Jamaica Bauxite Institute

Annual Report
2011-2012

Page intentionally left blank

CONTENTS

The ochre "J" represents the influence of the iron mineral goethite in Jamaican bauxite. The behaviour of this mineral during Bayer processing is one of our areas of research.

The reddish "B" represents the influence of the iron mineral haematite in our bauxite.

The white "I" represents alumina - the end product in Jamaica.

The silver globe indicates aluminium and our world-wide interest in the product.

THE ORGANIZATION

AS OF APRIL 1, 2011, THE BOARD COMPRISED:

Mr. Timothy Wilson (*Chairman)*

Mr. Parris Lyew-Ayee (*Executive Director*)

Miss Fay Hutchinson

Dr. Wesley Hughes

Mr. Richard Hector

Mr. Ian Levy

Mr. Wayne McKenzie

Mr. Oral Rainford

Mr. Keith Senior

Mr. Keith Smith

PRINCIPAL OFFICERS

Mr. Parris A. Lyew-Ayee, C.D., *Executive Director*

Mr. Dennis Morrison, *Snr. Director - Special Projects*

Dr. Phillip Baker*, Director - Economics & Projects*

Mrs. Dianne Gordon, *Director - Bauxite Lands*

Mr. Worrell Lyew-You, *Director - Process Monitoring & Services*

Mr. Wilmon Wallen-Bryan, *Director - Analytical Services*

ROLE & FUNCTION

The Jamaica Bauxite Institute was established by the Government of Jamaica in 1975 to, *inter alia*:

(a) monitor and study the aluminium industry and provide technical advice on, and personnel for, the negotiations of various agreements;

(b) undertake research and development activities on various problems related to the processing of Jamaican bauxite;

(c) continually assess and ensure rationalization in the use of Jamaica's bauxite reserves and (bauxite) lands; and

(d) monitor and make recommendations to ensure adequate pollution controls and other environmental programmes in the industry.

In addition, the Jamaica Bauxite Institute has diversified its laboratory to analyze not only bauxite, its products and by-products, but also a range of industrial and agricultural materials.

Further, in pursuance of its objectives of sharpening the knowledge of its staff, the JBI has, since 1980, produced two periodicals, *JBI Journal* and *JBI Quarterly,* and two books by Carlton E. Davis: *Jamaica in the World Aluminium Industry, Volume I, 1938-1973;* and *Jamaica in the World Aluminium Industry, Volume II, 1974-1988: Bauxite Levy Negotiations*.

Jamaica Bauxite Institute
Hope Gardens
Kingston 6, Jamaica
Telephone: (876) 927-2073
Fax (876) 927-1159
Email: info@jbi.org.jm

EXECUTIVE DIRECTOR'S MESSAGE

I must, at the outset, express my heartfelt appreciation to the Staff of the Institute for the yeoman's effort they have put out during the year in working to protect the local industry from the worst effects of the persistent and troubling global economic environment.

Over the past fiscal year, the local industry continued to experience some recovery – more-so in the case of bauxite which even exceeded recent pre-recession output levels – while alumina output, though improved, remains far below 'normal' levels of output.

The early part of the fiscal year saw steady improvements in aluminium and alumina prices but, by mid-year, they had again faltered under the yoke of high aluminium inventories and the threat of serious economic dislocation in many economies of the European Union/Euro-zone areas.

As we face another year, many challenges remain and could even be exacerbated by unfolding events in European financial markets. Nevertheless, we have faced and survived serious challenges in the past and are fortunate to have an experienced and dedicated staff who are prepared to meet any challenge head on. To this end, we have been taking aggressive actions in advancing our research work into the utilization of our red mud wastes to achieve economic benefits, and holding discussions with potential worthy parties.

The JBI Team is indeed happy with the continued strong support from our stakeholders in the local bauxite sector who continue to work closely with us in maintaining world class operations at all levels. This includes the Joint Community Councils in the bauxite areas, the Members of Parliament, the bauxite companies, and our fellow Government Agencies.

In spite of many current difficulties, I retain a positive outlook for the long-term future of the world aluminium industry and our own local bauxite/ alumina industry, and the JBI is fully committed to ensure the competitiveness of the local bauxite and alumina industry and to seize any opportunity which will give us an advantage.

Parris A. Lyew-Ayee
……………………………………………

Parris A. Lyew-Ayee, C.D.
Executive Director

INDUSTRY OVERVIEW AND OUTLOOK

On the back of healthy GDP growth acceleration in China, Russia, Brazil and South Africa and a sustained programme of monetary and fiscal policy stimulation in the US and Japan, during the calendar year 2011 the global economy began emerging from an earlier grinding recession unleashed by the bankruptcy of Lehman Brothers in September 2008. This in turn had a somewhat salutary effect on the global aluminium industry, evidenced by a steady rise in 3-Month prices on the London Metal Exchange (LME) from US$2,198 per tonne at the start of 2011 to US$2,419 per tonne at the beginning of 2012. However, the 3-Month aluminium price has since plummeted, flirting with a level of US$2,225 per tonne at the end of the FY 2011/2012 amid LME inventories of around 4.9 million metric tonnes compared to 1.3 million tonnes in September 2008. Furthermore, the ongoing political instability in the Middle East and North Africa continued to nudge the West Texas Intermediate (WTI) oil benchmark above the US$100 per barrel price point. In addition to these generally uncertain market conditions, the global aluminium industry must now contend with potential downside risks looming over the 17-nation Euro Zone. This is as a result of grave investor concerns about the solvency and competitiveness of Ireland, Portugal, Greece, Italy and Spain. Indeed, credit markets took the lead by pricing such investor sentiments into these countries' bond yields, eventually tipping Irish, Greek and Portuguese 10-year yields to 7% and in turn triggering the decision to seek joint EU/IMF bailout packages involving stinging austerity measures.

As austerity starts to bite and the prospects for growth in the Euro Zone (and by extension the 27-member EU, the world's biggest economic area) begin to falter, the JBI would do well to exercise best efforts in enhancing the local industry's competitiveness. Reason being that should a synchronized global economic (and aluminium industry) downturn ensue, it is typically the least competitive alumina capacity that will be the first to be retrenched.

In the FY 2011/2012, the Jamaican industry refined roughly 2.0 million tonnes of alumina - 46% of its rated capacity of approximately 4.4 million tonnes. In addition, crude bauxite production stood at about 5.1 million dry metric tonnes (DMT), translating into Total Bauxite Production (the bauxite equivalent of the alumina refined plus the crude bauxite produced) of about 10.1 million DMT. However, reflecting the rather challenging global market conditions described above, the forecast for the Fiscal Year 2012/2013 is for alumina production to dip to 1.9 million tonnes (down 5%), crude bauxite to rise to 5.2 million DMT (up 2%) and Total Bauxite Production to remain flat at approximately 10.1 million DMT.

Placed in its proper context, this compares favourably with the FY 2009/2010 when Total Bauxite Production slumped by 46% year-on-year to 7.26 million dry metric tonnes (DMT) but is dwarfed by the 13.45 million DMT produced in the FY 2008/2009.

