

This Prospectus is issued by the Petroleum Corporation of Jamaica ("PCJ") and is dated April 3, 2019. A copy of this Prospectus, having attached thereto the documents required to be attached thereto by sub-section 40(2) of the Companies Act, 2004 was delivered to the Registrar of Companies for registration in accordance with the requirements of the Companies Act, 2004 and was registered by the Registrar of Companies on April 8, 2019. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus.

The Financial Services Commission registered this Prospectus on April 8, 2019 pursuant to Section 26 of the Securities Act. The Financial Services Commission has neither approved this Prospectus nor passed upon the accuracy or adequacy of this Prospectus.

This Prospectus is intended for use in Jamaica only and is not to be construed as an invitation or offer to any person outside of Jamaica to subscribe or apply for any of the Shares.

The Directors of PCJ are the persons responsible for the information contained herein. To the best of the knowledge and belief of such Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of such Directors accepts responsibility accordingly.

No person has been authorised to give any information or to make any representations other than those contained in this Prospectus.



**OFFER FOR SALE
BY
PETROLEUM CORPORATION OF JAMAICA
of up to 11,000,000,000 ordinary shares
in the capital of Wigton Windfarm Limited**

**at an offer price of JS0.50 per share
(including the Reserved Shares)**

Payable in full on Application

**Reserved Shares
2,200,000,000 Ordinary Shares**

Office: 36 Trafalgar Road, Kingston 10

Website: www.pcj.com

Telephone Number: (876) 929-5380 **Fax:** (876) 929-2409

This document does not constitute an offer or solicitation of an offer to buy or apply for any Shares to any person in any jurisdiction to whom or in which jurisdiction such offer of solicitation is unlawful. The Shares have not been and will not be registered under the US Securities Act of 1933 as amended or qualified for sale under the laws of any State of the United States of America.

The Application List will open at 9:00 a.m. on April 17, 2019 and will close at 4:30 p.m. on May 1, 2019, subject to the right of PCJ to close the Application List at any time, upon prior notice, if applications have been received for the full amount of the Shares available for sale and subject also to the right of PCJ to extend the closing beyond that date in certain limited circumstances.

Applications for Shares should be made on the original Application Form provided at the end of this Prospectus. Applications must be for multiples of 100 Shares subject to a minimum of 2,000 Shares. The procedure for completing the Application Form and the terms and conditions of this Initial Public Offer are set out at Section 17 of this Prospectus. Two billion two hundred million (2,200,000,000) Reserved Shares are available, on a priority allocation basis to PSWs at the Offer for Sale price of J\$0.50 per Share. All Reserved Shares which are not allocated to PSWs will be available for allocation to the general public.

An Application will be submitted to the Board of the Jamaica Stock Exchange (“JSE”) for the whole of the issued ordinary share capital of the Company to be listed on the main market of the JSE. It is anticipated that the ordinary shares will be converted to stock units and listed within twenty one (21) days after the close of the Application List. However, the foregoing statement regarding the Company’s intention to list its stock units on the JSE is not to be construed as a guarantee that the Shares will be listed or that the Shares will be so listed within the time stated. If the Shares are listed, dealings will commence immediately after such listing. If the Shares are not so listed, then any provisional allocation of Shares made by PCJ will be revoked and PCJ will not proceed with the un-conditional allocation of Shares pursuant to this Prospectus. Accordingly, all monies received from applicants in response to this Prospectus will be refunded, without interest, within seven (7) days after the JSE has notified the Company of its decision to decline the listing application and in any event, in accordance with section 48(4) of the Companies Act, within forty-eight (48) days after the issue of this Prospectus.

Notwithstanding anything herein and in particular the use of the market term “Offer” and other cognate expressions, this Prospectus does not constitute and is not intended to be an offer by or on behalf of PCJ to sell any of the Shares. It is instead an invitation to treat. An Investor who submits an Application Form shall be deemed to be making an offer to PCJ to purchase Shares in the Company from PCJ. PCJ may or may not accept such offer. Acceptance of any such offer will occur only by way of allocation of Shares by PCJ in response to an application. In submitting an Application Form each prospective Investor acknowledges the foregoing legal effect of the Prospectus and of his application.

SHARE CAPITAL

| | Number of Shares | Amount of Paid in Capital | Percentage of issued share capital |
|---|------------------|---------------------------|------------------------------------|
| <u>Authorised</u> | | | |
| (a) Ordinary Shares | unlimited | J\$202,598,000.00 | |
| (b) Special Share | 1 | J\$1.00 | |
| <u>Issued & Fully Paid</u> | | | |
| (a) Ordinary shares | 11,000,000,000 | J\$202,598,000.00 | 100% |
| (b) Special Share | 1 | J\$1.00 | 0% |
| <u>Now Offered for Sale</u> | | | |
| (a) Ordinary shares offered for sale (excluding Reserved Shares) at J\$0.50 per Share | 8,800,000,000 | J\$162,078,400.00 | 80% |
| (b) Reserved Shares offered for Sale at J\$0.50 per Share | 2,200,000,000 | J\$40,519,600.00 | 20% |
| TOTAL | 11,000,000,000 | J\$202,598,000.00 | 100% |

Up to 11,000,000,000 Shares in total are being offered pursuant to this Offer for Sale by PCJ. The Shares being offered for sale are ordinary shares with no par value.

All the ordinary shares which are offered for sale and the ordinary shares (if any) which will remain in the hands of PCJ rank, and will continue to rank, *pari passu* in all respects with each other and with all ordinary shares of the same class that may be issued by the Company in the future. Accordingly the Shares will rank equally for dividends and other distributions hereafter declared, paid or made on the ordinary share capital of the Company.

If any of the Reserved Shares are not fully allocated to the Reserved Share Applicants, then the excess Reserved Shares shall form part of the general pool of Shares available for sale to the general public.

If the Company's application for listing on the JSE is accepted then prior to such listing the Company intends to convert all its issued ordinary shares into stock units.

INDEBTEDNESS

At the close of business on March 31, 2019 the Company's financial indebtedness to banks, financial institutions and other lenders was for an aggregate sum of J\$6,371,624,291.59. The Company has not issued any guarantees or assumed any contingent liability.

NO PART OF THIS OFFER FOR SALE IS UNDERWRITTEN.

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1. DEFINITIONS

The following definitions apply throughout this Prospectus unless the context otherwise requires:

| | |
|-------------------------------|--|
| “Articles” | the Articles of Incorporation of the Company |
| “Applicant” | a person who applies for Shares in this Offer for Sale (including a Reserved Share Applicant) |
| “Application Form” | the application form for Shares in this Offer for Sale |
| “Auditors” | PricewaterhouseCoopers |
| “Board” | the Board of Directors of the Company or, where the context so permits, any Committee of the Board of Directors |
| “Business Day” | any day (other than a Saturday, Sunday or public general holiday in Jamaica) on which banks are open for business in the Corporate Area of Kingston & Saint Andrew |
| “the Company” or “WWF” | Wigton Windfarm Limited, a company incorporated under the laws of Jamaica |
| “Directors” | the directors (including any alternate director) of the Company as at the date of this Prospectus |
| “Dollars” or “J\$” or “\$” | Jamaican dollars |
| “EA 2015” | the Electricity Act, 2015 |
| “FSC” | the Financial Services Commission |
| “FYE” | financial year end (such as FYE 2017 which would mean the end of the 2017 fiscal year being March 31, 2017) |
| “Government” | the Government of Jamaica |
| “GPE” | the Government Procurement Entity designated by Cabinet pursuant to section 20 of the EA 2015 to procure generating capacity for the System |
| “Investor” | an Applicant who is allocated Shares in this Offer for Sale |
| “IPP” | means an independent power producer licenced under the EA 2015 but does not include JPS |
| “JPS” | Jamaica Public Service Company Limited, the owner and operator of the public electricity grid and the “Single Buyer” (as defined below) under the EA2015 |

| | |
|--|--|
| “JSE” | Jamaica Stock Exchange |
| “JCSD” | Jamaica Central Securities Depository Limited |
| “Lead Broker” or “Mayberry” | Mayberry Investments Limited a company incorporated in Jamaica with its registered office located at 1 ½ Oxford Road, Kingston 5, Saint Andrew |
| “MW” | megawatts |
| “Net Energy Output” | net energy produced by an IPP and delivered for sale to JPS at the relevant interconnection point |
| “Offer” | the initial public offering whereby the public is invited to apply for Shares offered for sale by PCJ |
| “Offer & Listing Expenses” | all costs incurred in connection with this Offer for Sale and the listing of the Shares on the JSE including but not limited to (i) legal fees; (ii) Lead Broker’s fees; (iii) Accountants’ fees; (iv) registration fees payable to the Registrar of Companies; (v) JSE listing fees and cess; and (vi) marketing and promotional expenses and (vii) other expenses incurred in connection with the Offer for Sale and the listing of the Shares |
| “PCJ” | Petroleum Corporation of Jamaica, a statutory corporation established under the Petroleum Act |
| “PCJ Directors” | the directors, for the time being, of PCJ |
| “PetroCaribe Agreement” | the energy cooperation agreement between the Government of the Bolivarian Republic of Venezuela and the Government of Jamaica signed in Montego Bay, Jamaica on August 23, 2005 |
| “PetroCaribe Fund” | PetroCaribe Development Fund, a statutory body established under the Petroleum Act |
| “Public Sector Worker” or “PSW” | a public sector employee being a person employed to any Ministry or other central government department or local government, any public body (as defined under the Public Bodies Management and Accountability Act), including the WWF, or any executive agency (as defined under the Executive Agencies Act) and “PSWs” means more than one |
| “Reserved Share Applicant(s)” | a person that is eligible to apply for Reserved Shares; being a PSW |

| | |
|-------------------------------|---|
| “Reserved Shares” | the 2,200,000,000 Shares in the Offer for Sale that are reserved for application by Reserved Share Applicants |
| “Retail Applicant” | an Applicant who applies for 10,000 Shares or less |
| “Share” | a fully paid ordinary share in the capital of the Company and includes an ordinary stock unit and <i>vice versa</i> |
| “Shareholder” | includes stockholder and <i>vice versa</i> |
| “Single Buyer” | JPS, being the party licenced under the EA 2015 to purchase Net Energy Output generated by IPPs |
| “Special Share” | the special rights redeemable preference share which may be issued to the Accountant General |
| “System” | means the physically connected electricity generation, transmission and distribution facilities operated under the central management of JPS |
| “US Dollars” or “US\$” | United States dollars |
| “2018 Bonds” | means the debt securities privately placed by the Company in December 2018 to raise funds to liquidate the Company’s indebtedness to PetroCaribe Fund |

In this Prospectus, the singular includes the plural and *vice versa* and references to one gender include all other genders. References to “person” include any individual, company or other corporate body or any firm or partnership. When used in this Offer for Sale Prospectus the word “subscribe”, when used with reference to the Shares held by PCJ, means to apply to purchase Shares from PCJ in this Offer for Sale and cognate expressions such as “subscription” or “subscriber”, in such context, shall be construed likewise.

2. IMPORTANT NOTICE & DISCLAIMER

2.1 **If you are in doubt about the contents of this Prospectus, you should consult your stockbroker, securities dealer, investment adviser, bank manager, attorney-at-law, professional accountant or other professional adviser.**

2.2 You should not apply for any of the Shares unless you have received and read or had the opportunity to read this Prospectus in full. You should rely only on information contained in, or incorporated by reference in, this Prospectus. No one has been authorised by PCJ to provide you with different information. The Shares are available for sale only in Jamaica. No action has been taken to register or qualify the Shares for subscription or sale outside Jamaica. The Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation. **The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted by law and, accordingly, persons into whose possession this Prospectus may come are required to inform themselves about, and to observe, such restrictions.**

2.3 The Shares have not been nor will they be registered or qualified under the United States Securities Act, 1933, as amended or any applicable Blue Sky law or other security law of any State or political sub-division of the United States of America. The Shares may not be offered, sold, transferred, or delivered, directly or indirectly in the United States of America, its territories or possessions or any area subject to the jurisdiction of the United States or in any other country in which an invitation to apply for the Shares or the offering of the Shares is not permitted by applicable law.

2.4 The PCJ Directors do not warrant or make any representation as to the accuracy of the information in this Prospectus as of any date other than the date on which it is dated.

2.5 This Prospectus should not be considered as a recommendation by PCJ or the Lead Broker to any recipient of this Prospectus to apply for or to purchase any of the Shares. Each investor contemplating an application for any Shares should make his own independent investigation and appraisal of the financial condition, creditworthiness and affairs of the Company.

2.6 This Prospectus contains forward-looking statements. Specifically, forward-looking statements are found in Section 10. Forward-looking statements are also found in other Sections throughout the document and may be identified by accompanying language such as “*expects*”, “*intends*”, “*anticipates*”, “*estimates*” and other cognate or analogous expressions or by qualifying language or assumptions. These statements involve both known and unknown risks, uncertainties and other important factors that could cause the actual results or outcome to differ materially from the forward-looking statements.

2.7 These risks, uncertainties and other factors beyond the control of PCJ or the Company include among others:

- (a) general economic and business conditions (both locally and internationally);
- (b) competition in the energy generation sector;
- (c) changes in political, social and economic conditions impacting adversely on the securities market in general and on the Company in particular;
- (d) regulatory initiatives adversely affecting the securities market or the Company;
- (e) changes in the electricity regulatory regime;
- (f) natural disasters such as earthquake and hurricane;
- (g) changes in the relationship between the Company and JPS (as the Single Buyer);
- (h) failure of key equipment;
- (i) changes in tax policy, the application of tax laws and the like and/or the Government's regulatory regime.

2.8 If you are thinking of purchasing Shares in the Company you are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Prospectus. PCJ and the Lead Broker expressly disclaim any obligation or undertaking to distribute any updates or revisions to any forward-looking statements or to reflect changes in applicants' expectations with regard to those statements or any changes in events, conditions or circumstances on which any forward-looking statement is based.

2.9 Prospective Investors should be aware that the price of the Shares and the income derived from them can, in common with other shares, go up as well as down. There is no assurance that the investment objectives of the Company will be actually achieved.

