



Wigtown

WINDFARM LTD

2020
ANNUAL REPORT

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CORPORATE OVERVIEW

Wigton owns the largest wind energy facility in the English speaking Caribbean, which continues to perform at world class standards.



CORPORATE DATA

REGISTERED OFFICE

Wigton Windfarm Limited
36 Trafalgar Road
Kingston 10
Tel: 876-960-0568 or
876-960-3994
Email: wigton.info@wwfja.com
www.wwfja.com

BOARD OF DIRECTORS

- Oliver W. Holmes, Bsc., M.Sc. - Chairman
- Earl Barrett, Bsc. – Managing Director
- Dennis Chung JP, FCA, M.Sc.
- Nigel Davy B.T., J.P.
- Georgia Gibson-Henlin, Q.C., B.A., LL.B. (Hons.), LL.M., F.C.I. Arb.
- Hugh G. Johnson
- Gregory B. Shirley, B.A., MBA
- Jacqueline M. Stewart-Lechler, J.P.

BANKERS

First Global Bank Limited
2 St. Lucia Avenue
Kingston 5

AUDITORS

PricewaterhouseCoopers Jamaica
Scotiabank Centre
Corner Duke and Port Royal Streets
P.O. Box 372
Kingston, Jamaica

ATTORNEY AT LAW

Nerine Small
1 Norwood Avenue
Kingston 5

CORPORATE SECRETARY

Shaun Treasure

REGISTRAR

Jamaica Central Securities Depository
40 Harbour Street
Kingston, Jamaica

MISSION

To be the premier independent power producer in Jamaica and the region, involved in the development, installation and promulgation of wind, photovoltaic grid tied systems and other renewable energy projects.

VISION

To increase shareholders wealth by launching new business lines and operating profitably while preserving the environment, practicing good corporate citizenship and building technical capacity in renewable energy for Jamaica and the Caribbean.



CORE VALUES

DELIVERING RESULTS

Wigton has consistently met or surpassed its business targets earning an enviable reputation as one of the country's most successful commercial entities. With average plant availability rates in excess of 90%, Wigton's total production output is approximately 157 GWh annually. The three generating plants earn more than \$2.4 billion per annum and annual profits have averaged more than \$480 million over the last five years. The company is 100% Jamaican-owned which means that all revenue and profits earned stay in the local economy.

INDUSTRY LEADERSHIP

Wigton owns the largest wind energy facility in the English-speaking Caribbean which continues to perform at world class standards. With over 16 years of experience in renewable energy operations, the company enjoys widescale recognition as an industry leader across the Caribbean Region and team members are regularly consulted for participation in conferences, workshops and training programmes.

BUILDING LOCAL CAPACITY

Wigton believes strongly in the training and development of its staff and has had a progressive human resource development agenda since it began operations. While each phase of the wind farm was constructed by overseas suppliers, the company had the foresight to ensure the transfer of knowledge regarding the operation and maintenance of its plants from the contractors to in-house engineers and other technical staff. As a result, all major repairs and replacements of components on the wind turbines are done by Wigton's engineers without third party assistance which minimises maintenance costs and builds local capacity.

PRESERVING THE ENVIRONMENT

As a clean energy facility, Wigton's operations contribute to efforts to preserve the environment and mitigate the effects of climate change. The green energy Wigton generates reduces the use of fossil fuels by more than 100,000 barrels of oil per year and avoids the emittance of more than 120,000 tonnes of carbon dioxide annually. This reduces greenhouse gas pollution which is considered one of the main causes of global warming and climate change.

SUPPORTING OUR COMMUNITIES

Wigton has a solid reputation as a good corporate citizen with a strong track record for social interventions at the community level. Priority areas for support include education, youth outreach, agriculture, crime prevention and community development. While Wigton's corporate social responsibility activities benefit organisations and communities islandwide, the company has adopted the Rose Hill Primary School and the Cross Keys Police station which are both in close proximity to its wind farm complex in southern Manchester.

CORE BUSINESS

WIND ENERGY GENERATION

Wigton Windfarm Limited owns and operates a 62.7 MW wind generating facility located in Rose Hill, Manchester which supplies electricity to the Jamaica Public Service Company which operates the national grid. The facility is comprised of three generating plants:

| | Wigton I | Wigton II | Wigton III |
|-----------------------|----------|-----------|------------|
| Capacity | 20.7 MW | 18 MW | 24 MW |
| Year Installed | 2004 | 2010 | 2016 |
| Wind Turbine Quantity | 23 | 9 | 12 |
| Wind Turbine Rating | 900 kW | 2000 kW | 2000 kW |

TRAINING AND HUMAN RESOURCE DEVELOPMENT

In 2016, the company established the Wigton Renewable Energy Training Lab, a state-of-the-art learning facility located at its wind farm complex. The Training Lab offers practical and theoretical training courses in core areas of renewable energy. Curricula are delivered through workshops, seminars, lectures, and practical lab work.

The Lab's core courses have received City and Guild Assured Status and therefore persons completing these courses will earn certificates issued jointly by this entity and Wigton. An international leader in skills development, City and Guilds facilitates the acquisition of portable skills and promotes globally recognised standards which meet the needs of organisations across the world.

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of Wigton Windfarm Limited ("the Company") will be held pursuant to an Order of the Court dated the 24th day of June 2020, in Claim No.2020CD00227, (which can be accessed at the Company's website or by clicking on the following link-> [Claim No.2020CD00227](#)), in a hybrid format on Wednesday, October 21, 2020 at 11:00 a.m. at the Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 10, for the following purposes:

ORDINARY BUSINESS

1. Adoption of Audited Accounts

To receive the Audited Accounts of the Company for the year ended March 31, 2020 and the Report of the Auditors circulated herewith.

To consider and (if thought fit), pass the following resolution:-

Resolution No.1

"THAT the Audited Accounts for the year ended March 31, 2020 and the Report of the Auditors, circulated with the Notice convening the meeting, be and are hereby adopted."

2. Ratification of Dividend

To declare the interim dividend paid on August 13, 2020 as final for the year ended March 31, 2020.

To consider and (if thought fit), pass the following resolution:-

Resolution No. 2

"THAT as recommended by the Directors, the Interim Dividend of \$0.0025 per stock unit paid on August 13, 2020 to shareholders on record at the close of business on June 16, 2020 be declared as final and no further dividend be paid in respect of the year ended March 31, 2020."

3. Election of Directors

3(i) In accordance with Article 105 of the Company's Articles of Incorporation, Dennis Chung, Dan Theoc and Omar Azan, having been appointed as additional Directors, shall retire and being eligible, offer themselves for re-election:

To consider and (if thought fit) pass the following resolutions:-

4. Resolution 3(i)(a):

"THAT Director Dennis Chung, retiring pursuant to Article 105 of the Company's Articles of Incorporation, be and is hereby re-elected a Director of the Company"

Resolution 3(i)(b):

"THAT Director Dan Theoc, retiring pursuant to Article 105 of the Company's Articles of Incorporation, be and is hereby re-elected a Director of the Company"

Resolution 3(i)(c):

"THAT Director Omar Azan, retiring pursuant to Article 105 of the Company's Articles of Incorporation, be and is hereby re-elected a Director of the Company"

3(ii) The Directors retiring from office by rotation pursuant to Article 101 of the Company's Articles of Incorporation are Nigel Davy and Hugh Johnson who, being eligible, offer themselves for re-election.

To consider and (if thought fit) pass the following resolutions:-

Resolution 3(ii)(a):

"THAT retiring Director Nigel Davy be and is hereby re-elected a Director of the Company."

Resolution 3(ii)(b):

"THAT retiring Director Hugh Johnson be and is hereby re-elected a Director of the Company."

4. Directors' Remuneration

To consider and (if thought fit), pass the following resolutions:-

(i) "THAT, the remuneration of the Directors be fixed by the Nominations and Compensation Committee of the Board."

(ii) "THAT the remuneration of the Managing Director be fixed by the Nomination and Compensation Committee of the Board."

5. Appointment and Remuneration of Auditors

To consider and (if thought fit), pass the following resolution:-

"THAT PricewaterhouseCoopers having signified their willingness to serve, continue in office as Auditors of the Company pursuant to Section 154 of the Companies Act to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

SPECIAL BUSINESS

6. Re-appointment of Directors over the age of 70 years

To consider and (if thought fit) pass the following resolutions:-

(i) "THAT Oliver W. Holmes who attained the age of 70 be re-appointed a Director of the Company pursuant to Article 91 of the Company's Articles of Incorporation."

(ii) "THAT Gregory Shirley who attained the age of 70 be re-appointed a Director of the Company pursuant to Article 91 of the Company's Articles of Incorporation."

By Order of the Board



Shaun Treasure

Company Secretary

Dated this 21st day of September 2020

Registered Office

36 Trafalgar Road, Kingston 10

IMPORTANT NOTICE TO ALL MEMBERS:

This Annual General Meeting of the Company is being called and held in accordance with the Order of the Court dated the 24th day of June 2020 in Claim No. 2020CD00227 which can be accessed by clicking on the following link-> [Claim No. 2020CD00227](#). The Order of the Court may also be downloaded from the Company's website at [wwfja.com](#). The Meeting shall be a hybrid meeting in respect of which the following shall apply:

(a) Quorum and Attendance: Shareholders Earl Barrett, Michelle Chin Lenn and Dennis Chung being physically present at the meeting shall constitute the quorum; or in the absence of such persons, any other shareholder of the Company who is physically present at the meeting shall take their place and constitute the quorum. All other shareholders of the Company and/or persons entitled to attend the Annual General Meeting may join the Annual General Meeting by electronic means.

(b) Electronic access to the Annual General Meeting: Please consult the Company's website at [wwfja.com](#) for information on how to access the Annual General Meeting by electronic means if you plan to attend. This information will also be issued on the Company's social media platforms and via local newspapers and radio stations.

(c) Voting by shareholders at this Annual General Meeting shall take place in the following manner:

(i) Completing the Voting Form attached and submitting same to the Company via email at wigton.info@wwfja.com. This form may also be submitted to the Company via the drop box located at the Company's registered office at 36 Trafalgar Road, Kingston 10. The form may also be downloaded from the Company's website at [wwfja.com](#) or by clicking on the following link -> [Voting Form](#). Voting Forms should be submitted not less than forty-eight (48) hours before the time fixed for holding the Meeting or adjourned meeting; or

(ii) Completion of the Proxy Form attached hereto indicating how the shareholder wishes to vote in respect of each of the resolutions set out in the Notice of the Annual General Meeting; and

(iii) Appointment of Oliver W. Holmes or Earl Barrett or Shaun Treasure as proxy of the shareholder. The person so authorized as proxy shall be entitled to exercise the same powers as the shareholder whom he/she represents. The Proxy Form may be downloaded from the Company's website at [wwfja.com](#) or by using the following link -> [Proxy Form](#); and

(iv) Depositing the completed Proxy Form at the Company's registered office situated at 36 Trafalgar Road, Kingston 10, no later than forty-eight (48) hours before the date of the Annual General Meeting.

(d) Shareholders may submit questions to the Company by email at wigton.info@wwfja.com or via Whatsapp at (876) 224-0200. Questions received prior to and during the meeting will be answered in the Meeting in the time allotted by the Chairman for questions.

(e) Updates: Please consult the Company's website for updates regarding the Annual General Meeting. Updates will also be issued on the Company's social media platforms and via local newspapers and radio stations.

GOVERNANCE

- Members of the Board of Directors
- The Chairman's Message
- Corporate Governance Structure

Although Wigton underwent many far-reaching changes, on the regulatory side during 2019-2020, our acclimatization was seamless as we consistently met our statutory obligations.

BOARD OF DIRECTORS





Oliver W. Holmes, B.Sc., M.Sc., Chairman

Mr. Holmes is the Managing Director of Capital Options Limited, a financial advisory firm which he founded in 1997. He has extensive experience in commercial and investment banking and financial services having held various positions at leading financial institutions. He is a former Vice President of Citibank N.A. (Jamaica Branch) where he held several senior management positions, including Vice President – Corporate Finance, Corporate Banking Group Head, Financial Controller – Citibank Jamaica and its subsidiaries, Managing Director – Citifinance Ltd., Manager – Centralized Operations and Chief Inspector for the Caribbean Region. Following his career at Citibank, Mr. Holmes assumed the position of Chief Operating Officer at Manufacturers’ Merchant Bank Ltd. where he participated in growing the bank into one of the leading merchant banks in Jamaica.

During his career Mr. Holmes has held several directorships and currently serves as Chairman of both Carreras Limited and Allied Insurance Brokers Limited and Director of Barnett Limited. He is also a former guest lecturer in the Department of Management Studies at the University of the West Indies (UWI) and the University of Wales, MBA Programme. He holds a Bachelor of Science Degree in Management Studies and a Master of Science Degree in Accounting from the UWI.



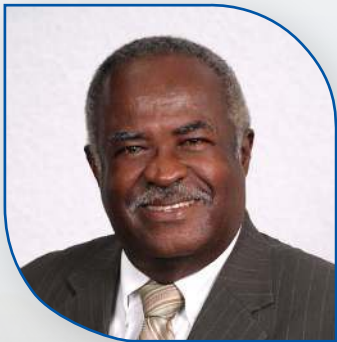
Earl Barrett, B.Sc., Managing Director

An Engineer with over 40 years of experience in the bauxite, cement and renewable energy industries, Mr. Barrett has spent the last two decades at the senior management level working with entities across the Caribbean. He has been at the helm of Wigton for more than 10 years; piloting the company through a decade of growth and expansion and spearheading the transition from a Government of Jamaica entity to a publicly traded corporation with one of the largest shareholder bases in Jamaica. Mr. Barrett holds a Bachelor of Science Degree in Electrical Engineering from the Milwaukee School of Engineering, Wisconsin USA. He received senior management training from the Kellogg Graduate School of Management, Northwestern University and the University of Illinois at Urbana-Champaign, USA. Mr. Barrett is a life member of the Institute of Electrical and Electronic Engineering (IEEE) and a Past Chairman of the Electrical Engineering Practices Committee of the Jamaica Bureau of Standards.



M. Georgia Gibson Henlin, QC, B.A., LL.B. (Hons.), LL.M., FCI Arb.

Mrs. Gibson Henlin is the Managing Partner of the law firm, Henlin Gibson Henlin. She has practised at the Jamaican Bar since 1993 and was appointed Queen’s Counsel (QC) in 2015. In addition, she is called to the Bar in Ontario, Canada and New York, USA. At the Jamaican Bar she practices as a commercial litigator with a focus on information and communications technologies, intellectual property, data protection and privacy and cybersecurity. Mrs. Gibson Henlin is also a Fellow of the Chartered Institute of Arbitrators, a Certified Computer Forensics Examiner (CCFE) as well as a member of the Jamaican Bar Association, the International Bar Association, the American Bar Association, the International Trademark Association and the International Technology Law Association. Mrs. Henlin has published several articles in international journals on intellectual property law issues and technology and she speaks on these subjects and numerous other issues at local and international law conferences.



Gregory Shirley, B.A., MBA

Mr. Shirley has over 30 years of experience as a management consultant with KPMG where he rose to Partner-in-Charge of Advisory Services for KPMG CARICOM. In that capacity he provided business advisory services to firms in a wide range of industries across the Caribbean region including banking and finance, utilities, manufacturing and the service sector. Prior to joining KPMG in 1976, he served as Manager of Human Resources Planning and Development for a major United States utility company. Mr. Shirley currently serves on the boards of several companies including Jamaica Broilers Group Limited, JMMB Bank Limited and Phoenix Printery Limited. He also served on numerous Public Sector Boards including Port Authority of Jamaica and as Chairman of Kingston Container Terminals Limited. He is currently a trustee of the Munro and Dickerson Trust and was formerly Chairman of the Munro College School Board. Mr. Shirley holds a Bachelor of Arts Degree in Economics from the University of Arkansas and an MBA from Michigan State University.



Dennis Chung, JP, FCA, M.Sc.

A chartered accountant by profession, Mr. Chung is Chief Executive Officer at Supreme Ventures Services Limited and currently serves as Chairman of GK Capital Management Limited and the National Solid Waste Management Authority. He is also a Director at Petrojam Limited and the Jamaica Football Federation and a Justice of the Peace, for the parish of St. Andrew.

Prior to his current appointments, Mr. Chung was CEO of the Private Sector Organization of Jamaica (PSOJ) and served on numerous public and private sector boards, including the Bank of Jamaica, and more recently the Pension Industries Association of Jamaica. A former Chairman of National Integrity Action, Mr. Chung is also a Past President and a Fellow of the Institute of Chartered Accountants of Jamaica and a Past Director of the Institute of Chartered Accountants of the Caribbean.

A graduate of Jamaica College, Mr. Chung completed a Bachelor of Science and Master of Science degrees in Accounting, in 1987 and 1989 respectively, at the University of the West Indies, and the Certified Public Accountant exams in 1990 in California, USA. He has authored two books; Charting Jamaica’s Economic and Social Development – A much needed paradigm shift; and Achieving Life’s Equilibrium – balancing health, wealth, and happiness for optimal living.



Hugh G. Johnson

Mr. Johnson is a certified automotive engineer who spent several years working in the field of motor vehicle assessment before embarking on a career in agriculture. For the last 18 years he has been a broiler farmer and prior to that he raised livestock and was active in organic agriculture, having served for over 25 years as Managing Director and later as Chief Executive Officer of Johnson and Sons Organic Fertilizer Company Limited. For his contribution to sustainable agriculture, in 2008 he received a Food and Agriculture Organization of the United Nations (FAO) award for food security and biodiversity; and he was an Inter-American Institute for Co-operation in Agriculture (IICA) regional hemispheric farmer nominee in 2009. Mr. Johnson is currently President of the Small Business Association of Jamaica, (SBAJ) Vice President of The World Cocoa Farmers Organization (WCFO) and a founding member of the Jamaica Organic Agricultural Movement (JOAM).



Jacqueline M. Stewart-Lechler, J.P.

Mrs. Stewart-Lechler is the Managing Director of the Stewarts Automotive Group of Companies. She has over 30 years of experience in the automotive industry having served the Stewart Group as Group Financial Director, Group Human Resources Director, Group Sales & Marketing Officer and Director of Administration. Mrs. Stewart-Lechler currently serves as Director of several companies within the Stewarts Group including Stewart’s Group Holdings (2000) Limited and Silver Star Motors Limited. She is also a Director and Company Secretary of the Richard and Dianna Stewart Foundation; a Director of Simpson Finance Jamaica Limited and Chairman of the Financial Services Commission (FSC).