Focus for the 2012/2013 Financial Year

Despite multiple tranches of Quantitative Easing (QE) and other forms of emergency support originally intended to boost GDP growth locomotion in the US, EU and Japan, the global economy in the first quarter of the FY 2012/2013 continues to show signs of fragility. This reflects the presence of a rather potent mix of growth inhibitors in the form of wrenching austerity programmes, adverse debt dynamics, ballooning fiscal deficits and declining competitiveness. As a consequence, unemployment remains at relatively high levels, for example, in the US it has lingered at above 8 percent for 40 consecutive months, edging up to 8.2 percent in May 2012.

This less benign growth outlook has spilled over into capital and commodities markets, evidenced by a zero-bound trajectory for major Government Bond Yields and a softening of the underlying fundamentals and prices within the entire base metals complex. Indeed, on June 7, 2012 the yield on the US 2-year Note fell to 0.274%, compared to 0.38% on December 27, 2011. Meanwhile, the coupon on its German counterpart dropped to 0.065% (against 0.16% on December 27, 2011) even as the yield on Japanese Notes slipped to 0.10% from 0.14% previously.

In these uncertain circumstances, an analysis of International Financial and Commodities Futures data suggests that a growing number of cash positive Sovereign Wealth Funds as well as Institutional and Private Investors have deemed it necessary to aggressively seek higher gross returns by investing in commodities – including aluminium. Concomitantly, at the beginning of June 2012 there has been an 8.8% year-on-year rise in LME aluminium inventories to just over 4.9 million tonnes alongside a 17.6% year-on-year fall in the LME 3-Month aluminium price to US$2,081 per tonne. Being sufficiently mindful of this uncertain market outlook, the JBI has charged its Operational Divisions to work smarter in carrying out the Institute's mandate.

BAUXITE COMMUNITY DEVELOPMENT PROGRAMME ANNUAL REVIEW

It is worth noting that March 2012 marked the end of phase V of the BCDP programme which has a primary goal of reinvesting some of the earnings from the bauxite and alumina industry in long-term sustainable projects in communities affected by bauxite mining and alumina operations with the ultimate aim of ensuring that there is “Life after Bauxite”. Since the programme’s inception in 1996, it has expended $343.96 million on the implementation of 220 projects mainly in the area of agriculture, skills training, the upgrading of schools and community centres and road repairs. A breakdown of total BCDP expenditure (Phases I-V) by project type now follows.

BCDP EXPENDITURE BY PROJECT TYPE PHASES I -V (October 1996 to March 2012) - (J$ million)	
PROJECT TYPE	EXPENDITURE
Agriculture	105.99
Infrastructure	189.17
Skill Training	28.21
Small Enterprise	14.70
Contributions	5.89
TOTAL	343.96

Since the commencement of Phase V in January 2006 up until March 2012, some $156.22 million was disbursed for community projects. The breakout of expenditure on projects for phase V is as follows:

BCDP EXPENDITURE BY PROJECT TYPE PHASE V (January 2006- March 2012) (J$ million)	
PROJECT TYPE	EXPENDITURE
Agriculture	24.04
Infrastructure	102.45
Skill Training	22.10
Small Enterprise	5.23
Contributions	2.40
TOTAL	156.22

More specifically, during the FY 2011/2012 the BCDP spent J$18.923 million on projects. Of this amount, J$14.38 million was spent on Infrastructural projects including repairs to sections of roads and the refurbishing and construction of class room and community facilities, J$2.56 million was spent on agricultural projects, while J$1.98 million was spent on skills training. Disbursements over the last year for projects in the various categories were as follows:

Agriculture

Over the last year the BCDP provided funds for a number of agricultural projects including: support for the Manchester Plateau Greenhouse project in the amount of J$1.06 million for a solar pump; an advance of J$ 0.5 million for the Alpart Orchard Crop

Project; and J$1.0 million disbursed for repairs to the JBI Plant Nursery and the construction of the JBI Plant Nursery's Administrative Office.

Infrastructure

The BCDP continued to support the development and maintenance of educational and community facilities and amenities as investments in the future and general well being of persons in bauxite communities. Expenditure on schools and community centres under the programme included: J$1.5 million to commence construction of Tuck Shop facilities at the Bethabara Primary and Junior High School in Manchester; J$1.5 million to commence the expansion of the Industrial Technology Construction project at the Winston Jones High School; J$0.199 million to complete grill work for classrooms at the Bethany Primary School in St. Ann and J$0.73 million towards the completion of refurbishing of the Thompson Town Home Economics Laboratory. Funding was also provided to effect repairs to the Bodles Crescent Road in St. Catherine (J$10.5 million) and the Pimento Walk Road in St. Ann (J$4.0 million), respectively.

Skills Training

The BCDP supported adult literacy and occupational training programmes aimed at making individuals more competent, skilled and better prepared for the workforce. To that end J$1.98 million was spent collaborating with the Jamaica Foundation for Life Long Learning in the implementation of adult literacy training programmes in St. Ann, St. Elizabeth and St. Catherine.

HIGHLIGHTS OF ACTIVITIES

PROCESS MONITORING & SERVICES

Throughout the review period the Process Monitoring and Services Division focused on ongoing monitoring and strategic initiatives to minimize the impacts on the general environment, adjacent communities and the public at large.

As a consequence, it placed emphasis three areas: emissions, regulation and risk assessment:

1. Emissions: monitoring data are received and assessed from each company for air quality, water quality and waste management

2. Regulation and Standards: General government regulation of the industry continues to be dynamic and is primarily done through environmental permits and licences and on site reviews. The bauxite sector's primary objective is to be in compliance with these regulations.

3. Risk Assessments: Risk Assessment of the impacts on health is now being required by the environmental permits for all major projects in the industry where human settlement is likely to experience a significant impact.

These relate to the monitoring mechanisms and regulatory framework that are already in place or are currently being put in place to ensure a high level of environmental awareness and control over all aspects of the industry – from prospecting through processing to shipping.

In light of the foregoing, the dimensions of the Environmental Management Practices of the JBI currently include, but are not limited to:

- Environmental monitoring regulatory function on behalf of the NRCA (NEPA)
- Participation in environmental regulation and standards development
- Incident investigation and monitoring to prevent recurrence and manage the impact until an acceptable environmental quality is achieved.

As much as is practicable, the JBI tries to ensure that there is alignment between its Environmental Management Practices and the Environmental Management Practices of the Companies. With this in mind, close attention is paid to:

- Upgrading and Modernization of dust control equipment
- Expansion of Operations must conform to environmental requirements
- Action Plans to meet regulatory requirements.

ENVIRONMENTAL REVIEWS

Regular environmental review site meetings and audits are held at all the facilities. The companies are generally in compliance with the air quality standards and where there is non-compliance, action plans are developed to address the issues.

The JBI conducts verification monitoring of surface and groundwater resources at sample points agreed to by the WRA as part of its routine monitoring. This is carried out on a quarterly basis at thirty-five (35) sensitive points which are able to serve as early indicators of any problem that might be developing. In such cases a thorough investigation is conducted and recommendations for corrective action made.

During the past Financial Year there have been environmental incidents at Ewarton Works which impacted the Rio Cobre. The situation was treated with the highest priority by the JBI, NEPA, WRA and the Ministry of Health's Environment Health Unit (EHU). In this regard, the objective was to quickly respond to potential impacts on public water supply and to monitor the effect downstream of the facility. The situation proved unacceptable to the NEPA, and as such, Windalco has been taken to court to legally resolve one of the incidents.

