# JAMAICA BAUXITE MINING LTD

# Annual Report 2013/2014

# Contents

# JAMAICA BAUXITE MINING LIMITED

## Company Structure and Overview

The Jamaica Bauxite Mining Ltd. ("JBM") was incorporated on February 13, 1975 to administer the Government of Jamaica's equity in the bauxite and alumina industries. It holds 51% of Noranda Jamaica Bauxite Partners ("NJBP"), 7% of West Indies Alumina Company ("Windalco") and 100% of the former Reynolds Operations at Lydford and the Port of Ocho Rios.

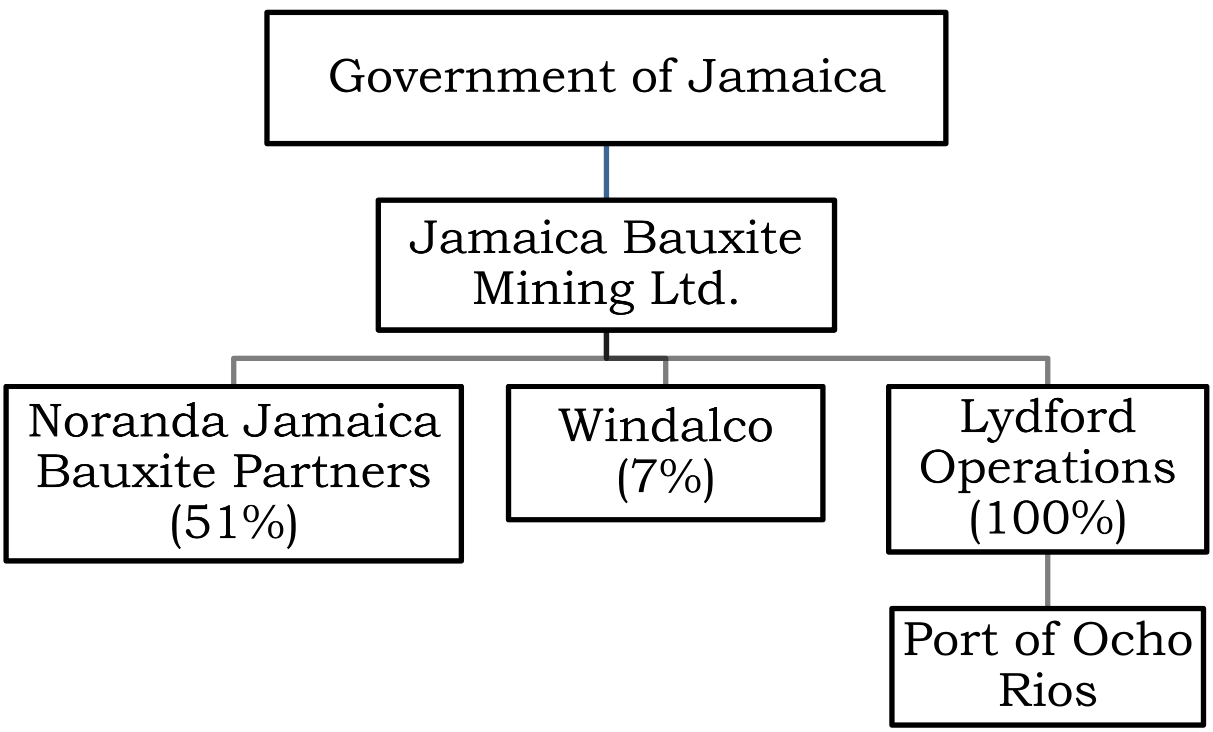


Figure 1

During fiscal year 2013/14, JBM sought to collect revenue from the following sources:

## 1. Windalco Joint Venture

The Ewarton Works Alumina Plant continued to produce alumina in spite of falling aluminium prices while the costs of oil and caustic soda remained high. Mining operations, however, reported a gross loss significantly smaller than in 2012/13, and as such JBM continued to receive no profits from Windalco during 2013/14. **After the close of the financial year an agreement was reached to sell JBM's 7% share of Windalco to UCRusal.**

## 2. Noranda Jamaica Bauxite Partners

JBM received an annual Use of Asset Fee from its equity in Noranda Jamaica Bauxite Partners ("NJBP"). This fee was paid in United States dollars at an interest rate of 10% per annum. JBM received a rate of 14.68% for the first 15 years of the partnership with Kaiser and the rate will remain at 10% as long as the Partnership continues. 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 previous fiscal year.

## 3. Lydford Operations, Port of Ocho Rios

Twenty-nine (29) cruise ships with over 89,000 passengers and crew called at the Port in 2013/14, up from twenty-five (25) ships in the previous fiscal year. Sugar shipments declined by 26% to 64,137 metric tonnes. The port continued to receive sugar, but shipments were moving slower than previous fiscal years. There were 5 limestone shipments during the fiscal year, with total tonnage increasing marginally to 165,198 metric tonnes.

# Board of Directors

There was one change to the Board of Directors, as Ms. Marcia Davis resigned from the Board. Mr. Linton A. Walters continued as Chairman alongside Directors, Dr. Conrad Douglas, Dr. Marie Freckleton, Dr. Margaret Sylvester Reid, Mr. Richard Bertram, Mr. Brando Hayden, Mr. Carl Thomas and Miss Karen Ho Young while Mr. Coy Roache continued as Managing Director.

# JBM Operations

## Windalco Joint Venture

JBM's Joint Venture ("JV") Agreement in Windalco is with UC Rusal Alumina Jamaica Limited ("UCRusal"). UCRusal owns 93% of the equity, with JBM owning the remaining 7%. As such, JBM is entitled to 7% of production, while being obligated to cover 7% of the operational and capital costs ("association costs"). **JBM has entered into agreements to liquidate its holdings in the JV during the 2014/15 fiscal year. The value agreed will be deducted from JBM debt due to UCRusal for association costs.**

With the high prices of oil and caustic soda, keeping the plant open will remain optional for UCRusal as aluminium prices continue to fluctuate well below the US$2,000 level (see chart below).

Ewarton's sister plant, Kirkvine, is older and historically, has faced higher costs of maintenance and lower efficiency as compared to Ewarton, and as such remained mothballed. Without an energy solution, Jamaica's alumina plants, in general, will remain difficult to keep open while aluminium prices are not attractive.

LME Aluminium 3-Mths Selling Price

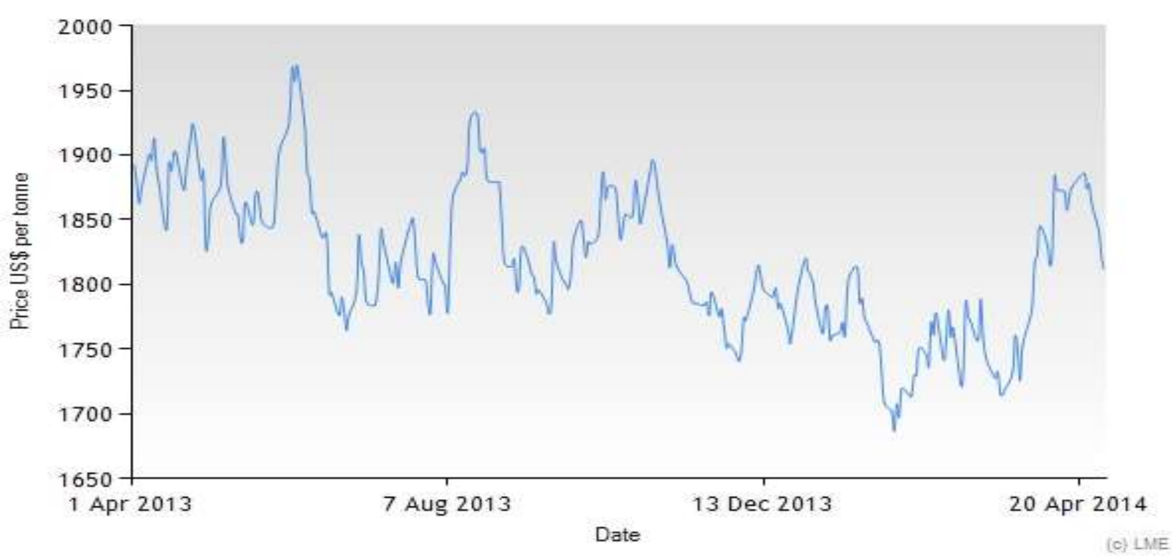


Figure 2

JBM's accounts reflect efficiency gains despite slumping aluminium prices, as the output of alumina from Windalco's Ewarton plant was significantly higher than previous years.

JBM's reported revenues from mining and refining activities increased by 36% to J$1.499billion. This figure was 28% above budgeted revenues

At the same time, costs increased by 20% to J$1.74billion. Revenues rose faster than costs resulting in a smaller gross loss than the previous fiscal year. The gross loss narrowed by 31% to J$240million for 2013/14. These costs represent purchases of oil, caustic soda, and mining of bauxite in addition to the maintenance of Port Esquivel and all the accompanying wages and salaries.