Nigel Davy, B.T., J.P.

Mr. Davy is an entrepreneur and energy professional with over three decades of experience in the energy sector. He currently serves as Managing Director of Innovative Energy Company Limited, an engineering, energy and construction firm operating in Jamaica and the Caribbean which he founded in the early 2000s.

Prior to launching his own firm, he developed, financed, constructed and operated over 15 cogeneration and energy infrastructure projects in the United States, Central America and Jamaica; and led a subsidiary of a Fortune 500 energy company.

A qualified Aeronautical Engineer and Commercial Pilot, Mr. Davy earned a Bachelor of Technology Degree (B.T.) from the College of Aeronautics in New York as well as several certificates in Electrical Power Generation Management, Power Systems Harmonics and Power Plant Management. He is also the holder of several professional licenses from the Federal Aviation Administration and Federal Communication Commission.

As has become Wigton's standard, the Company's targets for plant availability and profitability were surpassed and our commendable safety record was maintained.



CHAIRMAN'S MESSAGE

Adapting to Our New Operating Environment

In 2019 the Jamaican public received an invitation to join a winning team when the Government of Jamaica (GOJ) divested Wigton Windfarm Limited, one of the most successful public sector entities, via an initial public offering (IPO). More than 30,000 investors took up the offer and on May 22, 2019, Wigton was listed on the Jamaica Stock Exchange (JSE) heralding the start of an exciting new phase for the Company and its stakeholders.

The 2019-2020 financial year was a period of transition as we adjusted to our new commercial and regulatory environment. The shift was made swiftly with great emphasis placed on strengthening our Corporate Governance structure which will provide the framework for our business operations and engagement with stakeholders at all levels. We retained a Corporate Governance Consultant who developed a comprehensive Board Charter which states the Board's overall mandate and outlines the role and responsibilities of the Chairman, Independent Directors, and the Managing Director. The Charter also provides guidelines for board appointments, performance evaluations as well as reporting relationships; and it addresses issues such as supervision of management, conflict of interest and disclosure.

The Consultant was also required to modify, and where necessary, add to existing company policies to ensure that all codes and protocols were aligned with the broader legislative requirements. In addition, we enlisted Ernst and Young to perform our Internal Audit function to round out a comprehensive mechanism for compliance and accountability.

Another important measure was the constitution of Board Sub-Committees to provide oversight and guidance for the most critical areas of our operations, namely the Corporate Governance; Audit, Finance and Investment; Technical; and Nominations and Compensation Committees. Each Sub-Committee was furnished with Terms of References for clarity around mandate, performance and evaluation. As a result, although the organisation underwent many far-reaching changes, on the regulatory end, our acclimatization was seamless as we consistently met our statutory obligations.

Similar results were seen on the operational side as even while the scope of their tasks and responsibilities increased, our Team remained focused on achieving the major business objectives. As has become Wigton's standard, the Company's targets for plant availability and profitability were surpassed and our commendable safety record was maintained. For this, I applaud the Management and Staff who through their diligence and dedication have proved to be equal to the challenges posed by their new environment. Even more impressive was the Team's responsiveness to the operational changes which became necessary towards the end of the financial year because of the onset of the Covid-19 pandemic. The level of agility and flexibility displayed, not only underscored their commitment to the Company, but also their exemplary work ethic.



Russell Hadeed, (far left) former Chairman of the Petroleum Corporation of Jamaica, affixing Wigton Windfarm's strip to listing board to finalise the company's listing on the Jamaica Stock Exchange (JSE). Observing the historical gesture were (from left) Prime Minister, Andrew Holness, Dr. Nigel Clarke, Minister of Finance and the Public Service, Fayval Williams, Minister of Science, Energy and Technology and Earl Barrett, Managing Director of Wigton Windfarm Limited. The listing ceremony was held on May 22, 2019 at the JSE's headquarters in Kingston. Photo Credit: Jamaica Information Service

Now, having completed a successful inaugural year, our primary aim is for the Company to evolve to meet the demands of the local and regional energy markets and harness our strengths, skills and expertise to forge new pathways for accelerated growth in order to deliver sustained value for our stakeholders. So even as we hail the successes of the first year, we acknowledge that the journey continues, and we will tackle the challenges ahead with the resourcefulness and dedication that have come to be Wigton's hallmark.

On behalf of the Board of Directors, Management and Staff, I thank you for entrusting us with your investment. You have our word that we will work tirelessly to ensure that all of us continue to "Win with Wigton".

Oliver W. Holmes

CORPORATE GOVERNANCE STRUCTURE

Wigton Windfarm Limited (Wigton) is committed to maintaining the highest level of transparency, accountability, and integrity in all its operations, thereby ensuring the maintenance of high ethical standards by all board members and employees of the company. In alignment with this commitment, during the 2019-2020 financial year, the Company bolstered its Corporate Governance Structure. The strengthening was undertaken to meet all the requirements of the Jamaica Stock Exchange (JSE), the Companies Act, 2004, and the Company's revised Articles of Incorporation, in keeping with Wigton's new status as a publicly traded entity.

Major activities undertaken during the period include:

- The institution of a comprehensive Board Charter
- The reconstitution of Board Sub-Committees to oversee critical business areas
- Devising of new Terms of References for Board Sub-Committees
- Instituting a Code of Ethics & Conduct
- Formulating and updating policies to govern key corporate affairs activities including Communication, Disclosure, Risk Management and Corporate Social Responsibility.

Our new Corporate Governance Structure recognizes the roles, authority and obligations of the Company's stakeholders, especially Shareholders, Chairpersons, Directors and Operational Management.

SHAREHOLDERS

Wigton's Corporate Governance Structure recognizes the authority of shareholders to:

- Elect Directors
- Adopt Audited Financial Statements
- Elect Auditors & authorize the Board to fix their remuneration
- Confirm remuneration of Non-Executive Directors
- Approve and ratify dividends

THE BOARD OF DIRECTORS

Under Wigton's Corporate Governance framework, the Board of Directors of the Company provides strategic leadership and oversight for the management of the Company's business and has overall responsibility for governance and for the implementation of a code of best practices that guides the Company's operations. The Board is accountable to the Company's shareholders, the JSE and other stakeholders.

The Board is governed by a Charter which sets out its overall mandate as well as its composition, size and quorum requirements. The Charter also outlines the Company's overall governance principles, policies relating to conflicts of interest, the induction program for Directors, and on-going training as well as the roles and responsibilities of the Chairman and Directors.

The Board is subject to an annual performance evaluation of the Chairman, each Director and the Board as a whole. The evaluation process is in accordance with procedures established by the Board on the recommendation of the Corporate Governance Committee and assesses performance in line with the Company's set goals and objectives.

BOARD COMPOSITION

The Board is comprised with consideration of the expertise, experience and competences necessary for effective guidance and leadership given the nature, direction and future growth of the Company's business. Although not exclusive, the competencies, attributes and qualifications considered in evaluating the incumbency or candidacy of an individual for selection, include management and leadership experience, a skilled and diverse background, integrity and professionalism.

Article 89 of the Company's Articles of Incorporation prescribes that the number of Directors of the Company that shall constitute the whole Board shall not be less than five or more than 12. At the end of the reporting period, the Board consisted of eight members, seven of which are independent, non-executive directors. Among other things, an independent director is an individual who is not and has not been employed by the Company within the past three years and does not represent a shareholder owning more than 10% of the Company.

BOARD SUB-COMMITTEES

To effectively perform its duties, the Board has established Sub-Committees to oversee areas of the Company's operations.

AUDIT, FINANCE AND INVESTMENT COMMITTEE (AFIC)

Primary Responsibilities:

- Ensuring that the Company adheres to its governance mandate in the specific areas of enterprise risk management, auditing policies and internal controls.
- Apprising the Board of any pertinent information arising from Internal and External Audits or from the Committee's review and assessment of all risks faced by the Company.

- Monitoring and evaluating all financial and investment matters pertaining to the Company and making recommendations to the Board.
- Ensuring compliance with financial regulatory and statutory reporting requirements.
- Advising the Board on the adequacy, efficiency and effectiveness of the risk and internal control structure and systems within the Company.

Committee Members:

- Dennis Chung - Chairman
- Earl Barrett
- Nigel Davy
- Jacqueline Stewart Lechler

CORPORATE GOVERNANCE COMMITTEE (CGC)

Primary Responsibilities:

- Monitoring adherence to laws and regulations to ensure that the Board is and remains in compliance with the Companies Act; the JSE Rules, Wigton's Board Charter and all other applicable and relevant laws and regulations.
- Monitoring company operations to ensure ethical conduct and adherence to principles of good corporate governance.
- Addressing complaints or any other matters which arise as a result of breaches to the Code of Business Conduct for Directors and employees.
- Considering all matters pertaining to conflict of interest and related party transactions and making recommendations to the Board as required.

- Monitoring the Company's annual JSE Corporate Governance Index score and making recommendations to the Board as required.
- Overseeing evaluations of the performance of the Board and all its Sub-Committees.

Committee Members:

- M. Georgia Gibson Henlin, QC - Chairman
- Gregory B. Shirley
- Hugh Johnson

NOMINATIONS AND COMPENSATIONS COMMITTEE (NCC)

Primary Responsibilities:

- Identifying and nominating candidates for appointments to fill vacancies on the Board of Directors and on the Senior Leadership Team.
- Make recommendations for the re-appointment of Non-Executive Directors at the end of the stated term of office, considering the Director's performance on the Board.
- Guiding, or where necessary spearheading, the company's succession management process.
- Making recommendations regarding the requirements for re-election of any Director under retirement or by rotation based on the provisions of the Company's Articles of Incorporation.
- Overseeing the Company's compensation structure to ensure that Wigton is competitive in the job market and capable of engaging and retaining key talent.

- Researching and making recommendations for the remuneration for independent directors which reflect the time, commitment, and responsibilities of the role.

Committee Members:

- Gregory B. Shirley - Chairman
- Jacqueline Stewart Lechler
- Earl Barrett

TECHNICAL COMMITTEE (TC)

Primary Responsibilities:

- Assisting the Board in fulfilling its oversight responsibilities on specific technical matters which are beyond the scope or expertise of non-technical Board Members.
- Providing oversight when projects or technical jobs within the Company move to the active development and implementation phases.
- Where specific technical skills can be harnessed to advance matters or projects beyond initial hurdles, assisting with exploratory project functions.
- Reporting to the Board of Directors on issues and matters of a technical nature as necessary for the efficient functioning of the Board's mandate.

Committee Members

- Earl Barrett - Chairman
- Nigel Davy
- Hugh Johnson

BOARD EXPERTISE AND COMPETENCE

| Name | Board Position | Senior Management and Business Leadership | Accounting and Financial Expertise | Legal Expertise | Human Resource Management Expertise | Corporate Governance Experience | Technical Competency |
|--|---|---|------------------------------------|-----------------|-------------------------------------|---------------------------------|----------------------|
| Oliver W. Holmes Independent Director | Board Chairman | ✘ | ✘ | | | ✘ | |
| Earl Barrett Managing Director | Chairman, Technical Committee | ✘ | | | | | ✘ |
| Dennis Chung Independent Director | Chairman, Audit Finance & Investment Committee | ✘ | ✘ | | | ✘ | |
| Nigel Davy Independent Director | | ✘ | | | | | ✘ |
| Georgia Gibson Henlin Independent Director | Chairman, Corporate Governance Committee | | | ✘ | | ✘ | |
| Hugh Johnson Independent Director | | ✘ | | | | | |
| Gregory Shirley Independent Director | Chairman, Nominations & Compensation Committee | ✘ | | | ✘ | ✘ | |
| Jacqueline Stewart Lechler Independent Director | | ✘ | | | ✘ | | |

NOTE TO OUR SHAREHOLDERS

The full details of the role and responsibilities of the Chairman and the Board of Directors including the guidelines for nomination, induction, tenure and performance evaluation as well as the policies governing authority, interface with senior management and accountability are outlined in the Board Charter.

The policy frameworks and responsibilities of the Sub-Committees of the Board are set out in Terms of References which define the purpose of each Sub-Committee, their composition

and respective roles and responsibilities, authority levels, frequency of meetings, reporting responsibilities, remuneration, conflict of interest policies, confidentiality of information and authority to engage external advisors to complete their duties.

The complete Board Charter as well as Terms of References for all Board Sub-Committees can be found on the Company's website: www.wwfja.com.

Wigton has consistently met or surpassed its business targets earning an enviable reputation as one of the country's most successful commercial entities.

OUR BUSINESS AND OPERATIONS

- The Management Team
- The Managing Director's Report
 - Performance Highlights
 - Three-Year Statistical Highlights
 - Management Discussion and Analysis
 - The Renewable Energy Training Lab
 - Corporate Social Responsibility
 - Human Resource Development



SENIOR MANAGEMENT TEAM



Earl Barrett, B.Sc., Managing Director



Michelle Chin Lenn, B.Sc. (Hons.), M.Sc., Project Manager

Ms. Chin Lenn is an engineer who began her career in the manufacturing sector in Canada and for the last 15 years has been a key member of the Wigton Management Team. She served as Project Manager for the 18 MW Wigton II Project and the 24 MW Wigton III Expansion and also spearheaded the establishment of the Wigton Renewable Energy Training Lab. She has served on various national energy committees including the Generation Code Review Committee, which she chaired and the Jamaican Energy Council Secretariat. Ms. Chin Lenn holds a Bachelor of Science Degree in Chemical Engineering from the University of Waterloo, Canada and a Master of Science Degree in Engineering Management from Florida International University.



Rohan L. Hay, B.Sc., Operations Manager & Senior Electrical Engineer

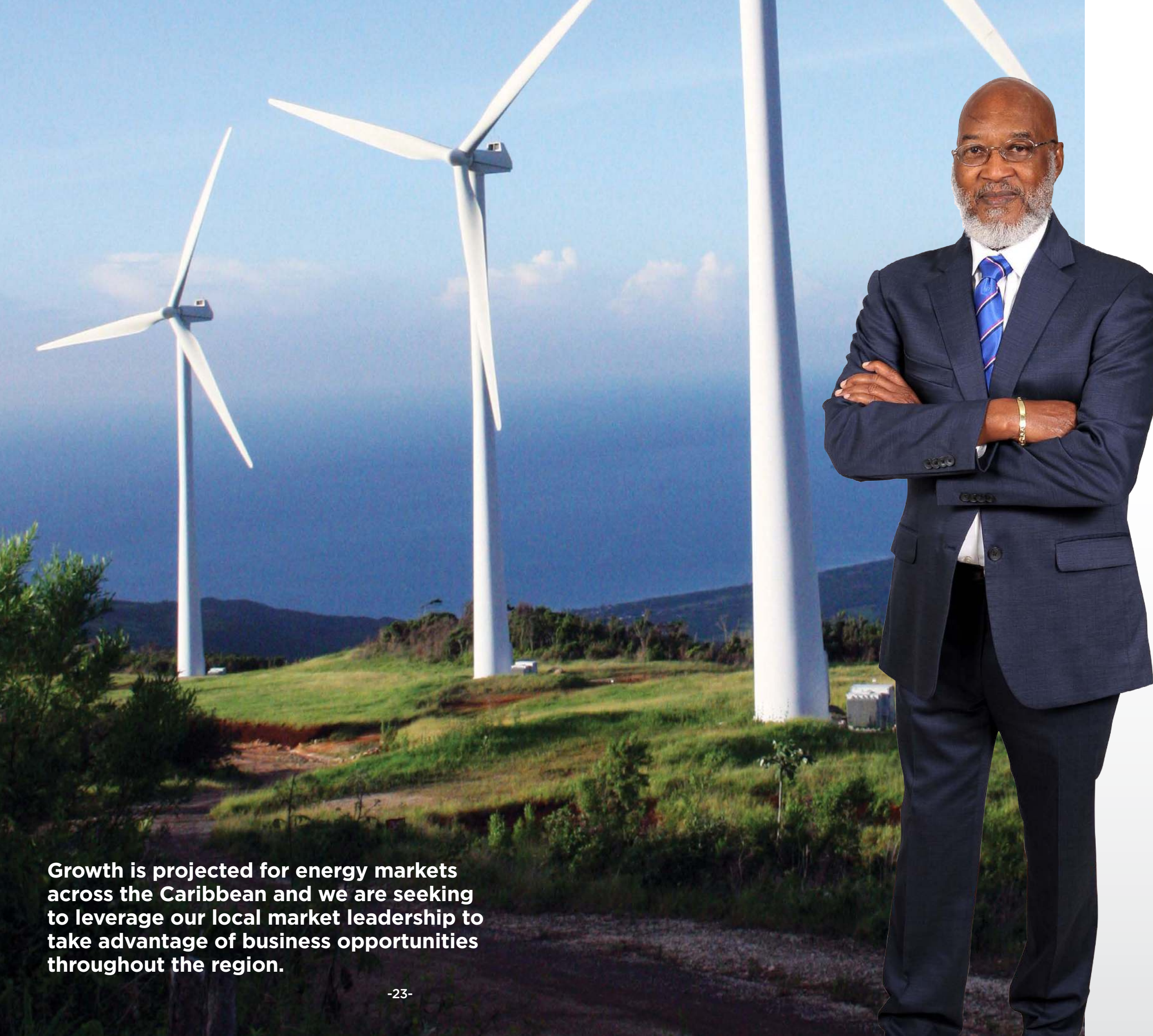
Mr. Hay is a licensed electrician and professional engineer with over 28 years of experience gained through working in the telecommunications, mining, hospitality, and energy industries. Prior to working with Wigton, his professional appointments included serving as Assistant Director of Engineering at the former Ritz Carlton Hotel in Montego Bay, Jamaica, and as Maintenance Superintendent at Alumina Partners of Jamaica (ALPART). He also operated an electrical contracting company for several years. Mr. Hay holds a Bachelor of Science Degree in Electrical Engineering from Florida International University.



Shaun Treasure, FCCA, Finance Manager & Company Secretary

Mrs. Treasure is a Chartered Certified Accountant with more than 25 years of experience in Accounting and Auditing as well as Corporate Secretarial duties. She joined Wigton Windfarm Limited as an Accountant in 2003, rose through the ranks and was appointed Finance Manager in 2009. She was also appointed Corporate Secretary in 2010 and served as Chief Accountant for the Petroleum Corporation of Jamaica (PCJ), Wigton's former parent company, from 2013 to 2014 under a shared services arrangement.