2.10 Neither the FSC, nor the Registrar of Companies nor any other Government agency or regulatory authority in Jamaica (other than PCJ) has made any determination as to the accuracy or adequacy of the matters contained in this Prospectus.

2.11 The Lead Broker (in its capacity as such) and any other selling agent or dealer that may be appointed have not, and are not expected to, separately verify the information contained in this Prospectus. None of the Lead Broker or any other selling agent or dealer makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Prospective Investors should ensure that they understand the risks that may affect the Company and/or the Shares and the extent of their own ability to bear risk in light of their financial circumstances.

2.12 For convenience, the website addresses of certain parties have been provided in this Prospectus. Except as expressly set forth in this Prospectus, no information on such websites should be deemed to be incorporated in, or form part of this Prospectus and PCJ takes no responsibility for the information contained on such websites. The Jamaica Stock Exchange has approved the publication of this Prospectus on its website and accordingly is expected to upload the Prospectus to its website (www.jamstockex.com). This should not be construed that the JSE has approved or is in any way responsible for the contents of this Prospectus.

2.13 This Prospectus may be sent to you in electronic form. You are reminded that documents transmitted via that medium may be altered or changed during the process of transmission and consequently neither PCJ nor the Lead Broker or other selling agent nor any of their respective directors, officers, employees or advisers accept any responsibility whatsoever in respect of any difference between the Prospectus delivered to any prospective Investors in electronic form and the hard copy version registered with the Registrar of Companies.

2.14 Notwithstanding anything herein and in particular the use of the market term “Offer” and other cognate expressions, this Prospectus does not constitute and is not intended to be an offer by or on behalf of PCJ to sell any of the Shares. It is instead an invitation to treat. An Investor who submits an Application Form shall be deemed to be making an offer to PCJ to purchase Shares in the Company from PCJ. PCJ may or may not accept such offer. Acceptance of any such offer will occur only by way of allocation of Shares by PCJ in response to an application. In submitting an Application Form each prospective Investor acknowledges the foregoing legal effect of the Prospectus and of his application.

3. DIRECTORS AND SECRETARY OF THE COMPANY & ADVISORS TO THE OFFER FOR SALE

DIRECTORS

| Name | Position |
|---|-------------------------------|
| Oliver Holmes, B.Sc., M.Sc. (Acct.) | Non-Executive Chairman |
| Nigel B. Davy, B.T., J.P. | Non-Executive Director |
| M. Georgia Gibson-Henlin, Q.C., B.A. LL.B. (Hons.), LL.M., F.C.I. Arb. | Non-executive Director |
| Hugh Johnson, | Non-executive Director |
| Gregory Shirley, B.A., M.B.A. | Non-executive Director |
| Jacqueline Stewart-Lechler, J.P. | Non-executive Director |

CORPORATE SECRETARY

| Name | Further Information |
|---------------------|---------------------|
| Shaun Treasure, FCA | See paragraph 12.6 |

ADVISORS

| Description | Name | Address |
|--|---|---|
| Registrar and Transfer Agent | Jamaica Central Securities Depository Limited | 40 Harbour Street Kingston Jamaica |
| Lead Broker & Financial Advisor | Mayberry Investments Limited | 1½ Oxford Road Kingston 5 Saint Andrew Jamaica |

| Description | Name | Address |
|----------------------------------|---|---|
| Auditors | PricewaterhouseCoopers | Scotiabank Centre, Duke Street Kingston |
| Legal Advisors to PCJ | Patterson Mair Hamilton Attorneys-at-law | Temple Court 85 Hope Road Kingston 6 Jamaica |

4. SUMMARY OF COMPANY HIGHLIGHTS & 5 YEAR INCOME STATEMENT

SUMMARY OF COMPANY HIGHLIGHTS

| | |
|--|--------|
| WWF Generating Capacity | 62.7MW |
| Number of Wind Turbines owned by WWF | 44 |
| WWF Share of Aggregate Generating Capacity of All Producers (including JPS) | 6% |
| WWF Share of Aggregate Contract Capacity of All IPPs | 16.4% |
| Percentage of WWF Electricity Generated from Renewables | 100% |

SUMMARY OF 5-YEAR AUDITED STATEMENT OF COMPREHENSIVE INCOME EXPRESSED IN JAMAICAN DOLLARS

| | 2014 \$'000 | 2015 \$'000 | 2016 \$'000 | 2017 \$'000 | 2018 \$'000 |
|--|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Sales | 1,495,137 | 1,543,970 | 1,831,149 | 2,162,412 | 2,356,766 |
| Cost of sales | <u>(367,580)</u> | <u>(366,231)</u> | <u>(375,017)</u> | <u>(658,005)</u> | <u>(704,416)</u> |
| Gross Profit | 1,127,557 | 1,177,739 | 1,456,132 | 1,504,407 | 1,652,350 |
| Other Income | 184,387 | 148,511 | 123,521 | 170,212 | 636,920 |
| General administrative expenses | <u>(312,257)</u> | <u>(209,995)</u> | <u>(337,267)</u> | <u>(339,658)</u> | <u>(404,121)</u> |
| Operating profit | 999,687 | 1,116,255 | 1,242,386 | 1,334,961 | 1,885,149 |
| Finance expense | <u>(788,883)</u> | <u>(550,101)</u> | <u>(704,055)</u> | <u>(964,192)</u> | <u>(877,356)</u> |
| Net profit before taxation | 210,804 | 566,154 | 538,331 | 370,769 | 1,007,793 |
| Taxation | <u>(157,698)</u> | <u>(141,248)</u> | <u>(236,004)</u> | <u>(184,564)</u> | <u>(181,641)</u> |
| Net Profit | <u>53,106</u> | <u>424,906</u> | <u>302,327</u> | <u>186,205</u> | <u>826,152</u> |
| Re-measurement of pension and other post employment benefits | <u>(2,733)</u> | <u>(13,804)</u> | <u>3,372</u> | <u>28,632</u> | <u>7,941</u> |
| Total comprehensive income | <u>50,373</u> | <u>411,102</u> | <u>305,699</u> | <u>214,837</u> | <u>834,093</u> |

5. SUMMARY OF THE OFFER FOR SALE

| | |
|--|---|
| OFFEROR: | Petroleum Corporation of Jamaica |
| SECURITIES: | Up to 11,000,000,000 Shares (inclusive of the Reserved Shares) in the capital of Wigton Windfarm Limited (“the Company” or “WWF”). WWF is currently a wholly-owned subsidiary of PCJ. |
| BUSINESS OF WWF: | Generating energy from wind for sale to JPS. |
| RESERVED SHARES: | <p>2,200,000,000 Shares (called “Reserved Shares”) are reserved to meet applications from Reserved Share Applicants.</p> <p>If Reserved Share Applicants do not take up all the reserved Shares available to them then such Shares be available to the general public.</p> |
| RESERVED SHARE APPLICANTS: | Public Sector Workers (see Section 1 above). |
| OFFER FOR SALE PRICE: | J\$0.50 per Share for all Applicants (including Reserved Share Applicants) |
| RIGHTS ATTACHING TO THE SHARES: | <p>The Shares will all rank equally for voting. On a show of hands every Shareholder will have one vote and on a poll each Shareholder will have one vote per Share held by him or for which he holds a proxy.</p> <p>Each Share will rank <i>pari passu</i> for dividends and distributions on a winding up. Each Share will also rank <i>pari passu</i> in the right to receive bonus shares or allotment on a rights issue. <i>Pari passu</i> means that all Shareholders will be treated on equal footing but in proportion to the number of Shares held.</p> |
| RESTRICTIONS ON TRANSFER: | The Shares will be freely transferable after listing on the JSE, subject to a 10% limitation on shareholding (see paragraph 15.36 below). |
| APPLICATION FOR LISTING: | Application will be made for the Shares to be listed on the Main Market of the JSE. No assurance can be given that the application will succeed and that the Shares will in fact be listed. |

| | |
|--|--|
| DIVIDEND POLICY: | <p>The Company has adopted a dividend policy that will target to pay out a dividend not exceeding twenty-five per cent (25%) of net profits after tax as it continues to pay down its debt. The Company’s dividend policy is subject to the availability of sufficient distributable reserves for each financial year. The Company reserves the right to revise its dividend policy as the need arises.</p> <p>The Company is prohibited from paying dividends if there is a breach of any of the financial covenants set out in the Debentures securing the Company’s obligations under the 2018 Bonds. (See paragraph 9.15 for further information).</p> |
| NET OFFER FOR SALE PROCEEDS: | PCJ expects to receive approximately J\$5,105,882,847.00 from this Offer for Sale after deducting Offer for Sale & Listing Expenses. |
| CONDITION FOR THE ALLOCATION OF SHARES: | The allocation of Shares to applicants in this Offer for Sale is conditional upon the JSE admitting the Shares for listing on the main market of the JSE. If the Shares are not so admitted then all application monies tendered for Shares in this Offer for Sale will be refunded without interest. |
| APPLICATION FORM: | See Appendix 1 of this Prospectus. |
| OFFER TERMS AND CONDITIONS: | See Section 18 of this Prospectus. |
| PAYMENT METHOD: | Payable in full on application. See Section 18 for further details. |
| TIMETABLE OF KEY DATES: | <p><u>Registration of Prospectus</u>: April 8, 2019.</p> <p><u>Publication of Prospectus</u>: April 8, 2019.</p> <p><u>Opening Date</u>: 9:00 A.M. April 17, 2019.</p> <p><u>Closing Date</u>: 4:30 P.M. May 1, 2019 (subject to early closing once Applications are received for all the Shares offered for Sale).</p> |
| APPLICATION PROCEDURES: | Application Forms must be submitted to the Lead Broker, or a selling or collection agent along with the requisite payment, in immediately available funds. See Section 18 for further details. |

| | |
|--|--|
| <p>BASIS OF ALLOCATION:</p> | <p>Allocation will not be on a “first come first served basis”. Instead Shares will be allocated after close of the Application List when all the valid Applications are received. The Application List will close at 4:30 p.m. on May 1, 2019 but PCJ reserves the right to close the Application List earlier upon giving prior notice and may extend the closing in certain circumstances. Shares will be allocated in two stages.</p> <p>(a) First, Reserved Share Applicants will be allocated Shares on a “bottom-up” basis in tranches of 10,000 Shares until the Reserved Shares are fully allocated and/or all Reserved Share Applications are met in full.</p> <p>(b) Second, members of the general public will then be allocated Shares on a similar “bottom up” basis in tranches of 10,000.</p> <p>“Bottom up” basis means that all Applications (large or small) up to the first 10,000 Shares will be met. Applications in excess of 10,000 will then be met in similar fashion in increments of 10,000 until all Applications are met or all the Shares are allocated. Notwithstanding the foregoing PCJ reserves the right to make adjustments to the general allocation policy to ensure fair and equitable allocation with an emphasis on a wide distribution of the Shares especially among Retail Applicants.</p> |
| <p>CONFIRMATION OF SHARE ALLOCATION/SALE:</p> | <p>All Applicants may refer to the confirmation instructions that will be posted on the website of the JSE (www.jamstockex.com) after the closing date.</p> |
| <p>REFUNDS:</p> | <p>a) <i>In the event of oversubscription:</i> Refund cheques for all monies received in excess of Shares allocated will be available for collection through the office at which payment was originally made within ten (10) days of the Closing Date (or the extended Closing Date, as the case may be).</p> <p>b) <i>In the event the Shares are not listed on the JSE:</i> Refund cheques will be available for collection through the office at which payment was originally made within seven (7) days after the JSE has notified the Company of its decision to decline the listing application and, in any event, within forty-eight (48) days after the issue of this Prospectus.</p> |

FINAL ALLOCATION AND LISTING OF SHARES:

Within twenty-one days (21) of the Closing Date; subject to the Shares being admitted, by the Board of the JSE, for listing on the main market of the JSE.

6. DETAILS OF THE OFFER FOR SALE

General Overview

6.1 By this Prospectus PCJ is inviting prospective investors (including Reserved Share Applicants) to apply for a total of 11,000,000,000 Shares in the capital of the Company. Out of that number 2,200,000,000 Shares (“Reserved Shares”) have been reserved for subscription by Reserved Share Applicants.

The application price shall be J\$0.50

6.2 If any of the Reserved Shares remains unsubscribed after being offered to all Reserved Share Applicants then those Shares shall be available for sale to the general public at the Offer for Sale Price of J\$0.50.

6.3 PCJ expects to raise approximately J\$5,500,000,000.00 in this Offer for Sale (before Offer for Sale & Listing Expenses) and if fully subscribed the total number of Shares in issue at completion will be 11,000,000,000. All Shares will rank *pari passu*, in all respects, with each other and with the existing ordinary shares in the capital of the Company. A summary of the rights attaching to the Shares is set out at Section 4. The Company has issued only two (2) classes of shares, namely ordinary shares and the Special Share.

Reasons for the Offer for Sale

6.4 The Directors of PCJ, at the direction of the Government, are undertaking the Offer for Sale followed by listing of the Shares on the Stock Exchange in order to:

- (a) widen the ownership base of the Company; and
- (b) allow direct equity participation in the economy by encouraging local ownership and participation in the energy sector; and
- (c) provide funds to PCJ.