JBM, on behalf of CAP, completed the repayment of the loan relating to the long-term alumina supply agreement signed with Glencore in 2002 during the previous fiscal year. However, this contract will continue to be a burden on JBM as the company still has to supply alumina because of the failure of JBM to supply alumina during Windalco's closure.

Even though JBM received its portion of alumina produced at the Ewarton plant, it was not able to supply these tonnages to Glencore as UCRusal insisted that they keep the alumina to offset some of the association costs owed to them. During the past fiscal year, JBM sold 45,267 metric tonnes of alumina to UC Rusal at a greater price than contracted by Glencore, earning US$14.17 million in revenue. Between 2011 and March 2014, JBM earned US$19.74 million above what it would have earned had it supplied the alumina received from Ewarton to Glencore instead of to UCRusal.

Ewarton produced over 603,000 MT of alumina in for the 12 month period of March 2013 to March 2014, equivalent to 100% of capacity. Production costs have fallen to US$350/MT of alumina, and below in some months. However, the low selling price of aluminium and by proxy, alumina in addition to the high cost of fuel generation will continue to make profitable operations at the Ewarton Windalco difficult in the near to medium term.

## Lydford Operations

Lydford Operations were again profitable. Although profits were down from the previous fiscal year, Lydford Operations has maintained profitability for five consecutive fiscal years and has proven to be a vital profit centre for JBM. The decrease in profitability was largely due to the substantial decrease in sugar shipments during the fiscal year.

In order to maintain this profitability, port repairs will be undertaken in the next fiscal year to ensure the structural integrity of the port and maintain the viability of the Lydford Operations. The covering of the roof of the pier had commenced by the end of the fiscal year and should be completed in time for the winter cruise ship season.

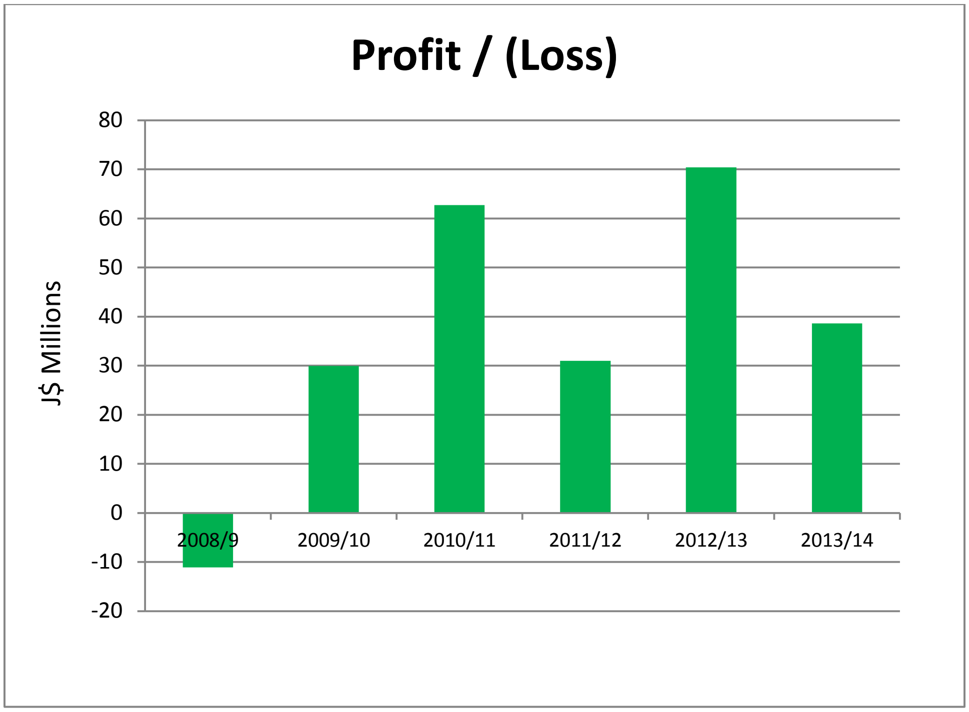


Figure 2

Lydford Operations has also been actively seeking new ways to utilize its land and various buildings already existing.

In addition to leasing premises to manufacturers in the previous fiscal year, Lydford Operations has agreed to sell some of its non-core assets. In agreements with the contractor, China Harbour Engineering Company, these non-core assets are comprised solely of land needed for the incoming Highway 2000 in Crescent Park. JBM has also facilitated early entry onto the property pending completion of the sale. Furthermore, the company has entered into lease agreements for parcels of lands for their offices, housing and operations.

# Partnerships

## Noranda Jamaica Bauxite Partners (NJBP)

JBM is the majority (51%) owner of the Noranda Jamaica Bauxite Partners. Noranda Bauxite is the managing partner as 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.

The downturn in the price of aluminium and by proxy, alumina and bauxite has affected NJBP's operations and they are no longer operating at full capacity. JBM is in discussions with NJBP to improve the situation. The 51% interest in the mining assets of the partnership of Noranda Bauxite Partners continues to pay JBM a "Use of Assets Fee" as stipulated in the Partnership Agreement.

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.

## MinCenCo

MinCenCo, the joint venture of China Minmetals and Century Aluminum had its Exploration license revoked during the fiscal year. The Ministry of Science, Technology, Energy and Mining, along with JBM has reached out to the Xinfa Group from China to forge a new partnership to move forward in mining bauxite from the Lydford area and producing alumina in the area.

However, as the global economic crisis continues to delay new capital expenditure in places without significant sources of energy, it is hoped that aluminium prices on the world market will return to above US$2,200 per MT (as this is the breakeven price for most aluminium smelters), and energy solutions for the island will be finalized.

Managing Director

**Coy Roache, CD**

Chairman

**Linton A. Walters**

# Appendix

## Senior Executives' Compensation

| Position of Senior Executive | Salary ($) | Vacation Leave Pay ($) | Performance Incentive ($) | Traveling Allowance Or Value of Assignment of Motor Vehicle ($) | Pension or Other Retirement Benefits ($) | Other Allowances (Uniform & Housing) ($) | Non-Cash Benefits (Health Insurance/ Lunches) ($) | Total ($) |
|---|---|---|---|---|---|---|---|---|
| Managing Director | 727,369.67 | - | - | 49,135.00 | - | - | 5,000.00 | 781,504.67 |
| Director of Finance & Administration | 358,475.58 | - | - | 40,655.00 | - | - | 5,000.00 | 404,130.58 |
| General Manager | 2,293,790.02 | - | 123,192.26 | 796,500.00 | - | 397,725.96 | 79,446.00 | 3,690,654.24 |
| Director of Finance | 1,870,745.98 | - | 107,038.97 | 75,000.00 | - | 397,725.96 | 79,446.00 | 2,529,956.91 |
| Port Manager | 2,177.891.12 | - | 105,862.12 | 120,000.00 | - | 397.725.96 | 79,446.00 | 2,880.925.20 |

1. **JBM's Head Office is based at 36 Trafalgar Road (Kingston 10).**
2. **The Managing Director and the Director of Finance & Administration were transferred from Bauxite & Alumina Trading Company of Jamaica Limited to Jamaica Bauxite Mining Limited on March 1, 2014.**

## DIRECTORS' COMPENSATION

| Position of Director | Fees<br>$ | Motor Vehicle Upkeep/Travelling Or Value of Assignment of Motor Vehicle<br>($) | Honoraria<br>$ | All Other Compensation Including Non- Cash Benefits As Applicable | Total<br>($) |
|---|---|---|---|---|---|
| Chairman | 144,000.00 | 120,000.00 | - | - | 264,000.00 |
| Director | 155,000.00 | 135,000.00 | - | - | 290,000.00 |
| Director | 80,000.00 | 120,000.00 | - | - | 200,000.00 |
| Director | 101,000.00 | 135,000.00 | - | - | 236,000.00 |
| Director | 83,500.00 | 120,000.00 | - | - | 203,500.00 |
| Director | 96,000.00 | 135,000.00 | - | - | 231,000.00 |
| Director | 104,500.00 | 135,000.00 | - | - | 239,500.00 |
| Director | 93,500.00 | 171,240.00 | - | - | 264,740.00 |

Mair Russell
Grant Thornton

# Jamaica Bauxite Mining Limited

## Directors' Reports and Financial Statements

## March 31, 2014

# Contents

# Independent auditors’ report

Independent auditors’ report To the Members of
Jamaica Bauxite Mining Limited

## Report on the Financial Statements

We have audited the accompanying financial statements of Jamaica Bauxite Mining Limited, which comprise the statement of financial position as at March 31, 2014, and the statements of profit or loss and other comprehensive income, statement of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management’s Responsibility for the Financial Statements

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

### Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

# Independent auditors' report (cont'd)

To the Members of
Jamaica Bauxite Mining Limited

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Jamaica Bauxite Mining Limited as at March 31, 2014, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

### Emphasis of Matter: Going Concern

Without qualifying our opinion, we draw attention to the following:

(i) At March 31, 2009 Windalco had temporarily ceased to produce alumina. It subsequently re-opened its Ewarton plant on July 9, 2010. However, it is only able to produce half of the eighty- five thousand (85,000) tonnes, required by the JBM/Glencore supply agreement. (Note 29).

