

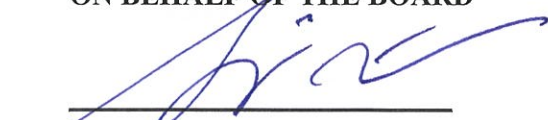
JAMAICA PUBLIC SERVICE COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018


{Unaudited results in US\$ thousand}

	Mar-18	Mar-17	{Audited} Dec-17
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
ASSETS			
Non-current assets			
Property, plant and equipment	734,673	692,703	735,484
Investment in joint venture	24,312	-	15,646
Employee benefits asset	<u>41,763</u>	<u>32,481</u>	<u>41,730</u>
	<u>800,748</u>	<u>725,184</u>	<u>792,860</u>
Current assets			
Cash and cash equivalents	24,739	10,711	12,203
Restricted cash	39,390	35,610	38,443
Accounts receivable	194,348	166,490	217,218
Due from related parties	1,456	16,802	795
Inventories	47,243	771	41,405
Tax recoverable	<u>1,419</u>	<u>35,410</u>	<u>1,730</u>
	<u>308,595</u>	<u>265,794</u>	<u>311,794</u>
Total assets	<u>1,109,343</u>	<u>990,978</u>	<u>1,104,654</u>
Shareholders' equity			
Share capital	261,786	261,786	261,786
Capital reserve	4,760	4,145	4,760
Capital redemption reserve	3,000	3,000	3,000
Retained earnings	<u>157,409</u>	<u>132,211</u>	<u>154,247</u>
	<u>426,955</u>	<u>401,142</u>	<u>423,793</u>
Current liabilities			
Bank overdraft	-	-	2,924
Accounts payable and provisions	166,320	114,128	191,104
Corporation tax payable	-	975	-
Due to related parties	149	-	133
Short-term loans	15,500	-	23,000
Current portion of long-term loans	<u>45,471</u>	<u>36,210</u>	<u>36,341</u>
	<u>227,440</u>	<u>151,313</u>	<u>253,502</u>
Non-current liabilities			
Customers' deposits	28,496	25,051	27,150
Long-term loans	343,150	342,713	317,704
Preference shares	24,688	24,688	24,688
Deferred taxation	40,624	38,061	40,624
Decommissioning provision	9,331	-	9,234
Employee benefits obligation	<u>8,659</u>	<u>8,010</u>	<u>7,959</u>
	<u>454,948</u>	<u>438,523</u>	<u>427,359</u>
Total liabilities	<u>682,388</u>	<u>589,836</u>	<u>680,861</u>
Total shareholders' equity and liabilities	<u>1,109,343</u>	<u>990,978</u>	<u>1,104,654</u>

ON BEHALF OF THE BOARD



 Seiji Kawamura Chairman



 Chang Sup Jo Director

JAMAICA PUBLIC SERVICE COMPANY LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE
PERIOD ENDED MARCH 31, 2018**

{Unaudited results in US\$ thousand}

	Quarter ended,		Year ended,
	Mar-18 S'000	Mar-17 US\$'000	{Audited} Dec-17 US\$'000
Operating revenue	206,961	196,987	836,869
Cost of sales	(138,967)	(127,880)	(548,967)
Gross profit	67,994	69,107	287,902
Operating expenses	(53,684)	(51,332)	(225,558)
Operating profit	14,310	17,775	62,344
Finance costs (net)	(9,411)	(9,231)	(34,932)
Other income	935	337	4,817
Other expenses	(966)	(285)	(2,198)
Profit before taxation	4,868	8,596	30,031
Share of loss in joint venture	(84)	-	(354)
Profit before taxation	4,784	8,596	29,677
Taxation	(1,622)	(2,865)	(5,444)
Net profit	3,162	5,731	24,333
<i>Other comprehensive income</i>			
Items that will never be reclassified to profit or loss:			
Revaluation gain	-	-	615
Remeasurement gain on defined benefit plan, net of tax	-	-	3,534
Total comprehensive income	3,162	5,731	28,382

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>0.06¢</u>	<u>0.11¢</u>	<u>0.11¢</u>

JAMAICA PUBLIC SERVICE COMPANY LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
PERIOD ENDED MARCH 31, 2018**

{Unaudited results in US\$ thousand}

	Mar-18	Mar-17
	US\$'000	US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	3,162	5,731
Adjustments for non-cash items:		
Depreciation and amortisation	19,587	17,407
Unrealised foreign exchange losses	169	55
Amortisation of debt issuance costs	794	1,350
Amortisation of other asset	-	89
Interest income	(1,841)	(301)
Interest capitalised	(855)	(404)
Interest expense	9,961	8,910
Income tax expense	1,622	2,865
Share of loss in joint venture	84	-
Employee benefit obligations, net	667	200
	<u>33,350</u>	<u>35,902</u>
Increase/(decrease) in working capital:		
Restricted cash	(947)	(896)
Accounts receivable	23,177	(10,302)
Inventories	(5,838)	(4,398)
Payables and provisions	(20,388)	(16,967)
Taxation	(1,311)	(3,321)
Due (from)/to related companies, net	(645)	(9,408)
Customer deposits and advances	1,346	757
Cash provided by/(used in) operating activities	<u>28,744</u>	<u>(8,633)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of share in joint venture	(8,750)	-
Interest received	1,534	202
Purchase of property, plant & equipment	(17,921)	(9,031)
Cash used in investing activities	<u>(25,137)</u>	<u>(8,829)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term loans repaid	(7,500)	-
Long-term loans received/(repaid), net	33,613	33,314
Interest paid	(14,260)	(13,791)
Cash provided by financing activities	<u>11,853</u>	<u>19,523</u>
Increase in cash & cash equivalents	15,460	2,061
Cash and cash equivalents at beginning of period	9,279	8,650
Cash and cash equivalents at end of period	<u>24,739</u>	<u>10,711</u>

