


JAMAICA PUBLIC SERVICE COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

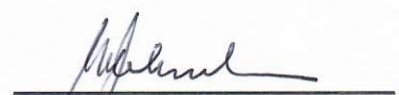
{Unaudited results in US\$ thousand}

	Sep-20	Sep-19	{Audited}
	<u>\$'000</u>	<u>\$'000</u>	<u>Dec-19</u>
			<u>\$'000</u>
ASSETS			
Non-current assets			
Property, plant and equipment	795,880	793,011	806,685
Right-of-use assets	127,965	143,256	131,789
Investment in equity-accounted investee	71,085	44,215	68,127
Employee benefits asset	<u>57,291</u>	<u>44,871</u>	<u>60,482</u>
	<u>1,052,221</u>	<u>1,025,353</u>	<u>1,067,083</u>
Current assets			
Cash and cash equivalents	68,274	11,312	37,037
Restricted cash	46,661	43,950	44,627
Accounts receivable	171,037	154,884	152,193
Due from related parties	1,489	377	8,099
Inventories	42,536	44,560	41,845
Corporation tax recoverable	-	<u>2,620</u>	<u>3,883</u>
	<u>329,997</u>	<u>257,703</u>	<u>287,684</u>
Total assets	<u><u>1,382,218</u></u>	<u><u>1,283,056</u></u>	<u><u>1,354,767</u></u>
Shareholders' equity			
Share capital	261,786	261,786	261,786
Capital reserve	4,760	4,760	4,760
Capital redemption reserve	3,000	3,000	3,000
Retained earnings	<u>238,556</u>	<u>186,983</u>	<u>214,133</u>
	<u>508,102</u>	<u>456,529</u>	<u>483,679</u>
Current liabilities			
Bank overdraft	-	-	2,021
Accounts payable and provisions	145,427	117,905	147,875
Corporation tax payable	1,906	-	-
Due to related parties	2,186	4,748	13,180
Other financial liabilities	-	-	-
Lease liabilities	13,752	10,529	11,398
Short-term loans	-	27,000	14,000
Current portion of long-term loans	<u>55,963</u>	<u>43,712</u>	<u>53,470</u>
	<u>219,234</u>	<u>203,894</u>	<u>241,944</u>
Non-current liabilities			
Customers' deposits	28,915	30,300	31,638
Long-term loans	419,624	368,712	386,052
Lease liabilities	118,811	136,550	125,228
Preference shares	24,688	24,688	24,688
Deferred taxation	44,917	44,530	43,494
Decommissioning provision	10,278	9,936	10,041
Employee benefits obligation	<u>7,649</u>	<u>7,917</u>	<u>8,003</u>
	<u>654,882</u>	<u>622,633</u>	<u>629,144</u>
Total liabilities	<u>874,116</u>	<u>826,527</u>	<u>871,088</u>
Total shareholders' equity and liabilities	<u><u>1,382,218</u></u>	<u><u>1,283,056</u></u>	<u><u>1,354,767</u></u>

ON BEHALF OF THE BOARD



 Minna Israel Director



 Charles Johnston Director

JAMAICA PUBLIC SERVICE COMPANY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED SEPTEMBER 30, 2020

{Unaudited results in US\$ thousand}

	Quarter ended,		Period ended,	
	Sep-20	Sep-19	Sep-20	Sep-19
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Operating revenue	221,584	235,006	649,010	674,921
Cost of sales	<u>(141,298)</u>	<u>(157,920)</u>	<u>(409,946)</u>	<u>(459,056)</u>
Gross profit	80,286	77,086	239,064	215,865
Operating expenses	<u>(57,757)</u>	<u>(55,323)</u>	<u>(171,248)</u>	<u>(157,253)</u>
Operating profit	22,529	21,763	67,816	58,612
Finance income	1,732	1,895	5,260	6,352
Finance expense	<u>(14,374)</u>	<u>(8,606)</u>	<u>(37,936)</u>	<u>(41,315)</u>
Net Finance costs	(12,642)	(6,711)	(32,676)	(34,963)
Other income	6	419	937	1,073
Other expenses	<u>-</u>	<u>(176)</u>	<u>(3,328)</u>	<u>(718)</u>
	9,893	15,295	32,749	24,004
Share of profit/(loss) in equity ^a -accounted investee	<u>394</u>	<u>(102)</u>	<u>2,954</u>	<u>(240)</u>
Profit before taxation	10,287	15,193	35,703	23,764
Taxation	<u>(3,298)</u>	<u>(4,707)</u>	<u>(11,280)</u>	<u>(7,548)</u>
Net Profit	<u><u>6,989</u></u>	<u><u>10,486</u></u>	<u><u>24,423</u></u>	<u><u>16,216</u></u>