With respect to waste management, though some facilities are not operational, the JBI continues to monitor the sites where red mud residue has been deposited.

In respect of the plants that remain closed, the JBI continues to have regular review meetings and inspections to verify that the cleaning and de-scaling of equipment is being done and importantly, to ensure that acceptable procedures are being followed to preserve the integrity of the assets.

It is necessary to mention that the large, disused, bauxite residue disposal pond at Mt Rosser in the hills of St Catherine is in the process of being closed. This is a matter that Alcan had to formally agree to deal with when they were departing Jamaica in 2001. The Alcan Closure Plan for the remediation of the Mt. Rosser mud pond included the involvement of government stakeholders and community consultation. Aspects of the activity have been permitted by NEPA in mid-2007 and are currently underway. The whole process is expected to take another three years with a further three years of continuous monitoring thereafter. Work is also progressing at Kirkvine, where a number of small ponds are to be closed as part of the same agreement.

The other area of major public interest, sensitivity and concern is the area generally referred to as the 'Cockpit Country'. The JBI has been engaged with other government stakeholders in consultations, intended to flesh out and appropriately plan for such issues such as watershed protection, preservation of bio-diversity, protection of unique or endangered species, eco-tourism, history, tradition and culture associated with the area and the potential for heritage tourism.

Closure of Red Mud Lakes – Mt. Rosser and Small Kirkvine Mud Ponds

BAUXITE LANDS

The management of bauxite lands and the Bauxite Community Development Programme (BCDP) are important elements in the bauxite and alumina industry. The first pertains to the overall responsibility for ensuring that bauxite lands are prudently managed and protected as part of Jamaica's overall reserves management. The latter, more-so in Jamaica than in most if not all other bauxite producing countries, is critical because of the close proximity of communities in Jamaica to bauxite-bearing lands and mining and refining operations.

The JBI is also charged with facilitating the optimal utilization of bauxite lands, before, during and after mining, monitoring the use of these lands, ensuring that the legal obligations of the government and the bauxite companies in respect of land agreements are fulfilled and the maintenance of a comprehensive bauxite lands database.

An important facet of the Lands Division's work involves the processing of applications for Sub-divisions on Bauxite Lands. The JBI maintained its efforts to protect bauxite lands from sterilization - that is, the unauthorized occupation and the carrying out of unplanned construction - through its collaboration with NEPA and the Local Planning Authority. During the FY 2011/2012, the JBI received and processed 397 applications for sub-division of properties in the bauxite parishes. These represented a 17 % reduction in the number of applications received compared with the same period in the previous Financial Year when 481 applications were received. Of the 397 applications received, 387 were recommended for approval, 8 recommended for refusal, while 2 required field identification. The majority of applications received were, as usual, from the parish of Manchester followed by St. Elizabeth and St. Ann.

A somewhat burning issue concerns outstanding exchange titles. In this regard, the JBI has continued to press the bauxite companies to expedite the delivery of titles to persons who had entered into exchange agreements with them and who had been resettled at a new location (exchange lot). There is still a significant backlog of titles to be handed over resulting from the slow subdivision approval process and also slow responses by the mining companies to requests by Parish Councils, NEPA and the Titles Office for adjustments to plans or for additional information. The JBI facilitates the process where possible by liaising between approval agencies and the bauxite companies.

Another important activity is that of bauxite land reclamation and the use of mined out lands. The JBI's role in this connection is to work with the Office of the Commissioner of Mines to ensure that land disturbed for bauxite mining is satisfactorily restored and certified, to facilitate the transfer of mined out lands from the bauxite companies to the Government of Jamaica and to encourage the optimal utilization of mined-out bauxite lands. The JBI's main objectives regarding reclamation and use of these lands include:

- Reducing the backlog of un-reclaimed lands
- Effectively increasing the area of mined-out lands under commercial agriculture
- Making more lands accessible to more small farmers
- Making mined-out lands available to meet the high demand for housing and other non-agricultural uses.
- Undertaking research to increase the agricultural productivity of mined-out lands

The JBI continues to work closely with the Office of the Commissioner of Mines to ensure that land disturbed for bauxite mining is satisfactorily restored and certified in accordance with the country's Mining Regulations. Since the inception of mining in Jamaica in 1952 and up to December 2011, the bauxite mining companies disturbed a total pit area of 8,633.71 hectares of land for mining. Of the total, approximately 6,215.70 hectares (or approximately 72%) have been certified as satisfactorily reclaimed. During the FY 2011/2012 some 228.4 hectares were certified as having been satisfactorily restored.

Page intentionally left blank

MANAGEMENT REPORT

ORGANIZATIONAL CHANGES

There were no significant organizational changes during the period.

COMPENSATION PACKAGE OF SENIOR EXECUTIVES FOR FINANCIAL YEAR ENDED MARCH 31, 2012

POSITION	BASIC SALARY	FULLY MAINT. M/V	UPKEEP ALLOW.	OTHER EMOLUMENTS	TOTAL
EXEC. DIR	$5,484,514.32	Yes	$0.00	$0.00	$5,520,382.32
SNR. DIR S. P.	$4,384,611.48	No	$420,000.00	$38,416.00	$4,846,027.48
DIR. E & P	$3,427,821.48	No	$170,100.00	$38,416.00	$3,636,337.48
DIR. A. S.	$3,427,821.48	No	$420,000.00	$38,416.00	$3,886,237.48
DIR. P. M. S.	$3,427,821.48	No	$420,000.00	$35,280.00	$3,883,101.48
DIR. B/LANDS	$3,427,821.48	No	$420,000.00	$35,280.00	$3,883,101.48

Notes

(1) All persons except the Directors of Analytical Services and Econ. & Projects are part of a contributory pension scheme. Employer's contribution is made at the rate of 10.10%.

(2) Accrued gratuity is calculated to March 2012 for the Directors of Econ. & Projects and Analytical Services of $1,499.672 each.

(3) All persons benefited from a Health Insurance Scheme.

(4) All persons benefited from a lunch subsidy of $700.00 per week April to June, and then $980.00 thereafter when this was paid via salary after the closure of the Institute’s canteen.

DIRECTORS' COMPENSATION

Position of Director	Fees ($)	Motor Vehicle Upkeep/ Travelling or Value of Assignment of Motor Vehicle ($)	Honoraria ($)	All Other Compensation including Non-Cash Benefits as applicable ($)	Total ($)
CHAIRMAN	11,000.00	-	-	-	11,000.00
DEPUTY CHAIRMAN	6,500.00	-	-	-	6,500.00
DIRECTOR	13,000.00		-	-	13,000.00
DIRECTOR	6,500.00	8,750.00	-	-	15,250.00
DIRECTOR	6,500.00	4,800.00			11,300.00
DIRECTOR	15,250.00		-	-	15,250.00
DIRECTOR	6,500.00				6,500.00
DIRECTOR	6,500.00	15,190.00	-	-	21,690.00
DIRECTOR	6,500.00	4,800.00			11,300.00
DIRECTOR	6,500.00				6,500.00
CHAIRMAN	11,000.00				11,000.00
DIRECTOR	6,500.00				6,500.00
DIRECTOR	6,500.00				6,500.00

