Stone, OJ

Appendix

Senior Executives' Compensation

Position of Senior Executive	Year	Salary (\$)	Gratuity or Performance Incentive (\$)	Travelling Allowance or Value of Assigned Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$)	Non-Cash Benefits (\$)	Total (\$)
Managing Director	2016-17	12,154,537.33	3,425,509.84	838,515.00	-		68,736.00	16,487,298.17
Director of Finance & Administration	2016-17	6,224,563.45	3,051,063.79	670,812.00	-		185,780.00	10,132,219.24
Port & Property Manager	2016-17	8,951,138.04	289,625.21	642,861.15	819,461.17		-	10,703,085.58
Deputy Port & Property Manager	2016-17	4,038,308.04	231,282.85	670,812.00	393,306.55		-	5,333,709.44

Directors' Compensation

Position of Director	Year	Fees \$	Travelling Allowance or Value of Assigned Motor Vehicle \$	Honoraria \$	All Other Compensation Including Non- Cash Benefits As Applicable \$	Total \$
Chairman	2016-17	407,000.00	-	-	-	407,000.00
Director	2016-17	209,500.00	-	-	-	209,500.00
Director	2016-17	96,000.00	-	-	-	96,000.00
Director	2016-17	78,500.00	-	-	-	78,500.00
Director	2016-17	107,500.00	-	-	-	107,500.00
Director	2016-17	25,500.00	-	-	-	25,500.00
Director	2016-17	71,500.00	-	-	-	71,500.00
Director	2016-17	42,500.00	-	-	-	42,500.00
Director	2016-17	83,500.00	-	-	-	83,500.00
TOTAL						1,121,500.00

*Smart decisions.
Lasting value.*

**JAMAICA BAUXITE MINING
LIMITED**
*Financial Statements
for the year ended
31st March 2017*

JAMAICA BAUXITE MINING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017

**JAMAICA BAUXITE MINING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017**

INDEX

	<u>PAGE</u>
REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS	1 - 1c
<u>FINANCIAL STATEMENTS</u>	
Statement of Financial Position	2
Statement of Comprehensive Income	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 36

**REPORT OF THE INDEPENDENT AUDITORS
TO THE EXECUTIVE COMMITTEE OF
JAMAICA BAUXITE MINING LIMITED**Phone 876.908.3124
Fax 876.754.0380
Email info@crowehorwath.com.jm
Web www.crowehorwath.com.jm**Qualified Opinion**

We have audited the financial statements of Jamaica Bauxite Mining Limited (the Company) which comprise the statement of financial position as at 31st March 2017, the statement of comprehensive income, statements of changes in equity, cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the matter discussed in the Basis for Qualification paragraph, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

The Company's Inventories are carried in the Statement of Financial Position at \$12,659,636. A stock count was taken in July 2017. A difference of approximately \$4,624,595 was observed between the rolled back stock count records and the General Ledger balance. We were unable to obtain sufficient audit evidence about whether the Inventories balance contained material misstatements that materially affect these financial statements.

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 company, 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

KINGSTON
Unit 34
Winchester Business Centre
15 Hope Road.

Oxford House
2nd Floor
6 Oxford Road

MANDEVILLE
Shop 2B (Upstairs)
Caledonia Mall
Mandeville

RUNAWAY BAY
Lot 33 & 34
Cardiff Hall
Runaway Bay

MONTEGO BAY
The Annex - UGI Building
30 - 34 Market Street
Montego Bay

T: +876-9084007
F: +876-7540380T: +876-9263562
F: +876-9291300T: +876-9629153/9626369
F: +876-6252797T: +876-9735360/9735981
F: +876-9737546T: +876-9538486/9719675
F: +876-9533058

**REPORT OF THE INDEPENDENT AUDITORS
TO THE EXECUTIVE COMMITTEE OF
JAMAICA BAUXITE MINING LIMITED**

Other Information (cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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 ISA's will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement 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.

**REPORT OF THE INDEPENDENT AUDITORS
TO THE EXECUTIVE COMMITTEE OF
JAMAICA BAUXITE MINING LIMITED**

Responsibilities of Management and Those Charged with Governance for the Financial Statements (Cont'd)

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

- 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

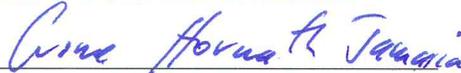
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**REPORT OF THE INDEPENDENT AUDITORS
TO THE EXECUTIVE COMMITTEE OF
JAMAICA BAUXITE MINING LIMITED**

Report on Additional Matters as Required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

Crowe Horwath Jamaica



Crowe Horwath Jamaica

28th September 2017

JAMAICA BAUXITE MINING LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2017

(Expressed in Jamaican Dollars unless otherwise indicated)

		2017	RESTATED 2016	RESTATED 2015
	<u>Notes</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>ASSETS</u>				
Non-Current Assets				
Property, Plant and Equipment	5	119,005,991	120,165,617	123,485,689
Intangible Asset		864,805	-	-
Investment Property	6	12,780,801	13,377,986	14,732,386
Investment	7	2,239,640,545	2,125,851,319	2,005,242,606
Deferred Tax Asset	8	129,855,981	329,025,101 *	516,177,747 *
Due From Related Party	9	559,995,381	556,879,417	206,851,501
		<u>3,062,143,504</u>	<u>3,145,299,440</u>	<u>2,866,489,929</u>
Current Assets				
Inventories	10	12,659,636	6,382,119	2,669,002
Trade and Other Receivables	11	255,854,131	204,241,432	178,950,017
Taxation Recoverable		78,310,610	70,304,503	60,369,356
Short Term Investments	12	923,455,542	693,940,021	589,328,659
Cash and Cash Equivalents	13	259,803,943	317,419,443	535,835,321
		<u>1,530,083,862</u>	<u>1,292,287,518</u>	<u>1,367,152,355</u>
Total Assets		<u>4,592,227,366</u>	<u>4,437,586,958</u>	<u>4,233,642,284</u>
<u>EQUITY AND LIABILITIES</u>				
Capital and Reserves				
Issued Share Capital	14	10,000,000	10,000,000	10,000,000
Capital Reserve	15	1,156,784,682	1,156,784,682	1,156,784,682
Revaluation Reserve	16	56,707,619	56,707,619	56,707,619
Accumulated Profit		2,662,562,209	1,299,276,926 *	175,550,854 *
		<u>3,886,054,510</u>	<u>2,522,769,227</u>	<u>1,399,043,155</u>
Non-Current Liabilities				
Due To Related Party	9	96,653,294	96,653,294	95,953,576
Current Liabilities				
Trade and Other Payables	17	91,298,950	1,465,201,607	2,570,313,548
Deferred Income	18	591,685	-	-
Taxation Payable		517,462,387	352,962,830 *	168,332,005 *
Bank Overdraft	19	166,540	-	-
		<u>609,519,562</u>	<u>1,818,164,437</u>	<u>2,738,645,553</u>
Total Equity and Liabilities		<u>4,592,227,366</u>	<u>4,437,586,958</u>	<u>4,233,642,284</u>

*** RESTATEMENT**

These balances were restated to adjust for the treatment of a government grant received to settle a debt to Glencore International AG regarding penalty and interest for non-performance of a trade agreement. The penalty and interest were charged against profits over the years 2011 to 2014 while the grant was treated as deferred income in 2015 and 2016. In accordance with IAS 20 - *Accounting for Government Grants and Disclosure of Government Assistance*, the grant has now been included as income in the relevant years to offset the related expenditure. Additionally, and in conformity with IAS 12 - *Income Taxes*, the statements have been restated to account for deferred taxation as the reasons for not previously accounting for deferred taxation no longer exist.

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

APPROVED FOR ISSUE BY THE BOARD 28TH SEPTEMBER 2017 AND SIGNED ON ITS BEHALF BY:



Coy Roache, Director



Clifton Whymms-Stone, Director

JAMAICA BAUXITE MINING LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

	<u>Notes</u>	2017 \$	2016 \$
<u>Revenue</u>			
Government Grant		1,473,191,686	1,419,472,200 *
Finance Income	20	255,586,959	234,230,749
Other Areas of Revenue	21	259,950,501	255,926,445
Foreign Exchange Gain		122,099,527	47,235,474
Gain on Disposal of Property, Plant and Equipment		<u>427,768</u>	<u>401,000</u>
		2,111,256,441	1,957,265,868
Administrative Expenses		<u>(362,229,100)</u>	<u>(461,606,275) *</u>
Operating Profit for the year		1,749,027,341	1,495,659,593
Taxation	22	<u>(385,742,058)</u>	<u>(371,933,521) *</u>
Total Comprehensive Income		<u>1,363,285,283</u>	<u>1,123,726,072</u>

*** RESTATEMENT**

These balances were restated to adjust for the treatment of a government grant received to settle a debt to Glencore International AG regarding penalty and interest for non-performance of a trade agreement. The penalty and interest were charged against profits over the years 2011 to 2014 while the grant was treated as deferred income in 2015 and 2016. In accordance with IAS 20 - *Accounting for Government Grants and Disclosure of Government Assistance*, the grant has now been included as income in the relevant years to offset the related expenditure. Additionally, and in conformity with IAS 12 - *Income Taxes*, the statements have been restated to account for deferred taxation as the reasons for not previously accounting for deferred taxation no longer exist.