Earnings per share/stock unit:

Number of share/stock units (in thousands)	<u>21,828,195</u>	<u>21,828,195</u>	<u>21,828,195</u>	<u>21,828,195</u>
Net profit per share/stock unit (annualised)	<u>0.13¢</u>	<u>0.19¢</u>	<u>0.15¢</u>	<u>0.10¢</u>

JAMAICA PUBLIC SERVICE COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONDENSED) FOR THE PERIOD ENDED SEPTEMBER 30, 2020

{Unaudited results in US\$ thousand}

	Sep-20	Sep-19
	<u>US\$'000</u>	<u>US\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	24,423	16,216
Adjustments for non-cash items:		
Depreciation and amortisation	66,192	56,794
Loss on disposal of property, plant and equipment	-	193
Unrealised foreign exchange (gains)/losses	(8,540)	(2,440)
Amortisation of debt issuance costs	1,220	3,530
Interest income	(4,057)	(4,300)
Interest capitalised	(1,203)	(2,052)
Interest expense	34,136	31,093
Income tax expense	9,857	5,686
Deferred tax expense	1,423	1,862
Share of (profit)/loss in equity-accounted investee	(2,954)	240
Employee benefit obligations, net	2,837	1,703
	<u>123,334</u>	<u>108,525</u>
Increase/(decrease) in working capital:		
Restricted cash	(2,034)	(2,625)
Accounts receivable	(10,705)	27,450
Inventories	(692)	(4,488)
Payables and provisions	(2,297)	(63,572)
Taxation	(4,068)	(9,249)
Due (to)/from related companies, net	(3,708)	2,950
Customer deposits and advances	(2,723)	311
Cash provided by operating activities	<u>97,107</u>	<u>59,302</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of share in equity-accounted investee	(4)	(8,400)
Purchase of property, plant & equipment	(45,683)	(67,610)
Interest received	3,668	4,350
Cash used in investing activities	<u>(42,019)</u>	<u>(71,660)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term loans received/(repaid), net	(14,000)	7,000
Long-term loans received/(repaid), net	43,383	29,729
Payment of lease liabilities	(8,740)	-
Interest paid	(42,473)	(40,326)
Cash used in financing activities	<u>(21,830)</u>	<u>(3,597)</u>
Increase/(decrease) in cash & cash equivalents	33,258	(15,955)
Cash and cash equivalents at beginning of period	35,016	27,267
Cash and cash equivalents at end of period	<u>68,274</u>	<u>11,312</u>

JAMAICA PUBLIC SERVICE COMPANY LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

{Unaudited results in US\$ thousand}

	<u>Share Capital</u>	<u>Capital Reserve</u>	<u>Capital Redemption Reserve</u>	<u>Retained Earnings</u>	<u>TOTAL</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Balance as at December 31, 2018	261,786	4,760	3,000	170,767	440,313
Profit for the period	-	-	-	16,216	16,216
Balance as at September 30, 2019	<u>261,786</u>	<u>4,760</u>	<u>3,000</u>	<u>186,983</u>	<u>456,529</u>
Balance as at December 31, 2019	261,786	4,760	3,000	214,133	483,679
Profit for the period	-	-	-	24,423	24,423
Balance as at September 30, 2020	<u>261,786</u>	<u>4,760</u>	<u>3,000</u>	<u>238,556</u>	<u>508,102</u>

JAMAICA PUBLIC SERVICE COMPANY LIMITED
NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
(UNAUDITED) SEPTEMBER 30, 2020

1. Corporate structure and nature of business

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

The Government of Jamaica’s ownership in the Company is held collectively through the Accountant General’s Department and the Development Bank of Jamaica Limited. In accordance with a Shareholder’s Agreement, the majority shareholders have the right to appoint six members of the Board of Directors while the GOJ has the right to appoint three. Additionally, certain significant decisions of the Board of Directors require a unanimous vote of the appointed directors.

