JAMAICA BAUXITE MINING LTD

Annual Report 2015/2016

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"), and 100% of the former Reynolds Operations at Lydford and the Port of Ocho Rios.

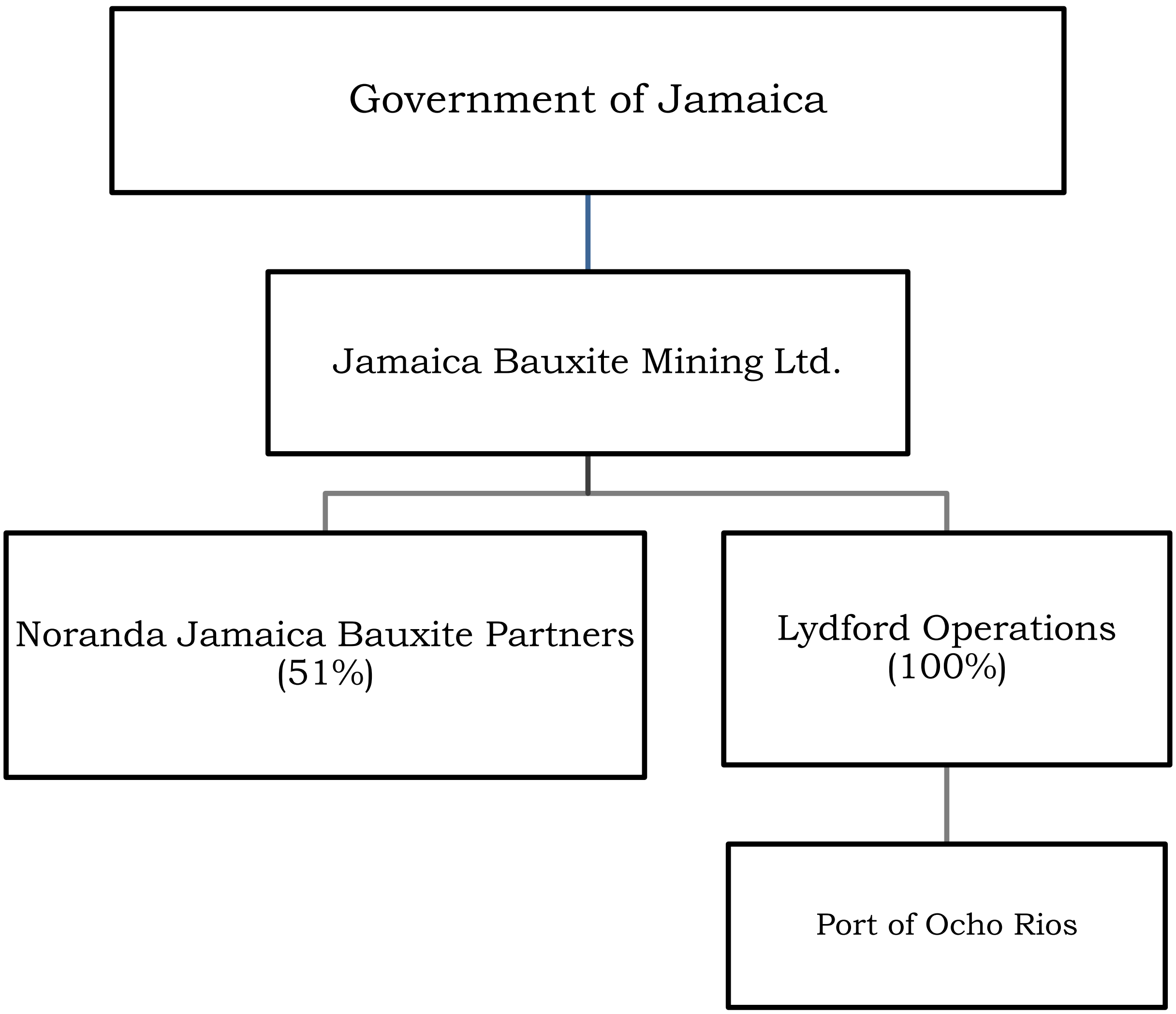

Figure 1

Report of the Board of Directors

Board of Directors

The Board of Directors remained the same through the fiscal year as Mr. Linton A. Walters continued as Chairman alongside Directors, Dr. Conrad Douglas, Dr. Marie Freckleton, Dr. Margaret Sylvester Reid, Mr. Brando Hayden, Mr. Carl Thomas and Miss Karen Ho Young while Mr. Coy Roache continued as Managing Director.

On May 16, 2016 the entire Board of Directors resigned and a new Board was appointed. The new members are Ambassador Clifton Stone, Chairman alongside Directors, Mr. Christian Tavares-Finson, Mr. Stevie Barnett, Mr. 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

Results

JBM Reported operating profit of J$230.7mln, a decrease of 1.1% from the previous fiscal year. This result, however, exceeded the targeted amount of J$196.8mln by 17.3%. Total comprehensive income before taxes and administrative expenses was J$537.8mln. Total administrative expenses were J$307mln. These expenses include fees totaling J$67.8mln with regards to the completion of the Windalco transaction. This is the first report that JBM has completed since the divestment of Windalco.

Operations

Lydford Operations

Thirty-Four (34) cruise ships with 103,414 passengers and crew called at the Port in 2015/16. This represents a 17% 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 5%.

There were seven (7) limestone shipments during the fiscal year, the same as the previous fiscal year with total tonnage increasing by 5% to 212,635 metric tonnes.

Sugar shipments, however, fell as only four (4) ships were loaded compared with five (5) in the previous fiscal year. That one shipment however, represented a shortfall of 37% to 55,382 metric tonnes as shipments returned to the level seen in the 2013/14 fiscal year as sugar was slow to arrive at the Port for shipping.

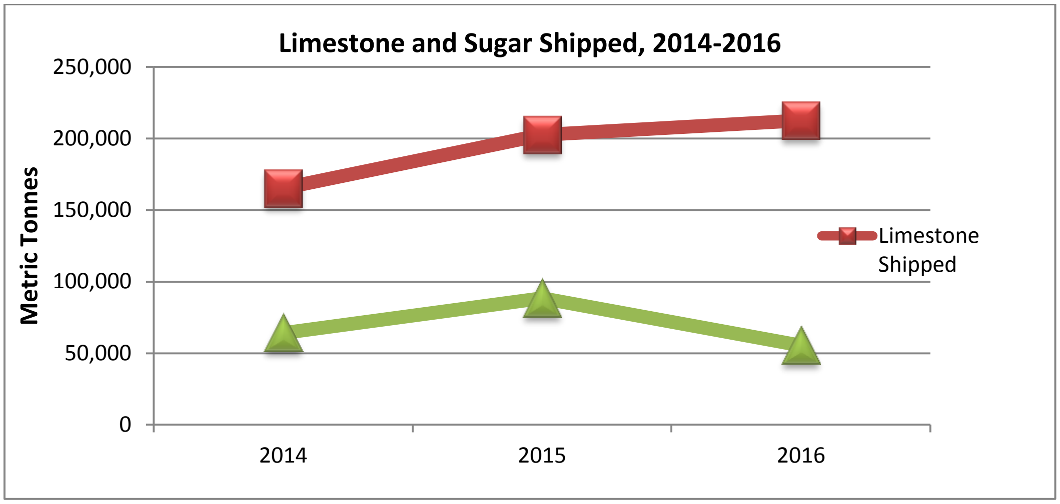

Figure 2: Limestone and Sugar Shipped (2014-2016)

Lydford Operations were again profitable, achieving a net profit of J$59.2mln from $238.3mln of revenue. This fell marginally short of the budgeted profit for Lydford (J$64.5mln) because of the unexpected shortfall in sugar shipments. In line with our corporate plan, rental income rose by 129% to J$51.3mln as the company improves the utilization of its land and building assets.