Prior to joining Wigton, Mrs Treasure worked as an Auditor and Accountant at Mair Russell Grant Thornton International, a firm of Chartered Accountants and as Assistant Accountant at Bert's Auto Parts. She is a Fellow of the Institute of Chartered Accountants of Jamaica.



Growth is projected for energy markets across the Caribbean and we are seeking to leverage our local market leadership to take advantage of business opportunities throughout the region.

MANAGING DIRECTOR'S REPORT

Evolving To Secure The Future

OVERVIEW

Signaling the Government of Jamaica's (GOJ) intention to diversify Jamaica's energy supply to address the country's over-dependence on imported fossil fuel, the Petroleum Corporation of Jamaica (PCJ) incorporated Wigton Windfarm Limited in April 2000. To a large extent, Wigton's years of operations have been marked by exemplary business performance, consistent growth, effective capacity building through training in the energy sector and a commitment to preserving the environment. This ethos drove the commissioning of the 20.7 MW Wigton I in 2004, the 18 MW Wigton II in 2010 as well as the 24 MW Wigton III in 2016.

In tandem with this build out, we implemented an aggressive human resource development strategy anchored by a structured transfer of knowledge from overseas contractors and suppliers of goods and services to our local staff. As a result, our plants are operated and maintained exclusively by in-house engineers and technicians. The Company's capacity building thrust was also extended externally as Wigton has consistently provided training opportunities for professionals in various areas of the energy industry. These efforts culminated in the establishment of the Wigton Renewable Energy Training Lab, a state-of-the-art facility which was opened in 2016.

Wigton was also the first company in Jamaica to successfully register Clean Development Mechanism (CDM) projects at the United Nations Framework Convention on Climate Change (UNFCCC) and the green energy we generate reduces carbon dioxide emissions by over 100,000 tonnes each year.

The GOJ divested Wigton via an Initial Public Offering (IPO) on the Jamaica Stock Exchange (JSE) in May 2019 and a record-breaking 31,000 shareholders invested in the Company. The management is pleased to present a fulsome report of the first year of our stewardship in the new dispensation.

PERFORMANCE HIGHLIGHTS

The 2019-20 financial year marked Wigton's first period as a publicly traded entity and the Company ended the period with a 34% increase in Net Profit attributable to shareholders. Net Profit amounted to \$662.75 million up from the Restated Net Profit attributable to shareholders of \$493.59 million earned the previous year. The restatement was necessitated by a correction for deferred tax which arose from the overstatement of the deferred tax asset in 2018-2019. Consequently, net profit attributed to shareholders was reduced by \$60.74 million from \$554.34 million previously reported for 2018-2019.

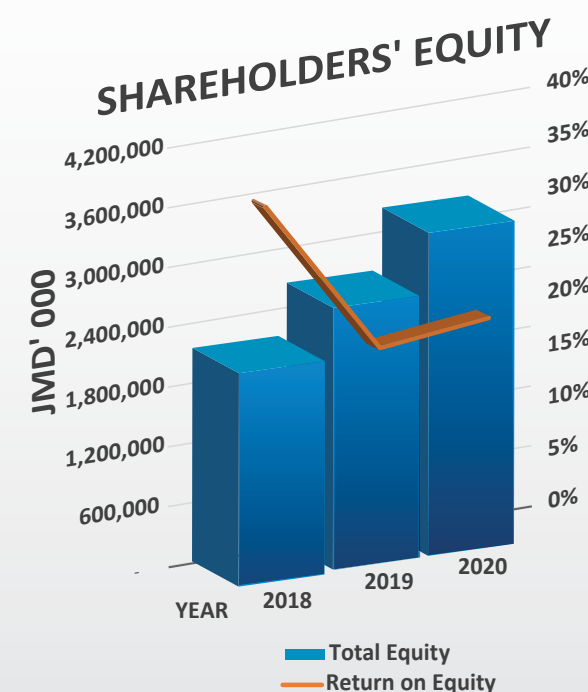
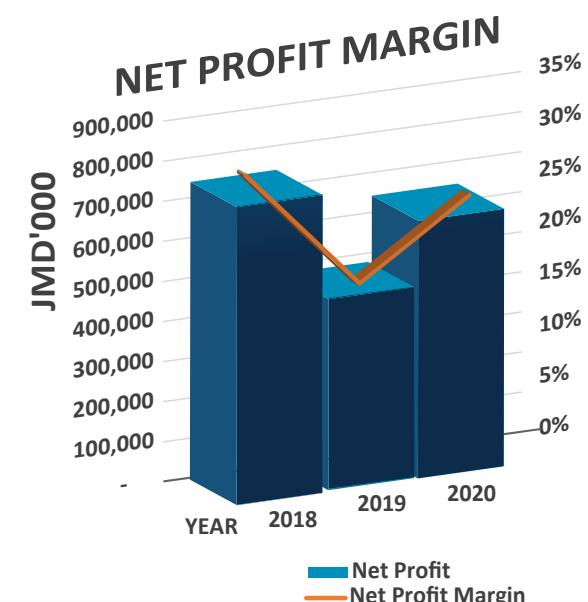
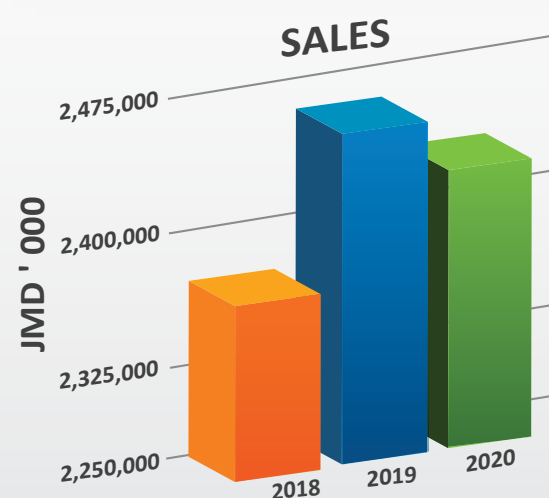
With 11 billion stock units, the Net Profit attributable to shareholders equates to Earnings Per Share of \$0.06, an increase over the \$0.04 for 2018-2019.

Wigton closed the year with total assets of \$10.59 billion, an increase of 10% when compared to \$9.65 billion for the prior year.

The average plant availability was approximately 94.6%, ahead of the target of 93.9% which led to total production output of 157 GWh. This availability rate was an improvement over the previous year's average which was 88.7%. Sales Revenue for the year was approximately J\$2.42 billion representing a 1% decrease when compared to the amount generated the previous year, which was \$2.45 billion. Gross profit was approximately \$1.65 billion, which represented a 3% decrease when compared to the previous year's amount of \$1.71 billion. This change was as a result of a decline in sales and a 3% increase in the cost of sales.

THREE YEAR STATISTICAL REVIEW

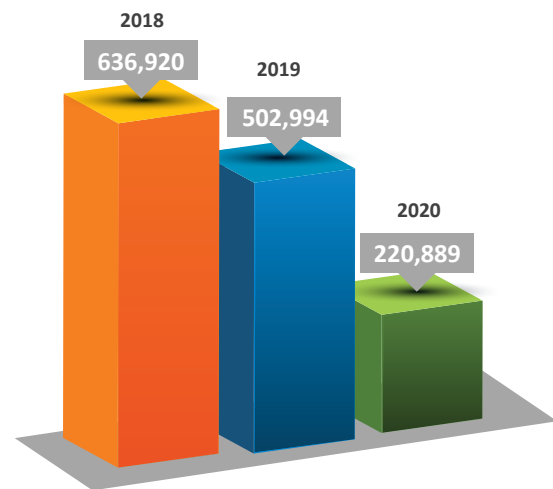
| Wigton Windfarm Limited Audited Statement of Comprehensive Income March 31, 2018 - March 31, 2020 (expressed in Jamaican dollars) | | | |
|---|----------------|----------------------------|----------------------------|
| | 2020 \$'000 | Restated 2019 \$'000 | Restated 2018 \$'000 |
| Sales | 2,416,753 | 2,447,595 | 2,356,766 |
| Cost of sales | (763,852) | (740,162) | (704,416) |
| Gross Profit | 1,652,901 | 1,707,433 | 1,652,350 |
| Other Income | 220,889 | 502,994 | 636,920 |
| General administrative expenses | (478,577) | (433,539) | (404,121) |
| Operating profit | 1,395,213 | 1,776,888 | 1,885,149 |
| Finance expense | (526,643) | (1,049,526) | (877,356) |
| Profit before taxation | 868,570 | 727,362 | 1,007,793 |
| Taxation | (205,822) | (233,768) | (240,255) |
| Net Profit | 662,748 | 493,594 | 767,538 |
| Other comprehensive Income- Remeasurement of pension and other post-employment benefits | 1,272 | 19,103 | 7,941 |
| Total Comprehensive Income | 664,020 | 512,697 | 775,479 |
| Earning per stock unit for profit attributable to the equity holders of the company during the year | \$ 0.06 | \$ 0.04 | \$ 0.07 |



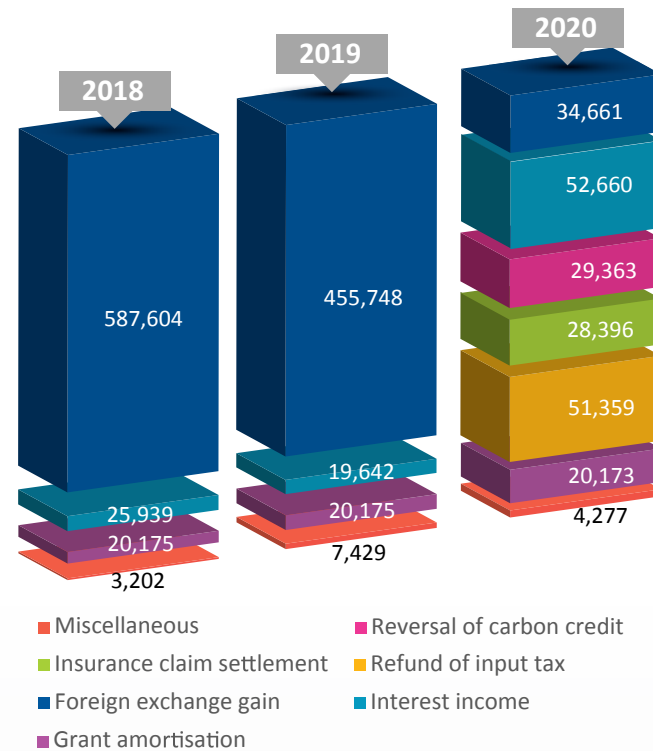
Wigton Windfarm Limited Audited Statement of Financial Position March 31, 2018 - March 31, 2020 (expressed in Jamaican dollars)

| | 2020 \$'000 | Restated 2019 \$'000 | Restated 2018 \$'000 |
|---|------------------|----------------------------|----------------------------|
| Non-Current Assets | | | |
| Property, plant and equipment | 7,434,593 | 7,997,089 | 8,363,008 |
| Right-of-use assets | 165,032 | - | - |
| Pension plan asset | - | 82,702 | 67,499 |
| | 7,599,625 | 8,079,791 | 8,430,507 |
| Current Assets | | | |
| Inventories | 6,930 | - | - |
| Accounts receivable | 289,392 | 134,815 | 175,176 |
| Taxation recoverable | 22,244 | 59,710 | 60,591 |
| Cash and cash equivalents | 2,679,744 | 1,376,599 | 690,367 |
| | 2,998,310 | 1,571,124 | 926,134 |
| Current Liabilities | | | |
| Due to former parent company | 19,459 | 19,459 | 24,485 |
| Accounts payable | 82,105 | 119,498 | 100,947 |
| Current portion of lease liabilities | 15,248 | - | - |
| Current portion of long-term liabilities | 730,258 | 22,546 | 770,475 |
| | 847,070 | 161,503 | 895,907 |
| Net Current Assets | 2,151,240 | 1,409,621 | 30,227 |
| | 9,750,865 | 9,489,412 | 8,460,734 |
| Equity | | | |
| Share capital | 202,598 | 202,598 | 202,598 |
| Retained earnings | 3,254,497 | 2,590,477 | 2,077,780 |
| | 3,457,095 | 2,793,075 | 2,280,378 |
| Non-Current Liabilities | | | |
| Capital grants | 82,917 | 103,090 | 123,265 |
| Lease liabilities | 158,899 | - | - |
| Long term liabilities | 5,559,986 | 6,250,731 | 5,945,690 |
| Post-employment benefit obligation | 25,357 | 26,925 | 30,164 |
| Pension plan liability | 5,279 | - | - |
| Deferred tax liabilities | 461,332 | 315,591 | 81,237 |
| | 6,293,770 | 6,696,337 | 6,180,356 |
| | 9,750,865 | 9,489,412 | 8,460,734 |

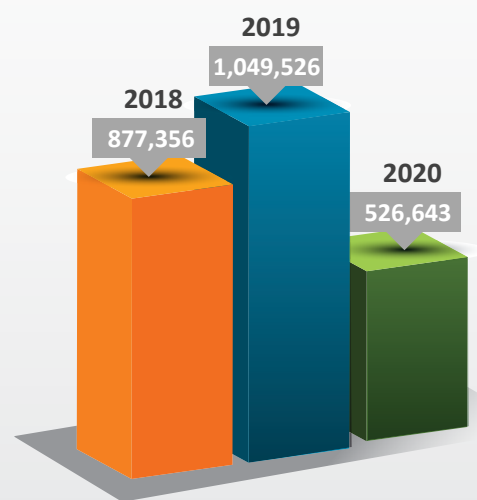
OTHER INCOME (JMD'000)



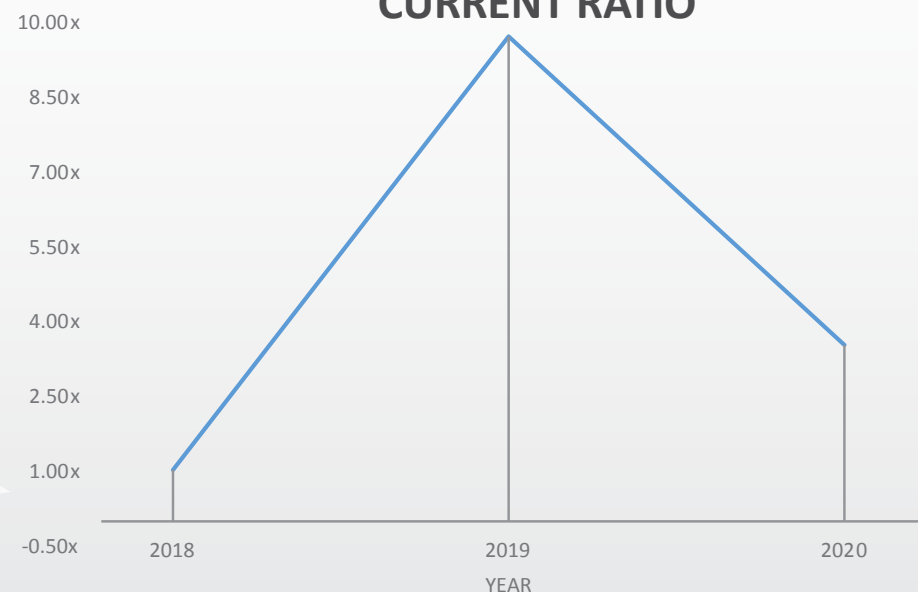
COMPONENTS OF OTHER INCOME (JMD'000)



FINANCE EXPENSE (JMD'000)



CURRENT RATIO



MANAGEMENT DISCUSSION AND ANALYSIS

PRODUCTION

Factors Affecting Production

As a commercial scale wind farm, Wigton's power plant utilizes wind turbine generators to convert wind energy into electricity, which is sold to the Jamaica Public Service Company Ltd. (JPS). The two main factors that affect our production are wind speed and plant availability with wind speed being the most critical element impacting output.

Wind speed is not fixed but varies depending on the dictates of nature, therefore, wind energy is considered an intermittent resource. To favourably negotiate this element of unpredictability, Wigton has a rigorous repair and maintenance programme to ensure that the plant has high availability. Simply put, in order to optimize production levels and maximise revenue and profits, the Company ensures that the plant is ready to produce electricity once the wind speeds required for generation occur.

Wigton also uses both historical information as well as wind forecasting services to predict when wind speeds will be low to conduct major planned maintenance. At the same time, the Company has ensured that it has the requisite skills and capabilities in-house, so staff engineers and technicians can quickly respond to any unplanned breakdowns.

Output and Sales

Wigton measures the operational performance of its plants by assessing their availability, which is the percentage of time that the facility is available to provide electricity to the grid, against its actual output. For 2019-2020, the average availability rate achieved for all three phases of the wind farm was 94.6%, ahead of the target of 93.9%. At the same time, total output sold to the grid was approximately 157,369,000 kWh which earned \$2,416,753,000. This amount was less than the 164,105,750 kWh supplied to the grid in 2018-2019 which earned \$2,447,595,000. The difference in production was due mainly to lower wind speeds during the 2019-2020 period.

Wigton's contracts with the JPS are indexed to the US dollar and as a result the company experiences gains in the event of depreciation in the local currency.



FINANCIAL PERFORMANCE

Revenue and Other Income

Total revenue for the financial year was \$2.64 billion representing an 11% decrease when compared to the amount generated the previous year which was \$2.95 billion. The change was largely due to a decline in foreign exchange gains to \$34.6 million from \$455.7 million in 2018-2019. While foreign exchange gains declined for the financial year, the overall impact of the refinancing of US dollar denominated loans to Jamaican dollars was positive as the net foreign exchange gains for the period was \$34.6 million.

REVENUE AND OTHER INCOME

| REVENUE AND OTHER INCOME | MARCH 2020 | MARCH 2019 | VARIANCE | PERCENTAGE CHANGE |
|---------------------------------------|------------------|------------------|------------------|-------------------|
| | \$'000 | \$'000 | \$'000 | % |
| Sales from Generation of Electricity | 2,416,753 | 2,447,595 | (30,842) | (1) |
| Grant Amortisation | 20,173 | 20,175 | - | - |
| Interest Income | 52,660 | 19,642 | 33,018 | 168 |
| Refund of Input Tax* | 51,359 | - | 51,359 | - |
| Insurance Claims Settlement | 28,396 | - | 28,396 | - |
| Reversal of Carbon Credit** | 29,363 | - | 29,363 | - |
| Income from Training Centre*** | 4,277 | 7,429 | (3,152) | (42) |
| Foreign Exchange Gain**** | 34,661 | 455,748 | (421,087) | (92) |
| Total Revenue and Other Income | 2,637,642 | 2,950,589 | (312,945) | (11) |

*Refund of Input Tax

During the financial year, the Tax Administration of Jamaica refunded Wigton's input general consumption tax of \$51.36 million.