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

JAMAICA BAUXITE MINING LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2017

(Expressed in Jamaican Dollars unless otherwise indicated)

	Share Capital \$	Capital Reserve \$	Revaluation Reserve \$	Accumulated Deficit \$	Total \$
Balance at 31st March 2015 as previously reported	10,000,000	1,156,784,682	56,707,619	(1,335,178,546)	(111,686,245)
Adjustment for treatment of Government Grant and Deferred Taxation	-	-	-	1,510,729,400	1,510,729,400
Balance at 31st March 2015 as restated	10,000,000	1,156,784,682	56,707,619	175,550,854	1,399,043,155
Total Comprehensive Income for year	-	-	-	1,123,726,072	1,123,726,072
Balance at 31st March 2016	10,000,000	1,156,784,682	56,707,619	1,299,276,926 *	2,522,769,227
Total Comprehensive Income for year	-	-	-	1,363,285,283	1,363,285,283
Balance at 31st March 2017	10,000,000	1,156,784,682	56,707,619	2,662,562,209	3,886,054,510

*** RESTATEMENT**

These balances were restated to adjust for the treatment of a government grant received to settle a debt to Glencore International AG regarding penalty and interest for non-performance of a trade agreement. The penalty and interest were charged against profits over the years 2011 to 2014 while the grant was treated as deferred income in 2015 and 2016. In accordance with IAS 20 - *Accounting for Government Grants and Disclosure of Government Assistance*, the grant has now been included as income in the relevant years to offset the related expenditure. Additionally, and in conformity with IAS 12 - *Income Taxes*, the statements have been restated to account for deferred taxation, as the reasons for not previously accounting for deferred taxation no longer exist.

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

JAMAICA BAUXITE MINING LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2017

(Expressed in Jamaican Dollars unless otherwise indicated)

	2017	2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Total Comprehensive Income for the year	1,363,285,283	1,123,726,072
Adjustments to Reconcile Comprehensive Income for the year to Net Cash (Used in)/Provided by Operating activities:		
Depreciation	22,088,393	20,222,327
Amortization	53,573	-
Gain on disposal of Property, Plant & Equipment	(427,768)	(401,000)
Interest Income	(255,586,959)	(234,230,749)
Gain on Foreign Exchange (Investment)	(113,789,226)	(120,608,713)
Taxation Provision	<u>385,742,058</u>	<u>371,933,521</u>
	1,401,365,354	1,160,641,458
(Increase)/Decrease in Current Assets:		
Inventories	(6,277,517)	(3,713,117)
Trade and Other Receivables	(46,921,468)	(28,145,022)
Due from Related Party	(3,115,964)	(350,027,916)
Increase/(Decrease) in Current Liabilities:		
Trade and Other Payables	(1,373,902,657)	(1,105,111,941)
Deferred Income	591,685	-
Due to Related Party	<u>-</u>	<u>699,718</u>
Cash Used in Operations	(28,260,567)	(325,656,820)
Interest Received	250,895,728	237,084,356
Taxation Paid	<u>(30,079,488)</u>	<u>(10,085,197)</u>
Net Cash Provided by/(Used in) Operating activities	<u>192,555,673</u>	<u>(98,657,661)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to Property, Plant and Equipment	(24,443,942)	(16,976,201)
Acquisition of Intangible asset	(918,378)	-
Proceeds from Disposal of Property, Plant & Equipment	4,540,128	1,829,346
Short Term Investments	<u>(229,515,521)</u>	<u>(104,611,362)</u>
Net Cash Used in Investing Activities	<u>(250,337,713)</u>	<u>(119,758,217)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Bank Overdraft	<u>166,540</u>	<u>-</u>
Net Cash provided by Financing Activities	<u>166,540</u>	<u>-</u>
Net Decrease in Cash and Cash Equivalents	(57,615,500)	(218,415,878)
Cash and Cash Equivalents at beginning of Year	<u>317,419,443</u>	<u>535,835,321</u>
Cash and Cash Equivalents at end of year	<u>259,803,943</u>	<u>317,419,443</u>

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

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

1. Identification

Jamaica Bauxite Mining Limited (JBM), a limited liability company, was incorporated under the Laws of Jamaica on February 13, 1975. The company is domiciled in Jamaica, with registered office and principal place of business located at PCJ Resource Centre, 36 Trafalgar Road, Kingston 10, Jamaica, West Indies.

The main activities of the company are concentrated at the Lydford Branch and includes the shipment of sugar and limestone, the rental of properties and the operation of the Reynolds Pier.

The Accountant General, a Corporation Sole, holds ninety-nine percent (99%) of the shares in JBM on behalf of the Government of Jamaica and one percent (1%) of the shares is held by the Managing Director.

The company has a fifty-one percent (51%) interest in the mining assets of the partnership in Noranda Jamaica Bauxite Partners 11 (NJBP 11). This is included in Investment (See Note 7).

2. Adoption of Standards, Interpretations and Amendments.

The International Accounting Standards Board (IASB) issued certain new standards and interpretations as well as amendments to existing standards, which became effective during the year under review. The Society's management has assessed the relevance of the following new standards, interpretations and amendments that were in effect and has applied in these financial statements, those standards which are considered relevant to its operations:

IAS 16: Property, Plant and Equipment and IAS 38 Intangible Assets (Effective January 2016)

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- Introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated;
- Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

IAS 27: Separate Financial Statements (Effective January 2016)

Amends IAS 27: Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017
 (Expressed in Jamaican Dollars unless otherwise indicated)

2. Adoption of Standards, Interpretations and Amendments (cont'd):

(a) Standards, Interpretations and Amendments to published standards that are in effect (cont'd):

Improvements to IFRS 2012–2014 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments are as follows:

- **IFRS 5: Non-current Assets Held for Sale and Discontinued Operations (Effective January 2016)**

Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

- **IFRS 7: Financial Instruments: Disclosures (Effective January 2016)**

Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

- **IAS 19: Employee Benefits (Effective January 2016)**

Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

IAS 1: Presentation of Financial Statement (Effective January 2016)

The amendment addresses perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes.

Clarifies that information should not be obscured by aggregating or by providing immaterial information materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;

Clarifies that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregated as single line items based on whether or not it will subsequently be reclassified to profit or loss;

Provides additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need to be presented in the order so far listed in paragraph 114 of IAS 1.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
 (Expressed in Jamaican Dollars unless otherwise indicated)

2. Adoption of Standards, Interpretations and Amendments (cont'd):

(a) Standards, Interpretations and Amendments to published standards that are in effect (cont'd):

Amendments to IFRS 10: Consolidated Financial Statements, IFRS 12: Disclosure of Interests in Other Entities and IAS 28: Investments in Associates and Joint Ventures (2011) Effective January 2016)

Amendments to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (Effective January 2016)

Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11
- disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

The amendments apply prospectively to acquisitions of interests in joint operations in which the activities of the joint operations constitute businesses, as defined in IFRS 3, for those acquisitions occurring from the beginning of the first period in which the amendments apply. Amounts recognised for acquisitions of interests in joint operations occurring in prior periods are not adjusted.

These affected the financial statements for accounting periods beginning on or after the first day of the months stated. The adoption of these Standards and amendments had no material impact on the company's financial statements.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

2. Adoption of Standards, Interpretations and Amendments (cont'd):

(b) Standards and interpretations in respect of published standards that are not in effect:

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

IFRS 9: Financial Instruments (Effective January 1, 2018)

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Hence, financial assets are to be classified into three measurement categories: those measured at amortised cost, those to be measured subsequently at fair value through other profit and loss (FVPL) and those to be measured subsequently at fair value through other comprehensive income (FVOCI). Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised

Hedge accounting : Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition : The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Note: Depending on the chosen approach to applying IFRS 9, the transition can involve one or more than one date of initial application for different requirements.

Management has determined that the standard is relevant to existing policies for its current operations, but has not yet assessed the impact on adoption.

IFRS 16 - Leases (Effective January 2019)

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
YEAR ENDED 31ST MARCH 2017
 (Expressed in Jamaican Dollars unless otherwise indicated)

2. Adoption of Standards, Interpretations and Amendments (cont'd):

(b) Standards and interpretations in respect of published standards that are not in

IFRS 15: Revenue from Contracts with Customers (IAS 18 will be superseded by IFRS 15 Revenue from Contracts with Customers.) (Effective January 1, 2018)

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

IAS 12 - Income Taxes -Recognition of Deferred Tax Assets for Unrealised Losses (Effective January 2017)

Amends IAS 12 Income Taxes to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Amendments to IAS 7 - Statement of Cash Flows (Effective January 2017)

Amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Clarifications to IFRS 15 : Revenue from Contracts with Customers (Effective January 2018)

Amends IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
YEAR ENDED 31ST MARCH 2017
 (Expressed in Jamaican Dollars unless otherwise indicated)

2. Adoption of Standards, Interpretations and Amendments (cont'd):

b) Standards and interpretations in respect of published standards that are not in effect (cont'd):

IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses (Effective January 2017)

Amends IAS 12 Income Taxes to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Amendments to IAS 40 - Investment Property Transfers of Investment Property (Effective January 2018)

The amendments to IAS 40 Investment Property:

- Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets,
- The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

Improvements to IFRS 2014–2016 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2017 and 2018. The main relevant amendment is as follows:

Makes amendments to the following standard:

- **IFRS 12: Disclosure of Interests in Other Entities (Effective January 2017)**

Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5: *Non-current Assets Held for Sale and Discontinued Operation*.

- **IAS 28: Investments in Associates and Joint Ventures (2011) (Effective January 2018)**

Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

These affect financial statements for accounting periods beginning on or after the first day of the month stated. The Company is assessing the impact these amendments will have on its 2018 financial statements.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
 (Expressed in Jamaican Dollars unless otherwise indicated)

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies:

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB) and under the historical cost convention except as stated below.

There is a deviation from IAS 31 -Interest in Joint Ventures. The company's fifty-one percent (51%) interest in the mining assets of the Partnership of New Day Aluminum Limited is not accounted for using the proportionate consolidation or equity method.

(b) Basis of Preparation

These financial statements have been prepared in accordance with IFRS and under the historical cost convention method.

(c) Significant Accounting Policies

(i) Use of Estimates and Judgements:

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on historical experience and management's best knowledge of current events and actions and are reviewed on an on-going basis. Actual results could differ from those estimates.