Reported profit increased by 72% over 2014/15 and was the highest since 2012/13 ($70mln). Lydford Operations has now established itself as a reliable, vital profit centre for JBM. Revenues have continued to rise since 2011/12, achieving a compound annual growth rate of 10%.

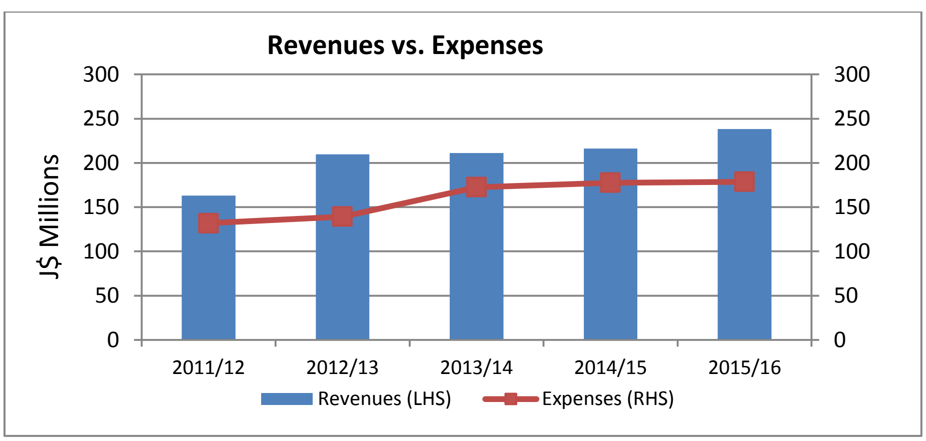

Figure 3 – Lydford Operations – Revenues vs. Expenses

JBM has completed its corporate restructuring, and in doing so has engaged the full time services of the following:

- Deputy Port & Property Manager
- HR Administrator
- Accountant

In addition, as we continue to be a good neighbour to our many communities, we coordinated with Mustard Seed Communities to resuscitate an old well by installing a solar system to pump water to adjoining neighbourhoods.

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.

JBM received an annual Use of Asset Fee from its equity in Noranda Jamaica Bauxite Partners ("NJBP"). This fee was the equivalent of J$204.4mln and exceeded the target of J$182.5mln by 12%. 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$17.6 million.

The price of aluminium on world markets plummeted during the fiscal year, and by proxy, alumina and bauxite also fell and this affected NJBP's operations. Noranda Aluminum, along with NJBP, was forced into bankruptcy proceedings close to the end of the fiscal year and investors have shown interest in their 49% interest in the operations.

Dividend

No dividend is proposed at this time.

Future Prospects

Management of JBM has forecast an operating profit for the 2016-17 fiscal year of J$167.7mln. This is based on projected profits of J$25.3mln from Lydford Operations.

It is also assumed that the Use of Assets fee from NJBP will continue to be paid in full, and that any potential acquirer will honour the current contract structure between JBM and NJBP. The value of this fee is projected at J$206.6mln, but is paid in US$ 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 and also as part of good long-term planning. The interest on fixed deposits is projected to be J$18mln in 2016-2017.

Expenses for JBM, not including the Lydford Operations and charges related to Windalco, are estimated to increase to J$77.8mln from J$61.1mln.

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 and Lydford.

Aluminium prices on the world market have fallen to US$1,500 per MT and it will be some time before it returns to US$2,200 (as this is the breakeven price for most aluminium smelters). Hopefully energy solutions for the island will be finalized by this time.

Managing Director	**Chairman**
Coy Roache, CD	**Linton A. Walters**

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	2015-16	10,333,296.82	-	1,016,380.00	-	123,209.00	-	11,472,885.82
Director of Finance & Administration	2015-16	4,917,067.02	-	609,828.00	-	171,353.00	-	5,698,248.02
Port & Property Manager	2015-16	4,654,171.37	-	1,084,274.10	-	168,655.88	-	5,907,101.35
Deputy Port & Property Manager*	2016	980,171.76	-	160,782.00	-	13,500.00	-	1,154,453.76

Notes:

1. **Other Allowances include Health Insurance, Group Life Insurance and Lunch Subsidy.**
2. ***The Deputy Port Manager joined the company in January 2016.**

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	2015-16	144,000.00	200,000.00	-	-	344,000.00
Director	2015-16	139,500.00	225,000.00	-	-	364,500.00
Director	2015-16	52,500.00	135,000.00	-	-	187,500.00
Director	2015-16	116,000.00	225,000.00	-	-	341,000.00
Director	2015-16	109,500.00	225,000.00	-	-	334,500.00
Director	2015-16	102,200.00	208,500.00	-	-	310,500.00
Director	2015-16	102,200.00	208,500.00	-	-	310,500.00
TOTAL						**2,192,500.00**

JAMAICA BAUXITE MINING LIMITED

Financial Statements

for year ended

March 31, 2016

JAMAICA BAUXITE MINING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2016

JAMAICA BAUXITE MINING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2016

INDEX

Corporate Head-Office
Unit 34
Winchester Business Centre
15 Hope Road
Kingston 10
Jamaica, W.I.

Phone +876-9084007
+876-7542074
Fax +876-7540380
Email info@uhy-ja.com
Web www.uhy-ja.com

**REPORT OF THE INDEPENDENT AUDITORS
TO THE DIRECTORS 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 31st March 2016 and the statement of comprehensive income, changes in equity and cash flows for the year then ended together with a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on 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 that 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' judgement, 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 auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE DIRECTORS OF JAMAICA BAUXITE MINING LIMITED

Auditors' Responsibility (cont'd)

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.

Opinion

In our opinion, the financial statements, give a true and fair view of the financial position of Jamaica Bauxite Mining Limited as at 31st March 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

Report on additional requirements of the 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, and the financial statements which are in agreement with the accounting records, give the information required by the Jamaican Companies Act in the manner so required.