**Reversal of Carbon Credits

In December 2012, the Emission Reduction Purchase Agreement for the Sale of Carbon Credits ended. The reversal of the credits represented the equivalent of 35,852 tonnes of the carbon credits that were reflected as a payable at the end of the contract period.

***Income from Training Centre

Income from the Training Centre of \$4.27 million represented a decline of 42%, or \$3.15 million, from \$7.43 million that was earned the previous year. Fewer courses were delivered in the financial year as opposed to 2018-2019 mainly due to the Company's decision to pause training until it secured City & Guilds Assured status and certification from Jamaica's National Council on Technical and Vocational Education and Training (NCTVET) for its core courses. This certification was subsequently received, paving the way for increased earning activity.

****Foreign Exchange Gain

The company refinanced its United States dollar loans to local currency bonds in December 2018. Consequently, finance expenses are no longer significantly impacted by fluctuations in the value of the Jamaican dollar when compared to its United States counterpart. Foreign exchange gains in 2020 resulted from the revaluation of the cash balances in foreign currencies.

Total Expenses

Total Expenses were \$1.24 billion, which is 6% or \$68.73 million above the \$1.17 billion incurred the previous year. The increase in expenses year on year occurred as a result of:

- Directors' fees rose by \$2.64 million, or 109%, to \$5.06 million up from the \$2.43 million paid in 2018-2019. This increase occurred as a result of the Company's transition from a Public Sector entity to a publicly listed corporation subsequent to which a survey of Directors fees was conducted and compensation for Board Members was adjusted with due consideration of the Company's ability to pay.
- As a result of an upsurge in insurance premiums for the Caribbean following the active 2017 hurricane season when hurricane Harvey hit Texas, Irma affected Florida, and Maria devastated Puerto Rico; the costs climbed to \$91.22 million, an increase of \$19.54 million or 27% over the \$71.69 million paid the previous year.
- Professional fees rose by J\$8.96 million or 285% to J\$12.1 million from the \$3.14 million paid in 2018-2019. The increase was attributable to costs incurred for services previously provided by the former Parent Company including Information Technology and Human Resources; as well as new services required for the transition to a

TOTAL EXPENSE SUMMARY

| | MARCH 2020 | MARCH 2019 | VARIANCE | PERCENTAGE CHANGE |
|-------------------------------------|------------------|------------------|-----------------|-------------------|
| | \$'000 | \$'000 | \$'000 | % |
| Auditors' Remuneration | 2,400 | 2,433 | 33 | 1 |
| Depreciation | 669,755 | 665,225 | (4,530) | (1) |
| Directors' Emoluments-Fees | 5,065 | 2,427 | (2,638) | (109) |
| Insurance | 91,227 | 71,689 | (19,538) | (27) |
| Other Expense | 62,132 | 57,429 | (4,703) | (8) |
| Professional Fees | 12,100 | 3,144 | (8,956) | (285) |
| Rental & Utility Charges | 12,529 | 25,233 | 12,704 | 50 |
| Repairs & Maintenance | 84,848 | 163,825 | 78,977 | 48 |
| Staff Costs | 240,353 | 141,196 | (99,157) | (70) |
| Security Costs | 11,442 | 9,211 | (2,231) | (24) |
| Amortisation of Right-Of-Use Assets | 11,004 | - | (11,004) | (100) |
| Electricity | 39,574 | 31,889 | (7,685) | (24) |
| Total Expenses | 1,242,429 | 1,173,701 | (68,728) | (6) |

publicly listed entity such as Corporate Governance Consultancy.

- A 70% increase in Staff Costs which totalled J\$240.35 million, up from \$141.2 million in the prior year, due in large part to the write off of pension plan assets in the amount of \$88.98 million which occurred as a result of the partial winding up of the pension plan; as well as increased costs associated with new or upgraded staff positions.

The Company benefitted from savings on utilities, repairs and maintenance charges

as the plant required less repair and maintenance work than in 2018-2019. See the table that follows for the summary of total expenses.

FINANCE EXPENSES

In December 2018, the Company took the proactive decision to refinance its United States Dollar loans to Jamaican dollars, which not only removed the volatility in profit/loss reporting, but also eliminated the exposure to currency depreciation losses. As a result, finance expenses were \$526.64 million, a significant 50% less than the previous year's \$1.05 billion.

Total Assets

Total Assets at year-end were \$10.60 billion, a 10% gain over the prior year's value of \$9.65 billion. This gain was mainly due to the increase in the value of current assets to \$2.99 billion which is 90% higher than the previous year's amount of \$1.57 billion.

Total Liabilities

Total liabilities were \$7.14 billion, an increase of \$283 million or 4% higher than the previous year at \$6.86 billion. The change occurred because of the impact of the implementation of the new standard for lease liability to comply with IFRS 16, and an increase in deferred tax liability.

The Series A Bond of \$710 million scheduled for repayment in December 2020 resulted in Current Liabilities increasing to \$847.07 million compared to \$161.5 million in 2018-2019.

Shareholders' Equity

Shareholders' equity at year end was \$3.46 billion or 24% above the previous year's equity of \$2.79 billion. Earnings per stock unit was \$0.06, up from the prior year's EPS of \$0.04.

Dividend

On June 2, 2020, the Company declared an interim dividend of J\$0.0025 per stock unit which amounts to \$27.5 million. The dividend was paid in August, 2020.

RISK MANAGEMENT

Risk Management has always been an important component of Wigton's business management strategy. Our ability to achieve critical business objectives can be greatly enhanced by identifying and addressing risks which could negatively impact operational and commercial performance.

The changes to the Company's ownership structure and the new regulatory environment, which became effective in 2019-2020, precipitated the need to bolster the Risk Management function. The enhanced approach will facilitate the systematic identification of potential risks to all areas of Wigton's operations, the determination of threat levels and the specification of corrective actions. Any mitigation or management techniques utilised will be in alignment with the requirements of our new operating and regulatory environment. The strategy will also improve the Company's ability to address emerging issues in order to decelerate new risks.

To meet these needs, Wigton has engaged the consulting firm Ernst and Young (EY) to provide internal audit services with a remit which includes the Risk Management function. During the financial year, EY commenced an internal risk assessment which should be completed in the first half of 2020-2021. This audit is the critical initial step in the process of devising Wigton's optimised Risk Management Plan.

OUTLOOK

While Wigton has reached a milestone with the completion of its inaugural year as a publicly listed company, the focus is squarely on the road ahead and the objective of delivering growth and profitability. Wigton's past performance serves as proof of the viability of renewable energy in the Jamaican market from both a technical and commercial perspective. Although the business of energy supply has become considerably more competitive, our experience and market leadership make us an attractive option for future developments.

The draft Integrated Resource Plan (IRP), which encompasses the GOJ's strategy for electricity delivery in the foreseeable future has indicated that additional generation capacity of 513.5 MW will be procured by 2025. This includes an allocation of over 300 MW of renewable energy and the company stands ready to respond with proposals to develop utility scale projects as soon as the Generation Procurement Entity (GPE) engages the market.

While the local industry will always be a consideration, growth is projected for energy markets across the Caribbean with renewables among the most attractive options for providing power. On that basis we are seeking to expand our operations beyond Jamaica to take advantage of growth opportunities in territories throughout the region.



THE RENEWABLE ENERGY TRAINING LAB

After its official opening in November 2016, the Wigton Renewable Energy Training Lab offered its inaugural training course in January 2017. The institution's curriculum, which was developed in collaboration with the Renewables Academy (RENAC) in Germany, focuses on four core areas: Wind Energy, Solar Photovoltaics, Solar Thermal Energy and Bioenergy.

In the 2019-20 financial year, we sought to get our courses certified and approached City and Guilds, London, an international leader in skills development and Jamaica's National Council on Technical and Vocational Education and Training (NCTVET). The Core Courses were awarded City and Guilds Assured Status in August 2019 and the first course with the new certification was delivered in November 2019 with the full cohort of 24 participants successfully completing the curriculum and receiving City and Guilds certification. Following on this, in December 2019, Wigton also received approval to award NCTVET certification for its core courses. During the year, we also upgraded our training facilities with the installation of a demonstration model, a refurbished Vestas V27 225 kW wind turbine, which had previously operated at Munro College in St. Elizabeth.



Minister of Science, Energy and Technology, Fayval Williams (left) was briefed by Managing Director, Earl Barrett when she got a firsthand look at several aspects of Wigton's operations during a tour of the wind farm and the Renewable Energy Training Lab in December 2019.



Participants are immersed in a practical exercise during the Solar Photovoltaic Course, which was held at the Wigton Renewable Energy Training Lab in November 2019. The PV Course, which was oversubscribed, was the first training seminar Wigton delivered after receiving City and Guild Assured Status.



Staff Engineer, Sanja A. Simmonds who serves as Wigton's Training Coordinator, inspects the refurbished Vestas V27 225 kW wind turbine which now serves as a demonstration model for the Wigton Renewable Energy Training Lab at the wind farm complex in Rose Hill, Manchester. The decommissioned turbine previously operated at Munro College in St. Elizabeth.

CORPORATE SOCIAL RESPONSIBILITY

Throughout our years of operation, Wigton developed a solid reputation as a good corporate citizen. Our charity has largely focused on key areas that impact social development including education, crime prevention and community development. Continuing our practice of charity beginning at home, we provided Christmas gift baskets for the teachers, administrators and other staff members at the Rose Hill Primary and Infant School and we also contributed to a fundraiser for McIntosh Memorial Primary School.



In March 2020, work got underway on the netball court which Wigton is constructing at the Rose Hill Primary and Infant School in Manchester. The School, which Wigton has been supporting since 2004, has benefited from several major interventions including a new playfield, free internet service as well as upgrades of the classrooms and sanitary conveniences. The new court will be completed early in the 2020-21 financial year.

The donation to Rose Hill Primary and Infant School marked a continuation of our on-going relationship with that institution which dates back to 2004. In the ensuing years we have worked to transform the facility with several interventions including the construction of sanitary conveniences, walkways and fencing as well as electrical, lighting, and plumbing upgrades. In March 2020 we began our latest improvement project, the construction of a netball court which will be completed early in the 2020-21 fiscal year.

Over the years Wigton has given priority to neighbouring communities and we have become integrally involved with the schools, security forces and agricultural community in Rose Hill, Cross Keys and other areas surrounding our wind farm complex. While we will continue to foster those relationships, in our new dispensation as a publicly listed entity, our focus will be expanded to include initiatives of national significance.



Wigton's Finance Manager and Company Secretary, Shaun Treasure (second left) and Managing Director, Earl Barrett, (second right) in discussion with citizens from the Rose Hill Community at a function held at the wind farm complex, where farmers from Rose Hill and other neighbouring areas had samples of their produce on display.



HUMAN RESOURCE DEVELOPMENT

Our post-divestment paradigm required a build out of a Human Resource (HR) Management function as this was an area in which we had previously enjoyed support from our former parent company. Prior to the IPO we retained a business consulting firm to spearhead the preparation of an HR strategy designed to meet the demands of our new commercial and regulatory environment. Further to this, during the fiscal year we engaged a market research firm to conduct a salary survey to ensure that Wigton would be in a position to attract and retain top level talent to maintain its high standard of business performance in the new framework.

As a result of these efforts, the organizational chart was augmented to include roles in areas previously covered by the parent company including Information Technology and Communications; as well as the functionality needed to meet the commercial challenges and regulatory requirements of the new operating environment. The upcoming financial year should see increased recruiting as we aim to fill vacancies in our operations and administrative departments as well as at the executive level which will aid the company in delivering on its plans for growth.

Kerry-Gaye McDonald, the first female Service Engineer to join the operations and maintenance team at Wigton's plant has been hailed a "trailblazer" by the local media.

DISCLOSURE OF SHAREHOLDINGS

- Shareholdings of Directors
- Shareholdings of Senior Management and Connected Parties
- Ten Largest Ordinary Shareholders

SHAREHOLDINGS

SHAREHOLDINGS OF DIRECTORS AS AT MARCH 31, 2020

| Shareholdings of Directors | Direct | Connected Parties | Total |
|----------------------------|-----------|-------------------|------------|
| Oliver W. Holmes | - | 1,000,000 | 1,000,000 |
| Nigel Day | - | - | - |
| Jacqueline Stewart Lechler | 8,730,000 | 8,730,000 | 17,460,000 |
| Dennis Chung | 2,500,000 | - | 2,500,000 |
| M Georgia Gibson Henlin | - | 600,000 | 600,000 |
| Gregory B. Shirley | 2,000,000 | - | 2,000,000 |
| Hugh Johnson | - | - | - |

SHAREHOLDINGS OF SENIOR MANAGEMENT AND CONNECTED PARTIES AS AT MARCH 31, 2020

| Shareholdings of Senior Executives | Direct | Connected Parties | Total |
|------------------------------------|-----------|-------------------|-----------|
| Earl Barrett | 2,000,000 | - | 2,000,000 |
| Rohan Hay | - | - | - |
| Michelle Chin Lenn | 800,000 | - | 800,000 |
| Shaun Treasure | 200,000 | 200,000 | 400,000 |

10 LARGEST ORDINARY SHAREHOLDERS AS AT MARCH 31, 2020

| Name of shareholder | Units | Percentage |
|--|---------------|------------|
| 1 Victoria Mutual Building Society | 1,051,706,322 | 9.5610% |
| 2 Mayberry Jamaican Equities Limited | 991,865,770 | 9.0170% |
| 3 National Insurance Fund | 706,797,283 | 6.4254% |
| 4 ATL Group Pension Fund Trustees NOM Ltd | 391,075,964 | 3.5552% |
| 5 Geoffrey Forde | 152,479,562 | 1.3862% |
| 6 Pan Caribbean Fin. Services A/C#1388842 | 140,959,979 | 1.2815% |
| 7 JCSD Trustees Services Ltd - SIGMA Equity | 116,152,525 | 1.0559% |
| 8 MF&G Trust & Finance Ltd - A/C 58 | 88,669,436 | 0.8061% |
| 9 Prime Asset Management JPS Employees Superannuation Fund | 68,730,000 | 0.6248% |
| 10 Sagicor Equity Fund | 67,302,470 | 0.6118% |

FINANCIAL STATEMENTS



Wigton Windfarm Limited

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31 March 2020

Wigton Windfarm Limited

Financial Statements
31 March 2020

Independent Auditor's Report to the Members

Financial Statements

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Independent auditor's report

To the Members of Wigton Windfarm Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Wigton Windfarm Limited (the Company) as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

Wigton Windfarm Limited's financial statements comprise:

- the statement of financial position as at 31 March 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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.

The engagement partner on the audit resulting in this independent auditor's report is Tricia-Ann Smith DaSilva.

Chartered Accountants
13 July 2020
Kingston, Jamaica

Wigton Windfarm Limited

Statement of Comprehensive Income

Year ended 31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2020 \$'000 | Restated 2019 \$'000 |
|---|------|----------------|----------------------------|
| Sales | | 2,416,753 | 2,447,595 |
| Cost of sales | | (763,852) | (740,162) |
| Gross Profit | | 1,652,901 | 1,707,433 |
| Other income | 6 | 220,889 | 502,994 |
| General administrative expenses | | (478,577) | (433,539) |
| Operating Profit | | 1,395,213 | 1,776,888 |
| Finance expense | 9 | (526,643) | (1,049,526) |
| Profit before Taxation | | 868,570 | 727,362 |
| Taxation | 10 | (205,822) | (233,768) |
| Net Profit | | 662,748 | 493,594 |
| Other comprehensive income, net of taxes - | | | |
| Items that will not be reclassified to profit or loss - | | | |
| Remeasurements of pension and other post-employment benefits | 10 | 1,272 | 19,103 |
| TOTAL COMPREHENSIVE INCOME | | 664,020 | 512,697 |
| Earning per stock unit for profit attributable to the equity holders of the Company during the year | 12 | \$0.06 | \$0.04 |

Wigton Windfarm Limited

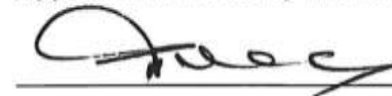
Statement of Financial Position

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2020 \$'000 | Restated 2019 \$'000 | Restated 2018 \$'000 |
|--|------|----------------|----------------------------|----------------------------|
| Non-Current Assets | | | | |
| Property, plant and equipment | 11 | 7,434,593 | 7,997,089 | 8,363,008 |
| Right-of-use assets | 22 | 165,032 | - | - |
| Pension plan asset | 13 | - | 82,702 | 67,499 |
| | | 7,599,625 | 8,079,791 | 8,430,507 |
| Current Assets | | | | |
| Inventories | | 6,930 | - | - |
| Accounts receivable | 15 | 289,392 | 134,815 | 175,176 |
| Taxation recoverable | | 22,244 | 59,710 | 60,591 |
| Cash and cash equivalents | 17 | 2,679,744 | 1,376,599 | 690,367 |
| | | 2,998,310 | 1,571,124 | 926,134 |
| Current Liabilities | | | | |
| Due to former parent company | 16 | 19,459 | 19,459 | 24,485 |
| Accounts payable | 18 | 82,105 | 119,498 | 100,947 |
| Current portion of lease liabilities | 22 | 15,248 | - | - |
| Current portion of long-term liabilities | 21 | 730,258 | 22,546 | 770,475 |
| | | 847,070 | 161,503 | 895,907 |
| Net Current Assets | | 2,151,240 | 1,409,621 | 30,227 |
| | | 9,750,865 | 9,489,412 | 8,460,734 |
| Equity | | | | |
| Share capital | 19 | 202,598 | 202,598 | 202,598 |
| Retained earnings | | 3,254,497 | 2,590,477 | 2,077,780 |
| | | 3,457,095 | 2,793,075 | 2,280,378 |
| Non-Current Liabilities | | | | |
| Capital grants | 20 | 82,917 | 103,090 | 123,265 |
| Lease liabilities | 22 | 158,899 | - | - |
| Long term liabilities | 21 | 5,559,986 | 6,250,731 | 5,945,690 |
| Post-employment benefit obligation | 13 | 25,357 | 26,925 | 30,164 |
| Pension plan liability | 13 | 5,279 | - | - |
| Deferred tax liabilities | 14 | 461,332 | 315,591 | 81,237 |
| | | 6,293,770 | 6,696,337 | 6,180,356 |
| | | 9,750,865 | 9,489,412 | 8,460,734 |