JAMAICA PUBLIC SERVICE COMPANY LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED MARCH 31, 2018**

{Unaudited results in US\$ thousand}

	<u>Share Capital</u>	<u>Capital Reserve</u>	<u>Capital Redemption Reserve</u>	<u>Retained Earnings</u>	<u>TOTAL</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Balance as at December 31, 2016	261,786	4,145	3,000	126,480	395,411
Comprehensive income for the period	-	-	-	5,731	5,731
Balance as at March 31, 2017	<u>261,786</u>	<u>4,145</u>	<u>3,000</u>	<u>132,211</u>	<u>401,142</u>
Balance as at December 31, 2017	261,786	4,760	3,000	154,247	423,793
Comprehensive income for the period	-	-	-	3,162	3,162
Balance as at March 31, 2018	<u>261,786</u>	<u>4,760</u>	<u>3,000</u>	<u>157,409</u>	<u>426,955</u>

	<u>Mar-18</u>	<u>Mar-17</u>
Net gains for the period	<u>3,162</u>	<u>5,731</u>

JAMAICA PUBLIC SERVICE COMPANY LIMITED
NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
(UNAUDITED) MARCH 31, 2018

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.

On 15 February 2017, the Company incorporated a new subsidiary, South Jamaica Energy Holdings Limited (SJEH), through which it increased its investment in South Jamaica Power Company Limited (SJPC). SJPC is a joint venture with MaruEnergy JPSCO 1 SRL, EWP (Barbados) 1 SRL and the Petrocaribe Development Fund, for the construction and operation of a power plant. The plant will be located in Old Harbour and is currently under construction.

The Company and its subsidiary are collectively referred to as the Group. The principal activities of the Group 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 Group 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 Group 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 Group 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 Group has the right, together with other persons, to compete for the right to develop new generation capacity.

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

JAMAICA PUBLIC SERVICE COMPANY LIMITED
NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
(UNAUDITED) MARCH 31, 2018

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

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.

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 Group 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 Group 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 Group'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, 2017 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 Group 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, 2017.

JAMAICA PUBLIC SERVICE COMPANY LIMITED
NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
(UNAUDITED) MARCH 31, 2018

4. Cash and cash equivalents

As at March 31, 2018, cash and cash equivalents include amounts restricted for use amounting to approximately \$39.4 million (Mar-17: \$35.6 million). This includes approximately \$38.9 million (Mar-17: \$35.1 million) in relation to a self-insurance sinking fund administered under the direction of the OUR (see note 2).

5. Operating expenses

	Quarter ended,	
	Mar-18	Mar-17
	<u>US\$'000</u>	<u>US\$'000</u>
Bad debt	(2,693)	(2,519)
Depreciation and amortisation	(19,587)	(17,407)
Staff costs	(17,471)	(19,197)
Other	(13,933)	(12,209)
	<u>(53,684)</u>	<u>(51,332)</u>

6. Net finance costs

	Quarter ended,	
	Mar-18	Mar-17
	<u>US\$'000</u>	<u>US\$'000</u>
Finance income	2,696	705
Other finance costs	(10,179)	(9,684)
Preference dividends	(576)	(576)
Foreign exchange (losses)/gains	(1,352)	324
	<u>(9,411)</u>	<u>(9,231)</u>

Foreign exchange (losses)/gains, 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:

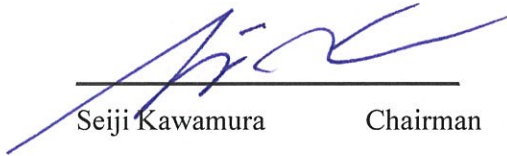
December 31, 2016	<u>128.44</u>	December 31, 2017	<u>125.00</u>
March 31, 2017	<u>128.67</u>	March 31, 2018	<u>125.99</u>

7. Compliance with debt covenants


Under the terms of the long term loan agreements with certain international development financial institutions, the Group is required to maintain a certain financial covenant relating to minimum Debt to Earnings before Interest, Tax, Depreciation and Amortisation. The Group was fully compliant with all its loan covenant obligations as at 31 March 2018.

JAMAICA PUBLIC SERVICE COMPANY LIMITED
NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
(UNAUDITED) MARCH 31, 2018

ON BEHALF OF THE BOARD



Seiji Kawamura Chairman



Chang Sup Jo Director