There were no critical judgements, apart from those involving estimation, that management has made in the process of applying the company's accounting policies that have a significant effect on the accounts recognised in the financial statements.

The significant accounting policies that have been used in the financial statements are summarised below and have been consistently applied for all the years presented:

(ii) Property, Plant and Equipment:

Property, plant and equipment of the company is carried at cost less accumulated depreciation and impairment.

The useful lives of property, plant and equipment is required so as to write down the respective assets over their expected useful lives and as such, the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements.

• **Company**

Depreciation is calculated on the straight-line basis at such rates as will write off the cost/deemed cost of the various assets over the period of their expected useful lives. The useful lives are approximated as follows:

Structures, Residence, Paved Roads & Yards	40 years
Pier and Port Facilities & Equipment	12-40 years
Water and Power Generation & Distribution Equipment	10-40 years
Overland Conveyor	12-20 years
Other Plant, Machinery & Equipment	5-10 years

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):

(c) Significant Accounting Policies (cont'd):

(ii) Property, Plant and Equipment (cont'd):

No depreciation is charged on certain classes of assets at Lydford, which are being held for future use but are not currently being used in production. Land is not depreciated.

• **Joint Operation Assets**

Depreciation on plant and machinery and equipment is calculated on the straight-line basis at rates estimated to write off those assets over their expected useful lives. The useful lives approximate from thirteen to thirty (13-30) years.

Construction-in-progress is not depreciated. Upon completion, the assets will be depreciated from the date of completion.

• **Repairs and Renewals**

The costs of repairs and renewals which do not enhance the value of existing assets are written off to profit or loss as they are incurred.

(iii) Investment Property

Investment property is held for long-term rental yields. It is treated as a long-term investment and is carried at cost less depreciation and less any impairment losses.

(iv) Investment in Joint Operations:

The company's fifty-one percent (51%) interest in the mining assets of the partnership of Noranda Jamaica Bauxite Partners 11 (NJBP 11) is denominated in United States Dollars. The Investment is measured at cost and is translated at the exchange rate ruling at the end of the reporting period. Gains and losses from fluctuation in exchange rates are included in profit or loss for the period.

(v) Inventories:

Inventories are valued at the lower of cost, determined on the weighted average cost basis and net realisable value. Cost of inventories comprise invoiced value of alumina and spare parts plus applicable landing charges. Net realisable value is based on estimated selling price.

(vi) Taxation:

Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognised as income or expense in the statement of comprehensive income except to the extent that it relates to items recorded in shareholders' equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable profit for the year, using the tax rates enacted at the date of the statement of financial position and any adjustment to tax payable in respect of previous years.

Deferred tax is accounted for using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. In principle, deferred tax liabilities are recognised for taxable differences and deferred tax assets are recognised to the extent that it is probable that profit will be available against which deductible temporary differences can be utilised.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):

(c) Significant Accounting Policies (cont'd):

(vi) Taxation (cont'd):

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited to the statement of comprehensive income except when it relates to items credited or charged directly to equity, in which case, deferred tax is also dealt with in equity.

Current and deferred tax assets and liabilities are set off when they arise from the same taxable entity, relate to the same tax authority and when the legal right of off-set exists.

(vii) Cash and Cash Equivalents:

Cash and cash equivalents comprise current account balances, short term investments with maturity dates of three (3) months or less and petty cash.

(viii) Foreign Currency Transactions:

- **Functional and Presentation Currency**

The financial statements are prepared and presented in Jamaican dollars, which is the functional currency of the company.

- **Foreign Currency Transactions and Translation of Balances**

Foreign currency balances at the end of the reporting period have been translated at rates of exchange ruling at that date.

Transactions in foreign currency are converted at rates of exchange ruling at the dates of those transactions.

Gains and or losses arising from fluctuation in exchange rates are included in the statement of comprehensive income.

(ix) Impairment of Non-current Assets:

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. Management estimates expected future cash flows from each asset or cash generating unit and determines the recoverable amounts and the present value of the expected future cash flows.

Property, plant and equipment and investments are subject to impairment review, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):

(c) Significant Accounting Policies (cont'd):

(ix) Impairment of Non-current Assets (cont'd):

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may differ from estimates.

(x) Provisions:

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the obligation can be made. Where the company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(xi) Equity:

Share capital is determined using the proceeds received for the shares that have been issued including any premiums received on the initial issuing of shares. Any transaction costs associated with the issuing of shares are deducted from premiums received.

Capital reserve comprises advances from Ministry of Finance and surplus on refinancing from Reynolds Jamaica Mines Limited.

Revaluation reserve comprises gains and losses due to the revaluation of certain property and

Accumulated loss include all current and prior period results as disclosed in the statement of comprehensive income.

(xii) Revenue Recognition:

Revenue represents the invoiced value of alumina, port and utilities services and investment and interest income.

Revenue from goods and services are recognised in the statement of comprehensive income upon delivery or performance of service.

Investment and interest income are recognised in the statement of comprehensive income when contracts come into effect or upon the transfer of risk to third parties.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):

(c) Significant Accounting Policies (cont'd):

(xiii) Pension costs:

The company participates in a defined contribution pension scheme for its employees. Contributions to the scheme are charged to the statement of comprehensive income in the period to which they

(xiv) Comparative Information

Where necessary, comparative figures have been re-classified to conform with changes in presentation in the current year. In particular, comparatives have been adjusted to take into account the requirements of IFRS.

(xv) Related Party Transactions:

A related party is a person or entity that is related to the company (referred to in IAS 24, *Related Party Disclosures* as the “reporting entity”).

(a) A person or a close member of that person’s family is related to the company if that person:

- (i) has control or joint control over the company;
- (ii) has significant influence over the company; or
- (iii) is a member of the key management personnel of the company or of a parent of the company.

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

- (i) The entity and the company are members of the same company (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 company 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 company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

4. Financial Risk Management:

The company's activities expose it to a variety of financial risks which require evaluation, acceptance and management of some degree of risks or combination of risks. Operational risks are inevitable consequences of being in business. The company's aim is to achieve an appropriate balance in risk and return and minimise potential adverse effects on the company's financial performance.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instruments. Financial assets are derecognized when the contractual rights to cash flows from the financial asset expire, or when the financial asset and all the substantial risks and rewards are transferred. The financial liability is derecognized when it is extinguished, discharged, cancelled or expired. The company's management policies are designed to identify and analyse these risks, to set up appropriate controls and to monitor the risks by means of up-to-date information.

The Board of Directors is ultimately responsible for the establishment and oversight of the company's management framework. It provides policies for overall risk management, as well as principles and procedures covering the specific areas of risk. The Board manages and monitors those risks such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

The most important types of risks are credit risk, liquidity risk, market risk and other operational risks. Market risk includes currency risk, interest rate risk and other price risks.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the company primarily faces due to the nature of its assets and liabilities are interest rate risk and market risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

(a) Credit risk

The company is exposed to credit risk, which is the risk that its customers, or counter-parties will cause a financial loss for the company by failing to discharge their contractual obligations. Credit risk is the most important risk for the company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the company's receivables from customers. There is also credit risk in off-statement of financial position financial instruments, such as loan commitments. The company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counter-party or groups of related counter-parties.

Credit Review Process

The company has established a credit quality review process and has credit policies and procedures which require regular analysis of the ability of counter parties to meet interest, capital and other repayment obligations.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

4. Financial Risk Management (Cont'd):

(a) Credit risk (Cont'd)

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or a group assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described as follows;

i) Trade Receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. the company's long - term receivables, cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. A provision for doubtful debt is recognised when there is an indication that the debt is impaired. Impairment of trade receivables are presented within "operating expenses".

ii) Other Receivables

Other receivables consist mainly of miscellaneous loans. The company limits its exposure to credit risk by controlling the amount loaned.

iii) Short Term Investments

Short Term Investments consists mainly of deposits which are maintained with licensed and stable financial institutions having high credit quality. Notwithstanding credit risk exposure in this area is considered low.

iv) Cash and Cash Equivalents

Cash & Cash Equivalents consists mainly of deposits which are maintained with licensed and stable financial institutions having high credit quality. Savings and current accounts held at commercial banks are insured under the Jamaica Deposit Insurance Scheme with Jamaica Deposit Insurance Corporation. However as at the date of the Statement of Financial Position a maximum of \$600,000 per Commercial Bank is insured under the scheme. Notwithstanding credit risk exposure in this area is considered low.

Maximum Exposure to Credit Risk

	2017	2016
	\$	\$
Trade Receivables	64,220,202	35,204,711
Other Receivables	191,633,929	169,036,721
Short Term Investments	923,455,542	693,940,021
Cash and Cash Equivalents	259,773,943	317,389,443
	<u>1,439,083,615</u>	<u>1,215,570,896</u>

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

4. Financial Risk Management (Cont'd):

(b) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial liabilities when they fall due and to replace funds when they are withdrawn.

The company has made progress in strategically managing its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form. At the date of the statement of financial position current assets exceeded its current liabilities by \$920,564,300.25 (2016 - current liabilities exceeded its current assets by \$525,876,919).