(ii) The company continued to sustain losses and incurred a net loss of $538,735 (2013 - $709,400) for the financial year, 2014, as at March 31, 2014 its current liabilities exceeded its current assets by $3,020,297 (2013 - $4,108,690) these features give rise to concerns about the company's ability to continue as a going concern for the foreseeable future. (Note 30)

## Report on Other Legal and Regulatory Requirements

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 kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner required.

Kingston, Jamaica

December 3, 2014

Chartered Accountants

# Statement of financial position as at March 31, 2014

| | Note | 2014 $'000 | 2013 $'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | (6) | **729,499** | 727,808 |
| Investment property | (7) | **16,111** | 15,585 |
| Investment | (8) | **1,881,616** | 1,694,400 |
| | | **2,627,226** | 2,437,793 |
| **Current assets** | | | |
| Inventories | (9) | **256,649** | 343,734 |
| Trade and other receivables | (10) | **687,897** | 819,507 |
| Taxation recoverable | | **50,258** | 35,582 |
| Cash and cash equivalents | (11) | **2,109,497** | 1,518,082 |
| | | **3,104,301** | 2,716,905 |
| **Total assets** | | **5,731,527** | 5,154,698 |
| **Equity** | | | |
| **Capital and reserves/(deficit)** | | | |
| Share capital | (12) | **10,000** | 10,000 |
| Capital reserve | (13) | **1,081,336** | 1,081,336 |
| Revaluation reserve | (14) | **56,708** | 56,708 |
| Accumulated deficit | | **(1,541,116)** | (2,818,951) |
| **Total equity** | | **(393,072)** | (1,670,907) |
| **Current liabilities** | | | |
| Trade and other payables | (15) | **6,124,599** | 5,699,923 |
| Owing to related company | (16) | **-** | 36,418 |
| Short-term loans | (17) | **-** | 1,089,264 |
| **Total liabilities** | | **6,124,598** | 6,825,605 |
| **Total equity and liabilities** | | **5,731,527** | 5,154,698 |

The notes on the accompanying pages 7 to 34 form an integral part of these financial statements.

Approved for issue by the Board of Directors on December 3, 2014 and signed on its behalf by:

Coy Roache ) Director

Linton A. Walters ) Director

# Statement of profit or loss and other comprehensive income for the year ended March 31, 2014

| | Note | 2014 $'000 | Restated 2013 $'000 |
|---|---|---|---|
| **Bauxite Revenue** | (5c) | **1,499,212** | 1,099,857 |
| Mining costs | | **(1,739,382)** | **(1,448,639)** |
| **Gross loss** | | **(240,170)** | (348,782) |
| Finance income | (18) | **235,325** | 206,140 |
| Other income | (19) | **211,303** | 366,555 |
| Gain/ (loss) on disposal of property, plant and equipment | | **43** | **(3,371)** |
| | | **206,501** | 220,542 |
| Administrative expenses | | **(316,785)** | (651,299) |
| Other operating expenses | | **(357,040)** | (212,627) |
| Finance costs | (18) | **(71,411)** | **(28,160)** |
| **Loss for the year** | (20) | **(538,735)** | (671,544) |
| Debts forgiven | (21) | **1,816,570** | **-** |
| | | **1,277,835** | (671,544) |
| Income tax charge | (22) | **-** | (37,856) |
| **Total comprehensive income/(deficit) for the year** | | **1,277,835** | (709,400) |

The notes on the accompanying pages 7 to 34 form an integral part of these financial statements.

# Statement of changes in equity for the year ended March 31, 2014

| | Share Capital $'000 | Capital Reserve $'000 | Revaluation Reserve $'000 | Accumulated Deficit $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Balance at April 1, 2012 as previously reported** | 10,000 | 1,081,336 | 56,708 | (1,437,648) | (289,604) |
| Prior year adjustments (note 24(ii) | **-** | **-** | **-** | **(671,903)** | **(671,903)** |
| **Balance at April 1, 2012 as restated** | 10,000 | 1,081,336 | 56,708 | (2,109,551) | (961,507) |
| Loss for year 2013 being total comprehensive deficit for the year | **-** | **-** | **-** | **(709,400)** | **(709,400)** |
| **Balance at March 31, 2013** | 10,000 | 1,081,336 | 56,708 | (2,818,951) | (1,670,907) |
| Profit for year 2014 being total comprehensive income for the year | - | - | - | 1,277,835 | 1,277,835 |
| **Balance at March 31, 2014** | **10,000** | **1,081,336** | **56,708** | **(1,541,116)** | **(393,072)** |

The notes on the accompanying pages 7 to 34 form an integral part of these financial statements

# Statement of cash flows for the year ended March 31, 2014

| | Note | 2014 $'000 | 2013 $'000 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Loss for the year before taxation | | **(538,735)** | (671,544) |
| Adjustments for: | | | |
| Depreciation | (6 &7) | **78,470** | 72,312 |
| (Gain)/loss on disposal of property, plant and equipment | | **(43)** | 3,371 |
| Transfer of property, plant and equipment | | **(10,093)** | - |
| Interest income | | **(56,459)** | (48,521) |
| Gain on foreign exchange (Investment) | | **(187,215)** | (194,482) |
| Loss on foreign exchange (short – term loans) | | **21,073** | **96,012** |
| | | **(693,002)** | (742,852) |
| Decrease in inventories | | **87,085** | 52,544 |
| Decrease in trade and other receivables | | **131,622** | 12,092 |
| Increase in payables and accruals | | **498,207** | 1,216,464 |
| Decrease in owing to related company | | **(36,418)** | **(17,185)** |
| **Cash (used in)/generated from operations** | | **(12,506)** | 521,063 |
| Income taxes paid | | **-** | **(11,351)** |
| **Net cash (used in)/provided by operating activities** | | **(12,506)** | **509,712** |
| **Cash flows from investing activities:** | | | |
| Purchase and capitalisation of property, plant and equipment | (6 &7) | **(70,799)** | (74,062) |
| Proceeds from disposal of property, plant and equipment | | **390** | - |
| Interest received (Net of withholding tax) | | **41,782** | **45,414** |
| **Net cash used in investing activities** | | **(28,627)** | **(28,648)** |
| **Cash flows from financing activities:** | | | |
| Debts forgiven | (21) | **1,816,570** | |
| Repayment of short term loans | | **(910,024)** | - |
| Decrease in long-term receivable | | **-** | 1,004,987 |
| Repayment of long-term loan | | **(273,998)** | **(1,004,987)** |
| **Net cash provided by financing activities** | | **632,548** | **-** |
| **Net change in cash and cash equivalents** | | **591,415** | 481,064 |
| **Cash and cash equivalents at beginning of year** | | **1,518,082** | **1,037,018** |
| **Cash and cash equivalents at end of year** | (11) | **2,109,497** | 1,518,082 |

The notes on the accompanying pages 7 to 34 form an integral part of these financial statements.

# Notes to the financial statements

## 1. Identification and activities

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 comprise investment in the bauxite and alumina industry, trading in alumina, and the operation of a port. In addition, the company has a seven percent (7%) interest in a Joint operation with UC RUSAL. Up to May 31, 2001 the joint venture was between Jamaica Bauxite Mining Limited (JBM) and Alcan Inc. However Alcan Inc., sold its ninety-three percent (93%) share in the joint operation to Glencore Alumina Jamaica Limited. As of June 1, 2001 the joint venture was between Glencore Alumina Jamaica Limited and JBM. Effective February 26, 2007, Glencore International AG transferred its shares in Glencore Alumina Jamaica Limited to United Company RUSAL Limited (UC RUSAL) a company incorporated in the British Virgin Islands. In addition Glencore Alumina Jamaica Limited terminated its Joint Venture Agreement with JBM. Effective February 26, 2007 UC RUSAL became the Joint Arrangement partner with JBM. All provisions of the Joint Arrangement Agreement remained in full force and effect from the effective date.

Except where otherwise stated, these financial statements are expressed in Jamaican Dollars.

## 2. Parent corporation

The Accountant General, a Corporation Sole, holds 99% of the shares, on behalf of the Government of Jamaica, and 1% held by the Managing Director.

## 3. Statement of compliance with IFRS

Except as stated below, the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

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 Noranda Jamaica Bauxite Partners is not accounted for using the proportionate consolidation or equity method. (Notes 5(d)(ii).

## 4. Changes in accounting policies

### Adoption of new and revised standards

**(a) Standards, amendments and interpretations effective during the current year**

The company has assessed the relevance of the new standards, amendments and interpretations to existing standards which became effective during the current financial year.

- **Amendment to IAS 1, 'Financial statement presentation'** regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially re-classifiable to surplus or deficit subsequently (reclassification adjustments).

- **Amendment to IFRS 7, 'Financial instruments: Disclosures'**, on asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

- **IFRS 13, 'Fair value measurement**' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

  The Standard applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs:

  - **Level 1** - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date
  - **Level 2** - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
  - **Level 3** - unobservable inputs for the asset or liability

  Entities are required to make various disclosures depending upon the nature of the fair value measurement (e.g. whether it is recognised in the financial statements or merely disclosed) and the level in which it is classified.

