

JAMAICA PUBLIC SERVICE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2012

{Unaudited results in US\$ thousand}

	Sept-12	Sept-11*	{Audited} Dec-11
CURRENT ASSETS			
Cash and cash equivalents	3,560	24,583	8,830
Restricted cash	22,581	17,502	18,346
Accounts receivable	283,726	277,774	273,047
Tax recoverable	231	504	320
Inventories	67,259	58,807	60,132
	<u>377,357</u>	<u>379,170</u>	<u>360,675</u>
CURRENT LIABILITIES			
Payables and provisions	155,402	122,653	148,872
Bank overdraft	-	-	17,412
Taxation payable	459	4,474	4,149
Short-term loans	5,000	10,000	-
Current portion of long-term loans	50,735	22,918	49,493
Due to related companies	601	282	912
	<u>212,197</u>	<u>160,327</u>	<u>220,838</u>
WORKING CAPITAL	165,160	218,843	139,837
NON-CURRENT ASSETS			
Property, plant & equipment	659,881	667,155	661,104
Employee benefits asset	27,657	23,963	27,180
Other Asset	3,849	-	4,738
	<u>856,547</u>	<u>909,961</u>	<u>832,859</u>
Financed by:			
SHAREHOLDERS' EQUITY			
Share capital	261,918	261,918	261,918
Capital reserve	19,987	41,357	20,043
Retained earnings	93,232	113,603	89,158
	<u>375,137</u>	<u>416,878</u>	<u>371,119</u>
NON-CURRENT LIABILITIES			
Customer deposits	32,781	32,431	31,058
Long-term loans	372,120	387,666	356,295
Deferred taxation	66,378	63,596	65,337
Employee benefits obligations	10,131	9,390	9,050
	<u>856,547</u>	<u>909,961</u>	<u>832,859</u>

*Restated to conform to current year's presentation.

ON BEHALF OF THE BOARD



Hisatsugu Hirai
Director



Sang Kie Cho
Director

JAMAICA PUBLIC SERVICE COMPANY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME FOR THE
PERIOD ENDED SEPTEMBER 30, 2012**

{Unaudited results in US\$ thousand}

	Quarter ended,		Nine months ended,	
	Sept-12 <u>US\$'000</u>	Sept-11 <u>US\$'000</u>	Sept-12 <u>US\$'000</u>	Sept-11 <u>US\$'000</u>
Operating revenue	282,960	300,268	864,723	868,805
Cost of sales:				
Fuel	(189,056)	(205,644)	(596,219)	(573,492)
Purchased power (excluding fuel)	(24,273)	(20,598)	(60,937)	(62,590)
	<u>(213,329)</u>	<u>(226,242)</u>	<u>(657,156)</u>	<u>(636,082)</u>
Gross profit	69,631	74,026	207,567	232,723
Operating expenses:				
Selling, general & administrative expenses	(19,564)	(21,051)	(50,919)	(62,571)
Maintenance expenses	(21,850)	(23,121)	(68,598)	(66,277)
	<u>(41,414)</u>	<u>(44,172)</u>	<u>(119,517)</u>	<u>(128,848)</u>
Operating profit before depreciation, net finance costs, other expenses and taxation	28,217	29,854	88,050	103,875
Depreciation and amortisation expenses	(12,583)	(12,179)	(37,818)	(35,896)
Operating profit before net finance costs, other expenses and taxation	15,634	17,675	50,232	67,979
Net financing costs	(11,894)	(9,880)	(35,786)	(28,788)
Other income/(expenses), net	365	1,507	180	2,204
Profit before taxation	4,105	9,302	14,626	41,395
Taxation expense	(2,045)	(3,446)	(5,551)	(14,100)
Net profit for the period	<u>2,060</u>	<u>5,856</u>	<u>9,075</u>	<u>27,295</u>

Earnings per share/stock unit:				
Number of share/stock units [in thousands]	<u>21,828,192</u>	<u>21,828,192</u>	<u>21,828,195</u>	<u>21,828,195</u>
Net profit per share/stock unit (annualised)	<u>0.04</u>	<u>0.11</u>	<u>0.06</u>	<u>0.17</u>