There has been a 281% decrease in the liquidity risk exposure between the year under review and the prior year.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the company. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest bearing liabilities as they mature, are important factors in assessing the liquidity of the company and its exposure to changes in the interest rates and exchange rates.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

4. Financial Risk Management (Cont'd):

(b) Liquidity risk (Cont'd)

The following are the contractual maturities of financial assets and liabilities including interest payments as at 31st March 2017:

	Carrying Amount and Contractual Cash Flow	0 - 6 months	6 - 12 months	No specific maturities
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Trade and Other Receivables				
Trade	64,220,202	64,220,202	-	-
Other	191,633,929	-	191,633,929	-
Taxation Recoverable	78,310,610	-	-	78,310,610
Short Term Investments	923,455,542	-	923,455,542	-
Cash and Cash Equivalents	<u>259,803,943</u>	<u>-</u>	<u>-</u>	<u>259,803,943</u>
	<u>1,517,424,226</u>	<u>64,220,202</u>	<u>1,115,089,471</u>	<u>338,114,553</u>
Trade and Other Payables				
Trade	22,604,304	22,604,304	-	-
Other	68,694,646	-	68,694,646	-
Taxation Payable	<u>517,462,387</u>	<u>517,462,387</u>	<u>-</u>	<u>-</u>
	<u>608,761,337</u>	<u>540,066,691</u>	<u>68,694,646</u>	<u>-</u>
Net Current Assets/(Liabilities)	<u>908,662,889</u>	<u>(475,846,489)</u>	<u>1,046,394,825</u>	<u>338,114,553</u>

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

4. Financial Risk Management (Cont'd)

(b) Liquidity risk (Cont'd)

The following are the contractual maturities of financial assets and liabilities including interest payments as at 31st March 2016.

	Carrying Amount and Contractual Cash Flow	0 - 6 months	6 - 12 months	No specific maturities
	\$	\$	\$	\$
Trade and Other Receivables				
Trade	35,204,711	35,204,711	-	-
Other	169,036,721	-	169,036,721	-
Taxation Recoverable	70,304,503	-	-	70,304,503
Short Term Investments	693,940,021	-	693,940,021	-
Cash and Cash Equivalents	<u>317,419,443</u>	<u>-</u>	<u>-</u>	<u>317,419,443</u>
	<u>1,285,905,399</u>	<u>35,204,711</u>	<u>862,976,742</u>	<u>387,723,946</u>
Trade and Other Payables				
Trade	25,886,653	25,886,653	-	-
Other	1,439,314,954	-	1,439,314,954	-
Taxation Payable	<u>352,962,830</u>	<u>352,962,830</u>	<u>-</u>	<u>-</u>
	<u>1,818,164,437</u>	<u>378,849,483</u>	<u>1,439,314,954</u>	<u>-</u>
Net Current Assets/(Liabilities)	<u>(532,259,038)</u>	<u>(343,644,772)</u>	<u>(576,338,212)</u>	<u>387,723,946</u>

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rates and foreign currency exchange rates. Market risk is monitored by the company's financial department which carries out extensive research and monitors the price movement of financial assets on the local market. There has been no change to the company's exposure to market risks or the manner in which it manages and measures the risk.

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate during a specified period due to changes in the market interest rates. The company's cash and cash equivalents are subject to interest rate risk. However, the company attempts to manage this risk by monitoring its interest-bearing instruments closely and procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

4. Financial Risk Management (Cont'd):

(c) Market Risk (Cont'd)

(i) Interest Rate Risk (cont'd)

Financial Assets

The company's interest bearing financial assets consist of excess cash invested in short-term deposits and it maintains interest-earning bank accounts with licensed financial institutions. Short-term deposits are invested for periods of one to three (1-3) months at fixed interest rates and are not affected by fluctuations in market interest rates up to the date of maturity. Interest rates on interest-earning banks accounts are not fixed, but are subject to fluctuations based on prevailing markets conditions.

Financial Liability

The company's interest-bearing liability consisted of a debt owing to an associate, Glencore International AG, which was fully repaid during the year.

Interest Rate Sensitivity

At the date of the statement of financial position, the Interest Profile of the company's interest-bearing financial instruments was:

	Interest Rate	2017	Interest Rate	2016
	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>
<i>Financial Assets</i>				
Investment in NJBP 11	10.00%	2,207,586,345	10.00%	2,095,425,694
GOJ 5.25% USD Bond	5.25%	32,054,200	5.25%	30,425,625
US\$ Short-Term Investments	2.4% - 6.00%	920,948,267	2.4% - 4.00%	691,502,212
J\$ Short-Term Investments	3.80%	2,507,275	3.90%	2,437,809
J\$ Deposits	4.00% - 6.00%	80,006,994	4.05% - 4.65%	97,586,608
US\$ Deposits	1.85%	155,333,998	2.15%	145,733,542
		<u>3,398,437,079</u>		<u>3,063,111,490</u>
<i>Financial Liabilities</i>				
Penalty and Interest - Glencore	8.00%	<u>-</u>	8.00%	<u>1,376,812,630</u>

Between April 2016 and March 2017, the interest rate on Bank of Jamaica 3 - 6 months Commercial bank deposits increased by 35 basis points from 4.4 % to 4.06%. This rate of movement is expected to continue in the foreseeable future as the Government continues to require that interest rates are contained at low single digit levels. Increases are expected to be marginal and sustainable only over the short term.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

4. Financial Risk Management (Cont'd):

(c) Market Risk (Cont'd)

(i) Interest Rate Risk (cont'd)

A one percent (1%) movement in interest rate at the reporting date would have increased/(decreased) the reported (loss)/profit and accumulated losses by the amounts shown below:

	2017	2016
	\$	\$
<i>Financial Assets</i>		
<i>1% (2016-1%) Increase in interest rates</i>		
Investment in NJBP 11	22,075,863	20,954,257
GOJ 5.25% USD Bond	320,542	304,256
US\$ Short-Term Investments	9,209,483	6,915,022
J\$ Short-Term Investments	25,073	24,378
J\$ Deposits	800,070	975,866
US\$ Deposits	1,553,340	1,457,335
	<u>33,984,371</u>	<u>30,631,115</u>
<i>1% (2016-1%) Decrease in interest rates</i>	<u>(33,984,371)</u>	<u>(30,631,115)</u>
<i>Financial Liabilities</i>		
<i>1% (2016-1%) Increase in interest rates</i>		
Penalty and Interest - Glencore	<u>-</u>	<u>13,768,126</u>
<i>1% (2016-1%) Decrease in interest rates</i>	<u>-</u>	<u>(13,768,126)</u>

This analysis assumes that all other variables, in particular exchange rates remains constant.

(ii) Foreign Currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The company has transactions with international entities and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign currency risk arises from future commercial transactions and recognised assets and liabilities.

The company manages its foreign currency risk by ensuring that the net exposure in foreign currency assets and liabilities is kept at an acceptable level by monitoring currency positions. The company further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

4. Financial Risk Management (Cont'd):

(c) Market Risk (Cont'd)

(ii) Foreign Currency risk (cont'd)

Maximum exposure to foreign currency risk:

	2017	2016
	<u>US\$</u>	<u>US\$</u>
Financial Assets		
Investment in NJBP 11	17,217,606	17,217,606
GOJ 5.25% USD Bond	250,000	250,000
Trade and Other Receivables	4,367,566	4,575,837
US\$ Short-Term Investments	7,158,810	5,682,023
US\$ Deposits	1,211,346	1,197,482
Cash and Cash Equivalents	134,449	417,579
	<u>30,339,777</u>	<u>29,340,527</u>
Financial Liabilities		
Trade and Other Payables	-	(11,312,941)
	<u>-</u>	<u>(11,312,941)</u>
Net Financial Assets	<u>30,339,777</u>	<u>18,027,586</u>

Sensitivity Analysis

Exchange rates, in terms of Jamaican dollars, which is the company's principal intervening currency, were as follows:

	<u>US\$</u>
At 30th June 2017	128.62
At 31st March 2017	128.67
At 31st March 2016	122.04

Over the period April 1, 2016 to March 31, 2017, there has been an approximate 5% increase in the exchange rate.

Should there be a weakening/strengthening of the Jamaican dollar against the different currencies by say, 5% this would reduce/increase income and equity as shown below:

	2017		2016	
	Movement		Movement	
	%	<u>J\$</u>	%	<u>J\$</u>
United States Dollar	6	<u>234,229,148</u>	6	<u>132,005,196</u>

The analysis assumes that all other variables, in particular, interest rates, remain constant and is performed on a similar basis for 2016.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017

(Expressed in Jamaican Dollars unless otherwise indicated)

4. Financial Risk Management (Cont'd):

(d) Capital Management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern, and to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on equity, which the company defines as net profit attributable to equity holders of the company divided by total shareholders equity.

The company monitors capital on the basis of debt to equity ratio. The ratio is calculated on total borrowings. During 2016 the company's strategy, which was unchanged from 2015, was to maintain a debt equity ratio not exceeding 100%.

There were no changes to the company's approach to capital management during the year.

The company's capital comprises:

	2017	2016
	\$	\$
Issued Capital	10,000,000	10,000,000
Capital Reserve	1,156,784,682	1,156,784,682
Revaluation Reserve	56,707,619	56,707,619
Accumulated Profit	<u>2,662,562,209</u>	<u>1,299,276,926</u>
	<u>3,886,054,510</u>	<u>2,522,769,227</u>

(e) Fair Value

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

The fair values of cash resources, other assets and other liabilities, are assumed to approximate their carrying values due to their short-term nature.

The following table provides an analysis of financial instruments held as at 31st March 2016 that, subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

There were no transfers between levels during the year.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

4. Financial Risk Management (Cont'd):

(e) Fair Value (Cont'd)

	2017			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investment in NJBP 11	-	-	2,207,586,345	2,207,586,345
Govt of Jamaica 5.25% USD Bond	-	32,054,200	-	32,054,200
	<u>-</u>	<u>32,054,200</u>	<u>2,207,586,345</u>	<u>2,239,640,545</u>
	2016			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investment in NJBP 11	-	-	2,095,425,694	2,095,425,694
Govt of Jamaica 5.25% USD Bond	-	30,425,625	-	30,425,625
	<u>-</u>	<u>30,425,625</u>	<u>2,095,425,694</u>	<u>2,125,851,319</u>

(d) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- (i) Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- (ii) Requirement for appropriate segregation of duties, including the independent authorisation of transactions;
- (iii) Requirements for the reconciliation and monitoring of transactions;
- (iv) Compliance with regulatory and other legal requirements;
- (v) Documentation of controls and procedures;
- (vi) Requirements for the reporting of operational losses and proposed remedial action;
- (vii) Training and professional development;
- (viii) Ethical and business standards; and
- (ix) Risk mitigation, including insurance where this is effective.

