

**JAMAICA PUBLIC SERVICE COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016**

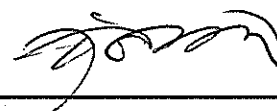
{Unaudited results in US\$ thousand}

	<b>Dec-16</b>	<b>{Audited}</b>
	<b>US\$'000</b>	<b>Dec-15</b>
		<b>US\$'000</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	8,650	5,558
Restricted cash	34,714	31,043
Receivables, net of provisions	153,847	124,967
Tax recoverable	650	-
Due from related company	10,295	-
Inventories	32,143	30,710
	<b>240,299</b>	<b>192,278</b>
<b>CURRENT LIABILITIES</b>		
Payables and provisions	137,048	112,116
Taxation payable	1,717	1,620
Current portion of long-term loans	59,622	47,935
Due to related companies	2,005	1,624
	<b>200,392</b>	<b>163,295</b>
<b>WORKING CAPITAL</b>	<b>39,907</b>	<b>28,983</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment and intangible assets	699,544	712,946
Employee benefits asset	23,357	27,652
Other assets	89	616
Long-term receivables	-	252
	<b>762,897</b>	<b>770,449</b>
Financed by:		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	261,786	261,786
Capital reserve	4,145	4,145
Capital redemption reserve	3,000	-
Retained earnings	119,782	100,960
	<b>388,713</b>	<b>366,891</b>
<b>NON-CURRENT LIABILITIES</b>		
Customer deposits	24,294	25,054
Long-term debts	284,582	306,282
Shareholder's loan	-	2,000
Preference shares	24,688	27,688
Deferred taxation	33,124	34,616
Employee benefits obligations	7,496	7,673
Deferred revenue	-	245
	<b>762,897</b>	<b>770,449</b>

**ON BEHALF OF THE BOARD**



Director



Director

# JAMAICA PUBLIC SERVICE COMPANY LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED DECEMBER 31, 2016

{Unaudited results in US\$ thousand}

	Quarter ended,		Year ended,	
	Dec-16 US\$'000	Dec-15 US\$'000	Dec-16 US\$'000	Dec-15 US\$'000
Operating revenue	196,483	176,798	712,881	759,819
Cost of sales	(124,164)	(101,243)	(427,792)	(473,631)
Gross profit	72,319	75,555	285,089	286,188
Operating expenses	( 60,742)	( 55,736)	(225,090)	( 200,042)
Operating profit	11,577	19,819	59,999	86,146
Finance costs (net)	( 7,362)	( 7,588)	( 39,364)	( 42,477)
Other income	7,581	-	9,807	2,449
Other expenses	( 811)	(13,296)	( 1,974)	(15,289)
Profit/(loss) before taxation	10,985	( 1,065)	28,467	30,829
Taxation (expense)/income	( 512)	3,843	( 6,645)	( 4,322)
Net profit for the period	10,473	2,778	21,822	26,507

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>	<u>21,828,195</u>
Net profit per share/stock unit (annualised)	<u>0.19¢</u>	<u>0.05¢</u>	<u>0.10¢</u>	<u>0.12¢</u>

**JAMAICA PUBLIC SERVICE COMPANY LIMITED**

**STATEMENT OF CASH FLOWS (CONDENSED) FOR THE  
PERIOD ENDED DECEMBER 31, 2016**

{Unaudited results in US\$ thousand}

	<b>Dec-16</b>	<b>Dec-15</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit for the period	21,822	26,507
Adjustments for non-cash items:		
Depreciation and amortisation	77,607	57,949
Unrealised foreign exchange gains	( 156)	( 3,273)
Loss on disposal of property, plant and equipment	26	1,854
Interest income	( 881)	( 1,062)
Interest capitalised	( 1,944)	( 1,368)
Interest expense	34,450	38,317
Taxation expense	8,137	8,071
Deferred tax	( 1,492)	( 3,749)
Employee benefit asset/obligations, net	4,118	( 404)
Others	2,953	1,675
	<u>144,640</u>	<u>124,517</u>
Increase/(decrease) in working capital:		
Restricted cash	( 3,671)	( 3,896)
Accounts receivable	( 28,929)	50,031
Inventories	( 2,917)	4,310
Payables and provisions	24,539	(49,557)
Taxation paid	( 8,690)	( 7,758)
Due from/(to) related companies	( 9,914)	381
Customer deposits and advances	( 760)	650
<b>Cash provided by operating activities</b>	<u>114,298</u>	<u>118,678</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	930	1,042
Sales proceeds from asset disposal	117	-
Purchase of property, plant & equipment	( 60,920)	(68,712)
Other assets	527	3,382
<b>Cash used in investing activities</b>	<u>( 59,346)</u>	<u>(64,288)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term liabilities repaid, net	( 14,803)	( 18,040)
Interest paid	( 34,057)	(38,528)
Preference shares redeemed	( 3,000)	-
<b>Cash used in financing activities</b>	<u>( 51,860)</u>	<u>(56,568)</u>
Increase/(decrease) in cash & cash equivalents	3,092	( 2,178)
Cash and cash equivalents at beginning of period	5,558	7,736
<b>Cash and cash equivalents at end of period</b>	<u>8,650</u>	<u>5,558</u>