**(b) Standards, amendments and interpretations issued but not yet effective and have not been adopted early by the company**

At the date of approval of these financial statements, certain new standards amendments, and interpretations to existing standards have been published but are not yet effective, and have not been early adopted by the company.

Management anticipates that all relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that may be relevant to the company's financial statements is provided below:

*IFRS 9 Financial Instruments*

The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning January 1, 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues. At its November 2013 meeting, the IASB tentatively decided that the mandatory effective date of IFRS 9 would be no earlier than annual period beginning on or after 1 January 2017. The IASB then tentatively decided at its February 2014 meeting to set 1 January 2018 as the effective date for the mandatory application of IFRS 9. The company's management have yet to assess the impact of this new standard on the company's financial statements. However, management do not expect to implement IFRS 9 until all of its chapters have been published and they can comprehensively assess the impact of all changes *IFRS 13 Fair Value Measurement (IFRS 13)*

IFRS 13 does not affect items which are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It is applicable for annual periods beginning on or after January 1, 2014. The company's management have yet to assess the impact of this new standard.

**IAS 12 (amendment) Deferred tax: Recovery of Underlying Assets**
IAS 12 requires an entity to measure deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a presumption that recovery will normally be through sale.

*Amendments to IAS 19 Employee Benefits*

The IAS 19 amendments include a number of targeted improvements throughout the standard. The main changes relate to defined plans. They are:

- eliminate the 'corridor method', requiring entities to recognise all gains and losses arising in the reporting period.

- the measurement and presentation of certain components of defined benefit cost.
- enhance the disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in them.

The IAS 19 amendments are effective for annual periods beginning on or after January 1, 2014. The company's management have yet to assess the impact of this revised standard on the company's financial statements.

*Offset Financial Assets and Liabilities (Amendments to IAS 32)*

The Amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- that some gross settlement systems may be considered equivalent to net settlement.

The Amendments are effective for annual periods beginning on or after January 1, 2014 and are required to be applied retrospectively.

Management do not anticipate a material impact on the company's financial statements from these amendments.

*Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)*

Qualitative and quantitative disclosures have been added to IFRS 7 'Financial Instruments: Disclosures' (IFRS 7) relating to gross and net amounts of recognised financial instruments that are (a) set off in the statement of financial position and (b) subject to enforceable master netting arrangements and similar agreements, even if not set off in the statement of financial position. The Amendments are effective for annual periods beginning on or after January 1, 2014 and interim periods within those annual periods. The required disclosures should be provided retrospectively. Management do not anticipate a material impact on the company's financial statements from these Amendments.

**Annual Improvements 2010 – 2011 and 2012 – 2013 cycle**

The Annual Improvements 2009 – 2011 (the Annual Improvements) made several minor amendments to a number of IFRSs. The Annual Improvements are effective for annual periods beginning on or after January 1, 2014. Management does not anticipate a material impact on the company's financial statements from these Amendments.

Certain other new standards, amendments and interpretations to existing standards have been issued but are not expected to have a material impact on the company's financial statements when they become effective. The standards, amendments and interpretations to existing standards and accounting periods beginning on or after they become effective are as follows:

These are:

| Title | Full title of Standard or Interpretation | Effective for annual periods beginning on or after |
|---|---|---|
| IFRS 10 | Consolidated Financial Statements | January 1, 2013 |
| IFRS 11 | Joint Arrangements | January 1, 2013 |
| IFRS 12 | Disclosure of Interests in Other Entities | January 1, 2013 |

## 5. Summary of significant accounting policies

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

### a Property, plant and equipment

(i) Property, plant and equipment of the company and Joint operation are carried at cost less accumulated depreciation and impairment. Joint operation assets included in property, plant and equipment represent the company's interest of seven percent (7%) in those assets. (Note 5j).

(ii) Depreciation

Company assets

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 approximate to forty (40) years for structures, residence, paved roads and yards, twelve to forty (12 - 40) years for pier and port facilities and equipment, ten to twenty (10 - 20) years for water and power generation and distribution equipment, twelve to twenty (12 - 20) years for overland conveyor and five to ten (5 - 10) years for other plant, machinery and equipment.

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, 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

(iii) 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.

### b Foreign currency translation

*Functional and presentation currency*

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

*Foreign currency translations and balances*

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

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

(iii) Gains/losses arising from fluctuations in exchange rates are included in profit or loss.

### c 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 upon delivery or the performance of service while investments and interest income are recognised when contracts come into effect or upon the transfer of risks to third parties.

### d Investment in joint operations

(i) The company's seven percent (7%) interest in a Joint operation with UC Rusal is accounted for using the proportionate consolidation method whereby the company's share of the assets, liabilities, income and expenses is included line by line in the financial statements. (Note 6).

(ii) The company's fifty-one percent (51%) interest in the mining assets of the partnership of Noranda Jamaica Bauxite Partners, (formerly St. Ann Jamaica Bauxite Partners) 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 arising from fluctuations in exchange rates are included in profit or loss for the period. (Notes 7).

### e Inventories

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

### f Income tax

Income tax on profit or loss for the year comprise current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period plus 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 corresponding basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for taxable differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

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 profit or loss except when it relates to items credited or charged directly to equity, in which case, deferred tax is also dealt with in equity.

### g Cash and cash equivalents

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

### h Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

**Financial assets**

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held to maturity investments; and
- available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

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 of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance income', 'finance costs' or 'other financial items', except for impairment of trade receivables which is presented within 'other operating expenses'.

*Loans and receivables*

Loans and 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 'other operating expenses'.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. Gains or losses on derivative financial instruments are based on changes in fair value determined by reference to active market transactions or using a valuation technique where no active market exists.

*Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the company has the intention and ability to hold them until maturity.

Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss. None of the company's financial assets fall within this category.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. None of the company's assets fall into this category.

**Financial liabilities**

The company's financial liabilities include long-term loans, short-term loans, trade and other payables and owing to related company.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

### i Owing to related company

Amounts owing to related company are classified as financial liabilities measured at amortised cost. These are initially recognised at the original amount received (which represents fair value) and subsequently measured at amortised cost.

### j Impairment

The company's property, plant and equipment and investment are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels 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.

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.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. 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.

### k Pension costs

The company participates in a defined contribution pension scheme for its employees (Note 26). Contributions to the scheme are charged to the profit or loss in the period to which they relate.

### l 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 the 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 equipment.

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

### m Provisions

Provisions are recognised where there is a present legal or constructive obligation as a result of past events, if 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.

### n Critical judgements and sources of estimation uncertainty

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. These estimates are based on historical experience and management's best knowledge of current events and actions. Actual results may differ from these estimates and assumptions.

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 amounts recognised in the financial statements.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(i) Useful lives of property, plant and equipment

Depreciation is provided so as to write down the respective assets to their residual values 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. Details of the estimated useful lives are as shown in Note 5(a).

(ii) Taxation

The company is required to estimate income tax payable to the Commissioner of Taxpayer Audit and Assessment on any profit derived from operations. (Note 21). This requires an estimation of the current tax liability together with an assessment of the temporary differences which arise as a consequence of different accounting and tax treatments. These temporary differences result in deferred tax assets or liabilities which are included in the statement of financial position. Deferred tax assets and liabilities are measured using the enacted tax rate at the end of the reporting period.

If the tax eventually payable or recoverable differs from the amounts originally estimated then the difference will be accounted for in the financial statements in the year such determination is made.

(iii) Impairment

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 amount and the present value of the expected future cash flows (see note 5(j)).

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.

### o Comparative information

Certain previous year figures have been restated to conform to current year's presentation.