Approved for issue by the Board of Directors on 10 July 2020 and signed on its behalf:



Oliver W. Holmes



Chairman Earl Barrett

Managing Director

Wigton Windfarm Limited

Statement of Changes in Equity

Year ended 31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | Number of Shares '000 | Share Capital \$'000 | Retained Earnings \$'000 | Total \$'000 |
|--|------|--------------------------|-------------------------|-----------------------------|-----------------|
| Balance at 1 April 2018, as previously stated | | 11,000,000 | 202,598 | 2,117,972 | 2,320,570 |
| Restatement (Note 25) | | - | - | (40,192) | (40,192) |
| Balance at 1 April 2018, as restated | | 11,000,000 | 202,598 | 2,077,780 | 2,280,378 |
| Net profit, as restated | | - | - | 493,594 | 493,594 |
| Remeasurements of pension and other post-employment benefits | 10 | - | - | 19,103 | 19,103 |
| Total comprehensive income for 2019 | | - | - | 512,697 | 512,697 |
| Balance at 31 March 2019, as restated | | 11,000,000 | 202,598 | 2,590,477 | 2,793,075 |
| Net profit | | - | - | 662,748 | 662,748 |
| Remeasurements of pension and other post-employment benefits | 10 | - | - | 1,272 | 1,272 |
| Total comprehensive income for 2020 | | - | - | 664,020 | 664,020 |
| Balance at 31 March 2020 | | 11,000,000 | 202,598 | 3,254,497 | 3,457,095 |

Wigton Windfarm Limited

Statement of Cash Flows

Year ended 31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2020 \$'000 | Restated 2019 \$'000 |
|---|------|------------------|----------------------------|
| SOURCES OF CASH: | | | |
| Operating Activities | | | |
| Net Profit | | 662,748 | 493,594 |
| Items not affecting cash: | | | |
| Depreciation | 11 | 669,755 | 665,225 |
| Gain on sale of property, plant and equipment | | (1,698) | - |
| Interest income | 6 | (52,660) | (19,642) |
| Interest expense | 9 | 507,388 | 381,806 |
| Pension plan asset | | 83,154 | 475 |
| Post-employee benefit obligation | | 4,955 | 6,555 |
| Taxation | 10 | 205,822 | 233,768 |
| Amortisation of upfront fees on loan | 9 | 19,255 | - |
| Amortisation of grant | 20 | (20,173) | (20,175) |
| Amortisation of right of use asset | 22 | 11,004 | - |
| Exchange (gain)/loss on foreign balances | | (34,661) | 53,071 |
| | | <u>2,054,889</u> | <u>1,794,677</u> |
| Change in operating assets and liabilities: | | | |
| Inventory | | (6,930) | |
| Accounts receivable | | (154,577) | 40,360 |
| Due to former parent company | | - | (5,025) |
| Accounts payable | | (37,393) | 18,552 |
| | | <u>1,855,989</u> | <u>1,848,564</u> |
| Tax paid | | (23,039) | (4,903) |
| Cash provided by operating activities | | <u>1,832,950</u> | <u>1,843,661</u> |
| Financing Activities | | | |
| Loans repaid | | - | (6,716,165) |
| Loans received | | - | 6,250,731 |
| Lease repaid during the year | | (15,248) | - |
| Interest paid | | (496,314) | (359,260) |
| Cash used in financing activities | | <u>(511,562)</u> | <u>(824,694)</u> |
| Investing Activities | | | |
| Purchase of property, plant and equipment | 11 | (108,251) | (299,306) |
| Proceeds from sale of property plant and equipment | | 2,690 | - |
| Interest received | | 52,660 | 19,642 |
| Cash used in investing activities | | <u>(52,901)</u> | <u>(279,664)</u> |
| Increase in cash and cash equivalents | | 1,268,487 | 739,303 |
| Exchange gains/ loss on cash and cash equivalents | | 34,658 | (53,071) |
| Cash and cash equivalents at beginning of year | | 1,376,599 | 690,367 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | 17 | <u>2,679,744</u> | <u>1,376,599</u> |

The principal non-cash transactions included within the cashflow as at 31 March 2020:

- Amortization of loan fees in the amount of \$19,255,000.
- Amortization of the right of use asset in the amount of \$11,004,000.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

Wigton Windfarm Limited (the Company) is incorporated and domiciled in Jamaica. The Company was incorporated on April 12, 2000. It was formerly a wholly owned subsidiary of the Petroleum Corporation of Jamaica. On 22 May 2019, the Company became a publicly listed entity on the Jamaica Stock Exchange's Main Market. The principal activity of the Company is the generation and sale of electricity from wind technology, its registered office is located at 36 Trafalgar Road, Kingston 10.

Beginning in January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The extent and duration of the impact of COVID-19 on global and local economies, financial markets, and sectors and the specific industry in which the Company operates is uncertain at this point and has the potential to continue to adversely affect our business, results of operations or financial condition, the impact of which is still under assessment.

2. Summary of 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 and comply 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 managements' 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.

Standards, interpretations and amendments to published standards effective in the current year

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

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

- **IFRS 16, 'Leases'** (effective for annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied). The International Accounting Standards Board (IASB) published IFRS 16, 'Leases', which replaces the current guidance in IAS 17. This will require changes in accounting by lessees in particular. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. See Note 2(m), 4, 22 and 23 for the impact of IFRS 16 on the Company.
- **IFRIC 23, 'Uncertainty over income tax treatments'** (effective for annual periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There was no significant impact on the financial statements arising from the adoption of the interpretation.
- **Amendment to IFRS 9, 'Financial Instruments on prepayment features with negative compensation'** (effective for annual periods beginning on or after 1 January 2019). This amendment confirms that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognized immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. There was no impact from the adoption of this amendment.
- **Annual improvements to IFRS 2015 - 2017 Cycle – Amendments to IAS 12 and IAS 23 (effective for annual periods beginning on or after 1 January 2019)**. The amendments to IAS 12 clarify that all income tax consequences of dividends should be recognised in profit or loss, regardless of how the tax arises. The amendments to IAS 23 clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company was not significantly impacted from the adoption of these amendments.
- **Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement (effective for annual periods beginning on or after 1 January 2019)**. These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and recognise in profit or loss as a part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The Company was not significantly impacted from the adoption of these amendments.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Company

At the date of authorisation of these financial statements, the following standards, amendments and interpretations to existing standards have been issued which are mandatory for the Company's accounting periods beginning on or after 1 April 2020 or later periods, but were not effective at the yearend date, and which the Company has not early adopted.

- **Amendments to IAS 1 and 8 on the definition of material** (effective for annual periods beginning on or after 1 January 2020). The amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRS: i) use a consistent definition of materiality throughout IFRS and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

The amended definition is: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendment clarifies that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information. It also states that an entity assesses materiality in the context of the financial statements as a whole.

The amendment also clarifies the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need. The amendment is not expected to have a significant impact on the Company.

Amendments to IAS 1, Presentation of financial statements' (effective for annual periods beginning on or after 1 January 2022), on classification of liabilities. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment is not expected to have a significant impact on the Company.

- **Amendments to IFRS 9, IAS 39 and IFRS 7** (effective for annual periods beginning on or after January 1, 2020) – Interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries. The adoption of these amendments is not expected to have a significant impact on the Company.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Company

- **Revised Conceptual Framework for Financial Reporting** (effective for annual periods beginning on or after 1 January 2020). The revised Conceptual Framework will be used in standard-setting decisions with immediate effect; however, no changes will be made to any of the current accounting standards. Entities that apply the Conceptual Framework in determining accounting policies, will need to consider whether their accounting policies are still appropriate under the revised Framework. The Company is currently assessing the impact of this standard.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) 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 of another entity.

Financial assets

Trade Receivables

Trade receivables relate mainly to Jamaica Public Service (JPS), through which all of the Company's business is transacted. Receivables are generally due for settlement within 45 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows. The cash flows of the Company's trade receivables are solely payments of principal and interest (SPPI). Subsequent to initial recognition at fair value, the Company measures trade receivables at amortised cost using the effective interest method.

Other Financial Assets at Amortised Cost

The Company classifies its other financial assets at amortised cost only if both the asset is held within a business model the objective of which is to collect the contractual cash flows and the contractual terms give rise to cash flows that are SPPI. Other financial assets at amortised cost include cash and bank balances, balances due from related parties and other receivables.

Impairment

The Company's trade receivables and other financial assets at amortised cost are subject to the expected credit loss model in determination of impairment.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates for the ECL at 31 March 2020 and 1 April 2019 are based on the payment profiles for services provided over a period of 36 months respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the Jamaica Public Service (JPS) to settle the receivables. The Company has identified the GDP and the inflation rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Financial instrument (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 45 days past due. Based on the nature of the client business there were no significant increase in credit risk, and this is solely due to the fact that the Company has a Power Purchase Agreements with its singular customer, JPS.

Where impairment losses on trade receivables have been identified these are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Financial liabilities

The Company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At year end date, the following were classified as financial liabilities: accounts payable, due to former parent company and long term liabilities.

Financial instruments on the statement of financial position include cash and cash equivalents, receivables and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The determination of the fair values of the Company's financial instruments is discussed in Note 3 (d).

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company 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 also the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss in the statement of comprehensive income.

(d) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities.

The Company recognizes revenue as performance obligations that are satisfied over time. Where a customer contract contains multiple performance obligations, the transaction price is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the service being provided to the customer. It is probable that the entity will recognise revenue when the following specific criteria have been met for each of the Company's activities as described below.

Sales of electricity

Sale of electricity is recognised when the Company has generated and transferred the electricity to its customer, the customer has accepted the electricity and collectability of the related receivables is reasonably assured.

Interest Income and expense

Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing instruments using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Other operating income

Other operating income is recognised as they accrue unless collectability is in doubt.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(e) Property, plant and equipment and depreciation

All property, plant and equipment are recorded at cost less accumulated depreciation. Depreciation is calculated on the straight line basis to write off the cost of each asset, to its residual value over its estimated useful life as follows:

| | |
|-----------------------------------|----------|
| Plant | 20 years |
| Computers | 5 years |
| Service equipment | 20 years |
| Furniture, fixtures and equipment | 10 years |
| Motor vehicles | 5 years |
| Training lab | 20 years |

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

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 profit. Repairs and maintenance expenses are charged to the profit or loss in the statement of comprehensive income when the expenditure is incurred.

(f) Impairment of long-lived 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 higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(g) Income taxes

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges. Current and deferred tax is charged or credited to profit in the statement of comprehensive income, except where they relate to items charged or credited to other comprehensive income or equity, in which case, they are also dealt with in other comprehensive income or equity.

Current tax charges are based on taxable profits for the year, which differ from the profit 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 income tax is calculated at tax rates that have been enacted at year end.

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 profit will be available against which the temporary differences can be utilised.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(h) Accounts receivable

Recognition, measurement and impairment of trade receivables balances under IFRS 9 are dealt with under note 2 (b).

Bad debts are written off during the year in which they are identified.

(i) Cash and cash equivalent

Cash and Cash equivalent are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, deposits held at call with banks and investments in money market instruments with original maturities of 90 days or less, net of bank overdraft.

(j) Accounts payable

Payables are recorded at cost.

(k) Grants

Capital grants comprise the following:

- (i) The cost less accumulated depreciation of, plant and equipment donated to the company, and
- (ii) Amounts granted to the Company subject to conditions that must be met, the primary condition being that the grant must be used for the acquisition or construction of property, plant and equipment.

The amounts meeting conditions include sums received for the purchase of property, plant and equipment. For each reporting period, an amount equivalent to the depreciation charge on the relevant property, plant and equipment for that period is transferred from capital grants as a credit to income.

(l) Borrowings

Loans are recorded at proceeds received net of fees paid. Finance charges, including direct issue costs are accounted for on an accrual basis to the statement of comprehensive income using the effective interest method and are added to the carrying amount of the loan to the extent that they are not settled in the period in which they arise.

(m) Leases

As Lessee

As at 1 April 2019:

As of the 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the lessee's incremental borrowing rates, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(m) Leases (continued)

Policy applicable before 1 April 2019

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

(n) Employee benefits

Pension benefits

Up to May 2019, the Company participated in a defined benefit pension scheme operated by Petroleum Corporation of Jamaica, its former parent company. The scheme was generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The asset or liability in respect of defined benefit plans is the difference between present value of the defined benefit obligation at the reporting date and the fair value of plan assets. Where a pension asset arises, the amount recognised is limited to the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension costs are assessed using the Projected Unit Credit Method. Under this method, the cost of providing pensions is charged in arriving at profit or loss so as to spread the regular cost over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plans every year. The pension obligation is measured at the present value of the estimated future cash outflows using discount estimated rates based on market yields on government securities which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

Wigton withdrew as a participating Employer from the PCJ pension plan as at 31 May 2019 and fully settled their pension obligations in this plan. A new Defined Benefit Plan was established for Wigton's employees effective 1 April 2019.

In June 2019, the Company commenced contributing to an Approved Retirement Scheme, while a new defined benefit pension plan is being finalised.

Other post-employment benefits

The Company provides post-employment medical benefits to its retirees through participation in a scheme operated by the former parent company. The entitlement to these benefits is usually based 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 an accounting methodology similar to that for the defined benefit pension plan. Actuarial gains and losses arising from experience adjustment and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(o) **Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's Board of Directors.

(p) **Segment information**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker is the Managing Director.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity 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 Board provides principles 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 customer, client or counter party will cause a financial loss for the Company by failing to discharge their contractual obligations. Credit exposures arise principally from trade receivables and cash and bank. 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

The Company's operation is such that it only has one customer. As a result of this there is no formal credit review process employed by the Company.

Maximum exposure to credit risk

The Company's maximum exposure to credit risk at the year end was as follows:

| | 2020 | 2019 |
|-----------------------------|------------------|------------------|
| | \$'000 | \$'000 |
| Trade and other receivables | 195,610 | 106,697 |
| Cash and cash equivalents | 2,679,744 | 1,376,599 |
| | <u>2,875,354</u> | <u>1,483,296</u> |

The above table represents a worst-case scenario of credit risk exposure to the Company at 31 March 2020 and 2019.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment of financial assets

The Company has the following types of financial assets subject to IFRS 9's expected credit loss model:

- trade receivables from the sale of electricity, and
- amounts due from the former parent company.

Trade receivables

The Company's average credit period on sale of electrical energy is 45 days. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, the Company first considers whether any individual customer accounts require specific provisions. Loss rates are then assigned to these accounts based on an internal risk rating system considering various qualitative and quantitative factors. All other non-specific trade receivables are then grouped based on shared credit risk characteristics and the days past due. The assumptions used in determining the expected credit loss are discussed within note 2(b).

Aging analysis of receivables that are past due but not impaired

Receivables that are less than three months past due are considered to have a loss allowance of \$Nil (2019 – \$Nil) based on a probability of default of 0.001%. To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics. As at 31 March 2020, the company had current accounts receivable and other receivables of \$195,610,000 (2019 - \$106,697,000). The trade receivables and other receivables that were past due then were \$Nil (2019 – \$Nil).

(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 secured funding.

Liquidity risk management process

The Company's liquidity management process includes procedures to monitor future cash flows and liquidity on a regular basis.

The maturities of assets and liabilities are important factors in assessing the liquidity of the Company and its exposure to changes in interest rates and exchange rates.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Undiscounted cash flows of financial liabilities

The maturity profile of the Company's financial liabilities at year end based on contractual undiscounted payments was as follows:

| | 1 to 3 Months \$'000 | 4 to 12 Months \$'000 | 1 to 5 Years \$'000 | Over 5 Years \$'000 | Total \$'000 |
|------------------------------|----------------------------|-----------------------------|---------------------------|---------------------------|------------------|
| At 31 March 2020: | | | | | |
| Accounts payable | 51,166 | - | - | - | 51,166 |
| Due to former parent company | 19,459 | - | - | - | 19,459 |
| Lease liabilities | 8,388 | 19,276 | 100,853 | 141,976 | 270,493 |
| Long term liabilities | 119,416 | 1,198,769 | 5,306,493 | 2,464,419 | 9,089,097 |
| | <u>198,429</u> | <u>1,218,045</u> | <u>5,407,346</u> | <u>2,606,395</u> | <u>9,430,215</u> |
| At 31 March 2019: | | | | | |
| Accounts payable | 98,292 | - | - | - | 98,292 |
| Due to parent company | 19,459 | - | - | - | 19,459 |
| Long term liabilities | 146,797 | 355,737 | 4,381,747 | 4,686,023 | 9,570,304 |
| | <u>264,548</u> | <u>355,737</u> | <u>4,381,747</u> | <u>4,686,023</u> | <u>9,688,055</u> |

(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 is monitored by the treasury department which carries out extensive research and monitors the price movement of financial assets on the local and international markets. 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.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(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.