Compliance with the company's standards is supported by periodic reviews, the results are discussed with the management and the Board of Directors.

There were no changes to the company's approach to operational risk management during the year.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

5. Property, Plant and Equipment

	Land	Structures, Residence, Paved Roads & Yards	Pier, Port Facilities & Equipment	Construction -in- Progress	Water & Power Generation & Distribution Equipment	Overland Conveyor	Plant Machinery & Equipment	Other Plant Machinery & Equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
At Cost or Valuation									
31st March 2015	2,583,146	44,293,059	155,965,586	1,201,825	10,752,421	16,540,206	12,366,060	35,637,599	279,339,902
Additions	-	925,399	144,800	4,419,212	-	-	-	11,486,790	16,976,201
Disposals	-	-	-	(61,297)	-	-	-	(4,978,981)	(5,040,278)
31st March 2016	2,583,146	45,218,458	156,110,386	5,559,740	10,752,421	16,540,206	12,366,060	42,145,408	291,275,825
Additions	-	7,831,526	277,260	-	1,068,808	-	-	15,266,348	24,443,942
Disposals	-	-	-	-	-	-	-	(4,478,100)	(4,478,100)
31st March 2017	<u>2,583,146</u>	<u>53,049,984</u>	<u>156,387,646</u>	<u>5,559,740</u>	<u>11,821,229</u>	<u>16,540,206</u>	<u>12,366,060</u>	<u>52,933,656</u>	<u>311,241,667</u>
Depreciation:									
31st March 2015	-	23,928,407	102,096,912	-	9,572,950	1,775,988	1,236,606	17,243,350	155,854,213
Charge for the year	-	2,701,968	9,697,562	-	418,485	510,421	1,236,606	4,305,815	18,870,856
Retired on disposal	-	-	-	-	-	-	-	(3,614,861)	(3,614,861)
31st March 2016	-	26,630,375	111,794,474	-	9,991,435	2,286,409	2,473,212	17,934,304	171,110,208
Charge for the year	-	3,268,473	9,725,288	-	445,205	510,421	-	7,541,821	21,491,208
Released on disposal	-	-	-	-	-	-	-	(365,740)	(365,740)
31st March 2017	-	<u>29,898,848</u>	<u>121,519,762</u>	-	<u>10,436,640</u>	<u>2,796,830</u>	<u>2,473,212</u>	<u>25,110,384</u>	<u>192,235,676</u>
Net Book Values:									
31st March 2017	<u>2,583,146</u>	<u>23,151,136</u>	<u>34,867,884</u>	<u>5,559,740</u>	<u>1,384,589</u>	<u>13,743,376</u>	<u>9,892,848</u>	<u>27,823,272</u>	<u>119,005,991</u>
31st March 2016	<u>2,583,146</u>	<u>18,588,083</u>	<u>44,315,912</u>	<u>5,559,740</u>	<u>760,986</u>	<u>14,253,797</u>	<u>9,892,848</u>	<u>24,211,104</u>	<u>120,165,617</u>
31st March 2015	<u>2,583,146</u>	<u>20,364,652</u>	<u>53,868,674</u>	<u>1,201,825</u>	<u>1,179,471</u>	<u>14,764,218</u>	<u>11,129,454</u>	<u>18,394,249</u>	<u>123,485,689</u>

Property, plant and equipment comprise:

A valuation of the company's seven percent (7%) interest in the Joint Operation with UC RUSAL's ninety-three percent (93%) was carried out by Deloitte and Touche LLP on December 31, 2012. The fair value of the company's assets at that date was US\$9,611,280 approximately J\$837,290,502. All those assets were sold in July 2014 when the company disposed of its 7% holding in Windalco to UC Rusal.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

6. Investment Property

	Freehold Land	Freehold Building	Total
	\$	\$	\$
At Cost or Valuation:			
31st March 2015	3,457,077	30,471,000	33,928,077
31st March 2016	3,457,077	30,471,000	33,928,077
31st March 2017	3,457,077	30,471,000	33,928,077
Depreciation:			
31st March 2015	-	19,195,691	19,195,691
Charge for the year	-	1,354,400	1,354,400
31st March 2016	-	20,550,091	20,550,091
Charge for the year	-	597,185	597,185
31st March 2017	-	21,147,276	21,147,276
Net Book Values:			
31st March 2017	3,457,077	9,323,724	12,780,801
31st March 2016	3,457,077	9,920,909	13,377,986
31st March 2015	3,457,077	11,275,309	14,732,386

Investment property includes real estate properties which are owned to earn rental or for capital appreciation. Investment property is leased as operating leases and the rental income is included in other revenue. The minimum lease payments are all non-cancellable for a period of not less than two (2) months from the commencement of the lease.

7. Investment

	2017	2016
	\$	\$
(i) Noranda Jamaica Bauxite Partners 11 (NJBP 11)	2,207,586,345	2,095,425,694
(ii) Long term Investments	32,054,200	30,425,625
	<u>2,239,640,545</u>	<u>2,125,851,319</u>

- (i) This represents the fifty one percent (51%) interest in the mining assets of the partnership of Noranda Jamaica Bauxite Partners 11 2017: US\$17,217,606, (2016: US\$17,217,606).

In October 2016, New Day Alumina LLC won the auction for Noranda's assets in Jamaica. There has been no change to the previous agreement, where 10% of the USD amount invested is paid to the company annually for use of assets. This is presented on Statement 2 and represents 84% of Investment income.

- (ii) This represents two investments in Government of Jamaica 5.25% USD Local Bond maturing March 11, 2020 with a nominal value US\$250,000.00.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017

(Expressed in Jamaican Dollars unless otherwise indicated)

8. Deferred Tax Asset

Deferred Income Tax is calculated in full on all temporary differences under the liability method using the tax rate of 25%. Assets and Liabilities recognised have been off-set as they accrue to the same tax authority.

Assets and liabilities recognized in the Statement of Financial Position are as follows:

	2017	2016
	\$	\$
Deferred Tax Asset	<u>(129,855,981)</u>	<u>(329,025,101)</u>

The movement on the net deferred Income Tax balance is as follows:

	\$	\$
Net Asset at the beginning of year	(329,025,101)	(516,177,747)
Deferred Tax Expense	<u>199,169,120</u>	<u>187,152,646</u>
Net Asset at the end of year	<u>(129,855,981)</u>	<u>(329,025,101)</u>

Deferred tax asset/(liabilities) are due to the following items:

	2017	2016
	\$	\$
Structures, Residences, etc.	(1,294,629)	(1,526,738)
Plant, Machinery & Equipment	(37,377,149)	(44,750,449)
Water & Power Generation & Distribution Equipment	(500,945)	(562,231)
Port Facilities Equipment	(387,310)	4,565,309
Motor Vehicles	(1,668,078)	(773,423)
Other Plant, Machinery & Equipment	1,082,800	1,271,956
Interest Receivable	4,539,808	3,367,001
Accrued Vacation	(868,288)	-
Tax Losses	<u>(93,382,190)</u>	<u>(290,616,526)</u>
	<u>(129,855,981)</u>	<u>(329,025,101)</u>

9. Due From/(To) Related Party

	2017	2016
	\$	\$
Due From Related Party		
Noranda Jamaica Bauxite Partners 11 (NJBP 11) - Use of Assets Fees	72,628,065	69,512,101
Ministry of Finance	<u>487,367,316</u>	<u>487,367,316</u>
	<u>559,995,381</u>	<u>556,879,417</u>
Due To Related Party		
Glencore Alumina Jamaica Limited	<u>(96,653,294)</u>	<u>(96,653,294)</u>
	<u>463,342,087</u>	<u>460,226,123</u>

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

10. Inventories

	2017	2016
	\$	\$
Inventory Supplies	4,918,171	6,253,711
Purchases in Transit	7,741,465	128,408
	<u>12,659,636</u>	<u>6,382,119</u>

Inventory is recognized as those items purchased to facilitate repairs and maintenance work on company assets.

11. Trade and Other Receivables

	2017	2016
	\$	\$
Trade Receivables	69,178,215	40,262,724
Less: Specific provision for doubtful debts	(4,958,013)	(5,058,013)
	<u>64,220,202</u>	<u>35,204,711</u>
Advances - (Clarendon Alumina Production & Lydford Branch)	155,339,311	139,802,941
Interest Receivable	18,159,233	13,468,002
General Consumption Tax (GCT)	427,619	2,159,228
Deferred Charges	11,379,685	11,631,650
Insurance Proceeds	4,342,000	-
Other Receivables	1,986,081	1,974,900
	<u>255,854,131</u>	<u>204,241,432</u>

All amounts are short-term and the carrying value is considered a reasonable approximation of fair value.

