

JAMAICA PUBLIC SERVICE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2013

{Unaudited results in US\$ thousand}

	Mar-13	Mar-12*	{Audited} Dec-12
CURRENT ASSETS			
Cash and cash equivalents	3,277	27,057	26,493
Restricted cash	16,008	19,533	18,849
Accounts receivable	281,842	263,220	283,697
Tax recoverable	315	333	271
Inventories	65,040	62,593	66,723
	<u>366,482</u>	<u>372,736</u>	<u>396,033</u>
CURRENT LIABILITIES			
Payables and provisions	154,958	145,909	181,027
Taxation payable	(1,316)	(1,195)	2,713
Short term loans	30,000	20,000	25,000
Current portion of long-term loans	37,259	49,621	36,906
Due (from)/to related companies, net	(358)	742	1,005
	<u>220,543</u>	<u>215,077</u>	<u>246,651</u>
WORKING CAPITAL	145,939	157,659	149,381
NON-CURRENT ASSETS			
Property, plant & equipment	660,272	655,370	663,743
Employee benefits asset	19,731	27,457	20,066
Other asset	5,391	5,004	5,797
Long-term receivables	1,789	990	1,705
	<u>833,122</u>	<u>846,480</u>	<u>840,693</u>
Financed by:			
SHAREHOLDERS' EQUITY			
Share capital	261,918	261,918	261,918
Capital reserve	19,901	20,043	19,901
Retained earnings	96,323	85,286	97,112
	<u>378,142</u>	<u>367,247</u>	<u>378,931</u>
NON-CURRENT LIABILITIES			
Customer deposits	30,393	32,331	30,917
Long-term loans	347,148	370,739	353,572
Deferred taxation	66,481	65,337	66,481
Employee benefits obligations	8,901	9,687	8,822
Deferred revenue	2,057	1,139	1,970
	<u>833,122</u>	<u>846,480</u>	<u>840,693</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 MARCH 31, 2013**

{Unaudited results in US\$ thousand}

	Three months ending,		Year Ended
	Mar-13 <u>US\$'000</u>	Mar-12* <u>US\$'000</u>	{Audited} Dec-12 <u>US\$'000</u>
Operating revenue	269,172	290,225	1,141,595
Cost of Sales	(201,090)	(226,114)	(862,299)
Gross Profit	68,082	64,111	279,296
Operating Expenses	(49,701)	(51,361)	(210,158)
Operating Profit	18,381	12,750	69,138
Finance costs	(17,653)	(11,293)	(50,936)
Other income	361	234	5,431
Other expenses	(2,270)	-	(4,834)
Profit before taxation	(1,181)	1,691	18,799
Taxation expense	392	(563)	(5,929)
Net Profit For The Period	(789)	1,128	12,870

*Restated to conform to current year's presentation.

Earnings Per Share/Stock Unit:			
Number of share/stock units [in thousands]	<u>21,828,195</u>	<u>21,828,195</u>	<u>21,828,195</u>
Net profit per share/stock unit (annualised)	<u>(0.01)</u>	<u>0.02</u>	<u>0.05</u>

JAMAICA PUBLIC SERVICE COMPANY LIMITED

**STATEMENT OF CASH FLOWS (CONDENSED) FOR THE
PERIOD ENDED MARCH 31, 2013**

{Unaudited results in US\$ thousand}

	Mar-13	Mar-12*
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	(789)	1,128
Adjustments for non-cash items:		
Depreciation and amortisation	12,193	12,509
Unrealised foreign exchange (gains)/losses	(186)	139
Interest capitalized	(533)	(371)
Interest expense	8,387	9,097
Taxation expense	(392)	563
Employee benefits, net	414	360
Restricted cash	2,842	(1,187)
Others	(329)	566
	21,607	22,804
Increase/(decrease) in working capital:		
Accounts receivable	1,981	8,536
Inventories	1,683	(2,461)
Payables and provisions	(21,738)	674
Taxation payable	(3,637)	(5,907)
Due to related companies	(1,363)	68
Customer deposits and advances	(524)	1,273
Net cash provided by operating activities	(1,991)	24,987
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	324	52
Purchase of property, plant & equipment	(8,189)	(6,404)
Other asset	406	218
Net cash used by investing activities	(7,459)	(6,134)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term loans received/(repaid), net	5,000	20,000
Long-term loans obtained, net	(6,048)	13,619
Interest paid	(12,718)	(13,054)
Dividends paid	-	(3,779)
Net cash (used)/provided by financing activities	(13,766)	(16,786)
Net (decrease)/increase in cash & cash equivalents	(23,216)	35,639
Cash and cash equivalents at beginning of year	26,493	(8,582)
Cash and cash equivalents at end of year	3,277	27,057

*Restated to conform to current year's presentation.