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

FINANCIAL STATEMENTS

Page intentionally left blank

Jamaica Bauxite Institute Limited

Financial Statements
31 March 2012

Jamaica Bauxite Institute Limited
Index
31 March 2012

Independent Auditors' Report

To the Members of
Jamaica Bauxite Institute Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Jamaica Bauxite Institute Limited, set out on pages 1 to 32, which comprise the statement of financial position as at 31 March 2012 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Jamaica Bauxite Institute Limited as at 31 March 2012, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

PricewaterhouseCoopers

Chartered Accountants
17 September 2013
Kingston, Jamaica

Jamaica Bauxite Institute Limited

Statement of Comprehensive Income

Year ended 31 March 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 $'000	Restated 2011 $'000
Revenue	5	161,921	132,816
Finance income		3,122	4,167
Other income	6	2,209	1,463
		167,252	138,446
Administrative expenses	7	(163,838)	(160,920)
Surplus/(loss) for the year before tax		3,414	(22,474)
Taxation	9	(2,836)	7,681
Surplus/(loss)		578	(14,793)
Other comprehensive income			
Net actuarial gain on retirement benefit asset		12,807	11,819
Net actuarial gain/(loss) on retirement benefit obligation		4,984	(449)
Net change in unrecognised asset		(7,398)	-
Total other comprehensive income		10,393	11,370
Total comprehensive income for the year		10,971	(3,423)

Jamaica Bauxite Institute Limited

Statement of Financial Position

31 March 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 $'000	Restated 2011 $'000	Restated 2010 $'000
Assets				
Non-current assets				
Property, plant and equipment	10	8,821	8,406	10,951
Retirement benefit asset	21	67,034	59,136	44,274
Long term receivables	11	95	148	94
Deferred tax asset	12	-	2,200	204
		75,950	69,890	55,523
Current Assets				
Trade and other receivables	13	9,860	4,656	3,300
Prepayment		-	-	2,618
Current portion of long-term receivables	11	77	133	66
Taxation recoverable		6,814	11,372	10,346
Cash and cash equivalents	14	82,362	116,612	166,021
		99,113	132,773	182,351
Total assets		175,063	202,663	237,874
Equity				
Share capital	15	-	-	-
Capital reserve	16	-	8,217	8,217
Actuarial reserve		(24,686)	(35,079)	(46,449)
Revaluation reserve	17	-	9,098	9,098
Capital grant from Capital Development Fund		-	7,857	7,857
Accumulated surplus		111,719	85,969	100,762
Total equity		87,033	76,062	79,485
Liabilities				
Non-current liability				
Retirement benefit obligation	21	41,874	43,657	37,519
Deferred tax liability		2,110	-	-
Project funds	18	5,246	5,246	5,246
		49,230	48,903	42,765
Current Liabilities				
Bank overdraft	14	5,606	-	3,677
Trade and other payables	19	29,472	67,889	102,138
Income tax payable		3,722	9,809	9,809
		38,800	77,698	115,624
Total liabilities		88,030	126,601	158,389
Total equity and liabilities		175,063	202,663	237,874

Approved for issue by the Board of Directors on 16 September 2013 and signed on its behalf by:

Parris A. Lyew-Ayee

Winston Lawson Director

Parris Lyew-Ayee C.D. Director

Jamaica Bauxite Institute Limited

Statement of Changes in Equity

Year ended 31 March 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Actuarial Reserve	Capital Reserve	Revaluation Reserve	Capital Grant	Accumulated Surplus	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2011, as restated	22	-	(46,449)	8,217	9,098	7,857	100,762	79,485
Total comprehensive income, as restated	22	-	11,370	-	-	-	(14,793)	(3,423)
Balance at 31 March 2011, as restated	22	-	(35,079)	8,217	9,098	7,857	85,969	76,062
Total comprehensive income		-	10,393	-	-	-	578	10,971
Transfer to accumulated surplus	16,17	-	-	(8,217)	(9,098)	(7,857)	25,172	-
Balance at 31 March 2012		-	(24,686)	-	-	-	111,719	87,033

Jamaica Bauxite Institute Limited

Statement of Cash Flows

Year ended 31 March 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 $'000	Restated 2011 $'000
Cash Flows from Operating Activities			
Surplus/(loss) for the year		578	(14,793)
Adjusted for:			
Change in retirement benefit assets/obligation		5,908	8,331
Depreciation	10	3,228	3,496
Gain on disposal of equipment	6	-	(717)
Interest income		(3,122)	(4,167)
Exchange (gain)/loss on foreign balances		(478)	1,403
Taxation	9	2,836	(7,681)
		8,950	(14,128)
Trade and other receivables		(5,204)	1,261
Trade and other payables		(38,417)	(34,249)
Cash used in operations		(34,671)	(47,116)
Income taxes paid		(5,251)	(1,026)
Net cash used in operating activities		(39,922)	(48,142)
Cash flows from investing activities:			
Purchase of property, plant and equipment	10	(3,643)	(951)
Proceeds from disposal of property, plant and equipment		-	717
Decrease/(increase) in long term receivables		109	(121)
Interest received		3,122	4,167
Net cash (used in)/provided by investing activities		(412)	3,812
Decrease in cash and cash equivalents		(40,334)	(44,330)
Effect of exchange rate changes on cash and cash equivalents		478	(1,403)
Cash and cash equivalents at beginning of year		116,612	162,345
Cash and Cash Equivalents at End of The Year	14	76,756	116,612

Jamaica Bauxite Institute Limited

Notes to the Financial Statements
31 March 2012
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

Jamaica Bauxite Institute Limited (JBI) is a limited liability Company and was incorporated on October 1975 under the Laws of Jamaica.

The company is domiciled in Jamaica, with registered office and principal place of business located at Hope Gardens, Kingston 6, Jamaica, West Indies.

The Company's main activities are to advise the Government of Jamaica on matters pertaining to the Bauxite/Alumina Industry, local and international, and to undertake research and disseminate information related to the industry.

Up to and including the financial year 1980, the Company's main income was derived from the Jamaica National Investment Company Limited, later known as the National Investment Bank of Jamaica Limited (NIBJ) for services rendered. From 1981 up to the financial year ended 31 March 1988, the Company received payments from the Capital Development Fund through the National Investment Bank of Jamaica Limited for providing services, in addition to earnings from public and private entities.

From 1989 up to the financial year ended 31 March 1993, the Company received funds for services rendered from the Ministry responsible for mining and continued to earn funds from other entities.

For the financial years 1994 - 2006 the Company received payments for providing services from the Capital Development Fund through NIBJ. During the current financial year JBI was funded mainly by support from the Capital Development Fund, in addition to earnings from public and private entities.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Interpretations and amendments to published standards effective in the current year

Certain new interpretations and amendments to existing standards have been published that became effective during the current year. The Company has assessed the relevance of all such new interpretations and amendments and has put into effect the following IFRS, which are immediately relevant to its operations.

- **Revised IAS 24 (Revised), 'Related party disclosures'.** The revised standard clarifies and simplifies the definition of a related party and provides certain exemptions for government related entities. The adoption of this revised standard did not have a significant impact on the Company's related party disclosures.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are mandatory for the Company's accounting periods beginning on or after 1 January 2012 and which the Company has not early adopted. The company has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations, and has concluded as follows:

- IAS 19 (Revised 2011) 'Employee benefits' (effective for annual periods beginning on or after 1 January 2013). The amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Management is currently assessing the impact of these changes on the Company's financial statements.