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Company manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Company further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

Concentrations of currency risk

The table below summarises the Company exposure to foreign currency exchange rate risk at 31 March.

| | Jamaican\$ J\$'000 | US\$ J\$'000 | Euro J\$'000 | Total J\$'000 |
|-------------------------------|-----------------------|------------------|-----------------|--------------------|
| At 31 March 2020: | | | | |
| Financial Assets | | | | |
| Receivables | 195,610 | - | - | 195,610 |
| Cash and cash equivalents | 1,495,070 | 1,184,674 | - | 2,679,744 |
| Total financial assets | 1,690,680 | 1,184,674 | - | 2,875,354 |
| Financial Liabilities | | | | |
| Payables | 51,166 | - | - | 51,166 |
| Due to former parent company | 19,459 | - | - | 19,459 |
| Lease liabilities | - | 174,147 | - | 174,147 |
| Long term liabilities | 6,290,244 | - | - | 6,290,244 |
| Total financial liabilities | 6,360,869 | 174,147 | - | 6,535,016 |
| Net financial position | (4,670,189) | 1,010,527 | - | (3,659,662) |
| | Jamaican\$ J\$'000 | US\$ J\$'000 | Euro J\$'000 | Total J\$'000 |
| At 31 March 2019: | | | | |
| Financial Assets | | | | |
| Receivables | 106,697 | - | - | 106,697 |
| Cash and cash equivalents | 634,625 | 741,974 | - | 1,376,599 |
| Total financial assets | 741,322 | 741,974 | - | 1,483,296 |
| Financial Liabilities | | | | |
| Payables | 45,703 | 24,531 | 28,058 | 98,292 |
| Due to parent company | 19,459 | - | - | 19,459 |
| Long term liabilities | 6,273,277 | - | - | 6,273,277 |
| Total financial liabilities | 6,338,439 | 24,531 | 28,058 | 6,391,028 |
| Net financial position | (5,597,117) | 717,443 | (28,058) | (4,907,732) |

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies 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 6% devaluation and 2% revaluation (2019 – 6% devaluation and 4% revaluation) change in foreign currency rates. The sensitivity of the profit was as a result of foreign exchange gains/losses on translation of US and Euro dollar-denominated financial assets and liabilities.

| | % Change in Currency Rate | Effect on Profit before Taxation |
|------------------|---------------------------------|--|
| | 2020 '000 | 2020 \$'000 |
| Currency: | | |
| USD | +6% | 60,632 |
| USD | -2% | (20,210) |
| | % Change in Currency Rate | Effect on Profit before Taxation |
| | 2019 '000 | 2019 \$'000 |
| Currency: | | |
| USD | +6% | 43,047 |
| USD | -4% | (28,698) |
| EURO | +6% | (1,683) |
| EURO | -4% | 1,122 |

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Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

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 risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

The following table summarises the Company's exposure to interest rate risk. It includes the Company's financial instruments and other assets at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

| | Fixed rate instrument/Variable rate instrument/Non-Interest Bearing instrument | | | | | Non-Interest Bearing instrument | Total |
|---------------------------|--|-----------------------|---------------------|---------------------|-----------------------------|---------------------------------|-------|
| | 1 to 3 Months \$'000 | 4 to 12 Months \$'000 | 1 to 5 Years \$'000 | Over 5 Years \$'000 | Non-Interest Bearing \$'000 | | |
| At 31 March 2020: | | | | | | | |
| Financial Assets | | | | | | | |
| Accounts receivable | - | - | - | - | 195,610 | 195,610 | |
| Cash and cash equivalents | 2,679,709 | - | - | - | 35 | 2,679,744 | |
| Total assets | 2,679,709 | - | - | - | 195,645 | 2,875,354 | |

| | Fixed rate instrument/Variable rate instrument/Non-Interest Bearing instrument | | | | | Non-Interest Bearing instrument | Total |
|------------------------------|--|-----------------------|---------------------|---------------------|-----------------------------|---------------------------------|-------|
| | 1 to 3 Months \$'000 | 4 to 12 Months \$'000 | 1 to 5 Years \$'000 | Over 5 Years \$'000 | Non-Interest Bearing \$'000 | | |
| Financial Liabilities | | | | | | | |
| Accounts payable | - | - | - | - | 51,166 | 51,166 | |
| Due to former parent company | - | - | - | - | 19,459 | 19,459 | |
| Lease liabilities | - | 15,248 | 57,862 | 101,037 | - | 174,147 | |
| Long term liabilities | - | 697,187 | 3,578,798 | 1,998,837 | 15,422 | 6,290,244 | |
| Total liabilities | - | 712,435 | 3,636,660 | 2,099,874 | 86,047 | 6,535,016 | |
| Total interest repricing gap | 2,679,709 | (712,435) | (3,636,660) | (2,099,874) | 109,598 | (3,659,662) | |
| Cumulative repricing gap | 2,679,709 | 1,967,274 | (1,669,386) | (3,769,260) | (3,659,662) | | |

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the income statement and stockholders' equity.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rate on net income based on the floating rate of non-trading financial assets and financial liabilities. The sensitivity of other comprehensive income is calculated by revaluing fixed rate Fair Value through Other Comprehensive Income (FVOCI) financial assets for the effects of the assumed changes in interest rates.

| | 2020 | | 2019 | |
|----------------------------------|----------------------------------|---------------------------------------|----------------------------------|---------------------------------------|
| | Effect on Profit before Taxation | Other Comprehensive Income before Tax | Effect on Profit before Taxation | Other Comprehensive Income before Tax |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Change in basis points: | | | | |
| Decrease - JMD -100 and USD -100 | (47,519) | (50,694) | (13,436) | (57,579) |
| Increase - JMD +100 and USD +100 | 99,971 | 50,694 | 39,854 | 57,579 |

(d) Fair value estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

| | Fixed rate instrument/Variable rate instrument/Non-Interest Bearing instrument | Fixed rate instrument/Variable rate instrument/Non-Interest Bearing instrument | | | | Non-Interest Bearing instrument | Total |
|------------------------------|--|--|-----------------------|---------------------|---------------------|---------------------------------|-------|
| | | 1 to 3 Months \$'000 | 4 to 12 Months \$'000 | 1 to 5 Years \$'000 | Over 5 Years \$'000 | | |
| At 31 March 2019: | | | | | | | |
| Financial Assets | | | | | | | |
| Accounts receivable | - | - | - | - | 106,697 | 106,697 | |
| Cash and cash equivalents | 1,327,552 | - | - | - | 49,047 | 1,376,599 | |
| Total assets | 1,327,552 | - | - | - | 155,744 | 1,483,296 | |
| Financial Liabilities | | | | | | | |
| Accounts payable | - | - | - | - | 98,292 | 98,292 | |
| Due to parent company | - | - | - | - | 19,459 | 19,459 | |
| Long term liabilities | - | - | 2,586,074 | 3,664,657 | 22,546 | 6,273,277 | |
| Total liabilities | - | - | 2,586,074 | 3,664,657 | 140,297 | 6,391,028 | |
| Total interest repricing gap | 1,327,552 | - | (2,606,962) | (3,664,657) | 15,447 | (4,907,732) | |
| Cumulative repricing gap | 1,327,552 | 1,327,552 | (1,258,522) | (4,923,179) | (4,907,732) | | |

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(d) Fair value estimation (continued)

The fair value of the Company's financial instruments that, subsequent to initial recognition, are not measured at fair value is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. The fair values of these financial instruments are determined as follows:

- (i) The amounts included in the financial statements for Cash and cash equivalents, accounts receivable and payable and due to former parent company, reflect their approximate fair values due to the short-term nature of these instruments.
- (ii) The fair values of long-term liabilities as disclosed in note 21 approximate their fair values as they are carried at amortised cost and the interest rates are reflective of the current market rates for similar transactions.

(e) Capital management

The Company has no specific capital management strategy and is exposed to externally imposed capital requirements through debt covenants as outlined in the loan agreement with JCSD Trustee Services Limited on behalf of Bondholders. The financial covenants include: The Current ratio, Interest coverage ratio, the debt ratio and level of dividends and capital withdrawals. The Company was in compliance with the financial covenants as at the year end.

Net debt to equity ratio

The net debt to equity ratio decreased from 2.46 to 2.07 following the adoption of IFRS 16 Leases. Both net debt and gross assets increased following the recognition of lease liabilities and right-of-use assets on 1 April 2019.

4. Critical Accounting Estimates and Assumptions in Applying Accounting Policies

The Company makes judgements and estimates concerning the future. Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Key sources of estimation uncertainty

Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

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4. Critical Accounting Estimates and Assumptions in Applying Accounting Policies (Continued)

Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Company applies a variety of methods in an effort to arrive at these estimates. The Company reassesses the useful lives and residual values annually and makes changes based on factors such as technological change, expected level of usage and physical condition of the assets concerned.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of land, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not to extend), the Company is typically reasonably certain to extend (or not to terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

5. Segment Financial Reporting

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Company is organised and managed in three main reportable segments based on the respective windfarms.

The designated segments are as follows:

- Phase I,
- Phase II, and
- Phase III.

The Company measures the performance of its operating segments through a measure of segment profit or loss which is profit before taxation.

A measure of segment assets is only required to be disclosed if the measure is regularly provided to the chief operating decision-maker (CODM). Segment assets include items of Property, Plant and Equipment.

No other information is reported to or used by the CODM in order to assess performance and allocate resources.

Segment liabilities that are reviewed by the CODM include interest-bearing liabilities.

Revenue from transactions is with the Company's single customer Jamaica Public Service (JPS). There is a contractual agreement that there is a forty-five payment period for final settlement of invoices.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

5. Segment Financial Reporting (Continued)

| | 2020 | | | |
|---|-------------------|--------------------|---------------------|-------------------|
| | Phase I \$'000 | Phase II \$'000 | Phase III \$'000 | Total \$'000 |
| Gross external revenues | 718,185 | 757,827 | 940,741 | 2,416,753 |
| Other income | 20,175 | - | 2,190 | 22,365 |
| Allocated other income | 65,541 | 56,993 | 75,990 | 198,524 |
| Total revenue | 803,901 | 814,820 | 1,018,921 | 2,637,642 |
| Segment Results | 479,395 | 394,852 | 520,966 | 1,395,213 |
| Interest expense | | | | (526,643) |
| Profit before tax | | | | 868,570 |
| Taxation | | | | (205,822) |
| Net profit | | | | 662,748 |
| Segment Assets | 609,710 | 2,507,411 | 4,179,848 | 7,296,969 |
| Unallocated Assets | | | | 3,300,966 |
| Total assets | | | | 10,597,935 |
| Segment liabilities | 32,674 | 2,682,623 | 3,739,978 | 6,455,275 |
| Unallocated liabilities | | | | 685,565 |
| Total liabilities | | | | 7,140,840 |
| Other segment items- Capital expenditure | 35,738 | 31,077 | 41,436 | 108,251 |
| Depreciation | 121,638 | 246,539 | 301,578 | 669,755 |

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

5. Segment Financial Reporting (Continued)

| | 2019 | | | |
|---|-------------------|--------------------|---------------------|------------------|
| | Phase I \$'000 | Phase II \$'000 | Phase III \$'000 | Total \$'000 |
| Gross external revenues | 735,258 | 695,129 | 1,017,209 | 2,447,596 |
| Other income | 20,369 | - | 7,018 | 27,387 |
| Allocated other income | 157,019 | 136,538 | 182,050 | 475,607 |
| Total revenue | 912,646 | 831,667 | 1,206,277 | 2,950,590 |
| Segment Results | 575,821 | 542,041 | 659,026 | 1,776,888 |
| Interest expense | | | | (1,049,526) |
| Profit before tax | | | | 727,362 |
| Taxation | | | | (233,768) |
| Net profit | | | | 493,594 |
| Segment Assets | 742,921 | 2,691,678 | 4,409,147 | 7,843,746 |
| Unallocated Assets | | | | 1,807,169 |
| Total assets | | | | 9,650,915 |
| Segment liabilities | 28,058 | 2,734,104 | 3,700,675 | 6,462,837 |
| Unallocated liabilities | | | | 395,003 |
| Total liabilities | | | | 6,857,840 |
| Other segment items- Capital expenditure | 158,125 | 64,782 | 76,399 | 299,306 |
| Depreciation | 120,099 | 244,944 | 300,182 | 665,225 |

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

The primary customer of the Company is Jamaica Public Service (JPS) which operates in Jamaica.

Wigton Windfarm Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

6. Other Income

| | 2020 | 2019 |
|------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Grant amortisation (Note 20) | 20,173 | 20,175 |
| Interest income | 52,660 | 19,642 |
| Refund of input tax | 51,359 | - |
| Insurance claims settlement | 28,396 | - |
| Reversal of carbon credit | 29,363 | - |
| Miscellaneous | 4,277 | 7,429 |
| Foreign exchange gain | 34,661 | 455,748 |
| | <u>220,889</u> | <u>502,994</u> |

7. Expenses by Nature

| | 2020 | 2019 |
|--|------------------|------------------|
| | \$'000 | \$'000 |
| Auditors' remuneration | 2,400 | 2,433 |
| Depreciation (Note 11) | 669,755 | 665,225 |
| Directors' emoluments – | | |
| Fees | 5,065 | 2,427 |
| Insurance | 91,227 | 71,689 |
| Other expense | 62,132 | 57,429 |
| Professional fees | 12,100 | 3,144 |
| Rental and utility charges | 12,529 | 25,233 |
| Repairs and maintenance | 84,848 | 163,825 |
| Staff costs (Note 8) | 240,353 | 141,196 |
| Security costs | 11,442 | 9,211 |
| Amortisation of right-of -use assets (Note 22) | 11,004 | - |
| Electricity | 39,574 | 31,889 |
| | <u>1,242,429</u> | <u>1,173,701</u> |

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(expressed in Jamaican dollars unless otherwise indicated)

8. Staff Costs

| | 2020 | 2019 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Salaries and wages | 129,525 | 106,199 |
| Payroll taxes – Employer's Contribution | 9,524 | 7,366 |
| Pension and other post-employment benefits (Note 13) | 88,984 | 7,793 |
| Other | 12,320 | 19,838 |
| | <u>240,353</u> | <u>141,196</u> |

The average number of employees in 2020 was 22 (2019 – 20).

9. Finance Expense

| | 2020 | 2019 |
|--|----------------|------------------|
| | \$'000 | \$'000 |
| Amortisation of upfront fees on loan | 19,255 | 5,222 |
| Interest charge on lease liability (Note 22) | 13,361 | - |
| Interest expense – loans | 494,027 | 381,806 |
| Foreign exchange losses | - | 662,498 |
| | <u>526,643</u> | <u>1,049,526</u> |

Wigton Windfarm Limited

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10. Taxation

Taxation is based on the profit for the year adjusted for taxation purposes and comprises income tax at 25%. Note 25 details the impact of restatements on taxation.

| | 2020 \$'000 | Restated 2019 \$'000 |
|---|----------------|----------------------------|
| Current tax | 59,699 | 3,624 |
| Prior year(over)/under accrual of taxes | (42) | 2,160 |
| Deferred taxation (Note 14) | 146,165 | 227,984 |
| | <u>205,822</u> | <u>233,768</u> |

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic statutory tax rate of the 25% as follows:

| | 2020 \$'000 | Restated 2019 \$'000 |
|---|----------------|----------------------------|
| Profit before tax | 868,570 | 727,362 |
| Tax calculated at a tax rate of 25% | 217,143 | 181,841 |
| Adjusted for the effects of: | | |
| Income not subject to tax | (12,567) | (5,044) |
| Expenses not deductible for tax purposes | 12,613 | 58,823 |
| Employment tax credit (ETC) | (12,224) | (1,299) |
| Prior year over-accrual of taxes | (42) | 2,160 |
| Net effects of other charges and allowances | 899 | (2,713) |
| Tax charge | <u>205,822</u> | <u>233,768</u> |

Subject to agreement with the Taxpayer Audit and Assessment Department, the Company has tax losses of \$409,604,000 (2019 - \$697,294,000) to carry forward indefinitely against future taxable income.

An ETC is available to unregulated entities. These entities are now able to claim a credit of up to a maximum of 30% of the tax liability resulting from trading income, if statutory deductions (employee and employer) are paid in full by the due date. This has the potential to reduce the effective tax rate. The ETC is not available to carry forward. There are some provisions for the credit to be restricted based on dividend payments and/or other distributions. The Company has recognised an employment tax credit in the amount of \$12,224,000 (2019 - \$1,299,000).

Tax (credit)/charge relating to components of other comprehensive income is as follows:

| | 2020 | | | 2019 | | |
|--|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|------------------------|
| | Before Tax \$'000 | Tax Effect \$'000 | After Tax \$'000 | Before Tax \$'000 | Tax Effect \$'000 | After Tax \$'000 |
| Remeasurements of pension and other post-employment benefits (Note 13) | (1,696) | 424 | (1,272) | (25,473) | 6,370 | (19,103) |

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11. Property, Plant and Equipment

| | Plant \$'000 | Computer \$'000 | Service Equipment \$'000 | Furniture, Fixtures & Equipment \$'000 | Training Lab \$'000 | Motor Vehicles \$'000 | Capital Work in Progress \$'000 | Total \$'000 |
|------------------------|-----------------|--------------------|--------------------------------|---|---------------------------|-----------------------------|--|-----------------|
| At Cost or Valuation - | | | | | | | | |
| At 31 March 2018 | 11,107,415 | 76,305 | 386,307 | 60,596 | 95,824 | 47,778 | 32,924 | 11,807,149 |
| Additions | 49,908 | 6,093 | 182,612 | 15,826 | 3,614 | - | 41,253 | 299,306 |
| Transfers | 74,177 | - | - | - | - | - | (74,177) | - |
| At 31 March 2019 | 11,231,500 | 82,398 | 568,919 | 76,422 | 99,438 | 47,778 | - | 12,106,455 |
| Additions | 65 | 10,242 | 95,023 | 2,327 | 594 | - | - | 108,251 |
| Disposals | (241) | - | - | (34) | - | (8,950) | - | (9,225) |
| At 31 March 2020 | 11,231,324 | 92,640 | 663,942 | 78,715 | 100,032 | 38,828 | - | 12,205,481 |
| Depreciation - | | | | | | | | |
| At 31 March 2018 | 3,180,212 | 56,151 | 138,591 | 33,031 | 7,187 | 28,969 | - | 3,444,141 |
| Charge (Note 7) | 561,836 | 7,033 | 77,152 | 6,856 | 5,378 | 6,970 | - | 665,225 |
| At 31 March 2019 | 3,742,048 | 63,184 | 215,743 | 39,887 | 12,565 | 35,939 | - | 4,109,366 |
| Charge (Note 7) | 562,245 | 8,559 | 79,377 | 8,960 | 4,987 | 5,627 | - | 669,755 |
| Relieved on disposals | - | - | - | (28) | - | (8,205) | - | (8,233) |
| At 31 March 2020 | 4,304,293 | 71,743 | 295,120 | 48,819 | 17,552 | 33,361 | - | 4,770,888 |
| Net Book Value - | | | | | | | | |
| 31 March 2020 | 6,927,031 | 20,897 | 368,822 | 29,896 | 82,480 | 5,467 | - | 7,434,593 |
| 31 March 2019 | 7,489,452 | 19,214 | 353,176 | 36,535 | 86,873 | 11,839 | - | 7,997,089 |

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12. Earnings per Stock Unit

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

| | 2020 \$'000 | Restated 2019 \$'000 |
|--|-------------------|----------------------------|
| Net profit attributable to shareholders | <u>662,748</u> | <u>493,594</u> |
| Weighted average number of ordinary shares in issue ('000) | <u>11,000,000</u> | <u>11,000,000</u> |
| Basic earnings per share | <u>\$0.06</u> | <u>\$0.04</u> |

On 3 April 2019, at an extraordinary annual general meeting, the shareholders approved the stock split of each ordinary share resulting in an adjustment from 10,000 to 11,000,000,000 shares. As a result of the stock split, all prior period data presented in the financial statements have been adjusted to reflect the split.