JAMAICA PUBLIC SERVICE COMPANY LIMITED

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED MARCH 31, 2013**

{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, 2011	261,918	20,043	89,158	371,119
Comprehensive income for the year	-	-	1,128	1,128
Ordinary dividends	-	-	(5,000)	(5,000)
Balance as at March 31, 2012	<u>261,918</u>	<u>20,043</u>	<u>85,286</u>	<u>367,247</u>
Balance as at December 31, 2012	261,918	19,901	97,112	378,931
Comprehensive income for the year	-	-	(789)	(789)
Balance as at March 31, 2013	<u>261,918</u>	<u>19,901</u>	<u>96,323</u>	<u>378,142</u>

	<u>Mar-13</u>	<u>Mar-12</u>
Net gains for the period	<u>(789)</u>	<u>1,128</u>
Amount recognised directly in equity	<u>-</u>	<u>-</u>

JAMAICA PUBLIC SERVICE COMPANY LIMITED
NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
(UNAUDITED) MARCH 31, 2013

1. Corporate structure and nature of business

Jamaica Public Service Company Limited (“the Company”) is incorporated and domiciled in Jamaica as a limited liability company and is owned by MaruEnergy JPSCO 1 SRL and EWP (Barbados) 1 SRL each holding 40% interest in the Company’s shares, with the Government of Jamaica holding 19.9% and private individuals 0.1%. MaruEnergy JPSCO 1 SRL, is incorporated in Barbados and is ultimately owned by Marubeni Corporation which is incorporated in Japan. EWP (Barbados) 1 SRL is incorporated in Barbados and is ultimately owned by the Korea Electric Power Corporation which is incorporated in South Korea.

The Government of Jamaica’s ownership in the Company is held collectively through the Accountant General’s Department and the Development Bank of Jamaica Limited. 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) MARCH 31, 2013

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 March 1, 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, 2012. 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, 2012.

4. JPS' Operating Licence

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 has appealed, 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) MARCH 31, 2013

5. Cash and cash equivalents

As at March 31, 2013, cash and cash equivalents include amounts restricted for use amounting to approximately \$16.0 million (Mar-12: \$19.5 million). This includes approximately \$15.5 million (Mar-12: \$19.1 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,	
	Mar-13	Mar-12
	<u>US\$'000</u>	<u>US\$'000</u>
Foreign exchange losses	(9,201)	(1,991)
Other finance costs	(9,480)	(9,921)
Finance income	1,028	619
	<u>(17,653)</u>	<u>(11,293)</u>

Foreign exchange losses, as shown above, are the result of fluctuations in exchange rates primarily on the settlement of J\$ accounts receivables and borrowings that are denominated in currencies other than the US Dollar. The relevant period end exchange rates (J\$: US\$) are shown below:

December 31, 2011	<u>86.60</u>	March 31, 2012	<u>87.30</u>
December 31, 2012	<u>92.98</u>	March 31, 2013	<u>98.89</u>

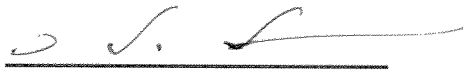
7. Noncompliance with Loan Covenant

Paragraph 74 of IAS 1 requires the reclassification of non-current Debt to Current Liabilities when an entity is not compliant with a provision in a long-term loan agreement excepting in circumstances in which a waiver is obtained from the lender giving the entity the unconditional right to defer settlement of the loan for at least twelve months after the reporting period (in JPS's case March 31, 2013). Practically, it is near impossible to obtain such a commitment from a lender as it effectively precludes the lender from taking any action against a borrower even if the borrower fails to continue regular servicing of the loan. As such, while JPS obtained a waiver in respect of the loan which had an instance of noncompliance relating to the fulfilment of the Debt to EBITDA ratio at March 31, 2012, and there was no indication on the part of the lender of a desire to register a breach at the date of publishing these unaudited financial statements, the waiver was not unconditional for the next twelve months.

The total value of loan(s) affected by the instance of non-compliance with the loan covenant was \$47 Million at March 31, 2013 (December 31, 2012: \$171 Million) with a further \$287 Million (December 31, 2012: \$169 Million) being affected by cross default provisions which would be triggered should the lender affected by the noncompliance register a breach on a loan.

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(UNAUDITED) MARCH 31, 2013

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