12. Short Term Investments

	2017	2016
	\$	\$
US\$ Short-Term Investments	920,948,267	691,502,212
J\$ Short-Term Investments	2,507,275	2,437,809
	<u>923,455,542</u>	<u>693,940,021</u>

13. Cash and Cash Equivalents

	2017	2016
	\$	\$
J\$ Deposits	80,006,994	97,586,608
US\$ Deposits	155,333,998	145,733,542
J\$ Current Accounts	7,194,310	23,249,964
US\$ Current accounts	17,238,641	50,819,329
Petty Cash	30,000	30,000
	<u>259,803,943</u>	<u>317,419,443</u>

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

14. Issued Share Capital	2017	2016
	₹	₹
Authorised 20,000,000 Ordinary Shares		
Issued and fully paid: 10,000,000 Ordinary Shares of no par value	<u>10,000,000</u>	<u>10,000,000</u>
As of January 2007, under the Jamaican Companies Act 2004, all shares in issue are deemed to be without par value.		
15. Capital Reserve	2017	2016
	₹	₹
Surplus on refinancing from Reynolds Jamaica Mines Limited	20,044,999	20,044,999
Transfer from Exchange Equalisation Reserve of amount relating to the previously held investment in Jamaica Reynolds Bauxite Partners and others.	1,017,548,705	1,017,548,705
Transfer of Jamaica Bauxite Mining 6% share of interest in Jamalco to Clarendon Alumina Production.	13,025,814	13,025,814
Transfer of assets from BATCO, on the liquidation of the company, to Jamaica Bauxite Mining.	75,448,164	75,448,164
Transfer of advances from Ministry of Finance and interest accrued.	<u>30,717,000</u>	<u>30,717,000</u>
	<u>1,156,784,682</u>	<u>1,156,784,682</u>
16. Revaluation Reserve	2017	2016
	₹	₹
Excess of fair value of assets acquired on dissolution of Jamaica Reynolds Bauxite Partners over cost of Investment attributed thereto	55,748,000	55,748,000
Excess of value of assets from Texas Marine Transport over purchase price	299,000	299,000
Capital improvement- Fixed assets capitalised	131,987	131,987
Surplus on motor vehicle transferred from Bauxite and Alumina Trading Company of Jamaica Limited.	<u>528,632</u>	<u>528,632</u>
	<u>56,707,619</u>	<u>56,707,619</u>
17. Trade and Other Payables	2017	2016
	₹	₹
Trade Payables	22,604,304	25,886,653
Penalty and Interest - Glencore	-	1,376,812,630
Accruals	4,546,919	9,037,364
Lydford Branch	62,581,516	47,045,857
Other Payables	<u>1,566,211</u>	<u>6,419,103</u>
	<u>91,298,950</u>	<u>1,465,201,607</u>

All amounts are short-term and the carrying value is considered a reasonable approximation of fair value.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

18. Deferred Income

	2017	2016
	\$	\$
(i) Prepaid Rental Income	591,685	-
Glencore Payments	-	-
	<u>591,685</u>	<u>-</u>

*

*** RESTATEMENT**

These balances were restated to adjust for the treatment of a government grant received to settle a debt to Glencore International AG regarding penalty and interest for non-performance of a trade agreement. The penalty and interest were charged against profits over the years 2011 to 2014 while the grant was treated as deferred income in 2015 and 2016. In accordance with IAS 20, the grant has now been included as income in the relevant years to offset the related expenditure. Additionally, and in conformity with IAS 12, the statements have been restated to account for deferred taxation, as the reasons for not previously accounting for deferred taxation no longer exist.

(i) This represents the total prepaid rental income.

19. Bank Overdraft

	2017	2016
	\$	\$
Book Overdraft	<u>166,540</u>	<u>-</u>

20. Finance Income

Finance income includes all income received from short-term deposits and cash at bank.

	2017	2016
	\$	\$
Interest Income from Cash and Cash Equivalents	36,727,354	29,825,298
Interest Income from Financial Assets at amortised cost	218,859,605	204,405,451
	<u>255,586,959</u>	<u>234,230,749</u>

21. Other Areas of Revenue

	2017	2016
	\$	\$
Maintenance Income	6,047,299	4,635,042
Rental Income	36,180,573	51,287,820
Port Income	209,651,787	182,019,186
Other Income	8,070,842	17,597,322
Scraps	-	84,561
Bad Debt Recovered	-	302,514
	<u>259,950,501</u>	<u>255,926,445</u>

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

22. Operating Profit for the Year

Operating Profit for the year is stated after charging/(crediting) the following:

	2017	2016
	\$	\$
Depreciation: Administration	22,148,571	20,222,327
Auditors' Remuneration	1,316,700	990,000
Interest Income	(255,586,959)	(234,230,749)
Gain on Foreign Exchange (net)	(122,099,527)	(47,235,474)
Gain on disposal of Investments, Property, Plant and Equipment	<u>(427,768)</u>	<u>(401,000)</u>

23. Taxation

(i) Taxation has been computed on the profits for the year as adjusted for income tax purposes and comprise:

	2017	2016
	\$	\$
Income Tax @ 25%	197,234,336	186,008,890
Employment Tax Credit	(10,661,398)	(1,228,015)
Deferred Tax Expense	<u>199,169,120</u>	<u>187,152,646</u>
	<u>385,742,058</u>	<u>371,933,521</u> *
Reconciliation of theoretical tax charge to effective tax charge:		
Profit for the year	<u>1,749,027,341</u>	<u>1,495,659,593</u>
Income tax thereon at 25%	437,256,835	373,914,898
Tax effect of different transactions:		
Expenses not deductible	325,885	15,558,249
Income not subject to tax	(40,315,514)	(16,308,449)
Employment Tax Credit	(10,661,398)	(1,228,015)
Unreconciled difference	<u>(863,750)</u>	<u>(3,162)</u>
	<u>385,742,058</u>	<u>371,933,521</u>

*** RESTATEMENT**

These balances were restated to adjust for the treatment of a government grant received to settle a debt to Glencore International AG regarding penalty and interest for non-performance of a trade agreement. The penalty and interest were charged against profits over the years 2011 to 2014 while the grant was treated as deferred income in 2015 and 2016. In accordance with IAS 20 - *Accounting for Government Grants and Disclosure of Government Assistance*, the grant has now been included as income in the relevant years to offset the related expenditure. Additionally, and in conformity with IAS 12 - *Income Taxes*, the statements have been restated to account for deferred taxation, as the reasons for not previously accounting for deferred taxation no longer exist.

(ii) Subject to the agreement of the Commissioner General, Tax Administration Jamaica, losses of approximately \$373,528,758 (2016: \$1,162,466,1031) are available to be set off against future taxable profits. These losses, if not utilised, can be carried forward indefinitely. However, effective January 2014, the losses that can be set off against the assessable income for the year is restricted to fifty percent (50%) of that income.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

24. Related Party balances and transactions

The company's statement of comprehensive income and statement of financial position include the following income and expenses and balances incurred in transactions with related parties, in the ordinary course of business.

Related Party balances and transactions include the following:

- i Key Management compensation and transactions.
- ii The company is related to subsidiaries of the shareholders by virtue of common Shareholders and Directors.
- iii Profit for the year includes expenses incurred in transactions with related parties.

	2017	2016
	\$	\$
Expenses:		
Management remuneration (included in employee benefits note 26)	<u>42,656,312</u>	<u>37,784,727</u>

25. Direct Expenses

	2017	2016
	\$	\$
Auditors' Remuneration	1,316,700	990,000
Professional Fees	2,147,296	2,580,170
Depreciation	18,093,395	17,882,305
Fuel and Power	14,220,559	17,098,940
Property Taxes	3,170,490	1,921,160
Employee Benefits (Note 25)	166,445,303	128,718,451
Other Expenses	<u>156,835,357</u>	<u>292,415,249</u>
	<u>362,229,100</u>	<u>461,606,275</u>

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

26. Employee Benefits

	2017	2016
	\$	\$
Salaries, Wages and Related Expenses	141,778,288	109,716,719
Pension	13,488,262	9,784,931
Medical and Other Benefits	11,178,753	9,216,801
	<u>166,445,303</u>	<u>128,718,451</u>

27. Defined Contribution Pension Plan

The company operates a defined contribution pension plan. All permanent employees are eligible to join the pension plan and are required to contribute at a mandatory rate of five percent (5%) of pensionable salaries but may make voluntary contributions not exceeding a further five percent (5%). The company contributes at a rate of five percent (5%) of pensionable salaries.

28. Contingent Liabilities

The company is contingently liable for letter of guarantee issued to the Jamaica Public Service Company Limited (JPSCO) in the sum of \$1,700,000.

29 Capital Management Policies and Procedures

The company's capital management objective is to ensure the company's ability to continue as a going concern and to sustain future development of the business. The company's Board of Directors reviews the financial position of the company at regular meetings held.

The company is not subject to any externally imposed capital requirements.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

30. Fair Value Measurement of Non-Financial Assets

Fair value of the company's land and building is estimated based on an appraisal preferred by a professionally qualified valuers. The significant inputs and assumptions are developed in closed consultation with management.

Land and Buildings (Level 1)

The appraisal was carried out using a market approach that reflects observed prices for market transactions for similar properties and incorporates adjustments for factors specific for similar properties and incorporates adjustments for factors to the companies property, including size, location, encumbrances and current use of the property.

The property was not revalued at the reporting date even though a revaluation is due. Management is in the process of having the revaluation exercise carried out by professionally qualified valuers.

JAMAICA BAUXITE MINING LIMITED
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017

INDEX

SUPPLEMENTARY
STATEMENTS

REPORT OF THE INDEPENDENT AUDITORS TO THE DIRECTORS	1
Detailed Trading and Profit or Loss Account	2
Schedule of Mining Costs	3
Lydford Operations Detailed Profit or Loss Account	4
Schedule of Administrative, Finance Costs and Other Operating Expenses	5
Income Tax Adjusting Statement	6 - 6a
Capital Allowances Schedule	7 - 7b

**REPORT OF THE INDEPENDENT AUDITORS
TO THE DIRECTORS OF
JAMAICA BAUXITE MINING LIMITED
ON SUPPLEMENTARY INFORMATION**

The supplementary information presented on statements 2 to 7 has been taken from the accounting records of the company and has been subjected to tests and other auditing procedures applied in our examination of the financial statements of the company for the year ended 31st March 2017.

In our opinion, the said information is fairly presented in all material respects in relation to the financial statements taken as a whole, although it is not necessary for a fair presentation of the state of affairs of the company at 31st March 2017 and of the results of its operations, its changes in equity and its cash flows for the year then ended.