## 6. Property, plant and equipment comprise:

The carrying amounts for property, plant and equipment for the years included in these financial statements as at March 31, 2014 are reconciled as follows:

| | Construction -In- Progress $'000 | Land $'000 | Structures, Residence, Paved Roads and Yards $'000 | Pier, Port Facilitates and Equipment $'000 | Water and Power Generation and Distribution Equipment $'000 | Overland Conveyor $'000 | Plant Machinery and Equipment $'000 | Other Plant Machinery Equipment $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount at April 1, 2013** | 83,750 | 30,088 | 38,482 | 154,623 | 11,172 | 14,222 | 1,133,511 | 20,359 | 1,486,207 |
| Net transfers and capitalisation | (66,071) | - | - | - | - | - | 66,071 | - | - |
| Additions | 60,460 | - | 2,787 | 808 | - | - | 81 | 6,109 | 70,245 |
| Disposals | - | - | (474) | (33) | (420) | (234) | (1,087) | (3,086) | (5,334) |
| Transfers | **(1,196)** | **-** | **-** | **-** | **-** | **-** | **12,366** | **-** | **11,170** |
| **Gross carrying amount at March 31, 2014** | **76,943** | **30,088** | **40,795** | **155,398** | **10,752** | **13,988** | **1,210,942** | **23,382** | **1,562,288** |
| **Depreciation** | | | | | | | | | |
| Depreciation at April 1, 2013 | - | - | (16,730) | (84,748) | (9,156) | (1,823) | (629,414) | (16,528) | (758,399) |
| Disposals | - | - | 469 | 33 | 420 | 47 | 9 | 3,074 | 4,052 |
| Depreciation | **-** | **-** | **(3,464)** | **(10,114)** | **(418)** | **-** | **(63,116)** | **(1,330)** | **(78,442)** |
| **Depreciation at March 31, 2014** | **-** | **-** | **(19,725)** | **(94,829)** | **(9,154)** | **(1,776)** | **(692,521)** | **(14,784)** | **(832,789)** |
| **Carrying amount at March 31, 2014** | **76,943** | **30,088** | **21,070** | **60,569** | **1,598** | **12,212** | **518,421** | **8,598** | **729,499** |

## 6. Property, plant and equipment comprise (cont'd):

| | Construction -In- Progress $'000 | Land $'000 | Structures, Residence, Paved Roads and Yards $'000 | Pier, Port Facilitates and Equipment $'000 | Water and Power Generation and Distribution Equipment $'000 | Overland Conveyor $'000 | Plant Machinery and Equipment $'000 | Other Plant Machinery Equipment $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount at April 1, 2012** | 60,291 | 30,088 | 38,955 | 145,214 | - | 14,205 | 1,098,628 | 18,619 | 1,406,000 |
| Net transfers and capitalisation | (10,165) | - | - | - | 11,172 | - | 10,165 | - | 11,172 |
| Additions | 33,624 | - | 4,003 | 9,409 | - | 17 | 24,718 | 1,740 | 73,511 |
| Disposals | **-** | **-** | **(4,476)** | **-** | **-** | **-** | **-** | **-** | **(4,476)** |
| **Gross carrying amount at March 31, 2013** | **83,750** | **30,088** | **38,482** | **154,623** | **11,172** | **14,222** | **1,133,511** | **20,359** | **1,486,207** |
| | | | | | | | | | |
| **Depreciation** | | | | | | | | | |
| Depreciation at April 1, 2012 | - | - | (16,218) | (74,247) | - | (1,613) | (573,601) | (13,091) | (678,770) |
| Disposals | - | - | 1,105 | - | - | - | - | - | 1,105 |
| Depreciation | - | - | (1,617) | (10,501) | (568) | (210) | (55,813) | (3,437) | (72,146) |
| Transfer | **-** | **-** | **-** | **-** | **(8,588)** | **-** | **-** | **-** | **(8,588)** |
| **Depreciation at March 31, 2013** | **-** | **-** | (16,730) | (84,748) | (9,156) | (1,823) | (629,414) | (16,528) | (758,399) |
| **Carrying amount at March 31, 2013** | **83,750** | **30,088** | **21,752** | **69,875** | **2,016** | **12,399** | **504,097** | **3,831** | **727,808** |

### 6. Property, plant and equipment comprise (cont'd):

Included in property, plant and equipment are Joint operation assets representing the company's seven percent (7%) interest in the co-tenancy assets of the Joint venture Agreement between Jamaica Bauxite Mining Limited (JBM) and UC RUSAL Limited as follows. (Note 1):

Joint venture assets:

| | Construction -In- Progress $'000 | Land $'000 | Plant, Machinery and Equipment $'000 | Total $'000 |
|---|---|---|---|---|
| **Gross carrying amount** | 81,413 | 27,504 | 1,133,265 | 1,242,182 |
| **Balance at April 1, 2013** | | | | |
| Additions | 60,460 | - | - | 60,460 |
| Transfer | (66,071) | - | 66,071 | - |
| Disposal | **-** | **-** | **(1,077)** | **(1,077)** |
| **Balance at March 31, 2014** | **75,802** | **27,504** | **1,198,259** | **1,301,565** |
| **Depreciation** | | | | |
| Balance at April 1, 2013 | - | - | (630,694) | (630,694) |
| Depreciation | - | - | (63,116) | (63,116) |
| **Balance at March 31, 2014** | **-** | **-** | (693,810) | (693,810) |
| **Carrying amount at March 31, 2014** | **75,802** | **27,504** | **504,449** | **607,755** |

| | Construction -In- Progress $'000 | Land $'000 | Plant, Machinery and Equipment $'000 | Total $'000 |
|---|---|---|---|---|
| **Gross carrying amount** | | | | |
| **Balance at April 1, 2012** | 59,596 | 27,504 | 1,098,487 | 1,185,587 |
| Additions | 31,982 | - | 24,613 | 56,595 |
| Disposal | **(10,165)** | **-** | **10,165** | **-** |
| **Balance at March 31, 2013** | **81,413** | **27,504** | **1,133,265** | **1,242,182** |
| **Depreciation** | | | | |
| Balance at April 1, 2012 | - | - | (573,461) | (573,461) |
| Depreciation | - | - | (57,233) | (57,233) |
| **Balance at March 31, 2013** | - | - | (630,694) | (630,694) |
| **Carrying amount at March 31, 2013** | **81,413** | **27,504** | **502,571** | **611,488** |

## 6. Property, plant and equipment comprise (cont'd):

A valuation of the company's seven per cent (7%) interest in a Joint operation with UC Rusal ninety-three per cent (93%) was carried out by Deloitte and Touche LLP on December 31, 2012. The fair value of the company's assets at that date is US$9,611,280 approximately J$837,290,502. The fair value has not been accounted for in these financial statements.

## 7. Investment property

| | Freehold Land $'000 | Freehold Buildings $'000 | Total $'000 |
|---|---|---|---|
| **Gross carrying amount at April 1, 2013** | 3,457 | 29,917 | 33,374 |
| Addition | - | 554 | 554 |
| **Gross carrying amount at March 31, 2014** | **3,457** | **30,471** | **33,928** |
| **Depreciation** | | | |
| **Depreciation as at April 1, 2013** | - | (17,789) | (17,789) |
| Depreciation | - | (28) | (28) |
| Depreciation at March 31, 2014 | - | (17,817) | (17,817) |
| **Carrying amount at March 31, 2014** | **3,457** | **12,654** | **16,111** |

| | Freehold Land $'000 | Freehold Buildings $'000 | Total $'000 |
|---|---|---|---|
| **Gross carrying amount at April 1, 2012** | 3,457 | 29,366 | 32,823 |
| Addition | - | 551 | 551 |
| **Gross carrying amount at March 31, 2013** | **3,457** | **29,917** | **33,374** |
| **Depreciation** | | | |
| **Depreciation as at April 1, 2012** | - | (17,623) | (17,623) |
| Depreciation | - | (166) | (166) |
| Depreciation at March 31, 2013 | - | (17,789) | (17,789) |
| **Carrying amount at March 31, 2013** | **3,457** | **12,128** | **15,585** |

Investment property includes real estate properties which is owned to earn rental or for capital appreciation. Investment property is leased out on operating leases and the rental income is included in other revenue. The minimum lease payments are all non-cancellable for a period of no less than 2 months from the commencement of the lease. Future minimum lease payments are as follows:

| | Minimum lease income due | | | |
|---|---|---|---|---|
| | Within 1 year $'000 | 1 to 5 years $'000 | After 5 years $'000 | Total $'000 |
| March 31, 2013 | 20,385,050 | 24,996,198 | 44,226,733 | 89,607,981 |
| **March 31, 2014** | **20,385,050** | **24,996,198** | **50,038,725** | **95,419,973** |

## 8. Investment

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| 51% interest in the mining assets of the partnership of Noranda Jamaica Bauxite Partners (formerly St. Ann Jamaica Bauxite Partners) (US$17,217,606) (Note 5d(ii)) | **1,881,616** | 1,694,400 |
| **Total** | **1,881,616** | 1,694,400 |

## 9. Inventories

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Alumina | **256,649** | 329,354 |
| Machinery spare parts | **12,366** | **14,380** |
| | **269,015** | 343,734 |
| Transfer | **(12,366)** | - |
| **Total** | **256,649** | 343,734 |

Transfer represents the reclassification of machinery spare parts to plant machinery and equipment.

## 10. Trade and other receivables

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Trade | **75,079** | 94,751 |
| Less: Specific provision for doubtful debts | **(6,529)** | **(13,915)** |
| | **68,549** | 80,836 |
| Use of assets fees | **62,418** | 56,207 |
| Advances | **535,685** | 643,763 |
| Interest | **6,406** | 7,776 |
| General Consumption Tax (GCT) | **3,401** | 5,426 |
| Other | **11,438** | 25,511 |
| **Total** | **687,897** | 819,519 |

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

The age of trade receivables past due but not impaired is as follows:

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Not more than 3 months | **61,189** | 68,097 |
| More than 3 months but not more than 6 months | **6,731** | 2,063 |
| More than 6 months but not more than 1 year | **456** | 93 |
| More than 1 year | **5,891** | 15,138 |
| **Total** | **74,267** | 85,391 |

Receivables have been reviewed for indicators of impairment. Certain receivables were found to be impaired and the relevant provision has been recorded accordingly.