(b) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At year end, monetary assets and liabilities denominated in foreign currency are translated using the closing exchange rate. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of comprehensive income.

(c) Revenue recognition

Revenue comprises consultancy and research fees earned from projects. Revenue is recognised when consideration is received or receivable for the services in the ordinary course of the Company's activities.

Interest income is recorded on the accrual basis. Where collection of interest income is considered doubtful, interest income is thereafter recognised based on the rate of interest that is used to discount the future cash flows for the purpose of measuring the recoverable amount.

Gains and losses arising from trading in foreign currencies are recognised when realised and are shown net in the statement of comprehensive income.

2. Significant Accounting Policies (Continued)

(d) Income taxes

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

Current tax charges are based on taxable surplus for the year, which differ from the surplus before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Company's liability for current tax is calculated at tax rates that have been enacted at the year end date.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable surplus will be available against which the temporary differences can be utilised.

Deferred tax is charged or credited in the statement of comprehensive income, except where it relates to items charged or credited to equity, in which case, deferred tax is also dealt with in the accumulated fund.

(e) Property, plant and equipment

Property, plant and equipment are recorded at historical cost less accumulated depreciation. Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives, which are as follows:

Freehold buildings	40 years
Research library stock and furniture, fixtures, equipment and fence improvement	5 – 10 years
Motor vehicles	5 years

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating results.

Repairs and maintenance expenditure is charged to the statement of comprehensive income during the financial period in which it is incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

(f) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of the asset's net selling price and the value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

2. Significant Accounting Policies (Continued)

(g) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

The Company classifies financial assets as loans and receivables. Management determines the classification of its financial instruments at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Company:

(i) intends to sell immediately or in the short term , which are classified as held for trading, and those that the Company upon initial recognition designates as at fair value through profit or loss;

(ii) upon initial recognition, designates as available-for-sale; or

(iii) may not recover substantially other than because of credit deterioration.

Loans and receivables are initially recognised at fair value - which is the cash consideration to originate or purchase the loan including any transaction costs - and measured subsequently at amortised cost using the effective interest rate method.

At the date of the statement of financial position, the following was classified as loans and receivables: long term receivables, trade and other receivables and cash and cash equivalent.

Financial liabilities

The Company's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. At the date of the statement of financial position, the following items were classified as financial liabilities: bank overdraft, trade and other payables and project funds.

(h) Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of these receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of bank overdrafts.

(j) Project funds

Project funds are classified as financial liabilities at amortised cost. These are initially recognised at the proceeds received (which represents fair value) and subsequently stated at amortised cost.

(k) Payables

Payables are stated at cost.

2. Significant Accounting Policies (Continued)

(l) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from proceeds, net of tax.

(m) Employee benefits

(i) Pension obligations

The Company participates in a multiemployer defined benefit pension plan which is open to all permanent employees and administered by Sagicor Life Jamaica Limited. The plan is generally determined by periodic actuarial calculations.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation

The asset or liability recognised in the statement of financial position in respect of defined benefit pension plans is the difference between the present value of the defined benefit obligation at the reporting date and the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and amendments to the pension plan are charged or credited to other comprehensive income over the employees' expected average remaining working lives.

(ii) Termination obligations

Termination benefits are payable when employment is terminated by the company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

(iii) Other retirement benefit obligations

The company also provides medical benefits to qualifying employees upon retirement. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

3. Financial Risk Management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Company's risk management framework. The directors provide guidelines for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

(a) Credit risk

The Company takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss to the Company by failing to discharge their contractual obligations. Credit risk is an important risk for the Company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from receivables from customers and investment activities. The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

Credit review process

Management performs ongoing analyses of the ability of customers and other counterparties to meet payment obligations.

(i) Short term investments

The Company limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality and Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

(ii) Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company on a cash or prepayment basis.

Customer credit risk is monitored according to their credit characteristics such as whether it is an individual or Company, industry, and previous financial difficulties. Trade and other receivables relate mainly to institutional customers.

The Company establishes an allowance where appropriate, for impairment that represents its estimate of incurred losses in respect of trade and other receivables on an individual basis.

(iii) Cash and bank

Cash and bank transactions are limited to high credit quality financial institutions.

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk
The Company's maximum exposure to credit risk equals the carrying value for the items on the statement of financial position that are subject to credit risk.

Aging analysis of trade receivables that are past due but not impaired
Trade receivables that are less than three months past due are not considered impaired. As of 31 March 2012, trade receivables of $1,928,000 (2011 – $7,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables was as follows:

	2012 $'000	2011 $'000
More than 3 months but not more than 6 months	1,928	7

Aging analysis of trade receivables that are past due and impaired

As of 31 March 2012, trade receivables of $83,000 (2011 - $213,000) were impaired. The amount of the provision was $83,000 (2011 - $213,000). The individually impaired receivables mainly relate to institutions who are in difficult economic situations.

	2012 $'000	2011 $'000
More than 1 year	83	213

Jamaica Bauxite Institute Limited
Notes to the Financial Statements
31 March 2012
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Movement analysis of the provision for impairment of trade receivables

	2012	2011
	$'000	$'000
Balance at beginning of year	213	256
Provision for receivables impairment	83	-
Written off during the year	(213)	(43)
Balance at end of year	83	213

The creation and release of provision for impaired receivables have been included in other operating expenses in the statement of comprehensive income. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

There are no financial assets other than those listed above that were individually impaired.

(b) Liquidity risk
Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and short term investments, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process
The Company's liquidity management process as carried out by the Company and monitored by the accounting department, this includes:

(i) Monitoring future cash flows and liquidity. This incorporates an assessment of expected cash flows and the relevant obligations.

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Optimising cash returns on investment;

(iv) Managing the concentration and profile of liabilities.

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 interest rates and exchange rates.

Jamaica Bauxite Institute Limited

Notes to the Financial Statements
31 March 2012
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial liabilities cash flows
The table below summarises the maturity profile of the Company's financial liabilities at 31 March based on contractual undiscounted payments.

	Within 1 Month $'000	2 to 5 Years $'000	Total $'000
As at 31 March 2012			
Project funds	5,246	-	5,246
Trade and other payables	24,814	4,658	29,472
Total financial liabilities (contractual maturity dates)	30,060	4,658	34,718
As at 31 March 2011:			
Project funds	5,246	-	5,246
Trade and other payables	24,592	43,297	67,889
Total financial liabilities (contractual maturity dates)	29,838	43,297	73,135

Assets available to meet the liabilities include trade and other receivables, cash and bank and short term investments.

As explained in Note 14, the bank overdraft represented unpresented cheques and would not result in an obligation, accordingly it has been excluded from the table above.

(c) Market risk

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. 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) *Currency risk*

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

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) *Currency risk (continued)*

The Company is exposed to foreign exchange risk with respect to the US dollar. Foreign exchange risk arises from short term investments and cash balances. There was no effect on reserves.

The Company manages this risk by holding foreign currency balances in a currency that is relatively strong compared to the Jamaican dollar.