UHY Dawgen
UHY Dawgen
Signature

UHY DAWGEN CHARTERED ACCOUNTANTS

24th October 2016

JAMAICA BAUXITE MINING LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	2016 $		2015 $	
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	5	120,165,617		123,485,689	
Investment Property	6	13,377,986		14,732,386	
Investment	7	2,125,851,319	*	2,005,242,606	*
Due From Related Party	8	556,879,417	*	206,851,501	*
		2,816,274,339		2,350,312,182	
Current Assets					
Inventories	9	6,382,119		2,669,002	
Trade and Other Receivables	10	204,241,432		178,950,017	
Taxation Recoverable		70,304,503		60,369,356	
Short Term Investments	11	693,940,021	*	589,328,659	*
Cash and Cash Equivalents	12	317,419,443	*	535,835,321	*
		1,292,287,518		1,367,152,355	
Total Assets		**4,108,561,857**		**3,717,464,537**	
EQUITY AND LIABILITIES					
Capital and Reserves					
Issued Share Capital	13	10,000,000		10,000,000	
Capital Reserve	14	1,156,784,682		1,156,784,682	
Revaluation Reserve	15	56,707,619		56,707,619	
Accumulated Deficit		(1,131,777,838)		(1,335,178,546)	
		91,714,463		(111,686,245)	
Non-Current Liabilities					
Due To Related Party	8	96,653,294	*	95,953,576	*
Current Liabilities					
Trade and Other Payables	16	1,465,201,607		2,570,313,548	
Deferred Income	17	2,400,390,657		1,135,503,842	
Taxation Payable		54,601,836		27,379,816	
		3,920,194,100		3,733,197,206	
Total Equity and Liabilities		**4,108,561,857**		**3,717,464,537**	

* These balances were reclassified in order to correctly categorise the relevant line items.

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

APPROVED FOR ISSUE BY THE BOARD ON 24.10.2016 **AND SIGNED ON ITS BEHALF BY:**

Coy Roache, Director

Linton A. Walters, Director

JAMAICA BAUXITE MINING LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	2016 $	2015 $
Revenue	18	-	534,967,042
Operating Costs		-	(664,312,519)
		-	(129,345,477)
Finance Income	19	234,230,749	245,016,626
Other Areas of Revenue	20	255,926,445	214,953,194
Foreign Exchange Gain		47,235,474	763,243,494
Gain/(Loss) on Disposal of Property, Plant and Equipment		401,000	(609,592,500)
		537,793,668	484,275,337
Administrative Expenses		(307,020,890)	(240,505,691)
		230,772,778	243,769,646
Finance Costs	21	-	(10,392,516)
Operating Profit for the year	22	230,772,778	233,377,130
Taxation	23	(27,372,070)	(27,439,816)
Total Comprehensive Income		**203,400,708**	**205,937,314**

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 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

	Share Capital $	Capital Reserve $	Revaluation Reserve $	Accumulated Surplus/ (Deficit) $	Total $
Balance at 31st March 2014	**10,000,000**	**1,081,336,518**	**56,707,619**	**(1,541,115,860)**	**(393,071,723)**
Total Comprehensive Income for year	-	-	-	205,937,314	205,937,314
Net Assets from BATCO	-	75,448,164	-	-	75,448,164
Balance at 31st March 2015	**10,000,000**	**1,156,784,682**	**56,707,619**	**(1,335,178,546)**	**(111,686,245)**
Total Comprehensive Income for year	-	-	-	203,400,708	203,400,708
Balance at 31st March 2016	**10,000,000**	**1,156,784,682**	**56,707,619**	**(1,131,777,838)**	**91,714,463**

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 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

	2016	2015
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Total Comprehensive Income for the year	203,400,708	205,937,314
Adjustments to Reconcile Comprehensive Income for the year to Net Cash (Used in)/Provided by Operating activities:		
Gain on Foreign Exchange (Fixed Asset Disposal)	-	(812,267,289)
Depreciation	20,222,327	37,144,436
(Gain)/Loss on disposal of Property, Plant & Equipment	(401,000)	609,592,500
Increase in value of Windalco Investment	-	(83,445,509)
Interest Income	(234,230,749)	(50,379,771)
Gain on Foreign Exchange (Investment)	(120,608,713)	(94,378,307)
Taxation Provision	27,372,070	27,439,816
	(104,245,357)	(160,356,810)
(Increase)/Decrease in Current Assets:		
Inventories	(3,713,117)	253,980,266
Trade and Other Receivables	(28,145,022)	111,831,943
Due from Related Party	(350,027,916)	(144,433,851)
Increase/(Decrease) in Current Liabilities:		
Trade and Other Payables	(1,105,111,941)	(3,457,631,839)
Deferred Income	1,264,886,815	1,135,503,842
Due to Related Party	699,718	(699,718)
Cash Used in Operations	(325,656,820)	(2,261,806,168)
Interest Received	237,084,356	40,464,256
Taxation Paid	(10,085,197)	(10,170,494)
Net Cash Used in Operating activities	(98,657,661)	(2,231,512,406)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to Property, Plant and Equipment	(16,976,201)	(37,619,967)
Proceeds from Disposal of Property, Plant & Equipment	1,829,346	1,238,600,000
Short Term Investments	(104,611,362)	606,868,409
Investment	-	(29,248,558)
Net Assets from BATCO	-	75,448,164
Net Cash (Used in)/Provided by Investing Activities	(119,758,217)	1,854,048,048
CASH FLOWS FROM FINANCING ACTIVITIES:		
Debts Forgiven	-	-
Repayment of Short-term Loans	-	-
Net Cash provided by Financing Activities	-	-
Net Decrease in Cash and Cash Equivalents	(218,415,878)	(377,464,358)
Cash and Cash Equivalents at beginning of Year	535,835,321	913,299,679
Cash and Cash Equivalents at end of year	317,419,443	535,835,321

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

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. This is included in Investment (Note 7)

2. Adoption of Standards, Interpretation and Amendments:

(a) Standards and Interpretations in respect of published standards that are in effect:

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. Management has assessed the relevance of these new standards, interpretations and amendments and has adopted and applied in these financial statements, those standards which are considered relevant to its operations.

IAS 19: Defined Benefit Plans: Employee Contributions (Effective July 2014)

Amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

2. Adoption of Standards, Interpretation and Amendments - (Cont'd):

(a) Standards and Interpretations in respect of published standards that are in effect (cont'd):

Improvements to IFRSs 2010–2012 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments are as follows:

- **IFRS 13 - Fair Value Measurement (Effective July 2014)**

  Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusion only).

- **IAS 16 - Property, Plant and Equipment (Effective July 2014)**

  Revaluation method - Proportionate restatement of accumulated depreciation. Clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

  <u>For all depreciable assets:</u>

  The depreciable amount (cost less residual value) should be allocated on a systematic basis over the asset's useful life [IAS 16.50].

  The residual value and the useful life of an asset should be reviewed at least at each financial year-end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate under IAS 8. [IAS 16.51]

  The depreciation method used should reflect the pattern in which the asset's economic benefits are consumed by the entity [IAS 16.60]; a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. [IAS 16.62A]

  The depreciation method should be reviewed at least annually and, if the pattern of consumption of benefits has changed, the depreciation method should be changed prospectively as a change in estimate under IAS 8. [IAS 16.61] Expected future reductions in selling prices could be indicative of a higher rate of consumption of the future economic benefits embodied in an asset. [IAS 16.56]

  Depreciation should be charged to profit or loss, unless it is included in the carrying amount of another asset [IAS 16.48].