Crowe Horwath Jamaica



Crowe Horwath Jamaica

28th September 2017

JAMAICA BAUXITE MINING LIMITED
DETAILED TRADING AND PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

	2017	2016
	\$	\$
Sales	-	-
Less: Mining costs	-	-
Gross Loss	-	-
Other Income - Lydford Operations	251,879,659	238,329,123
Other Income	8,070,842	17,597,322
Investment Income	255,586,959	234,230,749
Government Grants	1,473,191,686	1,419,472,200
Foreign Exchange Gain	122,099,527	47,235,474
Gain on Disposal of Property, Plant and Equipment	427,768	401,000
	<u>2,111,256,441</u>	<u>1,957,265,868</u>
	<u>2,111,256,441</u>	<u>1,957,265,868</u>
Administrative and Other Overhead Expenses:		
Expense - Lydford Operations	242,483,405	178,710,513
Administrative Expenses	119,745,695	282,895,762
	<u>362,229,100</u>	<u>461,606,275</u>
Trading Profit for the Year	<u>1,749,027,341</u>	<u>1,495,659,593</u>

JAMAICA BAUXITE MINING LIMITED
SCHEDULE OF MINING COST
FOR THE YEAR ENDED 31ST MARCH 2017
 (Expressed in Jamaican Dollars unless otherwise indicated)

	2017	2016
	\$	\$
Opening Stock - Alumina	6,382,119	2,669,002
Purchases	<u>-</u>	<u>3,713,117</u>
	6,382,119	6,382,119
Less: Closing Stock - Alumina	<u>(6,382,119)</u>	<u>(6,382,119)</u>
	-	-
Add: Direct Production Overheads		
Depreciation		
Royalty		
	<u>-</u>	<u>-</u>
Mining Costs	<u>-</u>	<u>-</u>

JAMAICA BAUXITE MINING LIMITED
LYDFORD OPERATIONS DETAILED PROFIT OR LOSS ACCOUNT
FOR YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

	2017	2016
	\$	\$
Income		
Income	209,651,787	182,019,186
Maintenance Income	6,047,299	4,635,042
Rental Income	36,180,573	51,287,820
Scraps	-	84,561
Bad Debt Recovered	-	302,514
	<u>251,879,659</u>	<u>238,329,123</u>
Expenses		
Salaries, Wages and Related Expenses	100,119,536	77,216,287
Casual Labour	328,246	-
Staff Benefits	6,550,601	5,101,771
Fuel and Power	14,220,559	17,098,940
Freight	1,538,242	1,016,868
Advertising Expense	28,368	-
Repairs and Maintenance	12,652,489	25,112,319
Professional Fess	446,570	412,493
Outside Services	2,270,789	1,122,229
Office Supplies	611,192	785,701
Telephone and Postage	609,196	522,728
Local Travel	510,218	415,731
Property Taxes	3,170,490	1,921,160
Insurance	3,023,710	2,571,809
Pension and Group Health	13,488,262	9,784,931
Depreciation	18,093,395	17,882,305
Water	2,833,627	1,828,309
Bad Debt Expense	41,703,764	-
Sundry Supplies	3,173,176	2,330,383
Donations and Subscriptions	115,694	62,694
Bank Charges and Interest	114,532	(66,371)
Security	8,710,574	10,058,266
Motor Vehicle Expenses	990,700	1,384,078
GCT Expense	7,179,475	2,147,882
	<u>242,483,405</u>	<u>178,710,513</u>
Total Profit	<u>9,396,254</u>	<u>59,618,610</u>

JAMAICA BAUXITE MINING LIMITED
SCHEDULE OF ADMINISTRATIVE, FINANCE COSTS & OTHER OPERATING EXPENSES
FOR YEAR ENDED 31ST MARCH 2017

(Expressed in Jamaican Dollars unless otherwise indicated)

	2017	2016
	\$	\$
Administrative Expenses		
Salaries, Wages and Related Expenses	41,658,752	32,500,432
Director's Fees	1,121,500	2,192,500
Auditor's Remuneration	1,316,700	990,000
Professional & Consultancy Fees	2,147,296	2,580,170
Staff Welfare & Benefits	4,628,152	4,115,030
Staff Training & Symposium	69,620	535,002
Telephone, Postage and Cables	626,355	834,983
Foreign Travel Expense	500,687	2,452,588
Printing and Stationery	213,289	126,155
Rental Expense	5,492,238	5,487,308
Advertising Expense	726,404	835,106
Entertainment	50,166	171,585
Asset Declaration and Annual Returns Fees	350,000	200,000
Penalty and Interest- Glencore	52,096,720	154,585,385
Registration Fee - Windalco	-	6,107,945
Transfer Tax - Windalco	-	61,079,453
Bank Charges	178,000	199,100
Depreciation	4,055,176	2,340,022
Health & General Insurance	867,206	1,142,593
Pension	350,055	266,317
Repairs & Maintenance - Computer	273,211	530,599
Repairs & Maintenance - Sabina Park View Box	318,823	326,983
Motor Vehicle Expenses	599,732	726,743
Subscriptions & Donations	880,191	1,164,671
General Office and Other Expense	1,225,422	1,405,092
	<u>119,745,695</u>	<u>282,895,762</u>
Other Operating Expense		
Gain on Foreign Exchange (net)	<u>(122,099,527)</u>	<u>(47,235,474)</u>

JAMAICA BAUXITE MINING LIMITED
INCOME TAX ADJUSTING STATEMENT
YEAR OF ASSESSMENT 2017
BASED ON ACCOUNTS FOR YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

	\$	\$
Gross Receipt/Sales/Income		1,473,191,686
Cost of Sales		<u>-</u>
Gross Operating Loss		1,473,191,686
Business/Administrative Expenses	(362,229,100)	
Adjustments:		
Add: Disallowable Items:		
Depreciation	22,148,571	
Assets Fees	350,000	
Donations	136,633	
Professional fees	816,908	
Accrued Vacation	<u>3,473,150</u>	
	<u>26,925,262</u>	
Allowable Business/Administrative Expenses		<u>(335,303,838)</u>
Adjusted Operating Loss		1,137,887,848
Rental Income		36,180,573
Dividend, Interest, Investment etc. Income	255,586,959	
Add: Interest Receivable @ 31/03/2016	13,468,002	
Less: Interest Receivable @ 31/03/2017	<u>(18,159,233)</u>	
Dividend, Interest, Investment etc. Income Received	<u>250,895,728</u>	
Other Income	346,297,223	
Less: Gain on Foreign Exchange- Capital	(152,763,444)	
Other Sources of Income	(8,070,842)	
Gain on disposal of Property, Plant & Equipment	<u>(427,768)</u>	
	<u>185,035,169</u>	
Assessable Other Income		<u>435,930,897</u>
Total Assessable Income		1,609,999,318
Less: Capital Allowances:		
Initial Allowance	(2,560,993)	
Annual Allowance	<u>(29,563,636)</u>	
		<u>(32,124,629)</u>
Assessable Income for the year		1,577,874,689
Less: Allowable Losses brought forward	(1,162,466,103)	
Reduced by loss to be carried forward	<u>(373,528,759)</u>	
Restricted loss set-off (Limit 50% of Assessable Income)		<u>(788,937,344)</u>
Chargeable Income		<u><u>788,937,345</u></u>

JAMAICA BAUXITE MINING LIMITED
INCOME TAX ADJUSTING STATEMENT
YEAR OF ASSESSMENT 2017
BASED ON ACCOUNTS FOR YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

	\$
Income Tax thereon @ 25 %	197,234,336
Less Employment Tax Credit	<u>(10,661,398)</u>
	186,572,938
Less: Withholding Tax on Interest	<u>(8,006,107)</u>
	178,566,831
Less: Minimum Business Tax	<u>(60,000)</u>
	178,506,831
Less: Estimated Tax Paid	<u>-</u>
Net Tax Payable	<u><u>178,506,831</u></u>

JAMAICA BAUXITE MINING LIMITED
CAPITAL ALLOWANCES SCHEDULE
YEAR OF ASSESSMENT 2017
BASED ON ACCOUNTS FOR YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

	Date Acquired	Cost	Rate	WDV as at 31/03/2016	Additions	Disposal	Total for Annual Allowance	Initial Allowance @ 25%	Annual Allowance	WDV as at 31/03/2017
		\$	%	\$	\$	\$	\$	\$	\$	\$
Structures, Residences, etc.										
Structures			2.5	1,658,305	-	-	1,658,305	-	41,458	1,616,847
Residence			2.5	2,027,213	-	-	2,027,213	-	50,680	1,976,533
Paved Road and Yard			2.5	2,044,208	-	-	2,044,208	-	51,105	1,993,103
Structures, Residence, Paved Road & Yard 2011		1,755,868	2.5	1,508,411	-	-	1,508,411	-	37,710	1,470,701
Structures, Residence, Paved Road & Yard 2013		4,003,000	2.5	3,617,463	-	-	3,617,463	-	90,437	3,527,026
Structures, Residence, Paved Road & Yard 2014		2,786,763	2.5	2,582,938	-	-	2,582,938	-	64,573	2,518,365
Residence & Contents			10	6,652,768	-	-	6,652,768	-	665,277	5,987,491
Residence & Contents	2012	1,893,763	10	869,749	-	-	869,749	-	86,975	782,774
Residence & Contents	2015	449,577	12.50 SL	337,183	-	-	337,183	-	56,197	280,986
Residence & Contents	2016	863,071	12.50 SL	755,187	-	-	755,187	-	107,884	647,303
Leasehold Improvement	2016	62,328	12.50 SL	54,537	-	-	54,537	-	7,791	46,746
Residence & Contents	2017	419,576	12.50 SL	-	419,576	-	419,576	104,894	52,447	262,235
Paved roads and yards	2017	7,411,950	12.50 SL	-	7,411,950	-	7,411,950	1,852,988	926,494	4,632,469
Sub Total		19,645,896		22,107,962	7,831,526	-	29,939,488	1,957,882	2,239,028	25,742,579
Plant & Machinery										
Pre - 2007 acquisitions			7.5	94,993,125	-	-	94,993,125	-	7,124,484	87,868,641
Plant & Machinery	2007		10	313,753	-	-	313,753	-	31,375	282,378
Plant & Machinery	2011		10	2,660,988	-	-	2,660,988	-	266,099	2,394,889
Plant & Machinery	2012		10	22,780	-	-	22,780	-	2,278	20,502
Plant & Machinery	2013	24,718,000	10	12,613,595	-	-	12,613,595	-	1,261,360	11,352,235
Plant & Machinery	2014	66,151,832	10	37,508,089	-	-	37,508,089	-	3,750,809	33,757,280
Sub Total		90,869,832		148,112,330	-	-	148,112,330	-	12,436,405	135,675,925
Machinery & Equipment										
Machinery & Equipment			10	20,553,985	-	-	20,553,985	-	2,055,399	18,498,586
Machinery & Equipment			10	10,881,684	-	-	10,881,684	-	1,088,168	9,793,516
Machinery & Equipt - Lydford '07	2007		10	39,805	-	-	39,805	-	3,981	35,824
Machinery & Equipt - Lydford '09	2009		10	33,529	-	-	33,529	-	3,353	30,176
Machinery & Equipt - Lydford '11	2011	80,136	10	33,132	-	-	33,132	-	3,313	29,819
Machinery & Equipt - Lydford '12	2012	5,393,000	10	2,476,843	-	-	2,476,843	-	247,684	2,229,159
Machinery & Equipment	2013	1,740,000	10	887,922	-	-	887,922	-	88,792	799,130
Machinery & Equipment	2014	6,109,377	10	3,464,017	-	-	3,464,017	-	346,402	3,117,615
Machinery & Equipment	2015	146,732	12.50 SL	110,048	-	-	110,048	-	18,342	91,706
Sub Total		13,469,245		38,480,965	-	-	38,480,965	-	3,855,434	34,625,531