The statement of financial position at 31 March 2012 includes foreign assets of approximately US$307,000 (2011 – US$341,000). This is comprised as follows:

	2012 US$'000	2011 US$'000
Cash	16	54
Short term investments	291	287
	307	341

Foreign currency sensitivity

The following table indicates the currency to which the Company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 1% revaluation and 1% devaluation in foreign currency rates. There is no impact on other comprehensive income.

	% Change in Currency Rate 2012	Effect on Profit before tax 2012 $'000	% Change in Currency Rate 2011	Effect on Profit before tax 2011 $'000
Currency:				
USD – Revaluation	1	(267)	1	(292)
USD – Devaluation	1	267	5	1,460

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Company to cash flow interest rate risk, whereas fixed interest rate instruments expose the Company to fair value interest rate risk.

The Company invests excess cash in short term investments and maintains interest-earning bank accounts with licensed financial institutions. Short term investments are invested for periods less than three months at fixed interest rates and are not affected by fluctuations in market interest rates up to the date of maturity.

Interest rate sensitivity

There is no effect on the Company's statement of comprehensive income as the Company does not have any floating rate non-trading financial assets and financial liabilities. Interest rate on long-term receivables are fixed for the life of the loans.

(d) Capital management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to sustain development of the business. The Company's Board of Directors review the financial position of the Company at regular meetings.

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

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, management has made no significant judgements on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

In the process of applying the Company's accounting policies, management has made no significant estimates regarding the amounts recognised in the financial statements.

5. Revenue

	2012 $'000	2011 $'000
Government grant – Capital development Fund	152,000	127,000
Consultancy and research fees – Government bodies	1,584	3,204
Other	8,337	2,612
	161,921	132,816

6. Other Income

	2012 $'000	2011 $'000
Loss on foreign exchange	(586)	(1,874)
Gain on disposal of property, plant and equipment	-	717
Management fees	2,067	2,320
Rent	300	300
Other	428	-
	2,209	1,463

7. Expenses by Nature

Total administrative and other operating expenses:

	2012 $'000	Restated 2011 $'000
Asset tax	-	70
Auditors' remuneration	577	535
Bad debt	83	(43)
Depreciation	3,228	3,496
Insurance	1,024	1,072
Legal and professional fees	513	948
Other expenses	7,476	8,389
Project expenses	1,758	1,315
Repairs and maintenance	10,742	4,525
Staff costs (Note 8)	130,803	132,478
Utilities	7,634	8,135
	163,838	160,920

8. Staff Costs

	2012 $'000	Restated 2011 $'000
Salaries, wages and related expenses	96,530	96,278
Payroll taxes – employer's portion	6,287	5,927
Pension (Note 21)	7,315	9,973
Health insurance and other benefits (Note 21)	6,523	6,118
Travelling and subsistence	6,907	6,999
Staff training	95	59
Other	7,146	7,124
	130,803	132,478

9. Income Tax

Income tax based on surplus/(loss) for the year, adjusted for tax purposes and computed at the tax rate of 33 1/3% comprise:

	2012 $'000	Restated 2011 $'000
Current tax	3,722	-
Deferred tax (Note 12)	(886)	(7,681)
Total	2,836	(7,681)

Subject to the agreement of the Commissioner of Taxpayer Audit and Assessment, losses of approximately nil (2011 - $10,279,000) is available for set off against future profits.

Reconciliation of theoretical tax charge to effective tax charge.

	2012 $'000	Restated 2011 $'000
Surplus/(loss) for the year	3,414	(22,474)
Tax calculated at a rate of 33 1/3%	1,138	(7,491)
Adjusted for the effects of :		
Expenses not deducted for tax purposes	1,672	-
Tax effect of other allowances	26	(190)
	2,836	(7,681)

Jamaica Bauxite Institute Limited

Notes to the Financial Statements
31 March 2012
(expressed in Jamaican dollars unless otherwise indicated)

10. Property, Plant and Equipment

	Buildings	Laboratory, Surveying and Drawing Equipment	Furniture, Fixtures and Office Equipment	Motor Vehicles	Computers	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At Cost -						
At 1 April 2010	1,140	12,901	4,911	10,678	5,279	34,909
Additions	-	458	301	-	192	951
Disposals	-	-	(252)	(1,320)	(662)	(2,234)
31 March 2011	1,140	13,359	4,960	9,358	4,809	33,626
Addition	16	388	3,179	60	-	3,643
At 31 March 2012	1,156	13,747	8,139	9,418	4,809	37,269
Depreciation -						
At 1 April 2010	260	10,000	3,130	6,694	3,874	23,958
Charge for the year	63	1,165	294	1,447	527	3,496
Relieved on disposal	-	-	(252)	(1,320)	(662)	(2,234)
At 31 March 2011	323	11,165	3,172	6,821	3,739	25,220
Charge for the year	28	1,445	1,591	135	29	3,228
At March 31, 2012	351	12,610	4,763	6,956	3,768	28,448
Net Book Value -						
31 March 2011	817	2,194	1,788	2,537	1,070	8,406
31 March 2012	805	1,137	3,376	2,462	1,041	8,821

11. Long Term Receivables

	2012	2011
	$'000	$'000
Staff loans	172	281
Less: Current portion	(77)	(133)
	95	148

Staff loans represent amounts advanced for the purchase of motor vehicles and houses. Interest rates on loans range between six percent (6%) and ten percent (10%) per annum. Loans are repayable over one (1) to five (5) years and are secured by guarantee. Repayments made by staff are credited to a saving account to form the basis for future loans.

12. Deferred Tax Asset

Deferred tax is calculated on all temporary differences under the liability method using a tax rate of 33 1/3%.

The movement on the deferred tax account is as follows:

	2012	Restated 2011
	$'000	$'000
Asset at beginning of year	2,200	204
Credited to income statement (Note 9)	886	7,681
Other comprehensive income	(5,196)	(5,685)
(Liability)/asset at end of year	(2,110)	2,200

	2012	2011
	$'000	$'000
Deferred income tax assets:		
Property, plant and equipment	2,522	636
Accrued gratuity	3,983	3,922
Unused tax losses	-	3,426
	6,505	7,984
Deferred income tax liability		
Unrealised foreign exchange gain	195	624
Interest receivables	33	-
Retirement benefits	8,387	5,160
	8,615	5,784
Net deferred tax asset	(2,110)	2,200

Deferred tax assets to be recovered after more than one year	2,522	636
Deferred tax liabilities to be settled after more than one year	8,387	5,160

12. Deferred Income Taxes (Continued)

Deferred income tax (charged)/credited to the profit or loss in the statement of comprehensive income is as follows:

	2012	2011
	$'000	$'000
Deferred income tax assets:		
Property, plant and equipment	(1,886)	(311)
Accrued gratuity	(61)	(128)
Unused tax losses	3,426	(3,426)
Retirement benefit obligation	(1,898)	(1,821)
	(419)	(5,686)
Deferred income tax liabilities:		
Unrealised foreign exchange gain	(429)	(1,041)
Interest receivable	33	-
Retirement benefit asset	(71)	(954)
	(467)	(1,995)
Net deferred tax credited to the profit or loss in the statement of comprehensive income	(886)	(7,681)

Deferred income tax (charged)/credited to other comprehensive income is as follows:

	2012	2011
	$'000	$'000
Actuarial gain on retirement benefit asset	6,403	5,910
Actuarial gain/(loss) on retirement benefit obligation	2,492	(225)
Change in unrecognised asset	(3,699)	-
Net deferred tax charged to other comprehensive income	5,196	5,685

Jamaica Bauxite Institute Limited

Notes to the Financial Statements

31 March 2012

(expressed in Jamaican dollars unless otherwise indicated)

13. Trade and other Receivables

	2012	2011
	$'000	$'000
Trade	4,839	690
Less: provision for doubtful debts	(83)	(213)
	4,756	477
Project funds	76	60
Prepayment	2,863	2,356
Other	2,165	1,763
	9,860	4,656

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

14. Cash and Cash Equivalents

	2012	2011
	$'000	$'000
Bank accounts	4,826	4,905
Short term investments	77,536	111,707
	82,362	116,612
Bank overdraft	(5,606)	-
	76,756	116,612

Cash is comprised mainly of amounts held in a current account which attracts interest rates of 0.25% to 2.40% (2011 – 0.45% to 1.00%) per annum.