Key Terms and Conditions of the Offer for Sale

6.5 The principal terms and conditions of this Offer for Sale are summarized in the table below:

| | |
|--|--|
| Who is making this Offer for Sale? | PCJ, a statutory corporation established under the Petroleum Act. |
| What is the type of security being offered? | The Shares, being fully-paid ordinary shares in the capital of Wigton Windfarm Limited. |
| How many Shares are available for sale? | <p>A total of 11,000,000,000 Shares will be available for sale but of that amount 2,200,000,000 Shares (called “Reserved Shares”) are reserved for applications made by Reserved Share Applicants.</p> <p>If any the Reserved Shares remain un-allocated after meeting applications made by Reserved Share Applicants then those Shares shall be available to meet applications for Shares by the general public.</p> |
| What is the Application Price for the Shares? | <p>The application price per Share will be J\$0.50 and must be paid in full on application.</p> <p>The Company Reserved Shares are being offered to Reserved Share Applicants at the Offer for Sale Price.</p> <p>If any of the Reserved Shares are not allocated to Reserved Share Applicants then those Reserved Shares shall be available for allocation to the general public at the Offer for Sale price of J\$0.50 per Share.</p> |
| What is PCJ’s share allocation policy? | <p>PCJ intends to allocate Shares among Applicants in a fair and equitable manner with an emphasis on favouring PSWs and Retail Applicants and achieving wide ownership of the Shares. In that respect its allocation policy will be on a “bottom-up” basis rather than a “first come first served” basis</p> <p>Under its allocation plan PCJ intends to allocate Reserved Shares among Reserved Share Applicants on a “bottom up” basis – that is to say applications for Reserved Shares will be met starting with the first 10,000 and moving upwards until the Reserved Shares or Reserved Applications are met in full.</p> <p>Reserved Shares not taken up by Reserve Share Applicants will form part of the public pool.</p> |

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| | <p>In allocating Shares to public Applicants a similar “bottom up” process will be applied in increments of 10,000 Shares. This is designed to ensure that Retail Applicants will, subject to availability, have the Application met in full up to the first 10,000.</p> <p>For further details see paragraph 18.19 below. Note also that PCJ reserves the right to modify its allocation plan to meet its objective of wide ownership of the Company.</p> <p>PCJ reserves the right to reject any Application in whole or in part without giving reasons. Applicants whose Applications are not accepted or who have been allocated a lower number of Shares than they applied for will be entitled to a refund, in whole or in part, of their application money. Interest will not be paid on refunds and any interest earned on application monies will be retained by PCJ. Refunds will be made within ten (10) days of the close of the Offer for Sale and in any event within 48 days after the issue of this Prospectus.</p> <p>Shares will not be allocated on a “first come first serve basis”. Note however that PCJ may, upon prior notice, close the Application List to the general public once the Shares are all fully taken.</p> |
| <p>Will the Shares be listed?</p> | <p>The Company has agreed with PCJ to apply to the JSE for the Shares to be listed on the main market of the JSE. It is expected that the listing will occur within 21 days after close of the Offer for Sale. No warranty, representation or other commitment is given or made by the Company or PCJ that the JSE will in fact approve the Company’s listing application.</p> |
| <p>What if the JSE does not approve the Company’s application for listing?</p> | <p>The allocation of Shares by PCJ will be conditional upon the Shares being listed for trading on the main market of the JSE. If the Shares are not admitted for trading on the JSE then all provisional allocation of Shares in the Offer for Sale will be cancelled and payment made by Applicants will be returned in full without interest.</p> |
| <p>What will happen to my application monies?</p> | <p>On payment your application money will be held by the Lead Broker, Mayberry Investments Limited, in an escrow account until the Shares are approved for listing on the JSE. Only then will the funds be released to PCJ. If the amount you pay is less than the total application price for the number of</p> |

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| | <p>Shares stated in your Application Form then PCJ reserves the right to treat your application as an application for such lower number of Shares as the payment tendered may cover and as if you had specified that lower number in your Application Form or alternatively PCJ may reject your Application entirely.</p> |
| <p>When are the Shares expected to commence trading?</p> | <p>Application for listing of the Shares will be promptly made by the Company after close of the Offer for Sale. If the Company's application is successful it is expected that trading in the Shares will commence within twenty-one (21) Business Days from the closing of the Offer for Sale. Since this is not a matter entirely within the control of the Company or PCJ neither of them makes any commitment or representation that trading will in fact commence by the anticipated date.</p> |
| <p>When and how will I receive confirmation that my Application has been successful?</p> | <p>The allocation of Shares to Applicants who take up Shares will be made and announced within seven (7) days after of the close of the Application List. A list of the successful Applicants in the Offer for Sale will be submitted to the JSE within ten (10) days after the close of the Application List.</p> |
| <p>What should I do if I have further enquires?</p> | <p>All enquires in relation to this Offer for Sale should be directed to the Lead Broker; namely:</p> <p>Mayberry Investments Limited 1½ Oxford Road Kingston 5 Tel: (876) 929-1908-9 Toll Free: 1-888 CALL MIL (225 5645) Fax: (876) 929-1501 Email: Tania.Waldron@mayberryinv.com; or Gary.Peart@mayberryinv.com</p> <p>Mayberry's opening hours are 8.30 a.m. to 4.30 p.m. Mondays to Fridays (except public general holidays in Jamaica).</p> <p>If you require assistance in completing the Application Form or if you are in doubt as to whether an investment in the Shares is a suitable investment for you, then you should seek professional advice from any selling agent or collecting agent or your stockbroker, investment adviser, attorney-at-law, accountant, financial adviser or other independent professional advisor before deciding to apply for Shares. A</p> |

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| | list of selling agents and collecting agents will be published on the Mayberry website (www.mayberryinv.com) and the PCJ website (www.pcj.com). |
| What will PCJ do with the Offer for Sale proceeds? | PCJ intends to use part of the Offer for Sale proceeds to pay the Offer for Sale & Listing Expenses. PCJ and the Ministry of Finance and the Public Service will decide on how the balance is to be utilized. |

OTHER KEY INFORMATION ABOUT THE OFFER FOR SALE

| | |
|--|--|
| Prospectus Publication Date | April 8, 2019 |
| Application List Opens | April 17, 2019 |
| Application List Closes | 4.30 p.m. on May 1, 2019 (subject to right of PCJ, upon giving prior notice in the press or on the JSE website (www.jamstockex.com) or the Mayberry website (www.mayberryinv.com), to close at any time after the Offer for Sale is fully taken up). Note that PCJ may close the Application List to the general public but permit it to remain open to Reserved Share Applicants to encourage full participation by Reserved Share Applicants. |
| Maximum Offer for Sale Capitalisation | J\$5,500,000,000.00 |

Notes:

1. The Offer for Sale may close at any time after it is fully subscribed. Notice of such closure will be published immediately on Mayberry's website (www.mayberryinv.com) and on PCJ's website (www.pcj.com) and will be sent to the JSE. The JSE may elect to publish the notice on its website (www.jamstockex.com). Notice will also be sent to the local Press.
2. Announcement of allocation will be made on Mayberry's website (www.mayberryinv.com) and PCJ's website (www.pcj.com) to the JSE and the local Press.
3. Applications for Shares should be made in accordance with the procedure set out in Section 17 of this Prospectus. Within three (3) days after the close of the Application List the JSE shall be notified of the details and basis of the allocation. The allocation of Shares to Applicants who take up Shares will be made and announced within seven (7) days after the close of the Application List. A list of the successful Applicants in the Offer for Sale will be submitted to the JSE within ten (10) days after the close of the Application List.

4. However, until the Shares are listed on the Jamaica Stock Exchange, allocation and sale to Applicants, even if notified to them, shall be only provisional and will be revoked by PCJ if the Shares are not listed on the JSE.

5. Within ten (10) days after the closing of the Application List, renunciation letters/certificates of allotment accompanied by refund of all monies received in excess of shares allocated, if any, will be forwarded to all relevant Applicants for collection at the office of the selling agent or collecting agent from which the Application was received.

6. **THE OFFER FOR SALE IS NOT UNDERWRITTEN.**

7. PRE-OFFER FOR SALE TRANSACTIONS

7.1 The Company and the Board carried out a number of transactions in connection with this Offer for Sale and the listing of the Shares on the JSE. The more material transactions are described in this Section 7 of the Prospectus.

Appointment and Resignation of Directors

7.2 The current board of directors of the Company, under the Chairmanship of Oliver Holmes, was appointed as of January 1, 2019. See further Section 11 for brief resumes of the Directors.

Repayment of PetroCaribe Fund Indebtedness

7.3 Up to December 19, 2018 the Company was indebted to the PetroCaribe Fund in the aggregate principal sum of US\$49.2M under two (2) loan agreements. (See paragraphs 9.8 to 9.14 for further information). PetroCaribe Fund is statutorily empowered to grant loans to public bodies which are self-financing and to the Ministry of Finance and the Public Service to finance Government projects which have the potential to generate savings or expand revenue flows to the Government. This means that if this Offer for Sale is successful the Company would cease to be a public body and would not qualify to hold loans from PetroCaribe Fund. In anticipation of the Offer for Sale, the Company, in December 2018, launched a private placement of bonds to raise up to J\$6,500,000,000.00 in order to repay the loans owing to the PetroCaribe Fund. The placement was successful with the Company raising J\$6,348,586,690.42 which was converted to United States dollars through a Bank of Jamaica facility and applied to repay in full the loans owing to the PetroCaribe Fund. (See further paragraphs 9.11 to 9.15).

Further Pre-Offer for Sale Transactions

7.4 In anticipation of the Offer for Sale and listing of the Shares on the JSE the following further transactions were undertaken, by the Company:

- (a) it converted from a private to a public company and adopted new Articles of Incorporation which are intended to comply with the requisite requirements of the Rules of the JSE;
- (b) it sub-divided its 10,000 issued ordinary shares into 11,000,000,000 ordinary shares of no par value;
- (c) it resolved that its existing shares and its un-issued shares shall be converted to stock units;
- (d) it authorized the Company to apply for listing of its stock units on the JSE;

- (e) it issued the newly created Special Share to the Accountant General; and
- (f) it ratified all actions taken by the Board in pursuance of the Offer for Sale by PCJ and the listing of its shares on the JSE.

Pre-Offer for Sale Ownership Structure

7.5 The current ownership structure of the Company post-reorganization of the ordinary share capital is as shown below.

| Shareholders | Shareholding | Approx. % Issued Capital |
|----------------------------------|--------------------------------|---------------------------------|
| Petroleum Corporation of Jamaica | 11,000,000,000 Ordinary Shares | 100% |
| Accountant General | 1 Special Share | 0% |

Post-Offer for Sale Ownership Structure

7.6 After the Offer for Sale (assuming that all Shares in the Offer are fully taken up by the general public and Reserved Share Applicants) the ordinary share ownership structure is expected to be:

| Shareholders | Shareholding | Approx. % Issued Capital |
|---------------------------|--------------------------------|---------------------------------|
| Accountant General | 1 Special Share | 0% |
| Reserved Share Applicants | 2,200,000,000 Ordinary Shares | 20% ¹ |
| General Public | 8,800,000,000 Ordinary Shares | 80% |
| Total Ordinary Shares | 11,000,000,000 Ordinary Shares | 100% |

¹ This assumes that all Reserved Shares are taken up.

8. RISK FACTORS

8.1 In addition to other information set forth in this Prospectus, investors should consider carefully the risks described below before applying for or purchasing Shares in the Company. These risks are not the only ones facing investors. Additional risks, not presently known to the PCJ Directors or that the PCJ Directors may presently consider to be immaterial, may also impair the Company's operations.

8.2 This Offer for Sale Prospectus also contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated by PCJ as a result of certain factors, including the risks faced by the Company described below and elsewhere in this Prospectus. You should read Section 2 entitled "Important Notice & Disclaimer" for more information.

Risk In Relation To the First Sale & Market Liquidity

There is no guarantee that a liquid market in the Company's shares will develop.

8.3 Listing on the JSE should not be taken as implying that a liquid market for the Shares will develop. Since this is the first public offer of Shares in the Company, no formal market for the Shares has been established. Thus, there is no guarantee that an active trading market will develop in the Shares or will be sustained in the Shares after listing. The Offer for Sale price for the Shares has been determined by a Ministerial Sub-Committee appointed by Cabinet and the PCJ Directors on the advice of the Lead Broker and was approved by Cabinet. The Offer for Sale price should not be taken to be indicative of the market price of the Shares, after they are listed on the JSE. If an active trading market does not develop or is not maintained then the liquidity and trading price of the Shares may be adversely affected.

The Shares, though listed on the Jamaica Stock Exchange, may not be readily saleable and shareholders who may want to "cash-out" may not be able to do so or may only be able to do so at a discount.

8.4 The JSE is a relatively "thin" market compared to larger stock exchanges in more developed countries. This means that the universe of buyers and sellers on the JSE and the volumes that they customarily buy and sell are relatively small. Large institutional investors such as pension funds, insurance companies and collective investment schemes are limited, by their own internal investment policies and also by external regulations, as to the amount of shares they may hold in any one company or sector and as a general rule these investors tend to "buy" and hold. This means that any given time the number of buyers in the market for a given stock may be small and a shareholder who wishes to liquidate some or all of his holdings may be faced, at the material time, with weak demand and may therefore be forced to offer his shares at a discount to attract buyers.

Any “overhang” of Shares held by PCJ poses a risk to shareholders in relation to any subsequent “sell down” by PCJ

8.5 Although PCJ intends to offer all its Shares for sale it is possible that applications may be received for less than all the offered Shares. In such a case PCJ would continue to hold Shares in the Company. PCJ has not signed a lock-up agreement with the Company and accordingly it would be free at any time to sell or otherwise dispose of any of its un-sold Shares at any time. Any such sale could be done by way of a single transaction (subject to the 10% limitation on shareholding) or by a series of spot sales across the stock exchange as PCJ deems fit. Sale of a relatively large block of Shares would likely have a depressive effect on the trading price of the Shares on the JSE.

Ordinary Stock Price Fluctuations

The stock price of the Shares may vary significantly after the Offer for Sale caused by various factors some of which are beyond the control of the Company.

8.6 The trading price of the Shares may fluctuate significantly after the Offer for Sale and may continue to do so in the future. Some of the reasons for fluctuations in the price of the Shares include but are not limited to:

- announcements of developments related to the Company’s business;
- the issue of additional shares by the Company from time to time;
- general conditions in the Jamaican economy;
- changes in the general law regarding several matters including but not limited to taxation;
- changes on the regulatory regime under which the Company is licenced and operates; and
- changes in the Rules of the JSE.

In addition, trading prices on the JSE may be particularly subject to volatility. In many cases, the fluctuations may be unrelated to the operating performance of the affected companies. As a result, the price of the Shares could fluctuate in the future without regard to operating performance of the Company or to matters within the control of the Company.