  Depreciation begins when the asset is available for use and continues until the asset is derecognised, even if it is idle. [IAS 16.55]

- **IFRS 38: Intangible Assets (Effective July 2014)**

  Revaluation method - proportionate restatement of accumulated amortisation. Clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

2. Adoption of Standards, Interpretation and Amendments - (Cont'd):

(a) Standards and Interpretations in respect of published standards that are in effect (cont'd):

Improvements to IFRSs 2010–2012 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments are as follows (cont'd):

- **IAS 24 - Related Party Disclosures (Effective July 2014)**

  Key management personnel - clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

  Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity. [IAS 24.9]

  If an entity obtains key management personnel services from a management entity, the entity is not required to disclose the compensation paid or payable by the management entity to the management entity's employees or directors. Instead the entity discloses the amounts incurred by the entity for the provision of key management personnel services that are provided by the separate management entity*. [IAS 24.17A, 18A]

Improvements to IFRSs 2011–2013 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments are as follows:

- **IFRS 13 - Fair Value Measurement (Effective July 2014)**

  Scope of paragraph 52 (portfolio exception) clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.

- **IFRS 3: Business Combinations (Effective July 2014)**

  Scope of exception for joint ventures. Clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

- **IAS 40: Investment Property (Effective July 2014)**

  Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other.

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.

2. Adoption of Standards, Interpretation and Amendments - (Cont'd):

(b) Standards and Interpretations in respect of published standards which 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.

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.

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;

2. Adoption of Standards, Interpretation and Amendments - (Cont'd):

(b) Standards and Interpretations in respect of published standards which are not 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 (cont'd):

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

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.

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.

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.

2. Adoption of Standards, Interpretation and Amendments - (Cont'd):

(b) Standards and Interpretations in respect of published standards which are not in effect (Cont'd):

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.

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

This replaces the existing guidance in ***IAS 39, Financial Instruments: Recognition and Measurement.*** IFRS 9 introduces new requirements for the classification, measurement and recognition of financial assets and financial liabilities, in order to ensure that relevant and useful information is presented to users of financial statements. It replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. The determination of classification will be made at initial recognition and depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

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 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.

2. Adoption of Standards, Interpretation and Amendments - (Cont'd):

(b) Standards and Interpretations in respect of published standards which are not in effect (Cont'd):

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.

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.

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 2017 financial statements.

(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 Noranda Jamaica Bauxite Partners (NJBP) 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

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 in Joint Operations:**

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 from fluctuation in exchange rates are included in profit or loss for the period.

(iv) **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.

(v) **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.

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

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

(v) **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.

(vi) **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.

(vii) **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.

(viii) **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.

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

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

(viii) **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.

(ix) **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.

(x) **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 equipment.

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

(xi) **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.

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

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

(xii) **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 relate.

(xiii) **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.

(xiv) **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.

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 2016
(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

	2016	2015
	$	$
Trade Receivables	35,204,711	38,823,236
Other Receivables	169,036,721	140,126,781
Short Term Investments	693,940,021	589,328,659
Cash and Cash Equivalents	317,389,443	535,805,321
	1,215,570,895	1,304,083,997

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 the company faced liquidity risk in that, its current liabilities exceeded its current assets by $2,627,906,582 (2015 - $2,366,044,851).

There has been some change in the company's liquidity risk or the manner in which it measures and manages the risk. This is evident in the 5% 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 2016
(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 $
Inventories	6,382,119	-	6,382,119	-
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	317,419,443	-	-	317,419,443
	1,292,287,518	35,204,711	869,358,861	387,723,946
Trade and Other Payables				
Trade	25,886,653	25,886,653	-	-
Other	1,439,314,954	-	1,439,314,954	-
Taxation Payable	54,601,836	54,601,836	-	-
	1,519,803,443	80,488,489	1,439,314,954	-
Net Current Assets/(Liabilities)	(227,515,925)	(45,283,778)	(569,956,093)	387,723,946

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2016
(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 2015.

	Carrying Amount and Contractual Cash Flow	0 - 6 months	6 - 12 months	No specific maturities
	$	$	$	$
Inventories	2,669,002	-	2,669,002	-
Trade and Other Receivables				
Trade	38,823,236	38,823,236	-	-
Other	140,126,781	-	140,126,781	-
Taxation Recoverable	60,369,356	-	-	60,369,356
Short Term Investments	589,328,659	-	589,328,659	-
Cash and Cash Equivalents	535,835,321	-	-	535,835,321
	1,367,152,355	38,823,236	732,124,442	596,204,677
Trade and Other Payables				
Trade	20,969,424	20,969,424	-	-
Other	2,549,344,124	-	2,549,344,124	-
Taxation Payable	27,379,816	-	27,379,816	-
	2,597,693,364	20,969,424	2,576,723,940	-
Net Current Assets/(Liabilities)	(1,230,541,009)	17,853,812	(1,844,599,498)	596,204,677

(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 2016
(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 consists of a debt owing to an associate, Glencore International AG.

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	**2016**	Interest Rate	**2015**
	%	$	%	$
Financial Assets				
Investment in NJB	10.00%	2,095,425,694	10.00%	1,975,994,048
GOJ 5.25% USD Bond	5.25%	30,425,625	5.25%	29,248,558
US$ Short-Term Investments	2.4% - 4.00%	691,502,212	2.4% - 4.00%	586,962,827
J$ Short-Term Investments	3.90%	2,437,809	3.90%	2,365,832
J$ Deposits	4.05% - 4.65%	97,586,608	4.05% - 4.65%	100,854,456
US$ Deposits	2.15%	145,733,542	2.15%	363,483,280
		3,063,111,490		3,058,909,001
Financial Liabilities				
Penalty and Interest - Glencore	8.00%	1,376,812,630	8.00%	2,518,713,184

Effective February 29, 2016, the interest rate payable on Bank of Jamaica 3-6 months commercial bank deposit rates decreased by approximately 234 basis points from 6.70% to 4.36%. 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 2016
(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:

	2016	2015
	$	$
Financial Assets		
1% (2015-1%) Increase in interest rates		
Investment in NJB	20,954,257	19,759,940
GOJ 5.25% USD Bond	304,256	292,486
US$ Short-Term Investments	6,915,022	5,869,628
J$ Short-Term Investments	24,378	23,658
J$ Deposits	975,866	1,008,545
US$ Deposits	1,457,335	3,634,833
	30,631,115	30,589,090
1% (2015-1%) Decrease in interest rates	(30,631,115)	(30,589,090)
Financial Liabilities		
1% (2015-1%) Increase in interest rates		
Penalty and Interest - Glencore	13,768,126	25,187,132
1% (2015-1%) Decrease in interest rates	(13,768,126)	(25,187,132)

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.

(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:

	2016 US$	2015 US$
Financial Assets		
Investment in NJB	17,217,606	17,217,606
GOJ 5.25% USD Bond	250,000	250,000
Trade and Other Receivables	4,575,837	1,802,313
US$ Short-Term Investments	5,682,023	5,114,253
US$ Deposits	1,197,482	3,167,058
Cash and Cash Equivalents	417,579	554,694
	29,340,527	28,105,924
Financial Liabilities		
Trade and Other Payables	(11,312,941)	(21,945,745)
	(11,312,941)	(21,945,745)
Net Financial Assets	18,027,586	6,160,179

Sensitivity Analysis

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

	US$
At 30th April 2016	123.15
At 31st March 2016	122.04
At 31st March 2015	114.77

Over the period April 1, 2015 to March 31, 2016, there has been an approximate 6% increase in the exchange rate.

