

JAMAICA PUBLIC SERVICE COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021 {Unaudited results in US\$ thousand}

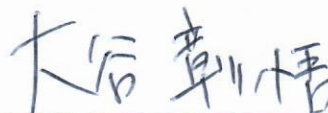
	Jun-21 <u>\$'000</u>	Jun-20 <u>\$'000</u>	{Audited} Dec-20 <u>\$'000</u>
ASSETS			
Non-current assets			
Property, plant and equipment	806,169	798,137	826,958
Right-of-use assets	540,963	580,295	550,958
Investment in equity-accounted investee	80,925	70,688	76,292
Employee benefits asset	<u>50,075</u>	<u>57,859</u>	<u>51,514</u>
	<u>1,478,132</u>	<u>1,506,979</u>	<u>1,505,722</u>
Current assets			
Cash and cash equivalents	52,920	25,685	54,350
Restricted cash	49,609	46,004	48,512
Accounts receivable	131,977	150,395	150,441
Due from related parties	1,168	1,402	1,503
Inventories	30,559	45,219	39,289
Corporation tax recoverable	<u>1,316</u>	<u>2,174</u>	<u>-</u>
	<u>267,549</u>	<u>270,879</u>	<u>294,095</u>
Total assets	<u><u>1,745,681</u></u>	<u><u>1,777,858</u></u>	<u><u>1,799,817</u></u>
Shareholders' equity			
Share capital	261,786	261,786	261,786
Capital reserve	19,288	4,760	19,288
Capital redemption reserve	3,000	3,000	3,000
Retained earnings	<u>239,953</u>	<u>227,703</u>	<u>222,703</u>
	<u>524,027</u>	<u>497,249</u>	<u>506,777</u>
Current liabilities			
Accounts payable and provisions	93,126	119,399	112,295
Corporation tax payable	-	2,403	5,168
Due to related parties	19,252	3,857	28,115
Lease liabilities	26,825	11,896	26,478
Current portion of long-term loans	<u>51,548</u>	<u>49,305</u>	<u>47,469</u>
	<u>190,751</u>	<u>186,860</u>	<u>219,525</u>
Non-current liabilities			
Customers' deposits	30,356	30,042	29,163
Long-term loans	377,120	401,502	408,265
Lease liabilities	531,145	571,461	544,595
Preference shares	24,688	24,688	24,688
Deferred taxation	32,643	48,781	32,419
Decommissioning provision	27,398	10,254	27,010
Employee benefits obligation	<u>7,553</u>	<u>7,021</u>	<u>7,375</u>
	<u>1,030,903</u>	<u>1,093,749</u>	<u>1,073,515</u>
Total liabilities	<u>1,221,654</u>	<u>1,280,609</u>	<u>1,293,040</u>
Total shareholders' equity and liabilities	<u><u>1,745,681</u></u>	<u><u>1,777,858</u></u>	<u><u>1,799,817</u></u>

ON BEHALF OF THE BOARD



Bok Hoa Jeong

Chairman



Shogo Otani

Director

JAMAICA PUBLIC SERVICE COMPANY LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE
PERIOD ENDED JUNE 30, 2021**

{Unaudited results in US\$ thousand}

	Quarter ended,		Period ended,	
	Jun-21	Jun-20	Jun-21	Jun-20
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Operating revenue	236,387	210,648	460,399	427,426
Cost of sales	<u>(141,256)</u>	<u>(131,579)</u>	<u>(277,152)</u>	<u>(268,648)</u>
Gross profit	95,131	79,069	183,247	158,778
Operating expenses	(59,792)	(52,645)	(120,505)	(106,381)
Impairment loss on trade receivables	<u>(986)</u>	<u>(4,554)</u>	<u>(3,620)</u>	<u>(7,110)</u>
Operating profit	34,353	21,870	59,122	45,287
Net Finance costs	(19,012)	(8,867)	(38,270)	(20,034)
Other income	78	853	144	931
Other expenses	<u>(203)</u>	<u>(460)</u>	<u>(1,908)</u>	<u>(3,328)</u>
	15,216	13,396	19,088	22,856
Share of profit in equity-accounted investee	<u>1,656</u>	<u>861</u>	<u>4,633</u>	<u>2,560</u>
Profit before taxation	16,872	14,257	23,721	25,416
Taxation	<u>(5,221)</u>	<u>(4,755)</u>	<u>(6,471)</u>	<u>(7,982)</u>
Net Profit	<u>11,651</u>	<u>9,502</u>	<u>17,250</u>	<u>17,434</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>0.21¢</u>	<u>0.17¢</u>	<u>0.16¢</u>	<u>0.16¢</u>