Risks relating to the Regulatory regime under which the Company operates

Changes in Government Regulation & Policies may adversely impact upon the Company

8.7 The Company operates in the electricity generation sector which is highly regulated and subject to Government policy changes which may impact significantly upon the Company. The primary legislation which governs the Company is the EA 2015 which came into force on August 27, 2015 (“the Appointed Day”). Section 60 of that Act provides that its provisions shall be reviewed by a Joint Select Committee of both Houses of Parliament not later than five (5)

years after the Appointed Day. In addition, the Government of Jamaica may from time to time effect changes in policies, laws or regulations, which may have an adverse impact on the performance of the Company. By 2020 the Electricity Act may undergo substantive policy evaluation and it cannot be predicted whether changes to the Act, Government policies, laws or regulations, will favour renewable power generators such as WWF.

Failure by Government to implement energy development plan

8.8 The Government has for some time been developing an Integrated Resource Plan (“the IRP”). The IRP, which is currently in draft form, is intended to guide the development of a modern energy sector in Jamaica in keeping with the objectives of Vision 2030 which projects that by 2030 twenty percent (20%) of Jamaica’s energy needs will be derived from renewables. With the Government’s encouragement of renewable energy generation, it is expected that the IRP will provide a roadmap for an increase in generation capacity from renewables. The current draft of the IRP treats solar and wind energy as if they were a single source but the Ministry of Science, Energy & Technology intends that both sources of energy will be treated separately in the final IRP. WWF is exclusively invested in, and has developed expertise in, generating energy from wind. Nevertheless, if it proves economically feasible, WWF could elect to bid for future generating requirement based on solar or any other renewable or non-renewable energy source. In switching to another energy source, WWF could be at a disadvantage compared to other independent power producers (IPPs) who may be more experienced in that technology. Accordingly, there is no assurance that WWF will have an opportunity in the near future to expand its wind generation capacity.

Government encouragement of renewable energy generation may change.

8.9 Government has from time to time made statements which suggest that the Government favours generation of electricity from renewable sources in contrast to hydrocarbons. Under the EA 2015, technical reasons apart, renewable energy generators are guaranteed access to the System operated by JPS. This of course is subject to the renewable energy producer being successful in its bid following a call by the GPE for additional generating capacity. To encourage renewable energy production EA 2015 provides that the Minister may, after consultation with the OUR, prescribe renewable energy targets for Jamaica which may include a feed-in-tariff set by the OUR for each source of energy. The Government has abandoned the Feed-in Tariff system and instead currently pursues a “least cost” policy under which producers of energy will compete for additional capacity according to the source from which the additional capacity is required. For instance, in 2015 the OUR invited bids for an additional 37MW of generation capacity in which responding IPPs were first assessed on (i) their ability to implement the project and (ii) a technical evaluation of the IPP’s proposed project (including the renewable technology to be used by the IPP and availability and suitability of proposed project site among other criteria). IPP’s which met the minimum requirements relating to (i) and (ii) above were then assessed in order to select a project that will best contribute to the overall power sector objective of reliability and security of supply at least cost to consumers. According to the Government’s Vision 2030 National Development Plan and the National Energy Policy the target is to produce 20% of Jamaica’s energy needs from renewables by 2030. The Prime Minister is reported in the

press as having stated an intention to increase the target to 50% by 2030. The current level is approximately 15%.

8.10 A Feed-in Tariff study by the Ministry of Science Energy & Technology and the World Bank in July 2012 determined that the rates for various renewable energy source were as follows:

- | | | | |
|-----|---------------------------------|---|-------------------------------|
| (a) | hydro | = | US\$0.11 to US\$0.15 per kWh; |
| (b) | wind; | = | US\$0.14 per kWh; |
| (c) | solar (utility scale PV system) | = | US\$0.26 per kWh; and |
| (d) | solar (consume solar PV) | = | US\$0.32 per kWh |

Risks of hurricane, fire and other Acts of God

Catastrophic events affecting Jamaica such as hurricane and earthquake could impact generally on economic activity in Jamaica and the operations of the Company.

8.11 The Company's wind turbines and other equipment, building, and fixtures are susceptible to loss or damage by fire, hurricane, earthquake, flood, lightning strikes, and other perils. The Company has, and intends to maintain, insurance against physical loss or damage to its generating plant and equipment and consequential loss of profits arising from such loss or damage. However, such insurance may not be adequate to compensate the Company for all losses which it may incur in a catastrophic event. For instance, cost and time over runs in restoring a plant to full working capacity may result in loss which may be outside the terms of any insurance policy and with the passage of time the Company would be further exposed to inflation and currency risks.

A catastrophic event affecting JPS (and not the Company) may curtail the obligation and ability of JPS to off-take and pay for electricity which the Company is capable of generating.

8.12 If a catastrophic event such as hurricane or earthquake were to hit Jamaica, JPS' transmission and distribution network may be incapacitated and it may be unable to deliver electricity to its customers. In such circumstances JPS could claim force majeure under the Power Purchase Agreements which it has with the Company. By so doing JPS would have no obligation to off-take power from the Company even though the Company may be able to generate such power. Since the Company has no legal right to sell power to end users and it has no transmission and distribution network of its own it means that the Company's operation would be paralyzed until JPS' network is restored. The Company's insurance does not cover loss of profits arising from force majeure events affecting JPS' ability to off-take energy produced by the Company.

If wind conditions are unfavourable or below the Company's estimate in relation to any of its wind projects the electricity production and therefore its income may be adversely affected.

8.13 The Company generates electricity from three wind turbine plants, Wigton I, Wigton II and Wigton III. The generating performance of each plant will depend upon the availability of wind resources. The strength and consistency of wind reaching each plant will vary from time to time depending on climatic conditions. The Company selected the site of its wind turbines based on historical data but in the face of global warming weather patterns may change. If the wind resources are insufficient or become inconsistent the electricity generated by wind turbines could fall and the Company's income and cash flow could decrease.

8.14 A number of factors could cause wind resources and energy output to decrease materially, including:

- (a) the potential impact of global warming and climatic changes;
- (b) the potential impact of topographic changes including deforestation;
- (c) changes in weather patterns.

JPS' Counterparty Risks

The Company's sole customer is JPS and its fortunes are inextricably linked to the fortunes of JPS.

8.15 All the Company's Net Energy Output is sold, and can only be sold, to JPS, . Thus, if JPS is, for any reason, unable to pay the Company for power provided to JPS or if JPS refuses or otherwise fails to off-take or pay for power produced by the Company then the Company's cash flow would be adversely affected. The Company therefore has a huge counterparty exposure to JPS. For instance, if JPS were to suffer major financial loss and is unable to pay its obligations as they fall due then the Company may likewise suffer a similar fate.

8.16 Save for insurance, which would likely be relatively expensive, the Company has no means of ameliorating the counterparty risk faced from having a single customer. Under EA 2015 power generated by the Company can only be sold to JPS and even if the Government were minded to change the law only JPS has a transmission and distribution system to deliver electricity to consumers..

Power Purchase Termination Risk

Upon expiration of a PPA even though the Company's relevant wind turbine may still be fully functional it has no automatic right to continue to produce and sell power to JPS.

8.17 Electricity is sold by the Company to JPS under three (3) separate Power Purchase Agreements (PPAs) - one in respect of each of the Company's wind farms. On termination of a PPA, JPS' purchase of electricity under that PPA would cease. As a result the Company's generation capacity associated with the terminated PPA would become unutilized. Under the EA 2015, the Company could not simply enter into a new PPA with JPS to replace the lost generation capacity. Instead the GPE established under the EA 2015 must initiate a new competitive bid process to select an IPP to supply the lost capacity. Accordingly, the Company would have to compete with other IPPs for the supply of the replacement generation capacity. A similar process would apply relative to other IPPs. Accordingly, there is no guarantee that the Company can replace generation capacity which it supplied prior to the termination of a PPA. The inability of the Company to supply electricity to JPS would have a negative impact on the Company's revenue, growth and future prospects. The Company's three PPAs will expire on the following dates:

| Wind farm | Contract Period under PPA | Expiration Date | Extension Period |
|------------|---------------------------|-----------------|---|
| Wigton I | 20 years | April 2024 | Up to 6 years |
| Wigton II | 20 years | December 2030 | Up to 5 years |
| Wigton III | 20 years | May 2036 | Additional period to be agreed by the parties |

The PPAs may be extended according to their terms provided that certain conditions are satisfied (see paragraphs 9.2 to 9.4 for further information).

The Company is subject to significant technological risks

Technological advances in the renewable energy field expose the Company to the risk that its wind turbine technology may become technologically or economically obsolete before the end of the useful life of the turbines.

8.18 Wind turbines are estimated to have a life span of 20 years. The Company's first plant consisting of 23 900kW rated NEG Micon NM 52/900 turbines was commissioned in 2004. This plant is rated to produce 20.7 MW of power. Phase II which was commissioned in 2010 is an 18MW expansion of the original plant and comprises 9 2MW Vestas V80 turbines. Phase III was commissioned in 2016 and consists of 12 2MW Gamesa G80 turbines with an aggregate capacity of 24MW. As new and improved technologies emerge regulators expect that consumers will see the benefit of those technologies in the form of reduced rates. The Company runs the risk that it

may become un-competitive compared to other energy producers and may be forced to retrofit or upgrade its plants to remain competitive.

As the Company's fleet of wind turbines ages it is expected that its generating capacity will decrease and maintenance cost will increase thereby reducing net profits.

8.19 As it is with conventional forms of power generation, the energy output of a wind turbine decreases with each passing year. One study puts the annual output decline at between 0.75% - 2.25%.² Factors contributing to the deteriorating performance include:

- (a) fouling of the turbines blades thereby reducing aerodynamic performance;
- (b) reduction on component efficiencies- such as gearbox, bearings and generator as they suffer inevitable wear and tear;
- (c) longer down-time due to increased failure and delays in bringing plant on line due to unavailability of obsolete parts; and
- (d) likely lack of manufacturer's warranty and/ or maintenance support.

The Company, in order to reduce or prevent the expected degradation in performance of its wind turbines, has put in place a maintenance program under which wind turbines which exhibit lower generating capacity from its "as new" condition are fully disassembled, serviced and rebuilt with replacement parts where necessary. It has been the Company's experience that, after maintenance, the rebuilt wind turbines revert to their full generating capacity. Nevertheless, the feasibility of such maintenance has been evaluated against the term left to run under the relevant PPA and the prospects of securing any extension of the relevant PPA.

Retrofitting or upgrading its wind turbine plants carry inherent risks of cost and time overruns

8.20 The economic viability of upgrading, retrofitting, repairing or renovating any of the Company's wind turbines will be materially affected by unplanned delays or costs. During the process the plant would necessarily be taken off line and potential losses which the Company could suffer by completion delays would include:

- (a) loss of revenue during the down-time; and

² Iain Staffell and Richard Green of Imperial College, London, 2014: How does wind farm performance decline with age?

- (b) increased costs of completion arising from costs over-runs, labour increases and the like.

The maintenance and repair of the Company's wind turbines may in some instances be dependent on the Company's ability to source parts

8.21 The Company currently sources wind turbine replacement parts from manufacturers of its wind turbines. It is expected that these manufacturers will continue to support these turbines throughout their average life span of 20 years after which the manufacturers could cease to produce spare parts. If that were to occur the ability of the Company to effectively maintain and upkeep such wind turbines would be adversely affected. Thus, the Company could be forced to retire, rather than repair, an existing turbine which is otherwise functioning effectively and this could result in material capital cost.

In certain circumstances the Company requires assistance to restart wind turbines acquired from Vestas Eólica S.A.U.

8.22 In respect of Wigton II, the Company has purchased 9 wind turbines from Vestas Eólica S.A.U. ("Vestas"). In a few instances, the computers of some of the Vestas wind turbines have required rebooting - which could only be carried out by a toolkit software ("the software") owned by Vestas. Vestas has not shared the software with the Company due to its proprietary nature. Accordingly, the Company is unable to reboot its Vestas wind turbine computers without assistance from Vestas and at a cost which the Company has to bear. If Vestas is unavailable or unwilling to reboot a wind turbine computer, then the related wind turbine would remain inoperable until such time as Vestas is available to do so.

The Company is subject to significant competition

8.23 Under the EA 2015 new generating capacity to be linked into the System will be the subject of competitive bidding. The EA 2015 provides for a Generation Procurement Entity ("GPE") to be appointed by Cabinet. The GPE will manage the competitive bidding process to procure new generating capacity. Under the EA 2015 JPS may not unilaterally replace existing capacity owned by it. However, JPS has a right of first refusal to replace existing generating capacity owned by it but must adhere to certain protocols and rules to be prescribed by the GPE and must satisfy certain conditions set out in the Third Schedule to the EA 2015. Those conditions include a requirement that the new generation cost shall not exceed the generation avoided costs or the generating capacity of the plant to be replaced or else the generation capacity will be put to general competitive bidding.

8.24 Upon expiration of a generating licence granted by the Minister, which licence would run concurrently with a PPA with JPS, the Company would be compelled to cease production and if the lost capacity is to be replaced then such replacement would be the subject of competitive bidding administered by the GPE which may or may not be restricted to wind power. If the Company wishes to vie for new generating capacity (whether or not to replace capacity lost

by the Company) at any time it would have to compete with other local and international producers in the relevant category specified in the call for bids. Based on prevailing Government policy it is expected that the key competitive factors would be cost and system reliability with a strong bias in favour of renewables.

8.25 In connection with such competitive bidding Government does not, at the present time, operate a feed-in tariff (“FiT”) system although it is permitted to do so under the EA 2015. This means that there is no policy which directly favours renewable energy sources by specifying a fixed rate for renewable energy producers to sell power to the System. Instead, Government currently pursues a least cost policy with competition being restricted to energy sources. Thus, a call for additional generating capacity would specify the source of energy, say solar or wind, and bidders would vie for such capacity by submitting bids in respect of the specified source of energy. This means that there would be no cross-source competition and wind producers would compete against each other for additional capacity when the call by the GPE is for additional capacity from wind. This also means that the Company would be excluded from a call for additional capacity, from say hydro, unless it was prepared to cross-over into that field. Government policy could change at any time and it could adopt a strategy whereby a call is made for additional capacity from any renewable source or even from all sources.