Specific provision for bad debt is as follows:

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Balance at beginning of year | **13,915** | 12,940 |
| Amounts written off during the year | **(8,709)** | (50) |
| Increase in provision during the year | **1,323** | 1,025 |
| **Balance at end of year** | **6,529** | 13,915 |

## 11. Cash and cash equivalents

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| J$ Current accounts | **20,293** | 2,598 |
| US$ Current accounts (US$754,339 - (2013 – US$1,097,268) | **84,538** | 74,235 |
| US$ Short-term investment (US$14,104,021 - (2013 – US$10,264,566) | **1,832,971** | 1,387,977 |
| J$ Short-term investments | **171,680** | 53,257 |
| Cash | **15** | 15 |
| **Total** | **2,109,497** | 1,518,082 |

Included in cash and cash equivalents is an amount totalling J$21,856,880 which represents balances held for Bauxite and Alumina Trading Company of Jamaica. (Note 15)

## 12. Share capital

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Authorised: | | |
| 20,000,000 ordinary shares | | |
| Stated capital | | |
| Issued and fully paid: | | |
| 10,000,000 ordinary shares | **10,000** | 10,000 |

As of January 2007, under the Jamaican Companies Act 2004, all shares in issue are deemed to be without par value.

## 13. Capital reserve

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Surplus on refinancing from Reynolds Jamaica Mines Limited | **10,544** | 10,544 |
| Transfer from Exchange Equalisation Reserve of amount relating to the previously held investment in Jamaica Reynolds Bauxite Partners and others | **1,027,049** | 1,027,049 |
| Transfer of Jamaica Bauxite Mining 6% share of interest in Jamalco to Clarendon Alumina Production Limited | **13,026** | 13,026 |
| Transfer of advances from Ministry of Finance and interest accrued | **30,717** | 30,717 |
| **Total** | **1,081,336** | 1,081,336 |

## 14. Revaluation reserve

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Excess of fair value of assets acquired on dissolution of Jamaica Reynolds Bauxite Partners over cost of Investment attributed thereto | **55,748** | 55,748 |
| Excess of value of assets from Texas Marine Transport over purchase price | **299** | 299 |
| Capital improvement – Fixed assets capitalised | **132** | 132 |
| Surplus on motor vehicle transferred from Bauxite and Alumina Trading Company of Jamaica Limited | **529** | 529 |
| **Total** | **56,708** | 56,708 |

## 15. Trade and other payables

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Trade | **2,368,035** | 2,047,716 |
| Penalty and interest – Glencore | **3,477,543** | 3,326,286 |
| Accruals | **62,672** | 56,864 |
| Other | **216,349** | 269,057 |
| **Total** | **6,124,599** | 5,699,923 |

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

Included in Penalty and interest is interest on penalty of US $5,854,393.
Included in other payables is an amount totalling J$21,856,880 which represents balances due to Bauxite and Alumina Trading Company of Jamaica. (Note 11)

## 16. Related party balances and transactions

i A party is related to the company if:

a Directly, or indirectly through one or more intermediaries, the party:

- Is controlled by, or is under common control with the entity;
- Has an interest in the company that gives it significant influence over the entity; or
- Has joint control over the company.

b The party is an associate;

c The party is a joint venture in which the company is a venturer;

d The party is a member of the key management personnel of the entity or its parent;

e The party is a close member of the family of any individual referred to in (a) or (d);

f The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

g The party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the entity.

ii Key management compensation and transactions:

Included in employee benefits are costs for key management compensation as follows:

| | **2014** **$** | 2013 $ |
|---|---|---|
| Short-term employee benefits – Management remuneration | **10,600,299** | 9,433,144 |
| **Total** | **10,600,299** | 9,433,144 |

iii The company is related to subsidiaries of the shareholders by virtue of common shareholders and Directors.

iv Trade and non-trade balances with related parties at the end of the reporting period were as follows:

| | **2014** **$'000** | 2013 $'000 |
|---|---|---|
| Short-term loans | **-** | (1,089,264) |
| Disclosed as owing to related company | **-** | (36,418) |

v Loss for the year includes expenses incurred in transactions with a related party as follows:

| | **2014** **$'000** | 2013 $'000 |
|---|---|---|
| Expenses: | | |
| Management fees | **500** | 500 |
| Finance cost | **30,299** | 28,160 |

vi Amount owing to related company is unsecured (note 17).

## 17. Short-term loans

| | **2014** **$'000** | 2013 $'000 |
|---|---|---|
| Promissory notes | **-** | 1,089,264 |

This represented promissory notes comprised as follows:

| Promissory Notes $ | Interest Rate % | Repayment Date |
|---|---|---|
| JA$836,492,650 (US$8,500,000) | **2** | May 31, 2013 |
| JA$252,771,764 | **5** | May 31, 2013 |

## 18. Finance income and finance cost

Finance income includes all income received from short-term deposits and cash at bank, comprises:

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Interest income from cash and cash equivalents | **56,458** | 48,521 |
| Interest income from financial assets carried at amortised cost | **178,867** | 157,619 |
| **Total** | **235,325** | 206,140 |

Finance cost includes all interest related expenses which have been included in the profit or loss for the reporting periods presented, and comprises:

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Loan interest | **71,411** | 28,160 |
| **Total finance cost** | **71,411** | 28,160 |

## 19. Other income

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Maintenance income | **5,414** | 8,561 |
| Rental income | **21,175** | 13,340 |
| Port income | **184,714** | 187,740 |
| Cap income | **-** | 156,844 |
| Other | **-** | 70 |
| **Total** | **211,303** | 366,555 |

## 20. Loss for the year

Loss for the year is stated after charging/(crediting):

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Depreciation – Administration | **15,354** | 15,079 |
| – Mining | **63,116** | 57,233 |
| Director remuneration | **727** | 727 |
| Auditors' remuneration | **2,100** | 2,143 |
| Interest income | **(56,410)** | (48,521) |
| Interest expense - Loans | **71,411** | 28,160 |
| Penalty & Interest Glencore | **129,115** | 469,113 |
| Loss on foreign exchange (net) | **357,040** | 212,627 |
| Gain/(loss) on disposal of property, plant and equipment | **43** | (3,371) |

## 21. Debt Forgiven

During the year a related company forgave debts amounting to US$16 million. This was after the matter was considered and approved by the cabinet. In accordance with International Financial Reporting Standard (IFRS) this amount has been included in the Statement of Comprehensive Income.

## 22. Income tax

i Subject to the agreement of the Commissioner of Taxpayer Audit and Assessment, losses of approximately $2,586,287,303 (2013 - $1,804,507,129) are available to be set off against future taxable profits. These losses, if not utilised, will be carried forward indefinitely.

ii The company has a potential deferred tax asset of approximately $591,961,430 (2013 - $425,760,727). This amount has not been recorded in these financial statements, as it is not probable that taxable profit will be available against which deductible temporary differences and unused tax losses can be utilised. (Note 5f).

iii Reconciliation of theoretical tax charge to effective tax charge:

| | **2014 $'000** | 2013 $'000 |
|---|---|---|
| **Loss for the year** | **(538,735)** | (709,399) |
| Taxation at the applicable tax rate of 25% | **-** | - |
| Tax effect of expenses not deductible for tax purposes | **(137,752)** | (245,870) |
| Tax effect of income not subject to tax | **1,612** | 285,630 |
| Tax effect of other (charges)/allowances | **136,140** | (39,760) |
| Prior year adjustment | **-** | (37,856) |
| **Income tax for the year** | **-** | (37,856) |

Prior year adjustment above represents additional provision for tax liabilities in respect of years of assessment 2002 to 2009.

## 23. Expenses by nature

Total direct, administrative and other operating expenses:

| | **2014 $'000** | 2013 $'000 |
|---|---|---|
| Cost of inventories recognised as expense | **1,671,221** | 1,375,634 |
| Other direct expenses – Mining | **5,045** | 15,772 |
| Auditors' remuneration | **2,100** | 2,143 |
| Professional fees | **4,103** | 548 |
| Penalty & interest - Glencore | **129,115** | 469,112 |
| Depreciation | **78,470** | 72,312 |
| Fuel and power | **22,820** | 24,307 |
| Property taxes | **5,517** | 401 |
| Employee benefits (Note 23) | **63,949** | 60,168 |
| Other expenses | **502,278** | 317,812 |
| **Total** | **2,484,618** | 2,338,209 |

## 24. Employee benefits

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Salaries, wages and related expenses | **53,017** | 51,229 |
| Pension (Notes 5(k) & 26) | **6,384** | 4,093 |
| Medical and other benefits | **4,548** | 4,846 |
| **Total** | **63,949** | 60,168 |

The number of permanent employees at the end of year was twenty-four (24), (2013 – twenty two (22)).