Should there be a weakening/strengthening of the Jamaican dollar against the different currencies by say, 10% this would reduce/increase income and equity as shown below:

	2016 Movement		2015 Movement	
	%	J$	%	J$
United States Dollar	6	132,005,198	10	70,700,378

The analysis assumes that all other variables, in particular, interest rates, remain constant and is performed on the same basis for 2015.

(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:

	2016	**2015**
	$	**$**
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 Deficit	(1,131,777,838)	(1,335,178,546)
	91,714,463	(111,686,245)

(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 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

4. Financial Risk Management (Cont'd):

(e) Fair Value (Cont'd)

	2016			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Investment in NJB	-	-	1,975,994,048	1,975,994,048
Govt of Jamaica 5.25% USD Bond	-	29,248,558	-	29,248,558
	-	29,248,558	1,975,994,048	2,005,242,606

	2015			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Investment in NJB	-	-	2,095,425,694	2,095,425,694
Govt of Jamaica 5.25% USD Bond	-	30,425,625	-	30,425,625
	-	30,425,625	2,095,425,694	2,125,851,319

(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 2016
(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 2014	30,087,457	40,794,929	155,398,431	76,942,771	10,752,421	13,988,103	1,210,941,426	23,382,462	1,562,288,000
Additions	-	3,521,725	567,155	17,760,891	-	2,552,103	-	13,218,093	37,619,967
Disposals	(27,504,311)	(23,595)	-	(93,501,837)	-	-	(1,198,258,716)	(1,279,606)	(1,320,568,065)
Transfers	-	-	-	-	-	-	(316,650)	316,650	-
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
Depreciation:									
31st March 2014	-	19,724,627	94,829,162	-	9,154,465	1,775,988	692,521,126	14,783,749	832,789,117
Charge for the year	-	4,224,229	8,698,546	-	418,485	-	18,855,330	3,569,155	35,765,745
Transfers	-	-	(1,430,796)	-	-	-	1,271,000	159,796	-
Retired on disposal	-	(20,449)	-	-	-	-	(711,410,850)	(1,269,350)	(712,700,649)
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
Net Book Values:									
31st March 2016	2,583,146	18,588,083	44,315,912	5,559,740	760,986	14,253,797	9,892,848	24,211,104	120,165,617
31st March 2015	2,583,146	20,364,652	53,868,674	1,201,825	1,179,471	14,764,218	11,129,454	18,394,249	123,485,689
31st March 2014	30,087,457	21,070,302	60,569,269	76,942,771	1,597,956	12,212,115	518,420,300	8,598,713	729,498,883

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.

(Expressed in Jamaican Dollars unless otherwise indicated)

6. Investment Property

	Freehold Land	Freehold Building	Total
	$	$	$
At Cost or Valuation:			
31st March 2014	3,457,077	30,471,000	33,928,077
31st March 2015	3,457,077	30,471,000	33,928,077
31st March 2016	3,457,077	30,471,000	33,928,077
Depreciation:			
31st March 2014	-	17,817,000	17,817,000
Charge for the year	-	1,378,691	1,378,691
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
Net Book Values:			
31st March 2016	3,457,077	9,920,909	13,377,986
31st March 2015	3,457,077	11,275,309	14,732,386
31st March 2014	3,457,077	12,654,000	16,111,077

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

		2016	2015
		$	$
(i)	Noranda Jamaica Bauxite Partners (NJBP)	2,095,425,694	1,975,994,048
(ii)	Govt of Jamaica 5.25% USD Bond due March 11, 2020	30,425,625	29,248,558
		2,125,851,319	2,005,242,606

(i) This represents the fifty one percent (51%) interest in the mining assets of the partnership of Noranda Jamaica Bauxite Partners 2016: US$17,217,606, (2015: US$17,217,606).

In February 2016, the parent company of Noranda Jamaica Bauxite Partners, Noranda Aluminium Holding Corporation (NAHC), filed for Chapter 11 Bankruptcy under the United States (US) Bankruptcy Code. This means that the company has filed voluntary petitions for a court-supervised restructuring process. However, the company has advised that NJBP is currently in the process of evaluating bids from persons interested in acquiring the forty nine percent (49%) interest held by Noranda Jamaica Bauxite Partners.

(ii) This represents 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 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

8. Due From/(To) Related Party

	2016	2015
	$	$
Due From Related Party		
NJB - Use of Assets Fees	69,512,101	65,549,185
Ministry of Finance	487,367,316	141,302,316
	556,879,417	206,851,501
Due To Related Party		
Glencore Alumina Jamaica Limited	(96,653,294)	(96,653,294)
BATCO	-	699,718
	(96,653,294)	(95,953,576)
	460,226,123	**110,897,925**

9. Inventories

	2016	2015
	$	$
Inventory Supplies	6,253,711	2,082,679
Purchases in Transit	128,408	586,323
	6,382,119	**2,669,002**

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

10. Trade and Other Receivables

	2016	2015
	$	$
Trade Receivables	40,262,724	45,352,616
Less: Specific provision for doubtful debts	(5,058,013)	(6,529,380)
	35,204,711	38,823,236
Advances - (Clarendon Alumina Production & Lydford Branch)	139,802,941	108,154,167
Interest Receivable	13,468,002	16,321,609
General Consumption Tax (GCT)	2,159,228	3,019,418
Deferred Charges	11,631,650	11,927,110
Other Receivables	1,974,900	704,477
	204,241,432	**178,950,017**

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

(Expressed in Jamaican Dollars unless otherwise indicated)

11. Short Term Investments

	2016 $	2015 $
US$ Short-Term Investments	691,502,212	586,962,827
J$ Short-Term Investments	2,437,809	2,365,832
	693,940,021	**589,328,659**

12. Cash and Cash Equivalents

	2016 $	2015 $
J$ Deposits	97,586,608	100,854,456
US$ Deposits	145,733,542	363,483,280
J$ Current Accounts	23,249,964	7,805,402
US$ Current accounts	50,819,329	63,662,183
Petty Cash	30,000	30,000
	317,419,443	**535,835,321**

13. Issued Share Capital

	2016 $	2015 $
Authorised		
20,000,000 Ordinary Shares		
Issued and fully paid:		
10,000,000 Ordinary Shares of no par value	10,000,000	10,000,000

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

14. Capital Reserve

	2016 $	2015 $
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.	30,717,000	30,717,000
	1,156,784,682	**1,156,784,682**

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

15. Revaluation Reserve

	2016	2015
	$	$
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.	528,632	528,632
	56,707,619	**56,707,619**

16. Trade and Other Payables

	2016	2015
	$	$
Trade Payables	25,886,653	20,969,424
Penalty and Interest - Glencore	1,376,812,630	2,518,713,184
Accruals	9,037,364	6,512,916
Lydford Branch	47,045,857	12,530,430
Other Payables	6,419,103	11,587,594
	1,465,201,607	**2,570,313,548**

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

17. Deferred Income

Deferred income represents net proceeds of government grant being utilized to settle debt to Glencore re penalty and interest for non-performance of trade agreement.