The average effective rate on short term deposits was 5.50% (2011 – 3.00%) per annum and these deposits have an average maturity of 32 days (2011 – 30 days). Included in short-term deposits is an amount of $4,658,000 (2011 - $43,297,000) which represents funds held on behalf of the Bauxite Community Redevelopment (BCR) Project Fund.

The bank overdraft represented unpresented cheques which were outstanding at the end of the financial year. The Company does not utilise overdraft facilities and as such overdraft in the current year did not attract interest.

Jamaica Bauxite Institute Limited
Notes to the Financial Statements
31 March 2012
(expressed in Jamaican dollars unless otherwise indicated)

15. Share Capital

	2012 $'000	2011 $'000
Authorised, issued and fully paid		
200 ordinary shares	-	-

The issued shares have no nominal or par value.

16. Capital Reserve

	2012 $'000	2011 $'000
Advances made to the Company and repaid by the Capital Development Fund	-	766
Value of motor vehicles donated to the Company by Kaiser Jamaica Bauxite Company	-	770
Capital value of assets received through the United Nation's Industrial Development Organisation	-	4,283
Value of motor vehicle donated to the Company by Jamaica Aluminum Company (JAMALCO) Limited	-	400
Discount received on purchase of motor vehicle	-	1,998
Balance at end of year	-	8,217

These amounts were transferred to the accumulated surplus during the year based on the nature of the items.

17. Revaluation Reserve

	2012 $'000	2011 $'000
Unrealised surplus arising from revaluation of assets formerly leased from Clarendon Alumina Production	-	7,051
Unrealised surplus from revaluation of motor vehicles	-	2,047
	-	9,098

These amounts were transferred to the accumulated surplus during the year based on the nature of the items.

18. Project Funds

This represents amounts held for Alpart modernisation, North Coast and May Projects.

19. Trade and Other Payables

	2012	2011
	$'000	$'000
Trade	1,597	1,989
Accruals	22,242	18,059
Bauxite Community Redevelopment Project Fund	4,658	43,297
Other	975	4,544
	29,472	67,889

20. Related Party Transactions

(a) Transactions with related parties -

	2012	2011
	$	$
Directors' emoluments		
Fees	142,290	168,000
Remuneration	6,187,216	6,186,506

(b) Key management compensation

	2012	2011
	$'000	$'000
Short-term employee benefit -		
Management remuneration	23,583	23,220
Other	2,072	3,275
	25,655	26,495
Pension	1,663	1,637
	27,318	28,132

21. Retirement benefits

Pension Scheme

The Company participates in a multiemployer defined benefit pension plan which is open to all permanent employees and administered by Sagicor Life Jamaica Limited.

21. Retirement Benefits (Continued)

	2012 $'000	2011 $'000
Assets/(liabilities) recognised in the statement of financial position –		
Retirement Benefit Asset - Pension plan	67,034	59,136
Retirement Benefit Obligation - Medical benefits	(41,874)	(43,657)
Amounts recognised in the profit or loss in the statement of comprehensive income		
Retirement Benefit Asset - Pension plan (Note 8)	7,315	9,973
Retirement Benefit Obligation - Medical benefits (Note 8)	6,523	6,118

Pension plan benefits

The plan is funded by employees' contributions at 5% of salary with the option to contribute an additional 5% and employer contribution as recommended by independent actuaries. Pension at normal retirement age is based on 2% of final 3 year average salary per year of pensionable service, plus any declared bonus pensions.

The defined benefit asset recognised in the statement of financial position was determined as follows:

	2012 $'000	2011 $'000
Fair value of plan assets	367,081	334,779
Present value of funded obligations	(288,950)	(275,643)
	78,131	59,136
Unrecognised assets	(11,097)	-
	67,034	59,136

21. Retirement Benefits (Continued)

Pension plan benefits (continued)

The movement in the fair value of plan assets during the year was as follows:

	2012 $'000	2011 $'000
At beginning of year	334,779	290,016
Expected return on plan assets	27,437	24,138
Actuarial gain on plan assets	711	12,469
Employer's contributions	7,100	7,106
Member's contributions	4,447	4,516
Benefits paid	(22,483)	(3,466)
Value of annuities purchased	15,090	-
At end of year	367,081	334,779

The movement in the present value of the defined benefit obligation during the year was as follows:

	2012 $'000	2011 $'000
At beginning of year	275,643	245,742
Current service cost	8,909	8,486
Interest cost	25,843	25,625
Member's contributions	4,447	4,516
Actuarial gains on obligations	(18,499)	(5,260)
Benefits paid	(22,483)	(3,466)
Value of annuities purchased	15,090	-
At end of year	288,950	275,643

Jamaica Bauxite Institute Limited

Notes to the Financial Statements
31 March 2012
(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefits (Continued)

Pension plan benefits (continued)

The amounts recognised in the profit or loss in the statement of comprehensive income are as follows:

	2012 $'000	2011 $'000
Current service cost	8,909	8,486
Interest cost	25,843	25,625
Expected return on plan assets	(27,437)	(24,138)
Total included in staff costs (Note 8)	7,315	9,973

The charge of $7,315,000 (2011 - $9,973,000) was included in administrative expense in the profit or loss in the statement of comprehensive income.

The actual gain on plan assets was $33,061,000 (2011 – $43,139,000).

Expected contributions to the plan for the year ended 31 March 2013 amount to $11,125,000.

The distribution of plan assets was as follows:

	2012 %	2011 %
Quoted equities	32.0	30.0
Mortgage and real estate	14.0	14.0
Fixed income	30.0	37.0
Other	24.0	19.0
	100.0	100.0

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

21. Retirement Benefits (Continued)

Pension plan benefits (continued)

The three-year trend for the surplus/(deficit) in the plan, as well as actuarial (gains)/losses is as follows:

	2012 $'000	2011 $'000	2010 $'000
Present value of obligation	288,950	275,643	245,742
Fair value of plan assets	(367,081)	(334,779)	(290,016)
	(78,131)	(59,136)	(44,274)
Experience adjustments -			
Defined benefit obligation	(12,470)	(1,970)	32,743
Fair value of plan assets	(711)	(12,469)	(24,025)

Medical benefits

In addition to pension benefits, the company offers retirees medical benefits. Funds are not built up to cover the obligations under the medical benefit plan. The method of accounting and frequency of valuations are similar to those used for the pension plan. The liability recognised in the statement of financial position was determined as follows:

	2012 $'000	2011 $'000
Present value of unfunded obligations	41,874	43,657
Unrecognised actuarial losses	-	-
	41,874	43,657

The movement in the present value of the defined benefit obligation during the year was as follows:

	2012 $'000	2011 $'000
At beginning of year	43,657	37,519
Current service cost	1,982	1,840
Interest cost	4,541	4,278
Actuarial (gains)/loss on obligations	(7,476)	674
Benefits paid	(830)	(654)
At end of year	41,874	43,657

For the medical scheme, a 1% increase/(decrease) in the assumed medical cost trend rate would result in an increase/(decrease) in the aggregate current service cost and interest cost of $2,516,000/($1,579,000) and $5,435,000/($3,832,000), and an increase/(decrease) in the defined benefit obligation of $7,704,000/($6,163,000).