## 25. Prior year adjustments

**(i) Reconciliation of statement of financial position at March 31, 2013**

| | | As Previously Stated $'000 | Effect of Restatement $'000 | Restated $'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 25(iv)(a) | 743,393 | (15,585) | 727,808 |
| Investment property | 25(iv)(a) | - | 15,585 | 15,585 |
| Investment | | 1,694,400 | - | 1,694,400 |
| | | **2,437,793** | **-** | **2,437,793** |
| **Current assets** | | | | |
| Inventories | | 343,734 | - | 343,734 |
| Trade and other receivables | | 819,507 | - | 819,507 |
| Taxation recoverable | | 35,582 | - | 35,582 |
| Cash and cash equivalents | | **1,518,082** | **-** | **1,518,082** |
| | | 2,716,905 | - | 2,716,905 |
| **Total assets** | | **5,154,698** | **-** | **5,154,698** |
| **Equity** | | | | |
| **Capital and reserve** | | | | |
| Share capital | | 10,000 | | 10,000 |
| Capital reserve | | 1,081,336 | | 1,081,336 |
| Revaluation reserve | | 56,708 | | 56,708 |
| Accumulated deficit | 25(iv)(b) | **(3,071,028)** | **252,077** | **(2,818,951)** |
| **Total equity** | | **(1,922,984)** | **252,077** | **(1,670,907)** |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | 25(iv)(b) | 5,952,000 | (252,077) | 5,699,923 |
| Owing to related company | | 36,418 | - | 36,418 |
| Short-term loans | | 1,089,264 | - | 1,089,264 |
| **Total liabilities** | | 7,077,682 | (252,077) | 6,825,605 |
| **Total equity and liabilities** | | **5,154,698** | **-** | **5,154,710** |

## 25. Prior year adjustments (cont'd)

### (ii) Reconciliation of total comprehensive deficit for the year ended March 31, 2013

| | As Previously Stated $'000 | Effect of Restatement $'000 | Restated $'000 |
|---|---|---|---|
| **Revenue** | 1,099,857 | - | 1,099,857 |
| Mining costs | (1,448,639) | - | (1,448,639) |
| **Gross loss** | (348,782) | - | (348,782) |
| Stock written off | (2,515) | 2,515 | - |
| | (351,297) | 2,515 | (348,782) |
| Finance income | 206,140 | - | 206,140 |
| Other income | 366,535 | - | 366,555 |
| Gain on disposal of property, plant and equipment | (3,371) | - | (3,371) |
| | 218,027 | 2,515 | 220,542 |
| Administrative expenses | (900,861) | 249,562 | (651,299) |
| Other operating expenses | (212,627) | - | (212,627) |
| Finance costs | (28,160) | - | (28,160) |
| **Loss for the year** | **(923,621)** | **252,077** | **671,544** |
| **Total comprehensive deficit for the year** | **(923,621)** | **252,077** | **671,544** |

## 25. Prior year adjustments (cont'd)

### (iii) Reconciliation of statement of financial position at March 31, 2012

| | As Previously Stated $'000 | Effect of Restatement $'000 | Restated $'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 742,430 | - | 742,430 |
| Investment | 1,499,918 | - | 1,499,918 |
| | **2,242,348** | **-** | **2,242,348** |
| **Current assets** | | | |
| Inventories | 396,278 | - | 396,278 |
| Trade and other receivables | 885,158 | (56,665) | 828,493 |
| Current portion of long-term receivable | 1,004,987 | - | 1,004,987 |
| Taxation recoverable | 62,085 | - | 62,085 |
| Cash and cash equivalents | 1,037,018 | - | 1,037,018 |
| | 3,385,526 | (56,665) | 3,328,861 |
| **Non-current asset held-for-sale** | 2,585 | - | 2,585 |
| **Total assets** | **5,630,459** | **(56,665)** | **5,573,794** |
| **Equity** | | | |
| **Capital and reserve** | | | |
| Share capital | 10,000 | - | 10,000 |
| Capital reserve | 1,081,336 | - | 1,081,336 |
| Revaluation reserve | 56,708 | - | 56,708 |
| Accumulated deficit | (1,872,367) | (237,184) | (2,109,551) |
| **Total equity** | **(724,323)** | **(237,184)** | **(961,507)** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 4,302,940 | 180,519 | 4,483,459 |
| Owing to related company | 53,603 | - | 53,603 |
| Short-term loans | 993,252 | - | 993,252 |
| Current portion of long-term loans | 1,004,987 | - | 1,004,987 |
| | **6,354,782** | **180,519** | **6,535,301** |
| **Total liabilities** | **6,354,782** | **180,519** | **6,535,301** |
| **Total equity and liabilities** | **5,630,459** | **(56,665)** | **5,573,794** |

## 25. Prior year adjustments (cont'd)

(iv) Prior year adjustments relate to the following:

(a) Investment property reclassified.
(b) Interest written back as per agreement with Glencore.

## 26. Pension scheme

All permanent employees are eligible to join the scheme and 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 the rate of five percent (5%) of pensionable salaries. (Note 5k).

## 27. Risk management policies

The company's activities expose it to a variety of financial risks in respect of its financial instruments: market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The company seeks to manage these risks by close monitoring of each class of its financial instruments as follows:

### a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

i Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company is exposed to currency risk due to fluctuations in exchange rates on balances that are denominated in currencies other than the Jamaican dollar. For transactions denominated in United States dollars (US$) the company however, maintains US$ bank accounts in an attempt to minimise this risk.

At the end of the reporting period there were net liabilities of approximately US$16,202 (2013 - US$29,806) which were subject to foreign exchange rate changes as follows:

**Concentrations of currency risk**

| | **2014 US$'000** | 2013 US$'000 |
|---|---|---|
| Financial assets | | |
| - Investment | **17,218** | 17,218 |
| - Long-term receivables | **-** | - |
| - Trade and other receivables | **3,791** | 4,486 |
| - Cash and cash equivalents | **16,772** | 14,858 |
| Financial liabilities | | |
| - Short-term loan | **-** | (8,500) |
| - Payables and accruals | **(53,983)** | (57,868) |
| **Total** | **(16,202)** | (29,806) |

The above liabilities are payable in United States dollars (US$). The average rate of exchange applicable at the end of the reporting period is J$109.2844 to US$1 (2013 - J$98.4109 to US$1).

**Foreign currency sensitivity**

The following table illustrates the sensitivity of the net result for the year and equity in regards to the company's financial assets and financial liabilities and US Dollar to Jamaican (JA) Dollar exchange rate. Only movements between the Jamaican Dollar and US Dollar are considered, as these are the two major currencies of the company.

The sensitivity analysis is based on the company's Jamaican dollar financial instruments at the end of the reporting period.

Effect on results of operations:

If the JA Dollar weakens by 15% (2013 – 1%) against the US Dollar then this would have the following effect on net results and equity on the basis that all other variables remain constant.

| | Percentage Change % | Effect on Net Loss $ |
|---|---|---|
| **2014** | **-15** | **(265,595)** |
| 2013 | -1 | (29,333) |

If the JA Dollar strengthens against the US Dollar by 1% (2013 – 1%) this would have the following impact on net results and equity on the basis that all other variables remain constant:

| | Percentage Change % | Effect on Net Loss $ |
|---|---|---|
| **2014** | **1** | **17,705** |
| 2013 | 1 | 29,333 |

ii Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in 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.

The company invests excess cash in short-term deposits and 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 bank accounts are not fixed but are subject to fluctuations based on prevailing market rates.

**Interest rate sensitivity**

Due to the fact that interest rate on the company's fixed deposit is fixed up to maturity and interest earned from the company's interest-earning bank accounts is immaterial, there would be no material impact on the results of the company's operations as a result of fluctuations in interest rates.

iii Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The company's financial instruments are substantially independent of changes in market prices as they are short-term in nature.

## b Credit risk

The company faces credit risk in respect of its receivables and cash and cash equivalents. However, this risk is controlled by close monitoring of these assets by the company. In addition, in respect of cash and cash equivalents, these deposits are maintained with licensed financial institutions considered to be stable. Savings and current accounts held at commercial banks are insured under the Jamaica Deposit Insurance Scheme (JDIS).

The maximum credit risk faced by the company is limited to the carrying amount of financial assets recognised as the at end of the reporting period as summarised below:

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Cash and cash equivalents | **2,109,482** | 1,518,067 |
| Trade and other receivables | **687,897** | 819,507 |
| **Total** | **2,797,379** | 2,337,574 |

However, at the end of the reporting period a maximum of $600,000 per Commercial Bank is insured under the Jamaica Deposit Insurance Scheme (JDIS).

The company does not require collateral or other credit enhancements in respect of trade and other receivables.

## c Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its commitments associated with financial liabilities.

The company manages its liquidity risk by carefully monitoring its cash outflow needs for day-to-day business and maintaining an appropriate level of resources in liquid or near liquid form to meet its needs. The company maintains cash and short-term deposits for up to 30-day periods to meet its liquidity requirements.