JAMAICA PUBLIC SERVICE COMPANY LIMITED

**STATEMENT OF CASH FLOWS (CONDENSED) FOR THE
PERIOD ENDED SEPTEMBER 30, 2012**

{Unaudited results in US\$ thousand}

	Sept-12	Sept-11*
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	9,075	27,295
Adjustments for non-cash items:		
Depreciation and amortisation	37,818	35,896
Unrealised foreign exchange losses	(22)	154
Interest capitalized	(1,128)	(402)
Interest expense	27,502	26,376
Taxation expense	5,551	14,100
Employee benefits, net	604	(519)
Restricted cash	(4,235)	(3,430)
Others	996	811
	<u>76,161</u>	<u>100,281</u>
Increase/(decrease) in working capital:		
Accounts receivable	(10,665)	(47,244)
Inventories	(7,127)	(7,214)
Payables and provisions	13,342	9,792
Taxation payable	(8,422)	(21,819)
Due to related companies	(311)	241
Customer deposits and advances	1,723	3,598
Net cash provided by operating activities	<u>64,701</u>	<u>37,635</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	1,563	1,160
Purchase of property, plant & equipment	(35,523)	(45,403)
Other asset	890	-
Net cash used by investing activities	<u>(33,070)</u>	<u>(44,243)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term loans received/(repaid), net	5,000	(16,641)
Long-term loans obtained, net	14,605	91,926
Interest paid	(31,314)	(30,033)
Decrease in bank overdraft	(17,412)	-
Dividends paid	(7,780)	(23,204)
Net cash (used)/provided by financing activities	<u>(36,901)</u>	<u>22,048</u>
Net (decrease)/increase in cash & cash equivalents	(5,270)	15,440
Cash and cash equivalents at beginning of year	8,830	9,143
Cash and cash equivalents at end of year	<u>3,560</u>	<u>24,583</u>

*Restated to conform to current year's presentation.

JAMAICA PUBLIC SERVICE COMPANY LIMITED

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

{Unaudited results in US\$ thousand}

	<u>Share Capital</u>	<u>Capital Reserve</u>	<u>Retained Earnings</u>	<u>TOTAL</u>
Balance as at December 31, 2010	261,918	41,357	98,809	402,084
Net profit for the period	-	-	27,295	27,295
Ordinary dividends	-	-	(12,500)	(12,500)
Preference dividends paid	-	-	(1)	(1)
Balance as at September 30, 2011	<u>261,918</u>	<u>41,357</u>	<u>113,603</u>	<u>416,878</u>
Balance as at December 31, 2011	261,918	20,043	89,158	371,119
Revaluation surplus	-	(56)	-	(56)
Net profit for the period	-	-	9,075	9,075
Ordinary dividends	-	-	(5,001)	(5,001)
Balance as at September 30, 2012	<u>261,918</u>	<u>19,987</u>	<u>93,232</u>	<u>375,137</u>

	<u>Sept-12</u>	<u>Sept-11</u>
Net gains for the period	<u>9,075</u>	<u>27,295</u>
Amount recognised directly in equity	<u>-</u>	<u>-</u>

JAMAICA PUBLIC SERVICE COMPANY LIMITED
NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
(UNAUDITED) SEPTEMBER 30, 2012

1. Corporate structure and nature of business

The company is incorporated in Jamaica. MaruEnergy JPSCO 1 SRL and EWP (Barbados) 1 SRL each has 40% interest in the company's shares. MaruEnergy JPSCO 1 SRL, is incorporated in Barbados and is ultimately owned by Marubeni Corporation. EWP (Barbados) 1 SRL is incorporated in Barbados and is ultimately owned by the Korea Electric Power Corporation.

A further 19.9% of the issued ordinary shares are held by the Accountant General and the Development Bank of Jamaica on behalf of the Government of Jamaica (GOJ) collectively, and the remaining 0.1% is held by individuals. In accordance with a Shareholder's Agreement the majority shareholders have the right to appoint six members of the Board of Directors while the GOJ has the right to appoint three. Additionally, certain significant decisions of the Board of Directors require a unanimous vote of the appointed directors.

The principal activities of the company are generating, transmitting, distributing and supplying electricity in accordance with the terms of the All-Island Electric Licence, 2001 (the Licence), granted on March 30, 2001, by the Minister of Mining and Energy.

The registered office of the company is situated at 6 Knutsford Boulevard, Kingston 5, Jamaica, W.I., and its preference shares are listed on the Jamaica Stock Exchange.

2. Regulatory arrangements and tariff structure

The Licence authorises the company to supply electricity for public and private purposes within the Island of Jamaica, subject to regulation by the Office of Utilities Regulation (OUR) established pursuant to the Office of Utility Regulation Act, 1995, and as subsequently amended, with power and authority to require observance and performance by the company of its obligations under the Licence, and to regulate the rates charged by the company.