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

18. Revenue

	2016	2015
	$	$
Revenue - Alumina Sales	-	534,967,042

This represented income from the export of alumina from a Joint Venture Agreement with Windalco. However, during the 2015 financial year, Jamaica Bauxite Mining Limited (JBM) sold its 7% share in Windalco to UC Rusal under an agreement dated 29th May 2014 for US$11 million.

19. Finance Income

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

	2016	2015
	$	$
Interest Income from Cash and Cash Equivalents	29,825,298	50,379,771
Interest Income from Financial Assets at amortised cost	204,405,451	194,636,855
	234,230,749	**245,016,626**

20. Other Areas of Revenue

	2016	2015
	$	$
Maintenance Income	4,635,042	5,176,325
Rental Income	51,287,820	22,374,726
Port Income	182,019,186	187,402,143
Proceeds of Sale of land in NJB Partnership*	17,597,322	-
Scraps	84,561	-
Bad Debt Recovered	302,514	-
	255,926,445	**214,953,194**

*This represents 51% of the proceeds from the sale of land owned by the partnership of Noranda Jamaica Bauxite Partners (NJBP) as per the partnership agreement.

21. Finance Costs

	2016	2015
	$	$
Loan Interest	-	10,392,516

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2016
(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:

	2016 $	2015 $
Depreciation: Administration	20,222,327	19,525,077
Mining	-	17,619,359
Auditors' Remuneration	990,000	1,004,584
Interest Income	(234,230,749)	(245,016,626)
Interest Expense-Loans	-	10,392,516
(Gain)/Loss on Foreign Exchange (net)	(47,235,474)	(763,243,494)
(Gain)/Loss on disposal of Investments, Property, Plant and Equipment	(401,000)	609,592,500

23. Taxation

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

	2016 $	2015 $
Income Tax @ 25%	27,372,070	27,439,816
	27,372,070	**27,439,816**

Reconciliation of theoretical tax charge to effective tax charge:

	2016	2015
Profit for the year	230,772,778	233,377,130
Income tax thereon at 25%	57,693,195	58,344,283
Tax effect of expenses not deductible /income not taxable	15,558,249	2,248,538
Income not subject to tax	(16,308,449)	(38,412,749)
Other charges	(7,967,837)	(33,938,169)
Unreconciled difference	(21,603,088)	39,197,913
	27,372,070	**27,439,816**

(ii) Subject to the agreement of the Commissioner General, Tax Administration Jamaica, losses of approximately $2,397,039,760 (2015: $2,476,528,041) 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.

(Expressed in Jamaican Dollars unless otherwise indicated)

23. Taxation (Cont'd)

(iii) The company has a potential deferred tax asset of approximately $643,910,896 (2015: $534,852,577). This amount has not been recorded in these financial statements, as it is unlikely that taxable profit will be available in the immediately foreseeable future against which deductible temporary differences and unused tax losses can be utilised.

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.

	2016	2015
	$	$
Expenses:		
Management remuneration (included in employee benefits note 26)	24,232,689	37,784,727

25. Direct Expenses

	2016	2015
	$	$
Cost of Inventories Recognised as Expense	-	643,876,157
Other Direct Expense-Mining	-	2,817,003
Auditors' Remuneration	990,000	1,004,584
Professional Fees	2,580,170	8,322,381
Depreciation	17,882,305	37,144,436
Fuel and Power	17,098,940	23,501,347
Property Taxes	1,921,160	2,805,250
Employee Benefits (Note 26)	128,718,451	111,707,461
Other Expenses	137,829,864	84,032,107
	307,020,890	**915,210,726**

JAMAICA BAUXITE MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31ST MARCH 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

26. Employee Benefits

	2016 $	2015 $
Salaries, Wages and Related Expenses	109,716,719	96,264,482
Pension	9,784,931	6,676,037
Medical and Other Benefits	9,216,801	8,766,942
	128,718,451	**111,707,461**

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.

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 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 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.

JAMAICA BAUXITE MINING LIMITED
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2016

INDEX

Statement 1

**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 2016.

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 2016 and of the results of its operations, its changes in equity and its cash flows for the year then ended.

UHY Dawgen

UHY Dawgen

Signature

UHY DAWGEN CHARTERED ACCOUNTANTS

24th October 2016

JAMAICA BAUXITE MINING LIMITED
DETAILED TRADING AND PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

	2016	**2015**
	$	**$**
Sales	-	534,967,042
Less: Mining costs	-	(664,312,519)
Gross Loss	-	(129,345,477)
Other Income - Lydford Operations	238,329,123	214,953,194
Other Income - Sale of land - Noranda Jamaica Bauxite Partners	17,597,322	-
Investment Income	234,230,749	245,016,626
Foreign Exchange Gain	47,235,474	763,243,494
Gain/ (Loss) on Disposal of Property, Plant and Equipment	401,000	(609,592,500)
	537,793,668	613,620,814
	537,793,668	484,275,337
Administrative and Other Overhead Expenses:		
Expense - Lydford Operations	178,710,513	180,418,108
Administrative Expenses	128,310,377	60,087,583
Finance Costs	-	10,392,516
	307,020,890	250,898,207
Trading Profit for the Year	**230,772,778**	**233,377,130**

JAMAICA BAUXITE MINING LIMITED
SCHEDULE OF MINING COST
FOR THE YEAR ENDED 31ST MARCH 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

	2016	2015
	$	$
Opening Stock - Alumina	2,669,002	256,649,268
Purchases	3,713,117	389,895,891
	6,382,119	646,545,159
Less: Closing Stock - Alumina	(6,382,119)	(2,669,002)
	-	643,876,157
Add: Direct Production Overheads		
Depreciation	-	17,619,359
Royalty	-	2,817,003
	-	20,436,362
Mining Costs	-	664,312,519

JAMAICA BAUXITE MINING LIMITED
LYDFORD OPERATIONS DETAILED PROFIT OR LOSS ACCOUNT
FOR YEAR ENDED 31ST MARCH 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

	2016	2015
	$	$
Income		
Income	182,019,186	187,402,143
Maintenance Income	4,635,042	5,176,325
Rental Income	51,287,820	22,374,726
Scraps	84,561	-
Bad Debt Recovered	302,514	-
	238,329,123	214,953,194
Expenses		
Salaries, Wages and Related Expenses	77,216,287	68,017,110
Staff Benefits	5,101,771	5,436,564
Fuel and Power	17,098,940	23,501,347
Freight	1,016,868	2,798,976
Repairs and Maintenance	25,112,319	24,770,457
Professional Fess	412,493	-
Outside Services	1,122,229	2,187,750
Office Supplies	785,701	1,095,581
Telephone and Postage	522,728	467,479
Local Travel	415,731	218,148
Property Taxes	1,921,160	2,805,250
Insurance	2,571,809	6,112,590
Pension and Group Health	9,784,931	6,676,037
Depreciation	17,882,305	19,525,077
Water	1,828,309	2,346,784
Sundry Supplies	2,330,383	1,982,348
Donations and Subscriptions	62,694	81,048
Bank Charges and Interest	(66,371)	106,573
Security	10,058,266	9,761,613
Motor Vehicle Expenses	3,531,960	2,527,376
	178,710,513	180,418,108
Total Profit	59,618,610	34,535,086