On the 22 May 2019, the company became a listed entity of the Jamaica Stock Exchange (JSE) on the main market, all ordinary shares were authorised for issue with no par value. There were no new shares issued.

13. Pension and Other Post-Employment Benefits

| | 2020 \$'000 | 2019 \$'000 |
|--|----------------|-----------------|
| Asset recognised in the statement of financial position: | | |
| Pension plan (liability)/asset | (5,279) | 82,702 |
| Post-employment benefit obligation | <u>25,357</u> | <u>26,925</u> |
| Amounts recognised in profit or loss: | | |
| Pension plan asset | 83,825 | 1,034 |
| Post-employment benefit obligation | <u>5,159</u> | <u>6,759</u> |
| Total, included in staff costs (Note 8) | <u>88,984</u> | <u>7,793</u> |
| Amounts recognised in other comprehensive income: | | |
| Pension plan asset | 4,827 | (15,678) |
| Post-employment benefit obligation | <u>(6,523)</u> | <u>(9,795)</u> |
| | <u>(1,696)</u> | <u>(25,473)</u> |

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13. Pension and Other Post-Employment Benefits (Continued)

Pension benefits

The Company participated in the defined benefit pension scheme of its former parent company. The scheme was open to all permanent employees and is administered by trustees. The pension scheme is funded by contributions from employees at a fixed rate, with the employer contributing such funds as are necessary to meet the balance of the liabilities of the plan. On the 31 May 2019, the Company withdrew as a participating employer and this resulted in a partial winding up of the old scheme in accordance with the rules, applicable legislation and subject to the oversight of the Financial Services Commission ("FSC"). Benefit improvements have been agreed for the pensioners, deferred pensioners and active members of the old scheme. The assets (including surplus) relating to the benefits of the terminated members and pensioners that have remained in the PCJ Plan and have been transferred to PCJ accordingly.

A replacement fund was established, and this was approved by the FSC subsequent to the year end Note 24 (a). The amounts recognised in the statement of financial position are determined as follows:

| | 2020 \$'000 | 2019 \$'000 |
|--|----------------|------------------|
| Present value of funded obligations | 8,881 | 90,496 |
| Fair value of plan assets | <u>(3,602)</u> | <u>(173,198)</u> |
| Liability/(asset) in the statement of financial position | <u>5,279</u> | <u>(82,702)</u> |

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

| | 2020 \$'000 | 2019 \$'000 |
|---|----------------|----------------|
| At beginning of year | 173,198 | 131,677 |
| Remeasurement of plan assets – experience gains | 5,104 | 28,117 |
| Assets used to settle liabilities | (180,995) | - |
| Interest income on plan assets | 2,071 | 10,001 |
| Benefits paid | (40) | (242) |
| Contributions | <u>4,264</u> | <u>3,645</u> |
| At end of year | <u>3,602</u> | <u>173,198</u> |

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

| | 2020 \$'000 | 2019 \$'000 |
|---|------------------|----------------|
| At beginning of year | 90,496 | 64,178 |
| Current service cost | 7,138 | 6,231 |
| Interest cost | 1,026 | 4,804 |
| Liabilities settled | <u>(103,263)</u> | <u>-</u> |
| | <u>(4,603)</u> | <u>75,213</u> |
| Remeasurements - | | |
| Losses from change in financial assumptions | - | 10,195 |
| Experience losses | <u>9,931</u> | <u>2,244</u> |
| | <u>9,931</u> | <u>12,439</u> |
| Employee contribution | 3,593 | 3,086 |
| Benefits paid | <u>(40)</u> | <u>(242)</u> |
| At end of year | <u>8,881</u> | <u>90,496</u> |

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13. Pension and Other Post-Employment Benefits (Continued)

Pension benefits (continued)

The amounts recognised in arriving at profit or loss were determined as follows:

| | 2020 \$'000 | 2019 \$'000 |
|---|----------------|----------------|
| Current service costs | 7,138 | 6,231 |
| Interest cost on defined benefit obligation | 1,026 | 4,804 |
| Interest income on plan assets | (2,071) | (10,001) |
| Settlement cost | 77,732 | - |
| Total, included in staff costs (Note 8) | <u>83,825</u> | <u>1,034</u> |

The amounts recognised in other comprehensive income were determined as follows:

| | 2020 \$'000 | 2019 \$'000 |
|--|----------------|-----------------|
| Remeasurements of the plan assets | 4,827 | (15,678) |
| Remeasurements of the defined benefit obligation | (6,523) | (9,795) |
| | <u>(1,696)</u> | <u>(25,473)</u> |

Expected employer contributions for the year ending 31 March 2020 amount to \$711,000 (2019: \$587,000).

The distribution of plan assets was as follows:

| | 2020 | | 2019 | |
|-------------------------------|--------------|------------|----------------|------------|
| | \$'000 | % | \$'000 | % |
| Equity Fund | - | - | 67,575 | 39 |
| Fixed Income Fund | - | - | 656 | 0 |
| Mortgage and Real Estate Fund | - | - | 51,837 | 30 |
| International Equity Fund | - | - | 17,947 | 11 |
| Foreign Currency Fund | - | - | 18,533 | 11 |
| Inflation Linked Fund | - | - | 16,014 | 9 |
| Other | 3,602 | 100 | 636 | 0 |
| | <u>3,602</u> | <u>100</u> | <u>173,198</u> | <u>100</u> |

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13. Pension and Other Post-Employment Benefits (Continued)

Other post-employment benefits

The Company operates a medical post-employment benefit scheme. Funds are not built up to cover the obligations under this retirement benefit scheme. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension schemes.

The amounts recognised in the statement of financial position were determined as follows:

| | 2020 \$'000 | 2019 \$'000 |
|---------------------------------------|----------------|----------------|
| Present value of unfunded obligations | <u>25,357</u> | <u>26,925</u> |

The movement in the defined benefit obligation over the year is as follows:

| | 2020 \$'000 | 2019 \$'000 |
|----------------------|----------------|----------------|
| At beginning of year | 26,925 | 30,164 |
| Current service cost | 3,281 | 4,504 |
| Interest cost | 1,878 | 2,255 |
| | <u>32,084</u> | <u>36,923</u> |
| Remeasurement - | | |
| Experience losses | (6,523) | (9,794) |
| Benefits paid | (204) | (204) |
| At end of year | <u>25,357</u> | <u>26,925</u> |

The amounts recognised in arriving at profit or loss were determined as follows:

| | 2020 \$'000 | 2019 \$'000 |
|---|----------------|----------------|
| Current service cost | 3,281 | 4,504 |
| Interest cost | 1,878 | 2,255 |
| Total, included in staff costs (Note 8) | <u>5,159</u> | <u>6,759</u> |

The amounts recognised in other comprehensive income were determined as follows:

| | 2020 \$'000 | 2019 \$'000 |
|---|----------------|----------------|
| Remeasurement of defined benefit obligation | <u>(6,523)</u> | <u>(9,794)</u> |

Wigton Windfarm Limited

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13. Pension and Other Post-Employment Benefits (Continued)

Other post-employment benefits (continued)

Principal actuarial assumptions

The principal actuarial assumptions used were as follows:

| | 2020 | 2019 |
|--------------------------|-------|-------|
| Discount rate | 6.50% | 7.00% |
| Future salary increases | 5.00% | 5.00% |
| Future pension increases | 0.00% | 0.50% |
| Inflation rate | 3.00% | 3.00% |
| Medical cost rate | 5.50% | 5.50% |

The sensitivity of the defined benefit obligation for pension benefits to changes in the principal assumptions is:

| | Impact on defined benefit obligation | | |
|-------------------------|--------------------------------------|------------------------|------------------------|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| | | \$'000 | \$'000 |
| Discount rate | 1% | (2,031) | 2,844 |
| Future salary increase | 1% | 1,663 | (1,358) |
| Future pension increase | 1% | 995 | - |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

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13. Pension and Other Post-Employment Benefits (Continued)

Other post-employment benefits (continued)

The sensitivity of other post-employment benefits to changes in the principal assumptions is:

| | Impact on defined benefit obligation | | |
|-------------------|--------------------------------------|------------------------|------------------------|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| | | \$'000 | \$'000 |
| Discount rate | 1% | (5,677) | 7,963 |
| Medical cost rate | 1% | 7,963 | (5,769) |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the post-employment benefits liability recognized within the statement of financial position.

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13. Pension and Other Post-Employment Benefits (Continued)

Risks associated with pension and other post-employment benefit plans

Through its defined benefit pension plan and other post-employment benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will create a deficit.

As the plan matures, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

The Company believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Company's long-term strategy to manage the plans efficiently. See below for more details on the Company's asset-liability matching strategy.

Changes in bond yields

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' Fixed Income Fund holdings.

Inflation risk

Higher inflation will lead to higher liabilities. The majority of the plan's assets are unaffected by fixed interest investments, meaning that an increase in inflation will reduce the surplus or create a deficit.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. Within this framework, the Company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2020 were invested in the Fixed Income Fund.

The weighted average duration of the pension defined benefit obligation is 45 years, and the weighted average duration of the medical defined benefit obligation is 41 years.

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14. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%. Note 25 details the impact of restatements on the deferred income taxes.

The movement on the deferred income tax account is as follows:

| | 2020 \$'000 | Restated 2019 \$'000 |
|--|------------------|----------------------------|
| Balance as at 1 April | (315,591) | (81,237) |
| Charged in arriving at profit or loss (Note 10) | (146,165) | (227,984) |
| Credited/(Charged) to other comprehensive income (Note 10) | 424 | (6,370) |
| Balance as at 31 March | <u>(461,332)</u> | <u>(315,591)</u> |

The movement in deferred tax assets and liabilities during the period is as follows:

| Deferred tax liabilities | Pension Plan Asset \$'000 | Unrealised Foreign Exchange gains \$'000 | Accelerated Tax Depreciation \$'000 | Lease Liabilities \$'000 | Interest Receivable \$'000 | Total \$'000 |
|---------------------------------------|------------------------------------|--|--|--------------------------------|----------------------------------|------------------|
| At 31 March 2018, as restated | (16,875) | (2,007) | (758,972) | - | - | (777,854) |
| Credited/(charged) to profit or loss | 119 | 2,007 | (127,305) | - | - | (125,179) |
| Charged to other comprehensive income | (3,920) | - | - | - | - | (3,920) |
| At 31 March 2019, as restated | (20,676) | - | (886,277) | - | - | (906,953) |
| Credited/(charged) to profit or loss | 23,203 | - | (37,379) | (3,812) | (1,934) | (19,922) |
| Credited to comprehensive income | (1,207) | - | - | - | - | (1,207) |
| At 31 March 2020 | <u>1,320</u> | <u>-</u> | <u>(923,656)</u> | <u>(3,812)</u> | <u>(1,934)</u> | <u>(928,082)</u> |

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14. Deferred Income Taxes (Continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

| | 2020 \$'000 | Restated 2019 \$'000 |
|--|------------------|----------------------------|
| Deferred tax assets | 466,750 | 591,362 |
| Deferred tax liabilities | (928,082) | (906,953) |
| | <u>(461,332)</u> | <u>(315,591)</u> |
| | 2020 \$'000 | Restated 2019 \$'000 |
| Deferred tax assets to be recovered after more than 12 months | 452,083 | 581,282 |
| Deferred tax liabilities to be settled after more than 12 months | (926,148) | (906,953) |

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14. Deferred Income Taxes (Continued)

| Deferred tax assets | Unrealised and | | Interest | Post-Employment | Tax | Other | Total |
|---------------------------------------|----------------|-----------|----------|-----------------|----------|--------|-----------|
| | Realised | FX losses | | | | | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| At 31 March 2018, restated | 504,803 | - | - | 7,541 | 183,565 | 708 | 696,617 |
| (Charged)/ Credited to profit or loss | (101,188) | 5,636 | 5,636 | 1,639 | (9,241) | 348 | (102,806) |
| Credited to comprehensive income | - | - | - | (2,449) | - | - | (2,449) |
| At 31 March 2019, as restated | 403,615 | 5,636 | (557) | 6,731 | 174,324 | 1,056 | 591,362 |
| (Charged)/ Credited to profit or loss | (51,881) | - | - | (2,023) | (71,923) | 141 | (126,243) |
| Charged to comprehensive income | - | - | - | 1,631 | - | - | 1,631 |
| At 31 March 2020 | 351,734 | 5,079 | 5,079 | 6,339 | 102,401 | 1,197 | 466,750 |

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15. Accounts Receivable

| | 2020 \$'000 | 2019 \$'000 |
|--|----------------|----------------|
| Trade | 183,380 | 98,207 |
| Prepayments | 36,352 | 27,862 |
| Taxation recoverable - General Consumption Tax | 57,430 | 256 |
| Other | 12,230 | 8,490 |
| | <u>289,392</u> | <u>134,815</u> |

16. Related Party Transactions and Balances

For the year ended 31 March 2019, the Petroleum Corporation of Jamaica (PCJ) was the parent company of Wigton Windfarm Limited and included in the Statement of Financial Position and Statement of Comprehensive Income were balances and transactions totaling \$19,459,000 and \$6,548,000 respectively. As at 31 March 2020, Wigton is no longer a related party of PCJ. The amount of \$19,459,000 remains payable to the former parent company as at 31 March 2020.

(a) Key management personnel compensation

The remuneration of members of key management during the year was as follows:

| | 2020 \$'000 | 2019 \$'000 |
|---|----------------|----------------|
| Wages and salaries | 21,714 | 29,805 |
| Pension benefits | 217 | 187 |
| Payroll taxes – Employer's Contribution | 1,253 | 1,092 |
| Other post-employment benefits | 1,355 | 1,318 |
| Other | 5,640 | 6,979 |
| | <u>30,179</u> | <u>39,381</u> |

The following have been charged in arriving at profit before income tax:

| | 2020 \$'000 | 2019 \$'000 |
|-------------------------|----------------|----------------|
| Directors' emoluments – | | |
| Director Fees | 5,065 | 2,427 |
| Management Remuneration | 15,025 | - |
| | <u>20,090</u> | <u>2,427</u> |

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

17. Cash and Cash Equivalent

| | 2020 \$'000 | 2019 \$'000 |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | 56,459 | 55,686 |
| Short term deposits | 726,067 | 510,495 |
| Resale agreements | 1,897,218 | 810,418 |
| | <u>2,679,744</u> | <u>1,376,599</u> |

The weighted average effective interest rate at the year-end was 3.11% (2019 – 2.01%) on US\$, 2.58% (2019 – 2.05%) on J\$ short term deposits.

18. Accounts Payable

| | 2020 \$'000 | 2019 \$'000 |
|--------------------------|----------------|----------------|
| Accruals | 24,297 | 40,596 |
| General Consumption Tax | 30,939 | 21,206 |
| Provision- Carbon Credit | - | 28,057 |
| Other payables | 26,869 | 29,639 |
| | <u>82,105</u> | <u>119,498</u> |

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

19. Share Capital

| | Number of Authorised Shares | Number of Issued Shares | Stated Capital - Ordinary Shares | Total |
|--------------------------------------|-----------------------------------|-------------------------------|---|---------|
| | '000 | '000 | \$'000 | \$'000 |
| At the beginning and end of the year | 11,000,000 | 11,000,000 | 202,598 | 202,598 |

On 3 April 2019, at an extraordinary annual general meeting, the shareholders approved the stock split of each ordinary share resulting in an adjustment from 10,000 to 11,000,000,000 shares. As a result of the stock split, all prior period data presented in the financial statements have been adjusted to reflect the split.

On the 22 May 2019, the company became a listed entity of the Jamaica Stock Exchange (JSE) on the main market, all ordinary shares were authorised for issue with no par value. There were no new shares issued.

20. Capital Grants

This represents grant received from the Dutch Government to assist in the construction of the Wind turbines and will be amortised over the useful lives of the assets.

| | 2020 \$'000 | 2019 \$'000 |
|--------------------------------|----------------|----------------|
| Cost of grant | 403,495 | 403,495 |
| Less: Accumulated amortisation | (320,578) | (300,405) |
| Closing balance | 82,917 | 103,090 |
| | 2020 \$'000 | 2019 \$'000 |
| Opening balance | 103,090 | 123,265 |
| Less: Amortisation (Note 6) | (20,173) | (20,175) |
| Closing balance | 82,917 | 103,090 |

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

21. Long Term Liabilities

| | 2020 \$'000 | 2019 \$'000 |
|----------------------------------|----------------|----------------|
| (i) Senior Secured Bonds: | | |
| Series A | 710,000 | 710,000 |
| Series B | 1,953,000 | 1,953,000 |
| Series C | 1,674,587 | 1,674,587 |
| Series D | 2,011,000 | 2,011,000 |
| Unamortised upfront fees on loan | (78,601) | (97,856) |
| | 6,269,986 | 6,250,731 |
| Interest Payable | 20,258 | 22,546 |
| | 6,290,244 | 6,273,277 |
| Less: Current portion | (730,258) | (22,546) |
| | 5,559,986 | 6,250,731 |

(ii) This represents capital raised by the Company by way of a placement of a series of JMD denominated senior secured bonds (Bond A-D).

Series A - This bond has a coupon rate of 6.65% with coupon payment frequency on a quarterly basis. The principal is payable in full at maturity. The maturity date of the bond is 14 December 2020.

Series B - This bond has a coupon rate of 7.40% with coupon payment frequency on a quarterly basis. Principal is payable in full at maturity. The maturity date of the bond is 14 December 2023.

Series C - This bond has a coupon rate of 7.90% with coupon payment frequency on a quarterly basis. Principal is payable in full at maturity. The maturity date of the bond is 14 December 2025.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

21. Long Term Liabilities (Continued)

Senior Secured Bonds (continued)

Series D - This bond has a coupon rate of 8.40% with coupon payment frequency on a quarterly basis. Principal is payable in full at maturity. The maturity date of the bond is 14 December 2028.

The bonds are secured by a debenture setting out a floating charge, over all fixed and floating assets of the Company.