The Company and its subsidiaries, South Jamaica Energy Holdings Limited and Caribbean Blue Skies Energy Limited, are collectively referred to as the Group. The principal activities of the Group are generating, transmitting, distributing and supplying electricity in accordance with the terms of the amended All-Island Electric Licence, 2016, (the Licence) granted on January 27, 2016, by the Minister of Science, Technology, Energy and Mining.

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

2. Regulatory arrangements and tariff structure

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

Under the provisions of the Licence, the Group is granted the exclusive right to transmit, distribute and supply electricity throughout the Island of Jamaica for a period of twenty years and to develop new generation capacity within the first three years from the effective date of the Licence. Since the expiration of this initial three-year period, the Group has the right, together with other persons, to compete for the right to develop new generation capacity.

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

JAMAICA PUBLIC SERVICE COMPANY LIMITED
NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
(UNAUDITED) SEPTEMBER 30, 2020

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

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

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

As of March 1, 2004, and thereafter, on each succeeding fifth anniversary, the Group must submit a filing to the OUR for further rate adjustments to its Non-Fuel Base Rate. The rate filing, which requires OUR approval, is based on a test year and includes defined "efficient" non-fuel operating costs, depreciation expenses, taxes, and a fair return on investment.

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

3. Statement of compliance and basis of preparation

(a) Basis of preparation

The unaudited interim financial statements are prepared in accordance with IAS 34 "Interim Financial Statements".

These financial statements have been prepared using the same accounting policies and methods of computation applied in preparing the financial statements for the year ended December 31, 2019 which was prepared in accordance with International Financial Reporting Standards (IFRS).

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The interim statements are presented in United States dollars, which is the currency in which the Group conducts the majority of its business (its functional currency); and are prepared under the historical cost basis, modified for the inclusion of land carried at valuation.

The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the year ended December 31, 2019.

JAMAICA PUBLIC SERVICE COMPANY LIMITED
NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
(UNAUDITED) SEPTEMBER 30, 2020

4. Cash and cash equivalents

As at September 30, 2020, cash and cash equivalents include amounts restricted for use amounting to approximately \$46.7 million (Sep-19: \$43.9 million). This includes approximately \$45.6 million (Sep-19: \$43.0 million) in relation to a self-insurance sinking fund administered under the direction of the OUR (see note 2).

5. Operating expenses

	Quarter ended		Period ended	
	Sep-20	Sep-19	Sep-20	Sep-19
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Bad debt	(3,181)	(2,379)	(10,291)	(5,712)
Depreciation and amortisation	(21,407)	(19,393)	(66,192)	(56,794)
Staff costs	(15,573)	(18,273)	(48,093)	(50,608)
Other	<u>(17,596)</u>	<u>(15,278)</u>	<u>(46,672)</u>	<u>(44,139)</u>
	<u>(57,757)</u>	<u>(55,323)</u>	<u>(171,248)</u>	<u>(157,253)</u>

6. Net finance costs

	Quarter ended		Period ended	
	Sep-20	Sep-19	Sep-20	Sep-19
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Foreign exchange gain/(loss)	(2,524)	376	(2,580)	(6,692)
Other finance costs	(11,262)	(8,394)	(33,604)	(32,878)
Preference dividends	(588)	(588)	(1,752)	(1,745)
Finance income	<u>1,732</u>	<u>1,895</u>	<u>5,260</u>	<u>6,352</u>
	<u>(12,642)</u>	<u>(6,711)</u>	<u>(32,676)</u>	<u>(34,963)</u>

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

December 31, 2018	<u>127.72</u>	December 31, 2019	<u>132.57</u>
March 31, 2019	<u>126.47</u>	March 31, 2020	<u>135.39</u>
June 30, 2019	<u>131.07</u>	June 30, 2020	<u>140.01</u>
September 30, 2019	<u>135.16</u>	September 30, 2020	<u>142.10</u>

7. Compliance with debt covenants

Under the terms of the long term loan agreements with certain international development financial institutions, the Group is required to maintain a certain financial covenant relating to minimum Debt to Earnings before Interest, Tax, Depreciation and Amortisation. The Group was fully compliant with all its loan covenant obligations as at September 30, 2020.