JAMAICA BAUXITE MINING LIMITED
SCHEDULE OF ADMINISTRATIVE, FINANCE COSTS & OTHER OPERATING EXPENSES
FOR YEAR ENDED 31ST MARCH 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

	2016 $	2015 $
Administrative Expenses		
Salaries, Wages and Related Expenses	32,500,432	28,247,372
Director's Fees	2,192,500	1,509,000
Audit Fees	990,000	1,004,584
Professional & Consultancy Fees	2,580,170	8,322,381
Staff Welfare & Benefits	4,115,030	3,330,378
Staff Training & Symposium	535,002	850,319
Telephone, Postage and Cables	834,983	274,999
Foreign Travel Expense	2,452,588	680,066
Printing and Stationery	126,155	357,272
Rental Expense	5,487,308	4,627,991
Advertising Expense	835,106	59,124
Entertainment	171,585	98,269
Asset Declaration and Annual Returns Fees	200,000	111,000
Registration Fee - Windalco	6,107,945	6,107,950
Transfer Tax - Windalco	61,079,453	-
Bank Charges	199,100	176,012
Depreciation	2,340,022	-
Health & General Insurance	1,142,593	1,241,931
Pension	266,317	-
Repairs & Maintenance - Computer	530,599	120,298
Repairs & Maintenance - Sabina Park View Box	326,983	312,003
Motor Vehicle Expenses	726,743	373,893
Subscriptions & Donations	1,164,671	799,254
General Office and Other Expense	1,405,092	1,483,487
	128,310,377	60,087,583
Finance Costs		
Loan Interest	-	10,392,516
Other Operating Expense		
Gain on Foreign Exchange (net)	(47,235,474)	(763,243,494)

JAMAICA BAUXITE MINING LIMITED
INCOME TAX ADJUSTING STATEMENT
YEAR OF ASSESSMENT 2016
BASED ON ACCOUNTS FOR YEAR ENDED 31ST MARCH 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

				$	$
Gross Receipt/Sales/Income					-
Cost of Sales					-
Gross Operating Loss					-
Business/Administrative Expenses				(307,020,890)	
Adjustments:					
	Add:	Disallowable Items:			
		Depreciation	20,222,327		
		Assets Fees	200,000		
		Donations	136,633		
		Transfer Tax - Windalco	61,079,453		
		Professional fees	816,908		
				82,455,321	
Allowable Business/Administrative Expenses					(224,565,569)
Adjusted Operating Loss					(224,565,569)
Rental Income					51,287,820
Dividend, Interest, Investment etc. Income				234,230,749	
	Add:	Interest Receivable @ 31/03/2015		16,321,609	
	Less:	Interest Receivable @ 31/03/2016		(13,468,002)	
Dividend, Interest, Investment etc. Income Received				237,084,356	
Other Income				252,275,099	
	Less:	Gain on Foreign Exchange- Capital		(47,235,474)	
		Sale of land - NJB		(17,597,322)	
		Gain on disposal of Property, Plant & Equipment		(401,000)	
				187,041,303	
Assessable Other Income					424,125,659
Total Assessable Income					250,847,910
Less: Capital Allowances:					
		Initial Allowance		(33,809)	
		Annual Allowance		(31,837,539)	
					(31,871,348)
Assessable Income for the year					218,976,562
Less: Allowable Losses brought forward				(2,476,528,041)	
	Reduced by loss to be carried forward			(2,367,039,760)	
	Restricted loss set-off (Limit 50% of Assessable Income)				(109,488,281)
Chargeable Income					109,488,281

JAMAICA BAUXITE MINING LIMITED
INCOME TAX ADJUSTING STATEMENT
YEAR OF ASSESSMENT 2016
BASED ON ACCOUNTS FOR YEAR ENDED 31ST MARCH 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

	$
Income Tax thereon @ 25 %	27,372,070
Less: Withholding Tax on Interest	(9,875,147)
	17,682,745
Less: Minimum Business Tax	(60,000)
	17,622,745
Less: Estimated Tax Paid	-
Net Tax Payable	17,622,745

JAMAICA BAUXITE MINING LIMITED
CAPITAL ALLOWANCES SCHEDULE
YEAR OF ASSESSMENT 2016
BASED ON ACCOUNTS FOR YEAR ENDED 31ST MARCH 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

	Date Acquired	Cost	Rate	WDV as at 31/03/2015	Additions	Disposal	Total for Annual Allowance	Initial Allowance @ 25%	Annual Allowance	WDV as at 31/03/2016
		$	%	$	$	$	$	$	$	$
Structures, Residences, etc.										
Structures			2.5	1,700,826	-	-	1,700,826	-	42,521	1,658,305
Residence			2.5	2,079,193	-	-	2,079,193	-	51,980	2,027,213
Paved Road and Yard			2.5	2,096,624	-	-	2,096,624	-	52,416	2,044,208
Structures, Residence, Paved Road & Yard 2011		1,755,868	2.5	1,547,088	-	-	1,547,088	-	38,677	1,508,411
Structures, Residence, Paved Road & Yard 2013		4,003,000	2.5	3,710,218	-	-	3,710,218	-	92,755	3,617,463
Structures, Residence, Paved Road & Yard 2014		2,786,763	2.5	2,649,167	-	-	2,649,167	-	66,229	2,582,938
Residence & Contents			10	7,391,965	-	-	7,391,965	-	739,197	6,652,768
Residence & Contents	2012	1,893,763	10	966,388	-	-	966,388	-	96,639	869,749
Residence & Contents	2015	449,577	12.50 SL	393,380	-	-	393,380	-	56,197	337,183
Residence & Contents	2016	863,071	12.50 SL	-	863,071	-	863,071	-	107,884	755,187
Leasehold Improvement	2016	62,328	12.50 SL	-	62,328	-	62,328	-	7,791	54,537
Sub Total		11,814,370		22,534,849	925,399	-	23,460,248	-	1,352,286	22,107,962
Plant & Machinery										
Pre - 2007 acquisitions			7.5	158,798,525	-	-	158,798,525	-	11,909,889	146,888,636
Plant & Machinery	2007		10	348,615	-	-	348,615	-	34,862	313,753
Plant & Machinery	2011		10	2,956,653	-	-	2,956,653	-	295,665	2,660,988
Plant & Machinery	2012		10	25,311	-	-	25,311	-	2,531	22,780
Plant & Machinery	2013	24,718,000	10	14,015,106	-	-	14,015,106	-	1,401,511	12,613,595
Plant & Machinery	2014	66,151,832	10	41,675,655	-	-	41,675,655	-	4,167,566	37,508,089
Sub Total		90,869,832		217,819,865	-	-	217,819,865	-	17,812,024	200,007,841
Machinery & Equipment										
Machinery & Equipment			10	22,837,761	-	-	22,837,761	-	2,283,776	20,553,985
Machinery & Equipment			10	12,090,760	-	-	12,090,760	-	1,209,076	10,881,684
Machinery & Equipt - Lydford '07	2007		10	44,228	-	-	44,228	-	4,423	39,805
Machinery & Equipt - Lydford '09	2009		10	37,255	-	-	37,255	-	3,726	33,529
Machinery & Equipt - Lydford '11	2011	80,136	10	36,813	-	-	36,813	-	3,681	33,132
Machinery & Equipt - Lydford '12	2012	5,393,000	10	2,752,048	-	-	2,752,048	-	275,205	2,476,843
Machinery & Equipment	2013	1,740,000	10	986,580	-	-	986,580	-	98,658	887,922
Machinery & Equipment	2014	6,109,377	10	3,848,908	-	-	3,848,908	-	384,891	3,464,017
Machinery & Equipment	2015	146,732	12.50 SL	128,390	-	-	128,390	-	18,342	110,048
Sub Total		13,469,245		42,762,743	-	-	42,762,743	-	4,281,778	38,480,965