8.26 The PetroCaribe Fund is empowered by the Petroleum Act to make loans to (i) public bodies which are self-financing and (ii) the Ministry of Finance and the Public Service to finance certain development projects (see paragraph 9.10 for further details). The Company, as a public body, had previously made use of this facility in order to fund certain expansion works (see paragraphs 9.10 and 9.11). The facility remains open to other public bodies such as PCJ. Accordingly, PCJ, a subsidiary thereof or other public bodies could access the facility with a view of establishing other IPP(s) which could compete with WWF. PCJ is also mandated to undertake the development and promotion of Jamaica’s indigenous energy resources and all forms of renewable energy. Accordingly, PCJ has given no non-compete or “lock-out” undertaking in favour of the Company and could, at any time, directly or through a new subsidiary, re-enter the energy generating field as an IPP. In such a case it would have to compete for available generating capacity like any other IPP.

Operational Risks

8.27 In the execution of its business functions the Company is exposed to operational risks arising from failures in systems and the processes through which it operates. Critical areas of operational risks include:

- (a) errors by employees in the technical operation of Company’s business causing breakdown and possible equipment damage;
- (b) key equipment failure;
- (c) acts of God (including but not limited to fire, flooding, earthquake);

- (d) data entry errors, accounting errors; and
- (e) fraud (internal and external) or other criminal activity.

8.28 The Board of Directors and management of the Company will seek to counter such risks by maintaining comprehensive engineering & maintenance systems. In terms of financial and accounting controls the Company will maintain its current internal controls and administrative checks and balances to monitor transactions supported by a robust internal audit oversight. The Company also carries fidelity guarantee insurance which covers the Company against loss at the hands of dishonest employees.

No guarantee that the Company will pay dividends

8.29 Any dividend on the Shares will be dependent upon the performance of the Company. The Company's dividend policy is set out at Section 12 below and should not be construed as a dividend forecast. Under Jamaican law a company can only pay dividends to the extent that it has distributable reserves to pay such dividends. Even where the Company has distributable reserves the Directors may decide not to pay a dividend if to do so would render the Company inadequately capitalized or if for any other reason the Directors consider that paying a dividend at that time would not be in the best interest of the Company. No dividend can be paid unless recommended by the Directors.

8.30 The debentures by which the obligations under the 2018 Bonds are secured contain the following financial covenants; namely:

- (a) Minimum Interest Coverage Rate (EBITDA/Interest Charges) = 1:1.25
- (b) Maximum Debt to EBITDA Ratio = 6.5:1
- (c) Current Ratio – (Current Assets/Current Liabilities) = 1:1.5

If the Company is at any time in breach of any of those covenants then, apart from such breach being an event of default under the Trust Deed under which the 2018 Bonds are constituted, the Company will be prohibited from declaring dividends so long as such breach continues.

Future Issuance of Shares may dilute the holding of Shareholders and depress the price of the Shares

8.31 The Company has no intention to issue further Shares in the Company at this time. It is possible however that the Company may decide to issue additional Shares at a later date. Any future issue of Shares by the Company for cash would have to be made by way of a rights issue but if the Shares were issued in exchange for property such as real estate or an item of equipment or other non-cash consideration then the Company would not be obliged to do so by way of a rights issue and could issue the additional shares to the "seller" of the relevant property. An issue of additional Shares could dilute the holdings of existing Shareholders and adversely affect the prevailing market price of the Shares. It could also impair the ability of the Company to make further issue of Shares at a later date.

Risk relating to the Special Share and the limitation on shareholders

8.32 The capital structure of the Company creates certain inherent risks. Under the Articles of the Company no shareholder (except PCJ in respect of unsold shares or an underwriter to whom shares are allocated pursuant to his underwriting agreement or a trustee who is required to give voting proxies to the beneficial owners of the shares) is permitted to hold more than 10% of the Shares during the first five (5) years from the close of this Offer for Sale. This limitation on shareholding is designed by Government to encourage wide ownership of the Shares. The limitation may dampen interest in the Shares which might otherwise have arisen as persons vie to obtain a controlling interest in the Company. The lack of a controlling shareholder could negatively affect the future viability of WWF if the Directors are unable to provide adequate strategic direction for the Company.

8.33 The limitation in shareholding is locked into the Articles of the Company by a Special Share held by the Accountant General who has to consent to any modification or removal of the shareholding limitation. (Articles 2 to 5).

During the first five (5) years from the close of this Offer for Sale, the holder of the Special Share must give consent to any resolution to remove or amend the shareholding limitation in the Articles if such resolution was approved by all the members of the Company present at a general meeting of the Company. However, the holder of the Special Share has the power to voluntarily surrender the Special Share to the Company at any time and if that is done then the shareholding limitation can be amended by a special resolution (that is to say a resolution passed by a 75% votes of shareholders present in person or by proxies) and voting on the resolution at a general meeting of which 21 days' notice was duly given. The limitation on shareholding will automatically cease to have effect after the first five (5) years from the close of this Offer for Sale.

Unaudited Management Accounts may be Subjected to Material Adjustments when Subject to Annual Audit at the end of the Financial Year

8.34 The last audited accounts for this Offer for Sale were for the financial year ended March 31, 2018. See section 14. The 9-month management accounts are included in this Prospectus at section 14. These accounts are not audited. The 2018/2019 financial year ended on March 31, 2019 and will be subject to the customary audit by the Company's auditors. The audit could result in material adjustment to the management accounts which adjustment may be positive or negative. The management accounts should accordingly be viewed in the foregoing light.

8.35 If one or more of the risks described in this Prospectus or other risk not mentioned here were to arise Investors could suffer material loss of their investment.

9. THE COMPANY

Company History

9.1 The Company was incorporated on April 12, 2000 as a subsidiary of PCJ with the objective to develop and operate wind-powered renewable energy systems in Jamaica and to supply electricity produced by such systems to the JPS System. Since incorporation the Company has established and operates a wind farm in Rose Hill, Manchester consisting of 44 wind turbines. The Company's wind farm was established in three (3) phases, referred to as Wigton I, Wigton II and Wigton III. Brief details of these phases are set out below:

| Phase | Commercial Operations Date | Number of Turbines | Rated Generating Capacity per Turbine | Total Generating Capacity |
|------------|----------------------------|--------------------|---------------------------------------|---------------------------|
| Wigton I | April 2004 | 23 | 900kW | 20.7MW |
| Wigton II | December 2010 | 9 | 2MW | 18MW |
| Wigton III | May 2016 | 12 | 2MW | 24MW |

Wigton I

9.2 On December 13, 2001, the Company entered into a Power Interchange Agreement to sell and supply JPS with electricity from Wigton I. In 2003, and pursuant to the Power Interchange Agreement the Company procured its first licence to (i) develop, operate and maintain a wind farm and (ii) to sell and supply electricity therefrom to JPS. This Power Interchange Agreement will expire in April 2024 but may be extended for up to a further 6 years on terms to be mutually agreed by the parties provided that the Company adheres to certain renewal conditions, including that Wigton I comply with the minimum functional specifications set out in the Agreement.

Wigton II

9.3 The Company completed construction of Wigton II in December 2010 and has since that date supplied the Net Energy Output of Wigton II to JPS. The terms and conditions of the supply of the Net Energy Output of Wigton II to JPS were made pursuant to an informal agreement between the parties which was subsequently put into writing by a Power Purchase Agreement dated July 13, 2016. In November 2010 the Ministry of Energy and Mining issued a licence to the Company to supply 14MW of electricity to the System utilizing wind power. That licence was replaced in November 2011 when the Company applied for and was issued a new licence to supply 18MW of electricity generating capacity to the System using wind power ("the 18MW

Licence”). The 18MW Licence was subsequently replaced by a Wigton II Generation Licence, 2017 pursuant to which the Company is entitled to generate and sell up to 18MW of electricity to the JPS System. This PPA will expire in December 2030 but may be extended for up to a further 5 years on terms to be mutually agreed by the parties provided that the Company adheres to certain renewal conditions, including that Wigton II comply with the minimum functional specifications set out in the Agreement.

Wigton III

9.4 In response to a 2012 OUR Request for Proposals for the supply of electricity generating capacity from renewable energy facilities, the Company submitted a proposal for the supply of 24MW of wind power generating capacity to the System. The Company’s proposal was successful and accordingly the expansion of the Company’s wind farm, to be known as Wigton III, commenced in 2015. The Company completed construction of Wigton III in March, 2016. The Ministry of Science, Technology, Energy and Mining on September 14, 2014 issued a licence to the Company to (i) develop, operate and maintain Wigton III and (ii) generate and supply up to 24MW of electricity to the System using wind generating capacity from Wigton III. On September 18, 2014 the Company entered into a Power Purchase Agreement for the supply and sale of Net Energy Output from Wigton III to JPS. This PPA will expire in March 2036 but may be extended for an additional period on terms to be mutually agreed by the parties provided that the Company adheres to certain renewal conditions, including that Wigton III comply with the minimum functional specifications set out in the Agreement.

Company’s Business

9.5 The Company generates electricity using wind power. This electricity is then sold and supplied to JPS under three (3) power purchase agreements (“the PPAs”). The PPAs require JPS to purchase electricity supplied by the Company. A brief summary of the PPAs is set out below:

| Phase | Agreement | Term (Years) | Commercial Operations Date | Termination Date | Energy Supply |
|--------------|-----------------------------|---------------------|-----------------------------------|-------------------------|----------------------|
| Wigton I | Power Interchange Agreement | 20 | April 2004 | April 2024 | Up to 20MW |
| Wigton II | Power Purchase Agreement | 20 | December 2010 | December 2030 | *Up to 18MW |
| Wigton III | Power Purchase Agreement | 20 | May 2016 | March 2036 | Up to 24MW |

**the Contracted Output is 14MW for months 1 to 11 and 18MW for months 12 to 240.*

The payment for energy supplied to JPS by each wind farm is determined in accordance with a formula fixed by the relevant PPA. Each formula, while different from the others, essentially determines the price payable by reference to the energy price for the relevant month and the Net Energy Output delivered to JPS. The Company regards the pricing formula in each PPA as highly confidential and disclosure might not only breach the confidentiality clause in each PPA but would be highly detrimental to the competitive interest of the Company in bidding for future generating capacity. While the Company is exclusively invested in wind energy generation to date, it is by virtue of its Articles at liberty to engage in the production of energy from any and all renewable energy sources.

Corporate Information

9.6 The Company was incorporated with the name Wigton Windfarm Limited on April 12, 2000 under the Jamaican Companies Act, 2004 as a private company limited by shares. At incorporation its share capital was 2 ordinary shares. The Company has no subsidiaries.

9.7 The Registered Office of the Company is located at 36 Trafalgar Road, Kingston 10.

Material Indebtedness

9.8 By a loan agreement with the PetroCaribe Fund (as lender) dated August 4, 2008 the company borrowed a loan from PetroCaribe Fund totaling the Jamaican currency equivalent of US\$49,900,000.00. This loan was used to fund the purchase and installation of nine (9) wind turbines comprised in Phase II development. That loan bore interest at 6% per annum and was repayable by semi-annual installments subject to a right of pre-payment, without premium or penalty.

9.9 By a further loan agreement dated December 30, 2014 with PetroCaribe Fund (as lender) the Company borrowed another loan for US\$39,900,000.00. This loan was used to fund the purchase and installation of twelve (12) two (2) megawatts wind turbines comprised in the Phase III development. The interest rate on this loan was 4% per annum (subject to a right of PetroCaribe Fund to reset the rate based on the cost of funds provided to PetroCaribe Fund under the PetroCaribe Agreement). This loan was repayable by equal monthly installments over 14 years subject to a right of prepayment without premium or penalty.

9.10 The Company, as a Government-owned company, was able to access loans from PetroCaribe Fund which is empowered by the Petroleum Act (section 17H(g)) to make loans to:

- (a) public bodies which are self-financing; and
- (b) the Ministry of Finance and the Public Service to finance Government development projects which are financed through the budget and which have the potential to generate savings or expand revenue inflows to the Government.

Up to December 19, 2018 the total principal amount owed by the Company to PetroCaribe Fund was US\$49.2M

9.11 If the Offer for Sale is successful, the Company would come under private sector control and would thereby cease to qualify for loans from PetroCaribe Fund; being no longer a public body. In anticipation of that occurrence, the Company, by a private bond placement made in December 2018, raised J\$6,348,586,690.42. The funds raised were converted through a Bank of Jamaica facility to United States dollars and, on December 20, 2018, applied to repay in full the loans granted by PetroCaribe Fund.

9.12 Accordingly, the Company is currently indebted to bondholders under four (4) series of bonds (“the Bonds”). Brief details of the Bonds are set out below.

| Series | Amount | Tenor | Coupon Rate | Maturity Date |
|--------------|----------------------------|----------|-------------|------------------|
| A | J\$710,000,000.00 | 2 years | 6.65% | 14 December 2020 |
| B | J\$1,953,000,000.00 | 5 years | 7.40% | 14 December 2023 |
| C | J\$1,674,586,690.42 | 7 years | 7.90% | 14 December 2025 |
| D | J\$2,011,000,000.00 | 10 years | 8.40% | 14 December 2028 |
| Total | J\$6,348,586,690.42 | | | |

Interest on all Bonds is payable quarterly. Principal upon all Bonds is payable by a single bullet payment on the maturity date. Prepayment is allowed under Series B, C and D Bonds after year 4 subject to 90-days’ notice of pre-payment and payment of a prepayment fee as follows:

| Year(s) | Prepayment Rate |
|---------|--------------------------------------|
| 5 to 6 | 1.5% of outstanding principal amount |
| 7 to 8 | 1.0% of outstanding principal amount |
| 9 to 10 | 0% of outstanding principal amount |

9.13 Thus, the Series A Bonds, with a tenor of 2 years, cannot be prepaid. All Bonds are secured by a debenture (granted to JCSD Trustee Services Limited, as bondholder trustee) creating security interests by way of charges over the real and personal property of the Company.

9.14 Series B, C and D Bonds are further secured by a Debt Service Reserve Account held at JN Fund Managers Limited and containing a sum equivalent to one (1) semi-annual interest payment; subject to “top up” obligations if interest payment is made from the Debt Service Reserve Account.