JAMAICA PUBLIC SERVICE COMPANY LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONDENSED) FOR THE
PERIOD ENDED JUNE 30, 2021**

{Unaudited results in US\$ thousand}

	Jun-21	Jun-20
	<u>US\$'000</u>	<u>US\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	17,250	17,434
Adjustments for non-cash items:		
Depreciation and amortisation	59,194	44,785
Unrealised foreign exchange gains	(5,462)	(6,545)
Amortisation of debt issuance costs	597	892
Interest income	(2,755)	(2,776)
Interest capitalised	(503)	(752)
Interest expense	36,532	22,614
Income tax expense	6,248	6,559
Deferred tax expense	223	1,423
Share of profit in equity-accounted investee	(4,633)	(2,560)
Employee benefit obligations, net	<u>1,617</u>	<u>1,641</u>
	108,308	82,715
Increase/(decrease) in working capital:		
Restricted cash	(1,097)	(1,377)
Accounts receivable	18,262	9,791
Inventories	8,730	(3,375)
Payables and provisions	(9,545)	(28,369)
Taxation	(12,731)	(2,447)
Due (to)/from related companies, net	(8,528)	(1,950)
Customer deposits and advances	<u>1,193</u>	<u>(1,596)</u>
Cash provided by operating activities	<u>104,592</u>	<u>53,392</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(27,908)	(31,662)
Interest received	<u>2,957</u>	<u>2,533</u>
Cash used in investing activities	<u>(24,951)</u>	<u>(29,129)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term loans received/(repaid), net	-	(14,000)
Long-term loans received/(repaid), net	(22,201)	16,936
Payment of lease liabilities	(13,102)	(5,598)
Interest paid	<u>(45,768)</u>	<u>(30,932)</u>
Cash used in financing activities	<u>(81,071)</u>	<u>(33,594)</u>
Decrease in cash & cash equivalents	(1,430)	(9,331)
Cash and cash equivalents at beginning of period	<u>54,350</u>	<u>35,016</u>
Cash and cash equivalents at end of period	<u>52,920</u>	<u>25,685</u>

JAMAICA PUBLIC SERVICE COMPANY LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED JUNE 30, 2021**

{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, 2019	261,786	4,760	3,000	210,269	479,815
Profit for the period	-	-	-	17,434	17,434
Balance as at June 30, 2020	<u>261,786</u>	<u>4,760</u>	<u>3,000</u>	<u>227,703</u>	<u>497,249</u>
Balance as at December 31, 2020	261,786	19,288	3,000	222,703	506,777
Profit for the period	-	-	-	17,250	17,250
Balance as at June 30, 2021	<u>261,786</u>	<u>19,288</u>	<u>3,000</u>	<u>239,953</u>	<u>524,027</u>

JAMAICA PUBLIC SERVICE COMPANY LIMITED
NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
(UNAUDITED) JUNE 30, 2021

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) JUNE 30, 2021

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, 2020 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, 2020.

JAMAICA PUBLIC SERVICE COMPANY LIMITED
NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
(UNAUDITED) JUNE 30, 2021

4. Cash and cash equivalents

As at June 30, 2021, cash and cash equivalents include amounts restricted for use amounting to approximately \$49.6 million (Jun-20: \$46 million). This includes approximately \$48.6 million (Jun-20: \$45 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	
	Jun-21	Jun-20	Jun-21	Jun-20
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Depreciation and amortisation	(28,740)	(22,599)	(59,194)	(44,785)
Staff costs	(14,525)	(15,714)	(30,550)	(32,520)
Other	<u>(16,527)</u>	<u>(14,332)</u>	<u>(30,761)</u>	<u>(29,076)</u>
	<u>(59,792)</u>	<u>(52,645)</u>	<u>(120,505)</u>	<u>(106,381)</u>

6. Net finance costs

	Quarter ended		Period ended	
	Jun-21	Jun-20	Jun-21	Jun-20
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Foreign exchange gain/(loss)	(1,879)	996	(4,399)	(56)
Other finance costs	(18,202)	(11,226)	(35,972)	(22,342)
Preference dividends	(581)	(582)	(1,157)	(1,164)
Finance income	<u>1,650</u>	<u>1,945</u>	<u>3,258</u>	<u>3,528</u>
	<u>(19,012)</u>	<u>(8,867)</u>	<u>(38,270)</u>	<u>(20,034)</u>