**JAMAICA PUBLIC SERVICE COMPANY LIMITED**

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE PERIOD ENDED DECEMBER 31, 2016**

{Unaudited results in US\$ thousand}

	<u>Share Capital US\$'000</u>	<u>Capital Reserve US\$'000</u>	<u>Capital Redemption Reserve US\$'000</u>	<u>Retained Earnings US\$'000</u>	<u>TOTAL US\$'000</u>
Balance as at December 31, 2014	261,786	4,145	-	70,289	336,220
Total Comprehensive Income for the year:					
Profit for the year	-	-	-	26,507	26,507
Other comprehensive income:					
Remeasurement gain on defined benefit plan, net of tax	-	-	-	4,164	4,164
Balance as at December 31, 2015	<u>261,786</u>	<u>4,145</u>	<u>-</u>	<u>100,960</u>	<u>366,891</u>
Balance as at December 31, 2015	261,786	4,145	-	100,960	366,891
Total Comprehensive Income for the year:					
Profit for the year	-	-	-	21,822	21,822
Transfer to Capital Redemption Reserve	-	-	3,000	( 3,000)	-
Balance as at December 31, 2016	<u>261,786</u>	<u>4,145</u>	<u>3,000</u>	<u>119,782</u>	<u>388,713</u>

	<u>Dec-16</u>	<u>Dec-15</u>
Net gains for the period	<u>21,822</u>	<u>26,507</u>

**JAMAICA PUBLIC SERVICE COMPANY LIMITED**  
**NOTES TO THE ABRIDGED FINANCIAL STATEMENTS**  
**(UNAUDITED) DECEMBER 31, 2016**

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 (GOJ) holding 19.9% and private individuals 0.1%. MaruEnergy JPSCO I 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, granted on June 30, 2001, by the Minister of Mining and Energy and subsequently amended and restated on August 19, 2011 and January 27, 2016 (“The Licence” or the “Electricity Licence, 2016”).

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) DECEMBER 31, 2016**

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. Under the rate schedule the company should recover its actual fuel costs, net of the prescribed efficiency adjustments, through its Fuel Rate.

As of June 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 IAS 34 "Interim Financial Statements".

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, 2015 which was prepared in accordance with International Financial Reporting Standards (IFRS). 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 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, 2015.

**JAMAICA PUBLIC SERVICE COMPANY LIMITED**  
**NOTES TO THE ABRIDGED FINANCIAL STATEMENTS**  
**(UNAUDITED) DECEMBER 31, 2016**

4. Cash and cash equivalents

As at December 31, 2016, cash and cash equivalents include amounts restricted for use amounting to approximately \$34.7 million (Dec-15: \$31.0 million). This includes approximately \$34.2 million (Dec-15: \$30.5 million) in relation to a self-insurance sinking fund administered under the direction of the OUR (see note 2).

5. Operating expenses

	Quarter ended,		Year ended,	
	Dec-16	Dec-15	Dec-16	Dec-15
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Bad debt	( 3,756)	( 3,504)	( 13,075)	( 13,729)
Depreciation and amortisation	( 17,938)	( 15,211)	( 77,607)	( 57,949)
Staff costs	( 18,736)	( 18,353)	( 72,320)	( 69,490)
Other	( 20,312)	( 18,668)	( 62,088)	( 58,874)
	<u>( 60,742)</u>	<u>( 55,736)</u>	<u>(225,090)</u>	<u>(200,042)</u>

6. Net finance costs

	Quarter ended,		Year ended,	
	Dec-16	Dec-15	Dec-16	Dec-15
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Foreign exchange gains/(losses)	843	( 668)	( 4,793)	( 4,925)
Other finance costs	( 8,351)	( 6,782)	(34,725)	( 37,329)
Preference dividends	( 671)	( 671)	( 2,671)	( 2,653)
Finance income	817	533	2,825	2,430
	<u>(7,362)</u>	<u>( 7,588)</u>	<u>(39,364)</u>	<u>(42,477)</u>

Foreign exchange gains/(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:

March 31, 2015	<u>115.04</u>	March 31, 2016	<u>122.04</u>
June 30, 2015	<u>116.98</u>	June 30, 2016	<u>126.38</u>
September 30, 2015	<u>119.06</u>	September 30, 2016	<u>128.27</u>
December 31, 2015	<u>120.42</u>	December 31, 2016	<u>128.44</u>

7. Compliance with debt covenants

Under the terms of the long term loan agreements with certain international development financial institutions, the Company is required to maintain a certain financial covenant relating to minimum Debt to Earnings before Interest Tax Depreciation and Amortisation. The Company was fully compliant with all its loan covenant obligations as at December 31, 2016.

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**NOTES TO THE ABRIDGED FINANCIAL STATEMENTS**  
**(UNAUDITED) DECEMBER 31, 2016**

**ON BEHALF OF THE BOARD**



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Director



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Director