The exposure of the Company's borrowings to interest rate changes and the contractual re-pricing dates at the end of the reporting period are as follows:

| | 2020 \$'000 | 2019 \$'000 |
|-------------|------------------|------------------|
| 0-12 months | 730,258 | 22,546 |
| 1-5 years | 5,559,986 | 6,250,731 |
| | <u>6,290,244</u> | <u>6,273,277</u> |

The carrying amounts and fair value of the non-current borrowings are as follows:

| | Carrying amount | | Fair value | |
|-----------------------|------------------|------------------|------------------|------------------|
| | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 |
| Long term liabilities | 5,559,986 | 6,250,731 | 5,068,699 | 5,757,904 |
| | <u>5,559,986</u> | <u>6,250,731</u> | <u>5,068,699</u> | <u>5,757,904</u> |

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

| | 1 April 2019 \$'000 | Financing cash flows \$'000 | 31 March 2020 \$'000 |
|---------------------------------|---------------------------|-----------------------------------|----------------------------|
| Senior Secured Bonds (A – D) | 6,273,277 | 16,967 | 6,290,244 |
| | <u>6,273,277</u> | <u>16,967</u> | <u>6,290,244</u> |

Financing cash flow represents movement on interest payable and amortisation of loan fees during the period.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

21. Long Term Liabilities (Continued)

Reconciliation of liabilities arising from financing activities(continues)

| | 1 April 2018 \$'000 | Proceeds received \$'000 | Repayment of loan \$'000 | 31 March 2019 \$'000 |
|------------------------------|---------------------------|--------------------------------|--------------------------------|----------------------------|
| PetroCaribe | 6,716,175 | - | (6,716,175) | - |
| Senior Secured Bonds (A – D) | - | 6,250,731 | - | 6,250,731 |
| | <u>6,716,175</u> | <u>6,250,731</u> | <u>(6,716,175)</u> | <u>6,250,731</u> |

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

22. Leases

(i) Amount recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

| | 2020 \$'000 | 1 April 2019 \$'000 |
|-----------------------------|----------------|---------------------------|
| Right -of-use assets | | |
| Land | 165,032 | 176,034 |
| | <u>165,032</u> | <u>176,034</u> |
| Lease Liabilities | | |
| Current | 15,248 | 15,248 |
| Non-Current | 158,899 | 160,786 |
| | <u>174,147</u> | <u>176,034</u> |

(ii) Amounts recognised in the statement of profit and loss. The statement of profit or loss shows the following amounts relating to leases:

| | 2020 \$'000 |
|--|----------------|
| Amortisation charge of right -of-use assets (Note 7) | <u>11,004</u> |
| Interest expense (Note 9) | <u>13,361</u> |

The total cash outflow for leases in 2020 was \$15,248,000

The Company leases land. These lease contracts are typically made for fixed periods of 20 years.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

22. Leases (Continued)

Prior to the 1 April 2019 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. Effective 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments),
- variable lease payment that are based on a rate, initially measured using the rate as at the commencement date
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the Company's incremental borrowing rate is used, being the rate that the individual Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases
- makes adjustments specific to the lease, for example term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Right-of-use assets are generally depreciated/amortised over the shorter of the asset's useful life and the lease term on a straight-line basis.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

23. Change in Accounting Policy

This note explains the impact of the adoption of IFRS 16 Leases on the Company's financial statements.

The Company has adopted IFRS 16 Leases retrospectively from 1 April 2019 but has not restated comparative for the 2019 reporting period as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 April 2019.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average Company's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 7.95%.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 April 2019.

The significance of the underlying asset to the Company's operations may affect their decisions about whether it is reasonably certain to exercise a purchase or renewal option. With the adoption of IFRS 16, the company would have considered their option for the renewal of the land upon the expiration of the agreements and based on the nature of the operations of the company the following factors would have been considered:

- The life span of the Purchase Power Agreement (PPA) normally a period of 20 years, upon expiration a new agreement would have to be obtained from the Ministry of Science, Energy and Technology (MSET). The useful life of the wind turbines are generally 20 years (the life span of the PPA). The industry norm is not to extend the life of the wind turbines, which would normally be obsolete and expensive to maintain. Therefore, the company will be guided by the industry norm where older (obsolete) wind turbines are replaced with more modern equipment which will have higher efficiency and significant reduction in maintenance cost.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

23. Change in Accounting Policy (Continued)

(i) Measurement of Lease Liabilities

| | 1 April 2019 \$'000 |
|---|------------------------------------|
| Operating Lease commitments disclosed as at 31 March 2019 | 190,122 |
| Discounted using the lessee's incremental borrowing rate at the date of initial application | (14,088) |
| Lease liability recognised as at 1 April 2019 | <u>176,034</u> |
| Of which are: | |
| Current lease liabilities | 15,248 |
| Non-current lease liabilities | <u>160,786</u> |
| | <u>176,034</u> |

(ii) Measurement of right-of-use asset

The associated right-of-use assets for leases of land were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 March 2019.

(iii) Adjustment recognised in the statement of financial position on 1 April 2019

The change in accounting policy affected the following items on the statement of financial position on 1 April 2019:

- Right-of-use assets- increased by \$176,034,000,
- Lease liabilities – increased by \$176,034,000, and
- The net impact on retained earnings on 1 April 2019 was nil.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

24. Subsequent Events

- (a) Wigton Windfarm Limited Superannuation Fund was approved by the Financial Services Commission on April 29, 2020. The plan is a defined benefit pension scheme. The scheme will be funded through payments to trustee-administered funds, determined by periodic actuarial calculations.
- (b) On the 2 June 2020, the Company declared an interim dividend of \$0.0025 per share payable on August 13, 2020 to stockholders on record as at June 16, 2020. The ex-dividend date is June 15, 2020.

25. Restatement

Restatement of the prior year balances relates to the below:

Foreign exchange losses relating to loans used to acquire capital assets are not allowed as a deduction in computing chargeable income for tax purposes. Instead, these amounts are capitalized notionally when they are realized and written off as taxable expense at prescribed capital allowance rates thereafter. The unutilized capitalized amounts gave rise to a deferred tax asset which was not properly accounted for by the Company in the prior year balances. Based on the review of the finalised tax computation for the periods 2019 and 2018 the following was highlighted:

- (a) As at 1 April 2018, the deferred tax asset recognised was overstated by an amount of \$39 million which was due to an overstatement of the realised foreign exchange losses by approximately \$159 million.
- (b) As at 1 April 2019, the deferred tax asset recognised was overstated by an amount of \$113 million which was due to an overstatement of the realised foreign exchange losses by approximately \$452 million.

In addition, as at 1 April 2019, there were other differences which resulted in a net movement of \$13,923,000. This was attributed by a reduction in the deferred tax liability by \$22,167,000 (accelerated depreciation - \$13,278,000 and foreign exchange losses - \$8,889,000) and a reduction in the deferred tax assets in the amount of \$8,244,000 which was in relation to tax losses.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

25. Restatement (Continued)

The table below reflects the effect of the above restatement on the statement of comprehensive income for the year ended 31 March 2019.

| | 2019 | | |
|---|--|-------------------------------|----------------------------|
| | As previously stated \$'000 | Restatement \$'000 | Restated \$'000 |
| Sales | 2,447,595 | - | 2,447,595 |
| Cost of sales | (740,162) | - | (740,162) |
| Gross Profit | 1,707,433 | - | 1,707,433 |
| Other income | 502,994 | - | 502,994 |
| General administrative expenses | (433,539) | - | (433,539) |
| Operating Profit | 1,776,888 | - | 1,776,888 |
| Finance expense | (1,049,526) | - | (1,049,526) |
| Profit before Taxation | 727,362 | - | 727,362 |
| Taxation | (173,027) | (60,741) | (233,768) |
| Net Profit | 554,335 | (60,741) | 493,594 |
| Other comprehensive income, net of taxes - Items that will not be reclassified to profit or loss - | | | |
| Remeasurements of pension and other post-employment benefits | 19,103 | - | 19,103 |
| TOTAL COMPREHENSIVE INCOME | 573,438 | (60,741) | 512,697 |
| Earning per stock unit for profit attributable to the equity holders of the Company during the year | \$0.05 | (\$0.01) | \$0.04 |

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

25. Restatement (Continued)

The table below reflects the effect of the above restatement on the statement of financial position as at 31 March 2019.

| | 2019 | | |
|--|--------------------------------|-----------------------|--------------------|
| | As previously stated \$'000 | Restatement \$'000 | Restated \$'000 |
| Non-Current Assets | | | |
| Property, plant and equipment | 7,997,089 | - | 7,997,089 |
| Pension plan asset | 82,702 | - | 82,702 |
| | <u>8,079,791</u> | <u>-</u> | <u>8,079,791</u> |
| Current Assets | | | |
| Accounts receivable | 134,815 | - | 134,815 |
| Taxation recoverable | 61,545 | (1,835) | 59,710 |
| Cash and cash equivalents | 1,376,599 | - | 1,376,599 |
| | <u>1,572,959</u> | <u>(1,835)</u> | <u>1,571,124</u> |
| Current Liabilities | | | |
| Due to parent company | 19,459 | - | 19,459 |
| Accounts payable | 119,498 | - | 119,498 |
| Current portion of long-term liabilities | 22,546 | - | 22,546 |
| | <u>161,503</u> | <u>-</u> | <u>161,503</u> |
| Net Current Assets | <u>1,411,456</u> | <u>(1,835)</u> | <u>1,409,621</u> |
| | <u>9,491,247</u> | <u>(1,835)</u> | <u>9,489,412</u> |
| Equity | | | |
| Share capital | 202,598 | - | 202,598 |
| Retained earnings | 2,691,410 | (100,933) | 2,590,477 |
| | <u>2,894,008</u> | <u>(100,933)</u> | <u>2,793,075</u> |
| Non-Current Liabilities | | | |
| Capital grants | 103,090 | - | 103,090 |
| Long term liabilities | 6,250,731 | - | 6,250,731 |
| Post-employment benefit obligation | 26,925 | - | 26,925 |
| Deferred tax liabilities | 216,493 | 99,098 | 315,591 |
| | <u>9,491,247</u> | <u>(1,835)</u> | <u>9,489,412</u> |

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

25. Restatement (Continued)

The table below reflects the effect of the above restatement on the statement of cash flows for the year ended 31 March 2019.

| | Note | 2019 \$'000 | Restatement \$'000 | Restated 2019 \$'000 |
|---|------|------------------|-----------------------|----------------------------|
| SOURCES OF CASH: | | | | |
| Operating Activities | | | | |
| Net profit | | 554,335 | (60,741) | 493,594 |
| Items not affecting cash: | | | | |
| Depreciation | 11 | 665,225 | - | 665,225 |
| Interest income | 6 | (19,642) | - | (19,642) |
| Interest expense | 9 | 381,806 | - | 381,806 |
| Pension plan asset | | 475 | - | 475 |
| Post-employee benefit obligation | | 6,555 | - | 6,555 |
| Taxation | 10 | 173,027 | 60,741 | 233,768 |
| Amortisation of grant | 20 | (20,175) | - | (20,175) |
| Exchange (gain)/loss on foreign balances | | 53,071 | - | 53,071 |
| | | <u>1,794,677</u> | <u>-</u> | <u>1,794,677</u> |
| Change in operating assets and liabilities: | | | | |
| Accounts receivable | | 40,360 | - | 40,360 |
| Due to parent company | | (5,025) | - | (5,025) |
| Accounts payable | | 18,552 | - | 18,552 |
| | | <u>1,848,564</u> | <u>-</u> | <u>1,848,564</u> |
| Tax paid | | (4,903) | - | (4,903) |
| Cash provided by operating activities | | <u>1,843,661</u> | <u>-</u> | <u>1,843,661</u> |

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

**VOTING FORM****25. Restatement (Continued)**

The table below reflects the effect of the above restatement on the statement of financial position as at 31 March 2018.

| | 2018 | | |
|--|-----------------------------------|-----------------------|--------------------|
| | As previously stated \$'000 | Restatement \$'000 | Restated \$'000 |
| Non-Current Assets | | | |
| Property, plant and equipment | 8,363,008 | - | 8,363,008 |
| Pension plan asset | 67,499 | - | 67,499 |
| | <u>8,430,507</u> | <u>-</u> | <u>8,430,507</u> |
| Current Assets | | | |
| Accounts receivable | 175,176 | - | 175,176 |
| Taxation recoverable | 61,106 | (515) | 60,591 |
| Cash and cash equivalents | 690,367 | - | 690,367 |
| | 926,649 | (515) | 926,134 |
| Current Liabilities | | | |
| Due to parent company | 24,485 | - | 24,485 |
| Accounts payable | 100,947 | - | 100,947 |
| Current portion of long-term liabilities | 770,475 | - | 770,475 |
| | 895,907 | - | 895,907 |
| Net Current Assets | <u>30,742</u> | <u>(515)</u> | <u>30,227</u> |
| | <u>8,461,249</u> | <u>(515)</u> | <u>8,460,734</u> |
| Equity | | | |
| Share capital | 202,598 | - | 202,598 |
| Retained earnings | 2,117,972 | (40,192) | 2,077,780 |
| | 2,320,570 | (40,192) | 2,280,378 |
| Non-Current Liabilities | | | |
| Capital grants | 123,265 | - | 123,265 |
| Long term liabilities | 5,945,690 | - | 5,945,690 |
| Post-employment benefit obligation | 30,164 | - | 30,164 |
| Deferred tax liabilities | 41,560 | 39,677 | 81,237 |
| | <u>6,140,679</u> | <u>(515)</u> | <u>6,180,356</u> |
| | <u>8,461,249</u> | <u>(515)</u> | <u>8,460,734</u> |

I/We _____

Address _____

Phone: _____ Mobile: _____

Email: _____

Jamaica Stock Exchange # _____

I/We desire this form to be used for/against the resolutions as indicated below at the Annual General Meeting of the Company to be held on Wednesday, October 21, 2020 at 11:00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2020

Signature: _____

Please indicate by inserting an "X" in the spaces below how you wish your votes to be cast.

| RESOLUTIONS | FOR | AGAINST |
|--|-----|---------|
| RESOLUTION 1: Adoption of Audited Accounts | | |
| RESOLUTION 2: Ratification of Dividend | | |
| RESOLUTION 3: Election of Directors | | |
| - Resolution 3 (i)(a) | | |
| - Resolution 3 (i)(b) | | |
| - Resolution 3 (i)(c) | | |
| - Resolution 3 (ii)(a) | | |
| - Resolution 3 (ii)(b) | | |
| RESOLUTION 4: Directors' Remuneration | | |
| - Resolution 4 (i) | | |
| - Resolution 4 (ii) | | |
| RESOLUTION 5: Appointment and Remuneration of Auditors | | |
| RESOLUTION 6: Re-appointment of Directors over the age of 70 years | | |
| - Resolution 6 (i) | | |
| - Resolution 6 (ii) | | |

For text of Resolutions please refer to the Notice of the Annual General Meeting which is included in the 2020 Annual Report. The notice can also be accessed at the Company's Website www.wwfja.com or by using the following link -> [Notice.](#)

PLEASE NOTE:

To be valid, this form must be received by the Secretary of the Company not less than forty-eight (48) hours before the time fixed for holding the Meeting or adjourned meeting. This Form can be submitted to the Company via email at wigton.info@wwfja.com or via the drop box located at the Company's registered office at 36 Trafalgar Road, Kingston 10.

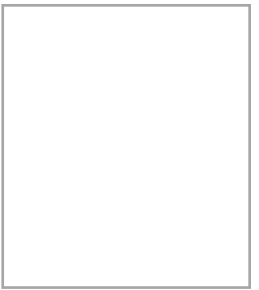
You may download a copy of this form by clicking on this link -> [Voting Form](#).



WIGTON WINDFARM LIMITED
36 Trafalgar Road, Kingston 10



PROXY FORM



I/We _____

Of _____

being a Member/Members of the above named Company, hereby appoint _____

Of _____

or failing him/her _____

Of _____

or failing him/her _____

Of _____

As my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, October 21, 2020 at 11:00 a.m. and at any adjournment thereof.

I/We desire this form to be used for/against the resolutions as indicated below.

Signed this _____ day of _____ 2020

Signature: _____

Unless otherwise directed the Proxy will vote, as he thinks fit. Please indicate by inserting an "X" in the spaces below how you wish your votes to be cast. If no indication is given your Proxy will vote for or against each resolution or abstain, as he thinks fit.

| RESOLUTIONS | FOR | AGAINST |
|--|------------|----------------|
| RESOLUTION 1: Adoption of Audited Accounts | | |
| RESOLUTION 2: Ratification of Dividend | | |
| RESOLUTION 3: Election of Directors | | |
| - Resolution 3 (i)(a) | | |
| - Resolution 3 (i)(b) | | |
| - Resolution 3 (i)(c) | | |
| - Resolution 3 (ii)(a) | | |
| - Resolution 3 (ii)(b) | | |
| RESOLUTION 4: Directors' Remuneration | | |
| - Resolution 4 (i) | | |
| - Resolution 4 (ii) | | |
| RESOLUTION 5: Appointment and Remuneration of Auditors | | |
| RESOLUTION 6: Re-appointment of Directors over the age of 70 years | | |
| - Resolution 6 (i) | | |
| - Resolution 6 (ii) | | |

For text of Resolutions please refer to the Notice of the Annual General Meeting which is included in the 2020 Annual Report. The notice can also be accessed at the Company's Website www.wwfja.com or by using the following link -> [Notice](#).

NOTES:

1. An instrument appointing a proxy, shall, unless the contrary is stated thereon be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed.
2. If the appointer is a corporation, this Form must be under its Common Seal or under the hand of an officer or attorney duly authorized in writing.
3. In the case of joint holders, the vote of the senior will be accepted to the exclusion of the votes of others, seniority being determined by the order in which the names appear on the register.
4. To be valid, this form must be received by the Secretary of the Company at the registered Head Office at 36 Trafalgar Road, Kingston 10, not less than forty-eight (48) hours before the time fixed for holding the Meeting or adjourned meeting.
5. The Proxy Form should bear stamp duty of One Hundred Dollars (\$100.00) which may be in the form of adhesive stamp duly cancelled by the person signing the Proxy Form.

You may download a copy of this form by clicking on this link -> [Proxy Form](#)



WIGTON WINDFARM LIMITED
36 Trafalgar Road, Kingston 10



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