Jamaica Bauxite Institute Limited

Notes to the Financial Statements
31 March 2012
(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefits (Continued)

Medical benefits (continued)

The amounts recognised in the profit or loss in the statement of comprehensive income are as follows:

	2012 $'000	2011 $'000
Current service cost	1,982	1,840
Interest cost	4,541	4,278
Total included in staff costs (Note 8)	6,523	6,118

The total charge of $6,523,000 (2011 – $6,118,000) was included in expenses in the profit or loss in the statement of comprehensive income.

	2012 $'000	2011 $'000	2010 $'000
Present value of obligation	41,874	43,657	37,519
Experience adjustments	267	674	(757)

Principal actuarial assumptions used in valuing retirement benefits

The principal actuarial assumptions used in valuing retirement benefits were as follows:

	2012	2011
Discount rate	10.0%	10.5%
Long term rate of inflation	5.0%	6.5%
Expected return on plan assets	6.0%	8.0%
Future salary increases	5.0%	6.5%
Future pension increases	3.0%	3.0%
Administrative fees	1.0%	1.0%
Investment fees (of pay)	1.0%	1.0%
Minimum funding rate	0.25%	0.25%

The average expected remaining service life of the employees is 21 and 14 years for males and females respectively (2011 - 20 and 14 years for males and females).

22. Restatement

The financial statements as at 31 March 2011 and 31 March 2010 have been restated as follows:

(i) The value of retirement benefit assets valued at $59,136,000 as at 31 March 2011 and $44,274,000 as at 31 March 2010, had not previously been recognised in the statement of financial position.

(ii) The value of retirement benefit obligations valued at $43,657,000 as at 31 March 2011 and $37,519,000 as at 31 March 2010, had not previously been recognised in the statement of financial position.

(iii) The related expense and deferred taxes had also not been recognised in the statement of comprehensive income.

In accordance with IAS 1 (Revised), Presentation of Financial Statements, the Company has presented a comparative statement of financial position as at 31 March 2010. The items affected by the restatement are presented below.

Jamaica Bauxite Institute Limited

Notes to the Financial Statements
31 March 2012
(expressed in Jamaican dollars unless otherwise indicated)

22. Restatement (Continued)

Reconciliation of equity at 30 April 2010:

	As Previously Stated	Effect of Restatement	As Restated
	$'000	$'000	$'000
Assets			
Non-current assets			
Property, plant and equipment	10,951	-	10,951
Retirement benefit asset (i)	-	44,274	44,274
Long term receivables	94	-	94
Deferred tax asset (iii)	2,455	(2,251)	204
	13,500	42,023	55,523
Current Assets			
Trade and other receivables	3,300	-	3,300
Prepayment	2,618	-	2,618
Current portion of long-term receivables	66	-	66
Taxation recoverable	10,346	-	10,346
Cash and cash equivalents	166,021	-	166,021
	182,351	-	182,351
Total assets	195,851	42,023	237,874
Equity			
Share capital	-	-	-
Capital reserve	8,217	-	8,217
Actuarial reserve (i),(ii),(iii)	-	(46,449)	(46,449)
Revaluation reserve	9,098	-	9,098
Capital grant from Capital Development Fund	7,857	-	7,857
Accumulated surplus (i),(ii),(iii)	49,810	50,952	100,762
Total equity	74,982	4,503	79,485
Liabilities			
Non-current liability			
Retirement benefit obligation (ii)	-	37,519	37,519
Project funds	5,246	-	5,246
	5,246	37,519	42,765
Current Liabilities			
Bank overdraft	3,677	-	3,677
Trade and other payables	102,138	-	102,138
Income tax payable	9,809	-	9,809
	115,624	-	115,624
Total liabilities	120,869	37,519	158,389
Total equity and liabilities	195,852	42,022	237,874

Jamaica Bauxite Institute Limited
Notes to the Financial Statements
31 March 2012
(expressed in Jamaican dollars unless otherwise indicated)

22. Restatement

Reconciliation of income statement at 30 April 2011:

	As Previously Stated	Effect of Restatement	As Restated
	$'000	$'000	$'000
Revenue	132,816	-	132,816
Finance income	4,167	-	4,167
Other income	1,463	-	1,463
	138,446	-	138,446
Administrative expenses (iii)	(152,589)	(8,331)	(160,920)
Surplus/(Loss) for the year before tax	(14,143)	(8,331)	(22,474)
Taxation	4,904	2,777	7,681
Surplus/(Loss)	(9,239)	(5,554)	(14,793)
Net actuarial gain on retirement benefit asset (iii)	-	11,819	11,819
Net actuarial gain/(loss) on retirement benefit obligation (iii)	-	(449)	(449)
Total other comprehensive income	-	11,370	11,370
Total Comprehensive income for the year	(9,239)	5,816	(3,423)

Jamaica Bauxite Institute Limited
Notes to the Financial Statements
31 March 2012
(expressed in Jamaican dollars unless otherwise indicated)

22. Restatement (Continued)

Reconciliation of equity at 30 April 2011:

	As Previously Stated	Effect of Restatement	As Restated
	$'000	$'000	$'000
Assets			
Non-current assets			
Property, plant and equipment	8,406	-	8,406
Retirement benefit asset (i)	-	59,136	59,136
Long term receivables	148	-	148
Deferred tax asset (iii)	7,360	(5,160)	2,200
	15,914	53,976	69,890
Current Assets			
Trade and other receivables	4,656	-	4,656
Current portion of long-term receivables	133	-	133
Taxation recoverable	11,372	-	11,372
Cash and cash equivalents	116,612	-	116,612
	132,773	-	132,773
Total assets	148,687	53,976	202,663
Equity			
Capital and reserves			
Share capital	-	-	-
Capital reserve	8,217	-	8,217
Actuarial reserve (i), (ii),(iii)	-	(35,079)	(35,079)
Revaluation reserve	9,098	-	9,098
Capital grant from Capital Development Fund	7,857	-	7,857
Accumulated surplus (i),(ii),(iii)	40,571	45,398	85,969
Total equity	65,743	10,319	76,062
Liabilities			
Non-current liability			
Retirement benefit obligation (ii)	-	43,657	43,657
Project funds	5,246	-	5,246
	5,246	43,657	48,903
Current Liabilities			-
Trade and other payables	67,889	-	67,889
Income tax payable	9,809	-	9,809
	77,698	-	77,698
Total liabilities	82,944	43,657	126,601
Total equity and liabilities	148,687	53,976	202,663