9.15 As at March 31, 2019, the Company has no financial indebtedness except to the bondholders under the 2018 Bonds (see see paragraph 9.12 for further information).

Key Covenants

9.16 Some of the material covenants assumed by the Company under the Trust Deed which govern the Bonds are as follows:

Financial Covenants

- (a) Minimum Interest Coverage Rate (EBITDA/Interest Charges) = 1:1.25
- (b) Maximum Debt to EBITDA Ratio = 6.5:1
- (c) Current Ratio - (Current Assets/Current Liabilities) = 1:1.5

Negative Covenants

- (a) No dividend payment can be made if the Company is non-compliant with any of the financial covenants;
- (b) The Company is prohibited from inter alia:
 - (i) selling or disposing of any assets other than in the ordinary course of business for arm's length consideration;
 - (ii) reducing its share capital;
 - (iii) creating any mortgage or charge over any of its assets other than in the ordinary course of business; or
 - (iv) incurring additional indebtedness without the consent of the Trustee except where the additional debt is subordinated to the obligations owing under the Bonds and would not cause violation of any of the financial covenants.

Intellectual Property

| | |
|---|------------------------------------|
| Description: | Trademark of Wigton Windfarm Logo |
| Place of application/registration: | Jamaica |
| Class: | Trademark – Nice classes 35 and 36 |
| Territory: | Jamaica |
| Application/Registration No.: | Reg No: 58560 |
| Application/Registration Date: | Reg Date: June 19, 2012 |

Charges Registered Against Assets of the Company

9.17 As at March 31, 2019 the Company has the following charges registered against its assets:

| Date Notice Registered | Secured Creditor | Collateral | Form of Charge |
|------------------------|--|---|--|
| September 10, 2003 | National Commercial Bank Jamaica Limited | All moneys from time to time standing to the Company's credit at any time at any branch of the National Commercial Bank Jamaica Limited's offices or with any of its agents on any account or in any manner whatsoever. | Letter of Set Off Charge on Balance to Secure Debt |

- a) The loan associated with the Letter of Set Off given to National Commercial Bank Limited has been repaid in full and the Company is taking steps to have the discharge of the Letter of Set Off registered at the Companies Office of Jamaica.

- b) In December 2018, the Company gave four (4) debentures to JCSD Trustee Services Limited to secure its obligations in connection with the issue of a series of four (4) bonds (see paragraphs 9.11 to 9.15 for further information). The Company is currently procuring the stamping and registration of the debentures. The debentures charged, without limitation (i) all parts, equipment, machinery and other tangible personal property of the Company and all additions, improvements, betterments, renewals and replacements made in or to such parts, equipment, machinery or other tangible personal property or any part thereof ("the Charged Properties"), (ii) all other rights and interest of the Company in realty, (iii) all machinery, equipment and all other personal property which are a part of the Charged Properties (together with all accessories, additions, renewals and replacements from time to time and (iv) the full benefit of all warranties and contracts relating to same.

10. REGULATORY REGIME

Regulatory Regime

10.1 Since 1890, the generation, transmission and distribution of electricity in Jamaica was governed by the Electricity Lightning Act (“ELA”) passed in that year. The Electricity Act 2015 (“EA 2015”) which took effect on August 27, 2015 repealed and replaced the ELA. The principal purpose of EA 2015 is to establish a modern, transparent and cost-effective system for the generation and supply of electricity to consumers with an overt bias towards renewable energy sources.

10.2 In the regulation of the electricity sector, the EA 2015 recognizes the following regulatory organs with the following functions; namely:

- (a) the Minister whose function is to plan the system and issue licences;
- (b) the Generation Procurement Entity (“GPE”) which is charged with procuring new generating capacity in a transparent and competitive manner;
- (c) the Government Electrical Regulator which will licence and regulate electricians; and
- (d) the Office of Utilities Regulations (“OUR”) which exercises general regulatory power over the sector (including rate-fixing and advisory support to the Minister).

10.3 Under EA 2015 it is a criminal offence for a person (other than a self-generator who consumes all the electricity generated by him) to generate electricity unless he holds a licence issued by the Minister. The Act recognizes the following category of licences:

- (a) the Single Buyer (which is JPS) which holds a licence to generate, transmit, supply, dispatch and distribute electricity across the Island and which is obliged to purchase Net Energy Output from IPPs and also to enter into net billing arrangements with persons licenced to produce electricity in excess of their own consumption needs;
- (b) Independent Power Producers (“IPPs”) – being persons, such as the Company, who carry on a business of generating electricity for sale of their Net Energy Output to the Single Buyer pursuant to a Power Purchase Agreement (“PPA”); and

- (c) self-generators - being persons who are licenced to generate electricity for their own, exclusive use and who enter into a net billing arrangement, wheeling arrangement or connecting to the System for other purposes such as stability.

10.4 JPS, as the Single Buyer, holds a licence (the Electricity Licence 2016) which gives it the right to:

- (a) generate electricity (on a non-exclusive basis); and
- (b) transmit, distribute, supply and dispatch electricity throughout Jamaica on an exclusive basis,

until July 8, 2027. That licence also obliges JPS to purchase Net Energy Output from:

- (a) IPPs pursuant to a Power Purchase Agreement; and
- (b) self-generators who have entered into net billing arrangements with JPS,

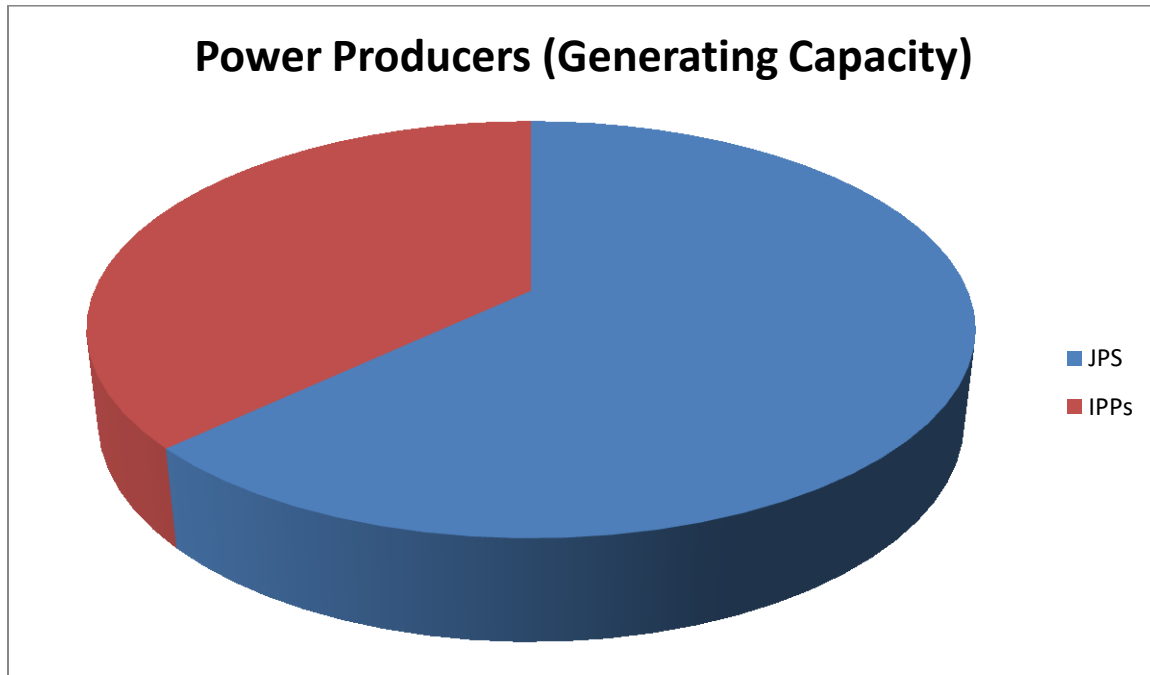
for transmission and distribution through the System.

10.5 JPS, as the Single Buyer is mandated by EA 2015 to provide an adequate, safe and efficient system based on modern standards to all parts of the Island at reasonable rates. In discharging that obligation JPS must not show an undue preference or undue discrimination against any person or group of persons (including IPPs). In the electricity sector, the EA 2015 promotes competition on the generation side. Thus, if the GPE determines that additional generating capacity is required it will initiate a process of competitive bidding to select the person to provide the additional output. When JPS retires generating capacity it has a right of first refusal to replace the “retired” capacity. That right of first refusal is administered by GPE in accordance with protocols and rules established by GPE and conditions set out in the Third Schedule to the EA 2015. One condition is that the replacement cost to be incurred by JPS should not exceed generation avoided cost i.e. the cost saved by buying retail energy or capacity instead of building new generating capacity.

10.6 One of the stated objects of the EA 2015 is to promote the use of renewable energy sources. It empowers the Minister to establish renewable energy targets which may include a feed-in-tariff (“FiT”) set by the OUR for each source of renewable energy. FiT is a pricing mechanism designed to encourage investment in renewable energy. This is done by setting a fixed rate at which such energy may be supplied to the System. The OUR has not adopted the FiT system. Instead Government, through the GPE, currently operates a “least cost” system whereby a call for additional generating capacity will specify the source of energy and bids are restricted to that source. Thus, producers of say wind energy will compete with each other for new capacity when the call is for the additional capacity to be produced by wind.

Jamaica Energy Sector

10.7 Electricity is produced and supplied in Jamaica by approximately nine (9) commercial producers (including the Company). These producers generate electricity from a number of sources including traditional petroleum products and renewable energy sources. As at December 31, 2018, the aggregate capacity of these producers was approximately 1,006 MW of which 631MW was supplied by JPS and 375MW supplied by IPPs. Based on these figures IPPs contract capacity is approximately 37% of total electric generation capacity in Jamaica.

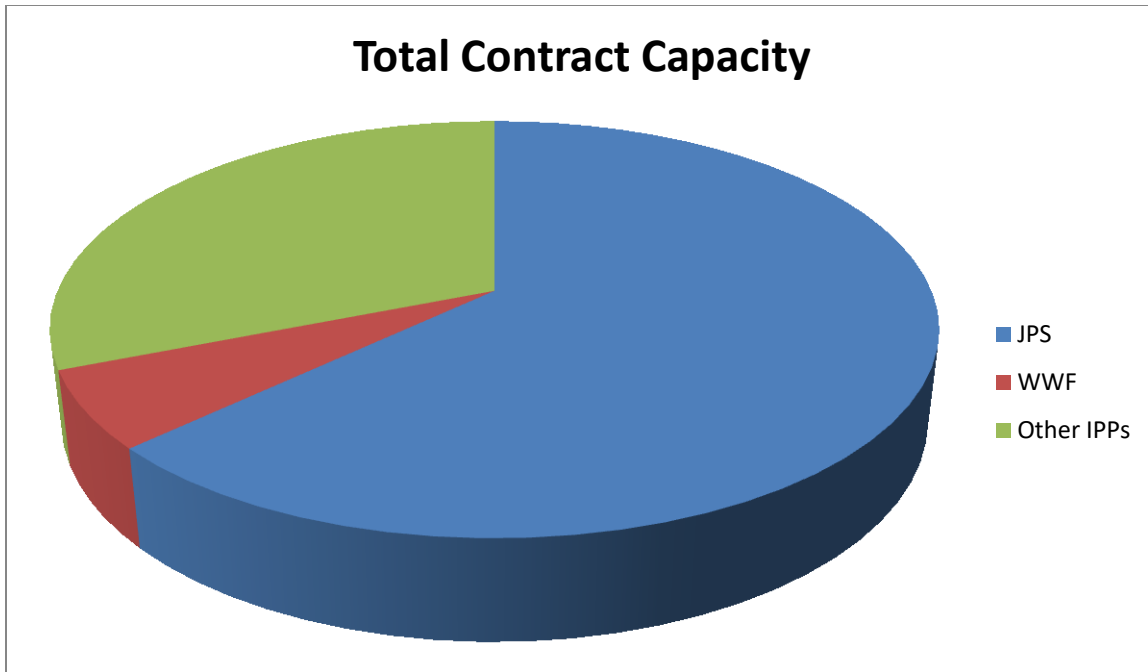


10.8 The table below sets out the current generating capacity of each producer, their generation technology and location.