As at March 31, 2014, the company's liabilities have contractual maturities which are summarised below:

| | Current | | Non-current | |
|---|---|---|---|---|
| | Within 6 months $'000 | 6 to 12 months $'000 | 2 to 5 years $'000 | Later than 5 years $'000 |
| Trade and other payables | **6,124,599** | - | - | - |
| **Total** | **6,124,599** | - | - | - |

This compares to the maturity of the company's financial liabilities in the previous reporting period as follows:

| | Current | | Non-current | |
|---|---|---|---|---|
| | Within 6 months $'000 | 6 to 12 months $'000 | 2 to 5 years $'000 | Later than 5 years $'000 |
| Owing to related company | - | - | - | 36,418 |
| Trade and other payables | 5,699,923 | - | - | - |
| Short-term loans | 1,089,264 | - | - | - |
| **Total** | **6,789,187** | **-** | **-** | **36,418** |

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting period.

## 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. Cessation of WINDALCO

As at March 31, 2009 WINDALCO had temporarily ceased to produce alumina. Subsequently its Ewarton plant was reopened on July 9, 2010 producing only 50% of the eighty-five thousand (85,000) tonnes required by the JBM/Glencore Supply Agreement which is tied to the loan agreement. The Kirkvine plant remains closed.

The Kirkvine assets were previously considered impaired. A valuation carried out by Deloitte & Touche LLP as at December 31, 2012 deemed the assets not impaired. The fair value of Jamaica Bauxite Mining's seven per cent (7%) share of the Kirkvine assets at that date were US$3,379,880 approximately J$370,348,323 using the exchange rate ruling at the date of these financial statements.

## 30. Going Concern

The financial statement are prepared on a going concern basis. However, the company has an accumulative deficit of $538,735 (2013 - $709,399). As at March 31, 2014 its current liabilities exceeded its current assets by $3,020,297 (2013 - $4,108,690). The company's ability to continue as a going concern is dependent on obtaining any funding and future profitable operations.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or to amounts and classification of liabilities that may be necessary if the company is unable to continue as a going concern.

## 31. Capital management, policies and procedures

The company's capital management objectives are 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 review the financial position of the company at regular meetings held.

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

## 32. Fair value measurement of non-financial assets

Fair value of the company's land and buildings is estimated based on an appraisal preferred by a professionally qualified valuators. 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 specific 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 valuators.

## 33. Summary of financial assets and liabilities by category

The carrying amounts of the company's financial assets and liabilities recognised at the end of the reporting period may be categorised as follows:

| | **2014** | | 2013 | |
|---|---|---|---|---|
| | **Carrying Amount $'000** | **Fair Value $'000** | Carrying Amount $'000 | Fair Value $'000 |
| **Financial assets:** | | | | |
| Loans and receivables | | | | |
| Trade and other receivables | **687,897** | **687,897** | 819,519 | 819,519 |
| Cash and cash equivalents | **2,109,497** | **2,109,497** | 1,518,067 | 1,518,067 |
| **Total** | **2,797,394** | **2,797,394** | **2,337,586** | **2,337,586** |
| **Financial liabilities** | | | | |
| Financial liabilities measured at amortised cost | | | | |
| Trade and other payables | **6,124,599** | **6,124,599** | 5,699,923 | 5,699,923 |
| Short-term loans | **-** | **-** | 1,089,264 | 1,089,264 |
| Owing to related company | **-** | **-** | 36,418 | 36,418 |
| **Total** | **6,124,599** | **6,124,599** | **6,825,605** | **6,825,605** |

## 34. Subsequent events

Subsequent to the year end, under an agreement dated May 29, 2014, the company agreed to sell its 7% interest in WINDALCO to UC Rusal and Alumina Jamaica International for an agreed sum. However, at the date of the authorisation of these financial statements, the documentation to effect transfer of the 7% interest and the subjected assets under the agreement was not completed.

# Additional information – Auditors' report

To the Directors of
Jamaica Bauxite Mining Limited
On Additional Information

The additional information presented on pages 36 to 39 has been taken from the accounting records of the company and has been subjected to the tests and other auditing procedures applied in our examination of the financial statements of the company for the year ended March 31, 2014.

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 the company's affairs as at March 31, 2014 or of the results of its operations or its cash flows for the year then ended.

Mair Russell Grant Thornton
Chartered Accountants

Kingston, Jamaica
December 3, 2014

# Additional information – Detailed trading and profit or loss account for the year ended March 31, 2014

| | Page | 2014<br>$'000 | Restated<br>2013<br>$'000 |
|---|---|---|---|
| **Sales** | | **1,499,212** | 1,099,857 |
| Less: Mining costs | 37 | **(1,739,382)** | **(1,448,639)** |
| Gross loss | | **(240,170)** | **(348,782)** |
| Income – Lydford operations | 38 | **211,303** | 209,641 |
| Other income | | **1,816,570** | 156,914 |
| Finance income | | **235,325** | 206,140 |
| Gain/(loss) on disposal of property, plant and equipment | | **43** | **(3,371)** |
| | | **2,263,241** | **569,324** |
| | | **2,023,071** | **220,542** |
| **Administrative and other overhead expenses:** | | | |
| Expenses – Lydford operations | 38 | **(172,767)** | (142,752) |
| Administrative expenses | 39 | **(144,018)** | (508,547) |
| Finance costs | 39 | **(71,411)** | (28,160) |
| Other operating costs | 39 | **(357,040)** | **(212,627)** |
| | | **(745,236)** | **(892,086)** |
| **Trading profit /(loss) for the year** | | **1,277,835** | (671,544) |

# Additional information – Mining account for the year ended March 31, 2014

| | **2014 $'000** | 2013 $'000 |
|---|---|---|
| Opening stock – alumina | **343,734** | 396,278 |
| Purchases | **1,584,136** | **1,308,710** |
| | **1,927,870** | 1,704,988 |
| Less: Closing stock – alumina | **256,649** | **329,354** |
| Materials consumed | **1,671,221** | **1,375,634** |
| **Add: Direct production overheads** | | |
| Production levy | **-** | 11,273 |
| Depreciation | **63,116** | 57,233 |
| Royalty | **5,045** | **4,499** |
| | **68,161** | **73,005** |
| **Mining costs (Page 36)** | **1,739,382** | 1,448,639 |

# Additional information – Lydford operations detailed profit or loss account for the year ended March 31, 2014

| | 2014<br>$'000 | 2013<br>$'000 |
|---|---|---|
| **Income** | **184,714** | **187,740** |
| **Other income** | | |
| Maintenance income | 5,414 | 8,561 |
| Rental income | 21,175 | 13,340 |
| Capital income | - | 156,844 |
| Other | - | 70 |
| | 26,589 | 178,815 |
| | 211,303 | 366,555 |
| **Expenses** | | |
| Salaries, wages and related expenses | 49,444 | 49,577 |
| Staff benefits | 4,343 | 2,959 |
| Fuel and power | 22,820 | 24,307 |
| Freight | 489 | 1,243 |
| Repairs and maintenance | 40,058 | 22,481 |
| Outside services and supplies | 1,768 | 2,720 |
| Office supplies | 508 | 392 |
| Telephone and postage | 453 | 456 |
| Local travel | 41 | 78 |
| Advertising | 11 | 11 |
| Property taxes | 5,517 | 401 |
| Insurance | 5,514 | 2,997 |
| Pension and group health | 6,384 | 5,899 |
| Bad debts – specific provision | 1,323 | 1,025 |
| Depreciation | 15,354 | 15,079 |
| Water | 2,321 | 1,213 |
| Sundry supplies | 1,774 | 1,771 |
| Donations and subscriptions | 80 | 108 |
| Printing and stationery | - | 111 |
| Bank charges and interest | 296 | 176 |
| Security | 7,445 | 6,760 |
| Motor vehicle expenses | 6,824 | 2,988 |
| **Total (To page 36)** | **172,767** | **142,752** |
| | 38,536 | 223,803 |

# Additional information – Supporting schedule of expenses for the year ended March 31, 2014

| | **2014 $'000** | 2013 $'000 |
|---|---|---|
| **Administrative expenses** | | |
| Salaries, wages and related expenses | **2,845** | 925 |
| Director's remuneration | **727** | 727 |
| Director's fees | **1,894** | 847 |
| Staff benefits | **164** | 81 |
| Telephone, postage and cables | **212** | 220 |
| Printing and stationery | **52** | - |
| Audit fees | **2,100** | 2,143 |
| Professional fees | **4,103** | 548 |
| Entertainment | **73** | 13 |
| Office and miscellaneous expenses | **56** | 150 |
| Asset declaration and annual returns fees | **71** | 60 |
| Service fees | **500** | 500 |
| Penalty & interest - Glencore | **129,115** | 469,113 |
| Interest – Windalco | **-** | 33,065 |
| Bank charges | **100** | 100 |
| Consultancy fees | **-** | 55 |
| Pension | **1,359** | - |
| Donations | **21** | - |
| Foreign travel | **626** | - |
| **Total (To page 36)** | **144,018** | 508,547 |
| | | |
| **Finance costs** | | |
| Loan interest | **71,411** | 28,160 |
| **Total (To page 36)** | **71,411** | 28,160 |
| | | |
| **Other operating expense** | | |
| Loss on foreign exchange(net) | **357,040** | 212,627 |
| **Total (To page 36)** | **357,040** | 212,627 |

Mair Russell
Grant Thornton

www.gtjamaica.com