JAMAICA BAUXITE MINING LIMITED
CAPITAL ALLOWANCES SCHEDULE
YEAR OF ASSESSMENT 2016
BASED ON ACCOUNTS FOR YEAR ENDED 31ST MARCH 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

	Date Acquired	Cost	Rate	WDV as at 31/03/2015	Additions	Disposal	Total for Annual Allowance	Initial Allowance	Annual Allowance	WDV as at 31/03/2016
		$	%	$	$	$	$	$	$	$
Mining Equipment										
Misc Mining Equipment			10	345,975	-	-	345,975	-	34,598	311,377
Overland Conveyors			10	27,784	-	-	27,784	-	2,778	25,006
Overland Conveyors			10	46,902	-	-	46,902	-	4,690	42,212
Overland Conveyors - 2013	2013	17,000	10	9,639	-	-	9,639	-	964	8,675
Overland conveyors	2015	2,552,103	12.50 SL	2,233,090	-	-	2,233,090	-	319,013	1,914,077
Sub Total		2,569,103		2,663,390	-	-	2,663,390	-	362,043	2,301,347
Office Equipment										
Misc. Office Equipment			10	67,034	-	-	67,034	-	6,703	60,331
Office Equipment - 2007			10	16,015	-	-	16,015	-	1,602	14,413
Office Equipment - 2009			10	46,699	-	-	46,699	-	4,670	42,029
Office Equipment	2015	171,154	12.50 SL	149,760	-	-	149,760	-	21,394	128,366
Samsung LED Television	2015	131,060	12.50 SL	114,677	-	-	114,677	-	16,383	98,294
Office Equipment	2016	169,046	12.50 SL	-	169,046	-	169,046	-	21,131	147,915
Office Equipment	2016	465,059	12.50 SL	-	465,059	-	465,059	-	58,132	406,927
Communications Equipment	2016	108,498	20.00 SL	-	108,498	-	108,498	-	21,700	86,798
Sub Total		1,044,817		394,185	742,603	-	1,136,788	-	151,715	985,073
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	-	135,235	-	135,235	33,809	27,047	74,379
General & Dist. Equipment			10	166,946	-	-	166,946	-	16,695	150,251
Sub Total		194,142		166,948	135,235	-	302,183	33,809	43,742	224,632
Water Equipment										
Water Equipment			10	2,056,623	-	-	2,056,623	-	205,662	1,850,961
Water Equipment	2007		10	36,279	-	-	36,279	-	3,628	32,651
Rotating Impeller Assessory			7.5	176,277	-	-	176,277	-	13,221	163,056
Flowserve Pump 2LLR 9-C Portwater			7.5	213,175	-	-	213,175	-	15,988	197,187
Flowserve Motor 40HP Portwater			7.5	105,478	-	-	105,478	-	7,911	97,567
Water Equipment	2009	728,840	10	271,135	-	-	271,135	-	27,114	244,021
Power Generator Motor			10	71,790	-	-	71,790	-	7,179	64,611
Power Generator			10	399,841	-	-	399,841	-	39,984	359,857
Sub Total		728,840		3,330,598	-	-	3,330,598	-	320,687	3,009,911

Statement 7b

JAMAICA BAUXITE MINING LIMITED
CAPITAL ALLOWANCES SCHEDULE
YEAR OF ASSESSMENT 2016
BASED ON ACCOUNTS FOR YEAR ENDED 31ST MARCH 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

	Date Acquired	Cost	Rate	WDV as at 31/03/2015	Additions	Disposal	Total for Annual Allowance	Initial Allowance	Annual Allowance	WDV as at 31/03/2016
		$	%	$	$	$	$	$	$	$
Port Facilities Equipment										
Port Facilities Equipment			10	11,000,497	-	-	11,000,497	-	1,100,050	9,900,447
Port Facilities Equipment			10	675,657	-	-	675,657	-	67,566	608,091
Pier Facilities			10	5,735,776	-	-	5,735,776	-	573,578	5,162,198
Pier Facilities	2007		10	829,037	-	-	829,037	-	82,904	746,133
Pier Facilities - Speed reducer W/Motor			10	176,629	-	-	176,629	-	17,663	158,966
Pier Facilities	2009	24,416,024	10	8,173,706	-	-	8,173,706	-	817,371	7,356,335
Pier Security	2009	16,752,348	10	6,232,019	-	-	6,232,019	-	623,202	5,608,817
Pier Security	2010	550,716	10	227,634	-	-	227,634	-	22,763	204,871
Port Facilities Equipment	2011	289,048	10	132,751	-	-	132,751	-	13,275	119,476
Port Facilities Equipment	2012	8,788,755	10	4,484,901	-	-	4,484,901	-	448,490	4,036,411
Port Facilities Equipment	2013	9,960,000	10	5,647,320	-	-	5,647,320	-	564,732	5,082,588
Pier, Port Facilities Equipment	2014	1,361,685	10	857,861	-	-	857,861	-	85,786	772,075
Port Facilities Equipment	2015	567,155	12.50 SL	496,261	-	-	496,261	-	70,894	425,367
Port Facilities Equipment	2016	144,800	12.50 SL	-	144,800	-	144,800	-	18,100	126,700
Sub Total		62,830,531		44,670,049	144,800	-	44,814,849	-	4,506,374	40,308,475
Furniture & Fixtures										
Furniture & Fixtures - Lydford			10	4,722	-	-	4,722	-	472	4,250
Furniture & Fixtures - Kingston			10	4,254	-	-	4,254	-	425	3,829
					-	-	-	-	-	-
Sub Total		-		8,976	-	-	8,976	-	897	8,079
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	1,161,884	-	-	1,161,884	-	210,373	951,511
Mitsubishi 1200 (4x4) Pickup		2,510,638	12.50 SL	1,907,422	-	-	1,907,422	-	313,830	1,593,592
Motor Vehicles	2015	2,880,000	12.50 SL	2,520,000	-	-	2,520,000	-	360,000	2,160,000
2016 Nissan Frontier Double Cab Pickup	21-Dec-15	5,096,100	20.00 SL	-	5,096,100	-	5,096,100	-	1,019,220	4,076,880
2005 Izusu Motor Truck		1,106,752	20.00 SL	-	1,106,752	-	1,106,752	-	221,350	885,402
2016 Nissan Frontier Double Cab Pickup	6-Nov-15	4,406,100	20.00 SL	-	4,406,100	-	4,406,100	-	881,220	3,524,880
Sub Total		17,682,570		5,589,308	10,608,952	-	16,198,260	-	3,005,993	13,192,267
Grand Total		201,203,450		339,940,911	12,556,989	-	352,497,900	33,809	31,837,539	320,626,552