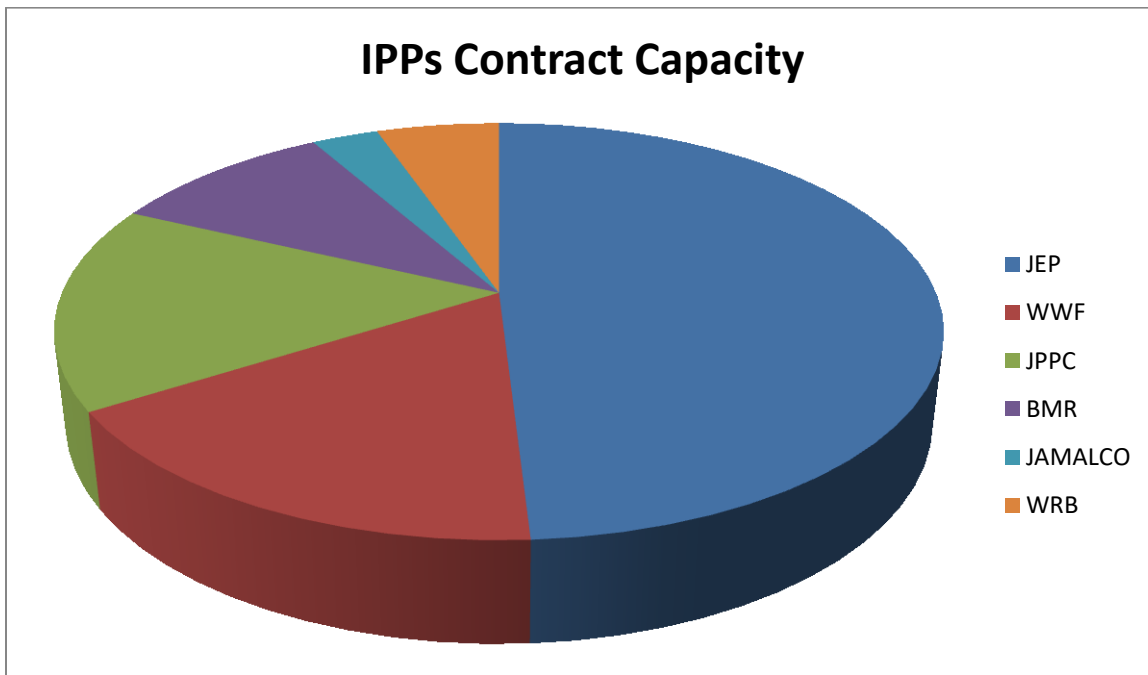
| Producer | Contract Capacity (MW) | Technology | Location |
|----------|------------------------|------------------------------|-------------|
| JPS | 40 | Slow Speed Diesel | Rockfort |
| JPS | 223.5 | HFO Fired Steam | Old Harbour |
| JPS | 68.5 | HFO Fired Steam | Hunt's Bay |
| JPS | 54 | ADO Fired Gas Turbine | Hunt's Bay |
| JPS | 103.5 | ADO Fired Gas Turbine | Bogue |
| JPS | 114 | ADO/LNG-Fired Combined Cycle | Bogue |
| JPS | 12.3 | Run of River Hydro | Maggotty |
| JPS | 4.75 | Run of River Hydro | White River |

| Producer | Contract Capacity (MW) | Technology | Location |
|--|-------------------------------|--------------------------------------|----------------------------------|
| JPS | 3.19 | Run of River Hydro | White River |
| JPS | 4.05 | Run of River Hydro | Roaring River |
| JPS | 2.5 | Run of River Hydro | Rio Bueno |
| JPS | 1.1 | Run of River Hydro | Rio Bueno |
| JPS | 0.77 | Run of River Hydro | St. Andrew |
| JPS | 0.46 | Hydro | St. Andrew |
| JPS | 3 | Wind Turbines | St. Elizabeth |
| Wigton Wind Farm | 62.7 | Wind Turbines – IPP | Wigton |
| Jamaica Energy Partners | 124.36 | Medium Speed Diesel – IPP | Old Harbour St. Catherine |
| Jamaica Energy Partners – West Kingston Power Partners | 65.5 | HFO Fired Steam | West Kgn. |
| Jamaica Private Power Company | 61.3 | Slow Speed Diesel – IPP | Rockfort Kingston |
| BMR | 36.8 | Wind Turbines – IPP | Malvern, St. Elizabeth |
| WRB/Content Solar | 20 | Solar PV | Content, Clarendon |
| JAMALCO | 11 | Co-generation, Oil Fired Steam – IPP | May Pen, Clarendon |
| Munro Wind Farm | currently out of operation | Wind Turbine - IPP | Munro, St. Elizabeth |
| Jamaica Broilers | as available | Slow Speed Diesel – IPP | Spring Village, St. Catherine |
| Total Contract Capacity | 1,017.28 | | |

The Company's contract capacity is approximately 6.16% of the total contract capacity of all power producers (including JPS).

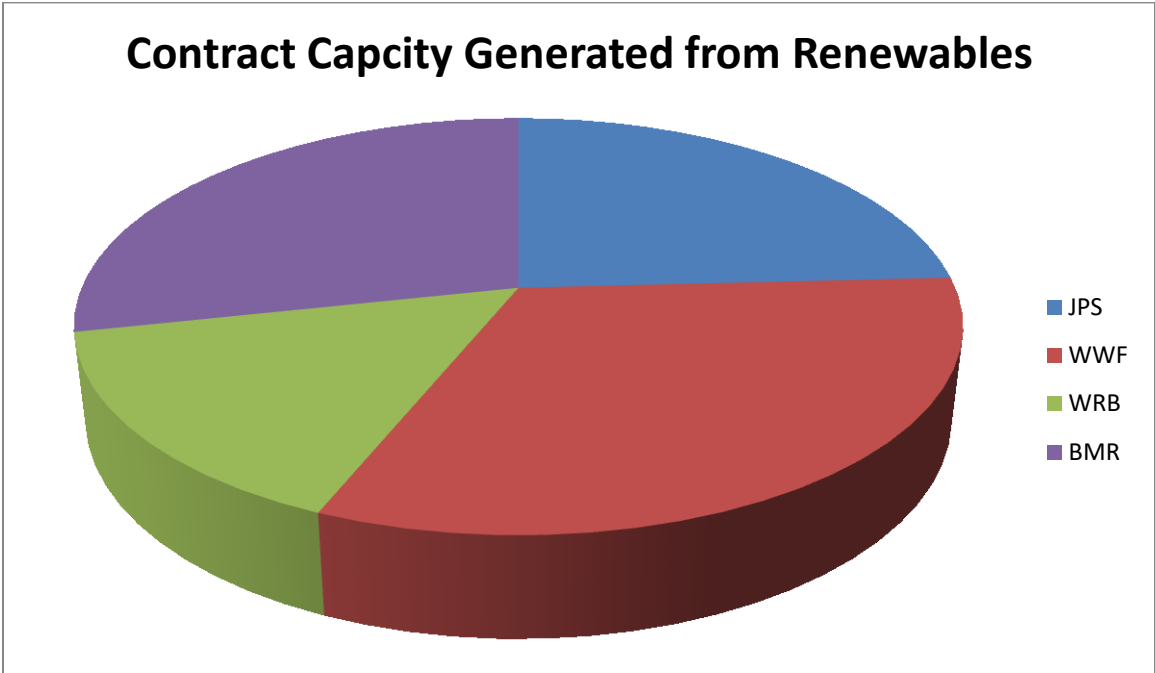


The Company's contract capacity is approximately 16.4% of the aggregate contract capacity of all IPPs.



10.9 Of the nine (9) electricity producers, only four (4) generate electricity from renewable energy sources, namely: the Company, JPS, BMR and WRB/Content Solar. As at December 31, 2018, the aggregate contract capacity of electricity generated from renewables was in aggregate 151.62MW (approximately 15% of the aggregate contract capacity of all energy producers) of

which the Company’s capacity was 62.7MW or 41.4% of total contract capacity generated from renewable energy sources. The Company’s current contract capacity makes it the largest single supplier of electricity generated from renewable energy sources in Jamaica.



**The information provided above is based on information available to the Company as at December 31, 2018 and may not be complete, accurate or up-to-date as power producers may have added or withdrawn services since the information was compiled.*

Expansion

10.10 The GPE, established under the EA 2015, is responsible for issuing requests for proposals for the construction and operation of new renewable energy production facilities in Jamaica. The Company, in preparation for such requests for proposals, has completed the planning and engineering of a Phase IV project. The implementation of the project is subject to the Company being successful in its bid in response to a GPE request for proposal. If implemented, the project would expand the Company’s generation capacity by a further 34MW.

10.11 In 2015 the OUR invited bids for an additional 37MW of generating capacity. The Company submitted a bid to provide the additional capacity from wind through the proposed plant contemplated on Phase IV. The Company’s bid was unsuccessful and the capacity was awarded to Eight Rivers Energy Company Limited. It is not feasible for the Company to undertake the proposed Phase IV expansion outside the competitive bidding framework established under the EA 2015.

Renewable Energy Training Lab

10.12 In 2010, the Company established the Wigton Resource Centre at the Company's windfarm complex in Rose Hill, Manchester. In November 2016 the Company opened a Renewable Energy Training Lab at the Wigton Resource Centre as part of the Company's efforts to support the growth of Jamaica's renewable energy industry by providing training in renewable energy technology. The lab was established with the assistance of the British High Commission and support from the Renewables Academy in Germany which was financed by a partial grant from the OPEC Fund for International Development.

10.13 The lab serves as a learning facility offering training in several aspects of renewable energy including solar thermal, photovoltaic technologies, wind power, concentrated solar power, small-scale hydro and bio-energy. The lab supports the training of staff at the wind farm and is open to the public. The lab's equipment includes a 12 kW Grid Tied PV System (48 x 250 W panels) and a 250 W demonstration off grid system. With approximately 5 sun hours per day, the estimated production is 48 kWh daily, 1,440 kWh monthly and 17,280 kWh annually.

11. MANAGEMENT DISCUSSION, ANALYSIS & FINANCIAL HIGHLIGHTS

OVERVIEW

11.1 Wigton Windfarm Limited (“Wigton”) owns and operates the largest wind energy facility in the English-speaking Caribbean. Located in Rose Hill, Manchester, the 44-wind turbine, 62.7-Megawatt (MW) complex consists of three plants; Phase I, a 20.7 MW plant which began operating in 2004, Phase II, an 18 MW expansion which was added in 2010; and the 24 MW phase III plant, which was commissioned in 2016. The Company’s contract capacity is approximately 16.4% of the aggregate contract capacity of all Independent Power Producers.

11.2 Wigton continues to operate efficiently, achieving its financial and production targets and helping to achieve the Ministry of Science, Energy & Technology’s objective of developing indigenous energy sources as an alternative to fossil fuels which are acquired at great expense for the country and pose a risk to the environment. The company also supports the building of human capital by providing training in renewable energy through its Training Lab which opened in 2016.

11.3 In 2016 the Government of Jamaica appointed an Enterprise Team to oversee the divestment of the Company’ shares by way of an offer for sale on the JSE.

11.4 In anticipation of the success of the Offer for Sale in December 2018, the Company refinanced its United States Dollar loan with the PetroCaribe Development Fund (PCDF) in the sum of US\$49.2M by a Jamaican dollar private placement of bonds in the amount of J\$6,348,586,690.42. The placement was arranged by JN Fund Managers. It was necessary to pay out the Petrocaribe facility for once the divestment is completed the Company would cease to be a public body and would not qualify to hold loans from PetroCaribe Fund.

11.5 For the financial year ended March 31, 2018, the company delivered positive results in all areas of its operations and the highlights of the period are recounted in this report.

PERFORMANCE HIGHLIGHTS

11.6 For the 2017/18 financial year, Wigton’s emphasis was on the profitable operation of the wind farm and the delivery of training through its Renewable Energy Training Lab. The dual focus enabled the company to continue to support the pursuance of the GOJ’s Energy Policy target of 20% renewable energy by 2030 while maintaining its position as a profitable and compliant entity.

FINANCIAL PERFORMANCE

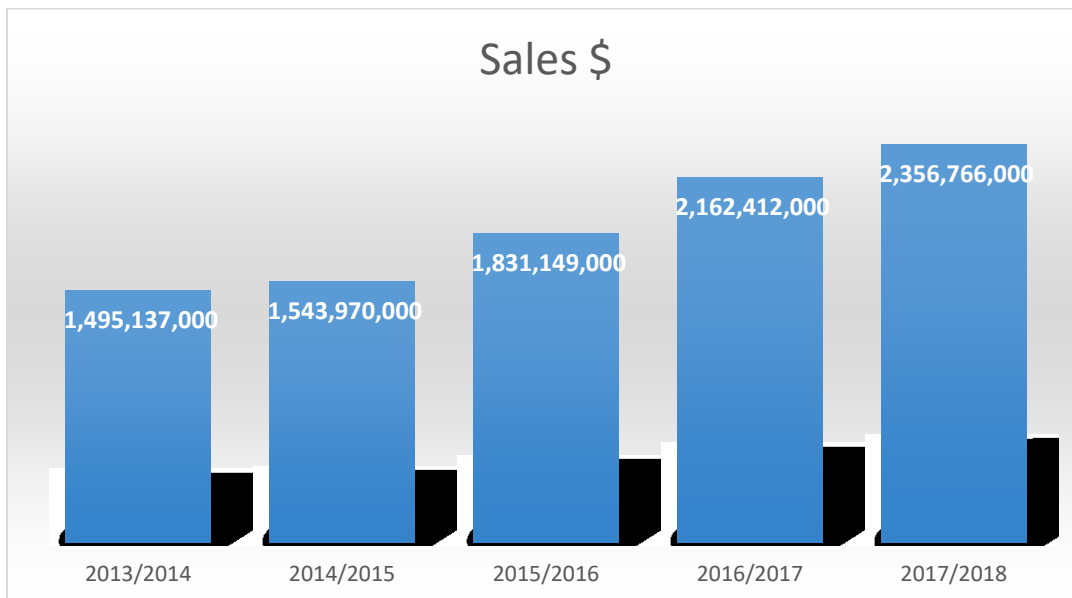
PROFIT AND LOSS PERFORMANCE

11.7 Wigton's revenues for the 2017/18 financial year amounted to approximately J\$2.4 billion, which was J\$200 million or 9% more than the total generated the prior year of J\$2.2 billion. The increased revenue is as a result of the increased production of approximately 11M kWh for 2017/2018. The plant operated at an average 91% availability. Expenses increased by J\$69 million or 3.6% totalling J\$1.985 billion as compared to the J\$1.916 billion spent in 2016/17. Net profit before taxation was J\$1 billion. *See Table 1, below for details of Wigton's five-year performance for the Financial Years March 31, 2014 to March 31, 2018.*