Under the provisions of the Licence, the company is granted the exclusive right to transmit, distribute and supply electricity throughout the Island of Jamaica for a period of twenty years and to develop new generation capacity within the first three years from the effective date of the Licence. Since the expiration of this initial three-year period, the company has the right, together with other persons, to compete for the right to develop new generation capacity. The Licence was extended in August 2007 for an additional period of six years upon the sale of the company by Mirant Corporation to Marubeni Corporation.

Schedule 3 of the Licence defines the rates for electricity and the mechanism for rate adjustments.

Under the Licence, the rates for electricity consist of a Non-Fuel Base Rate, which is adjusted annually using the Performance Based Rate-making Mechanism; and a Fuel Rate, which is adjusted monthly to reflect fluctuations in actual fuel costs, net of adjustments for prescribed efficiency targets. Both rates (fuel and non-fuel) are adjusted monthly to account for movements in the monetary exchange rate between the United States (US) dollar and the Jamaica dollar.

JAMAICA PUBLIC SERVICE COMPANY LIMITED
NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
(UNAUDITED) SEPTEMBER 30, 2012

2. Regulatory arrangements and tariff structure (cont'd)

These rates are determined in accordance with the tariff regime, which provides that the OUR annually reviews the company's efficiency levels (system losses and heat rate) and, where appropriate, adjusts these in the tariff, primarily relating to fuel revenues. Under the rate schedule the company should recover its actual fuel costs, net of the prescribed efficiency adjustments, through its Fuel Rate.

As of May 31, 2004, and thereafter, on each succeeding fifth anniversary, the company must submit a filing to the OUR for further rate adjustments to its Non-Fuel Base Rate. The rate filing, which requires OUR approval, is based on a test year and includes defined "efficient" non-fuel operating costs, depreciation expenses, taxes, and a fair return on investment.

Embedded in the OUR approved tariff is an amount to be set aside monthly in case of a major catastrophe affecting the company's operations (transfer to self-insurance sinking fund).

3. Statement of compliance, basis of preparation and significant accounting policies

The unaudited interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB), and comply with the provisions of the Companies Act.

The interim financial statements have been prepared using the same accounting policies and methods of computation applied in preparing the financial statements for the year ended December 31, 2011. The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The interim statements are presented in United States dollars, which is the currency in which the company conducts the majority of its business, (its functional currency); and are prepared under the historical cost basis, modified for the inclusion of land carried at valuation. The revaluation policy was modified in 2008 with the discontinuation of the practice of carrying specialised assets at valuation. In accordance with IAS 8 these policy changes were implemented retrospectively.

The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the year ended December 31, 2011.

4. Subsequent event

On July 30, 2012, the Supreme Court ruled that the exclusivity provision in the license granted to JPS in 2001 is not valid. The judge ruled that while the Minister of Mining and Energy has the authority to grant a license to an operator to supply power to the entire island, he does not have the power to grant a license upon terms that bar the possibility of any other person entering the market for the transmission of electricity. The outcome of this court decision, which the company intends to appeal, cannot be determined with certainty at this time and no provision has been made in the financial statements regarding this matter.

JAMAICA PUBLIC SERVICE COMPANY LIMITED
NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
(UNAUDITED) SEPTEMBER 30, 2012

5. Cash and cash equivalents

As at September 30, 2012, cash and cash equivalents include amounts restricted for use amounting to approximately \$22.6 million (September 2011: \$18.9 million). This includes approximately \$22.1 million (September 2011: \$16.6 million) in relation to a self-insurance sinking fund administered under the direction of the OUR (see note 2).

6. Net finance costs

	Quarter ended,		Nine months ended,	
	Sept-12	Sept-11	Sept-12	Sept-11
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Foreign exchange (gain)/losses	(2,862)	(1,146)	(8,215)	(1,942)
Other finance costs	(10,000)	(9,593)	(30,187)	(29,137)
Finance income	968	859	2,616	2,291
	<u>(11,894)</u>	<u>(9,880)</u>	<u>(35,786)</u>	<u>(28,788)</u>

Foreign exchange gains and losses, as shown above, are the result of fluctuations in exchange rates. The relevant period end exchange rates (J\$: US\$) are shown below:

December 31, 2010	<u>85.86</u>	December 31, 2011	<u>86.60</u>
March 31, 2011	<u>85.75</u>	March 31, 2012	<u>87.30</u>
June 30, 2011	<u>85.91</u>	June 30, 2012	<u>88.70</u>
September 30, 2011	<u>86.30</u>	September 30, 2012	<u>89.90</u>

ON BEHALF OF THE BOARD



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