JAMAICA BAUXITE MINING LIMITED
CAPITAL ALLOWANCES SCHEDULE
YEAR OF ASSESSMENT 2017
BASED ON ACCOUNTS FOR YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

	Date Acquired	Cost	Rate	WDV as at 31/03/2016	Additions	Disposal	Total for Annual Allowance	Initial Allowance	Annual Allowance	WDV as at 31/03/2017
		\$	%	\$	\$	\$	\$	\$	\$	\$
Mining Equipment										
Misc Mining Equipment			10	311,377	-	-	311,377	-	31,138	280,239
Overland Conveyors			10	25,006	-	-	25,006	-	2,501	22,505
Overland Conveyors			10	42,212	-	-	42,212	-	4,221	37,991
Overland Conveyors - 2013	2013	17,000	10	8,675	-	-	8,675	-	868	7,807
Overland conveyors	2015	2,552,103	12.50 SL	1,914,077	-	-	1,914,077	-	319,013	1,595,064
Office Equipment	2017	86,930	12.50 SL	-	86,930	-	86,930	17,386	10,866	58,678
Machinery & Equipment	2017	426,001	12.50 SL	-	426,001	-	426,001	85,200	53,250	287,551
Office Furniture & Equipment	2017	780,042	12.50 SL	-	780,042	-	780,042	156,008	97,505	526,529
Communication Equipment	2017	40,000	12.50 SL	-	40,000	-	40,000	8,000	5,000	27,000
Sub Total		3,902,076		2,301,347	1,332,973	-	3,634,320	266,595	524,362	2,843,363
Office Equipment										
Misc. Office Equipment			10	60,331	-	-	60,331	-	6,033	54,298
Office Equipment - 2007			10	14,413	-	-	14,413	-	1,441	12,972
Office Equipment - 2009			10	42,029	-	-	42,029	-	4,203	37,826
Office Equipment	2015	171,154	12.50 SL	128,366	-	-	128,366	-	21,394	106,972
Samsung LED Television	2015	131,060	12.50 SL	98,294	-	-	98,294	-	16,383	81,911
Office Equipment	2016	169,046	12.50 SL	147,915	-	-	147,915	-	21,131	126,784
Office Equipment	2016	465,059	12.50 SL	406,927	-	-	406,927	-	58,132	348,795
Communications Equipment	2016	108,498	20.00 SL	86,798	-	-	86,798	-	21,700	65,098
Sub Total		1,044,817		985,073	-	-	985,073	-	150,417	834,656
Computer Equipment										
Computer Equipment	2002		22.50 SL	1	-	-	1	-	-	1
Computer Equipment	2008	58,907	22.50 SL	1	-	-	1	-	-	1
Computer Equipment	2016	135,235	20.00 SL	74,379	-	-	74,379	-	27,047	47,332
General & Dist. Equipment			10	150,251	-	-	150,251	-	15,025	135,226
Sub Total		194,142		224,632	-	-	224,632	-	42,072	182,560
Water Equipment										
Water Equipment			10	1,850,961	-	-	1,850,961	-	185,096	1,665,865
Water Equipment	2007		10	32,651	-	-	32,651	-	3,265	29,386
Rotating Impeller Assesory			7.5	163,056	-	-	163,056	-	12,229	150,827
Flowsolve Pump 2LLR 9-C Portwater			7.5	197,187	-	-	197,187	-	14,789	182,398
Flowsolve Motor 40HP Portwater			7.5	97,567	-	-	97,567	-	7,318	90,249
Water Equipment	2009	728,840	10	244,021	-	-	244,021	-	24,402	219,619
Power Generator Motor			10	64,611	-	-	64,611	-	6,461	58,150
Power Generator			10	359,857	-	-	359,857	-	35,986	323,871
Water equipment	2017	1,068,808	12.5	-	1,068,808	-	1,068,808	267,202	133,601	668,005
Sub Total		1,797,648		3,009,911	1,068,808	-	4,078,719	267,202	423,147	3,388,370

JAMAICA BAUXITE MINING LIMITED
CAPITAL ALLOWANCES SCHEDULE
YEAR OF ASSESSMENT 2017
BASED ON ACCOUNTS FOR YEAR ENDED 31ST MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

	Date Acquired	Cost	Rate	WDV as at 31/03/2016	Additions	Disposal	Total for Annual Allowance	Initial Allowance	Annual Allowance	WDV as at 31/03/2017
		\$	%	\$	\$	\$	\$	\$	\$	\$
Port Facilities Equipment										
Port Facilities Equipment			10	9,900,447	-	-	9,900,447	-	990,045	8,910,402
Port Facilities Equipment			10	608,091	-	-	608,091	-	60,809	547,282
Pier Facilities			10	5,162,198	-	-	5,162,198	-	516,220	4,645,978
Pier Facilities	2007		10	746,133	-	-	746,133	-	74,613	671,520
Pier Facilities - Speed reducer W/Motor			10	158,966	-	-	158,966	-	15,897	143,069
Pier Facilities	2009	24,416,024	10	7,356,335	-	-	7,356,335	-	735,634	6,620,701
Pier Security	2009	16,752,348	10	5,608,817	-	-	5,608,817	-	560,882	5,047,935
Pier Security	2010	550,716	10	204,871	-	-	204,871	-	20,487	184,384
Port Facilities Equipment	2011	289,048	10	119,476	-	-	119,476	-	11,948	107,528
Port Facilities Equipment	2012	8,788,755	10	4,036,411	-	-	4,036,411	-	403,641	3,632,770
Port Facilities Equipment	2013	9,960,000	10	5,082,588	-	-	5,082,588	-	508,259	4,574,329
Pier, Port Facilities Equipment	2014	1,361,685	10	772,075	-	-	772,075	-	77,208	694,867
Port Facilities Equipment	2015	567,155	12.50 SL	425,367	-	-	425,367	-	70,894	354,473
Port Facilities Equipment	2016	144,800	12.50 SL	126,700	-	-	126,700	-	18,100	108,600
Port equipment	2017	277,260	12.50 SL	-	277,260	-	277,260	69,315	34,658	173,287
Sub Total		63,107,791		40,308,475	277,260	-	40,585,735	69,315	4,099,295	36,417,125
Furniture & Fixtures										
Furniture & Fixtures - Lydford			10	4,250	-	-	4,250	-	425	3,825
Furniture & Fixtures - Kingston			10	3,829	-	-	3,829	-	383	3,446
Sub Total		-		8,079	-	-	8,079	-	808	7,271
Motor Vehicles										
Mitsubishi 1200 CC2425			12.50 SL	1	-	-	1	-	-	1
Motor Cycle			12.50 SL	1	-	-	1	-	-	1
Hilux Pickup		1,682,980	12.50 SL	951,511	-	-	951,511	-	210,373	741,138
Mitsubishi 1200 (4x4) Pickup		2,510,638	12.50 SL	1,593,592	-	-	1,593,592	-	313,830	1,279,762
Motor Vehicles	2015	2,880,000	12.50 SL	2,160,000	-	-	2,160,000	-	360,000	1,800,000
2016 Nissan Frontier Double Cab Pickup	21-Dec-15	5,096,100	20.00 SL	4,076,880	-	-	4,076,880	-	1,019,220	3,057,660
2005 Izusu Motor Truck		1,106,752	20.00 SL	885,402	-	-	885,402	-	221,350	664,052
2016 Nissan Frontier Double Cab Pickup	6-Nov-15	4,406,100	20.00 SL	3,524,880	-	-	3,524,880	-	881,220	2,643,660
1339 HD Toyota Land Criser Prado	14-Jun-16	9,391,455	20.00 SL	-	9,391,455	-	9,391,455	-	1,878,291	7,513,164
		4,541,920	20.00 SL	-	4,541,920	-	4,541,920	-	908,384	3,633,536
Sub Total		31,615,945		13,192,267	13,933,375	-	27,125,642	-	5,792,668	21,332,974
Grand Total		225,647,392		268,731,041	24,443,942	-	293,174,983	2,560,993	29,563,636	261,050,354