BALANCE SHEET PERFORMANCE

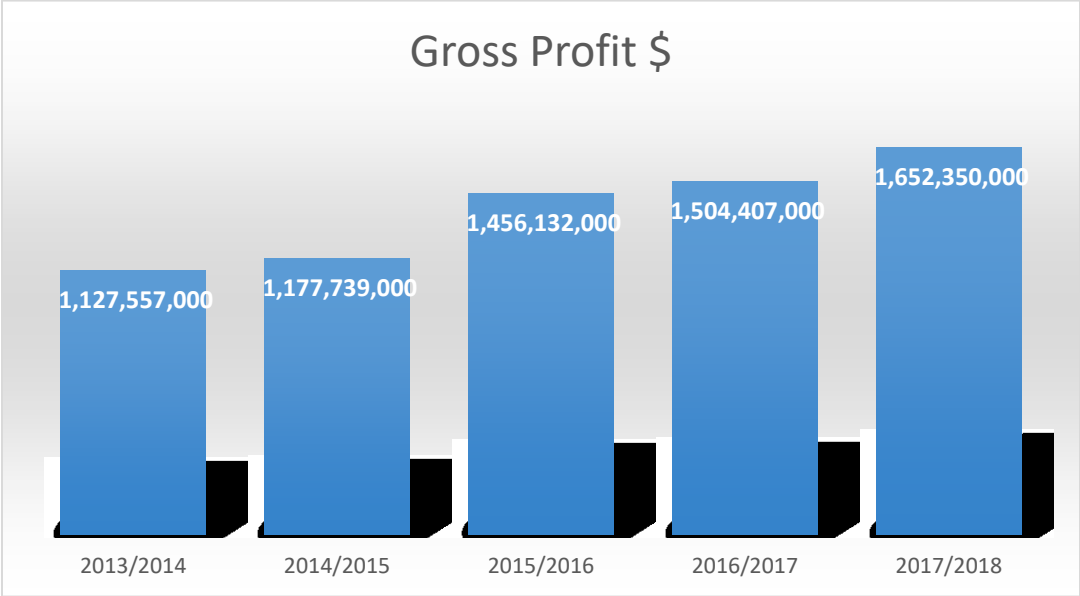
11.8 Wigton's total assets as at the end of the 2017/18 financial year amounted to approximately J\$9.3 billion, which was J\$1 billion or 11% less than the total as at the end of the prior year of J\$10.4 billion. The decrease in assets is as a result of depreciation of the property, plant and equipment and bank and cash; a balloon payment was made towards Wigton's loan during 2017/2018 of approximately US\$5 million. The balloon payment resulted in a favourable reduction in the company's interest expense by approximately US\$23,000.00 or J\$3 million monthly, and an overall savings of US\$2.3M over the remainder of the loan tenure. The company also benefited from a reduction in the fluctuation of the foreign exchange movements. *See Table 1, below for details of Wigton's five performance for the Financial Years March 31, 2014 to March 31, 2018.*

SALES ANALYSIS



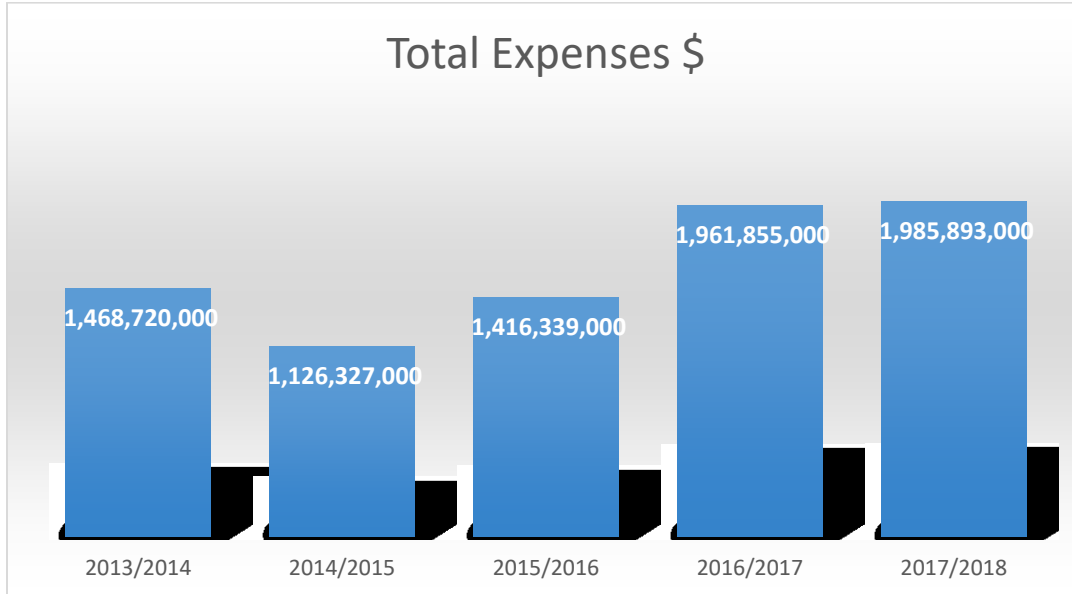
11.9 The Company experienced a steady growth in sales for the 5 financial years ending March 31, 2014 to March 31, 2018 respectively. In March 2016, Wigton Phase III was commissioned. This resulted in an increase in sales during the financial year ended March 31, 2017 by J\$331 million or 18%.

GROSS PROFIT ANALYSIS



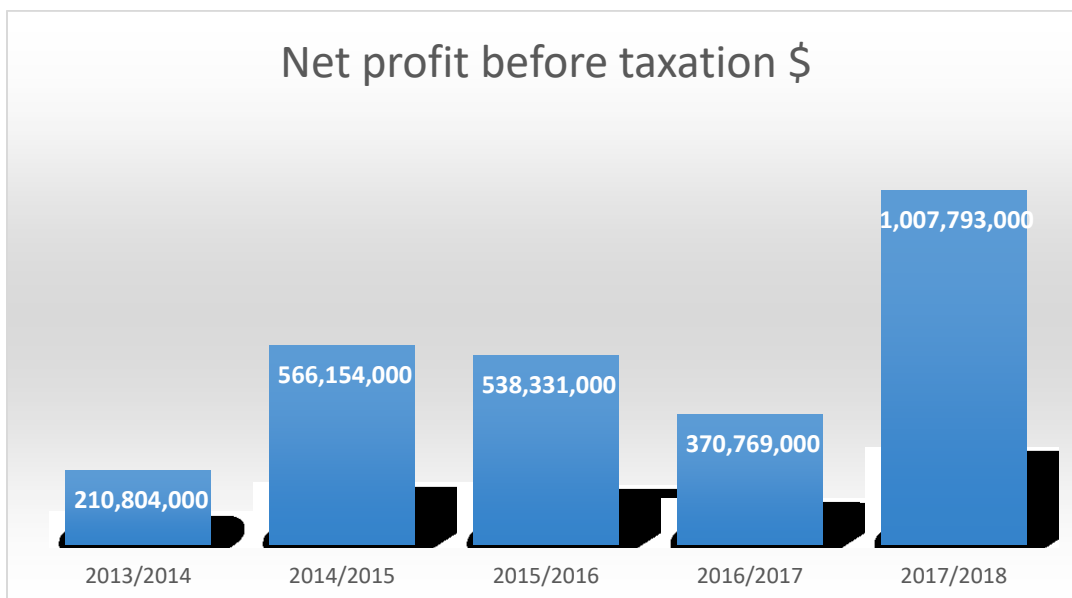
11.10 The Company’s Gross Profit over the 5 financial years ended March 31, 2014 to March 31, 2018 respectively increased by approximately J\$525 million or approximately 47% over the period. This was as a result of the increased production/revenue as a result of the commissioning of Wigton Phase III in March 2016.

TOTAL EXPENSES



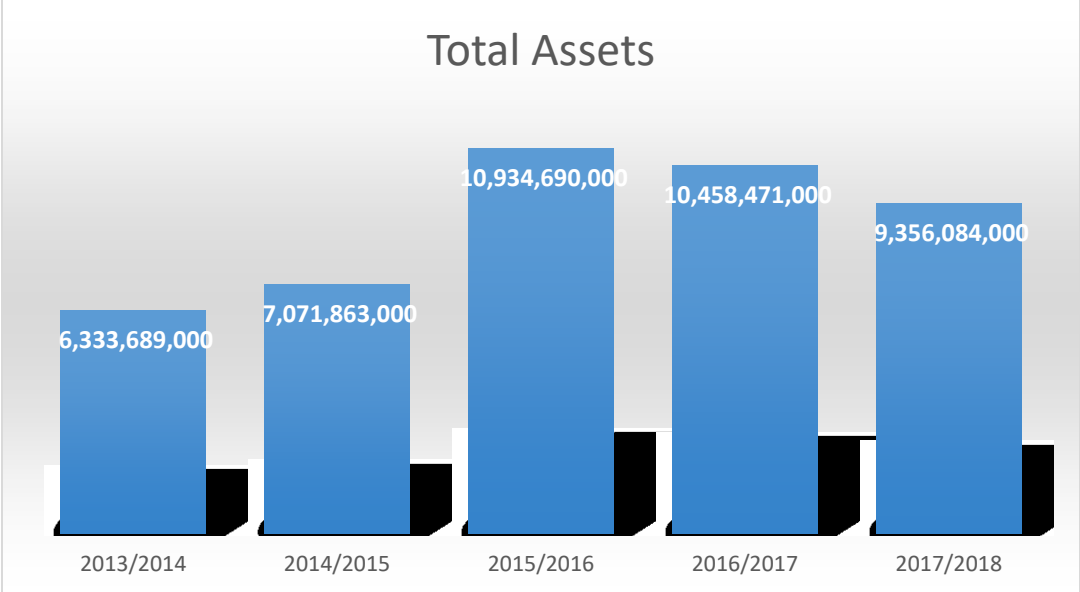
11.11 Total Expenses over the 5 financial years ended March 31, 2014 to March 31, 2018 respectively increased by J\$517 million or approximately 35%. In 2016/2017 expenses increased from J\$1.4 billion to J\$2 billion as a result of the commissioning of Wigton Phase III. The increase in expenses was mainly as a result of depreciation charges. Additionally, Finance expense increased as a result of the increased loan and hence interest expense as a result of Wigton Phase III and the impact of the fluctuation of the Jamaican dollar.

NET PROFIT BEFORE TAXATION

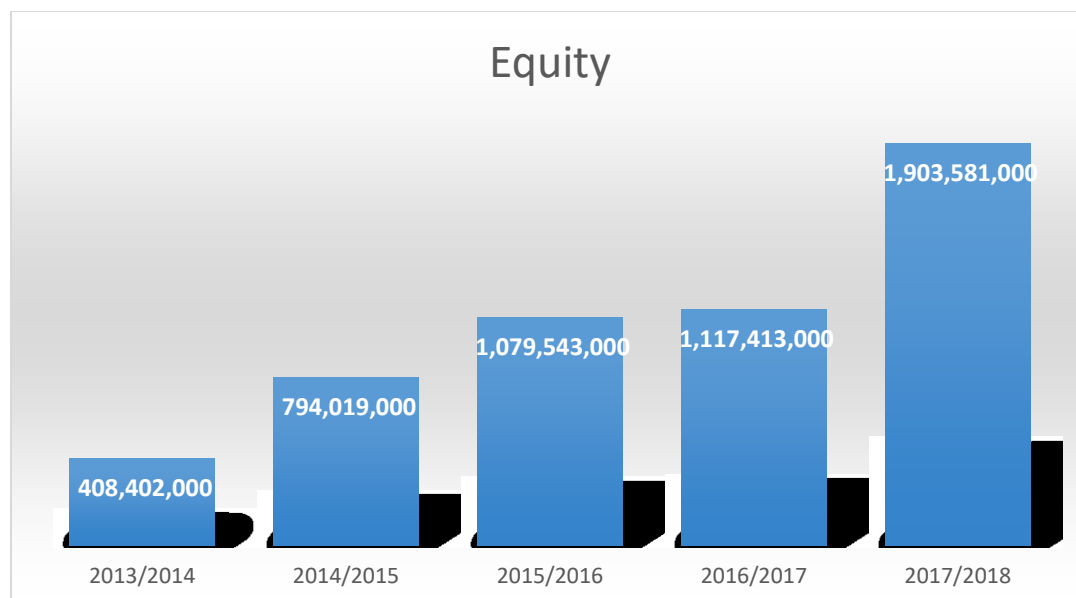


11.12 The Company’s Net Profit before taxation over the 5 financial years ended March 31, 2014 to March 31, 2018 respectively increased by J\$797 million or approximately 378%. This was mainly as a result the increased production as a result of the commissioning of Wigton Phase III in March 2016. The fluctuation of the Jamaican dollar also impacted the company’s profitability over the 5-year period, once the Jamaican dollar depreciates or appreciates, Wigton’s profitability was affected accordingly. As the loan was converted to a Jamaican dollar facility in December 2018, this fluctuation should no longer affect Wigton’s accounts.

TOTAL ASSETS



11.13 The Company’s Total Assets as at the end of the 5 financial years from March 31, 2014 to March 31, 2018 increased by J\$3 billion or approximately 48%. This was mainly as a result of the commissioning of Wigton Phase III in March 2016, hence the increase in Property, plant and equipment. Wigton Phase III costed approximately US\$47 million. While current assets decreased over the same duration, the decrease was a favourable movement as a balloon loan payment of US\$5 million was made at the end of March 2018, in which current asset decreased during that period by approximately J\$700 million or 43%.



11.14 The Equity as at the end of the 5 financial years from March 31, 2014 to March 31, 2018 increased by J\$1.5 billion or approximately 366%. This was mainly as a result the increased earnings and economies of scale arising from the commissioning of Wigton Phase III in March 2016, hence the increase in equity.

COMPANY PERFORMANCE AS AT DECEMBER 31, 2018

11.15 In the nine months 2018/2019 period (April 1, 2018 – December 31, 2018) the Company saw sales revenue of approximately J\$1.95 Billion compared to J\$1.91 billion in the prior comparable nine-month period. Cost of Sales closed at J\$544.2 million for the period compared to J\$533.5 million in the nine-month comparable period. This led to Gross Profit of J\$1.41 billion for the 9 months 2018/2019 compared to J\$1.38 billion in 2017 comparable nine-month period. The Company continues to maintain its gross profit margin of 72% year over year and has continued to maintain its efficiency. The Company recorded Other Income of J\$587.1 million compared to J\$483.3 million in 2017, and General Administrative Expenses of J\$266.4 million compared to J\$264.80 million in 2017/2018 9 months results.

11.16 Operating Profit of J\$1.7 billion was reported for 9 months 2018 compared to J\$1.59 billion in 9 months 2017, a 9% increase year over year. The Company's Operating Profit margin increased by 100 bps, moving to 68% compared to 67% in 2017. The company experienced finance cost of J\$1.0 billion which was mainly due to increased foreign exchange losses, this was higher than the J\$587.3 million reported in the prior year comparable period. Due to the increased finance cost year over year the Company had a net profit margin of 29% in the 9 months 2018 results, the prior comparable period was reported at a Net Profit margin of 42%. Net profit for the nine months 2018 therefore ended at J\$729.5 million compared to J\$1.0 billion reported in 2017 comparable period.

| Wigton Windfarm Income Statement | 2017/2018 | 2018/2019 |
|----------------------------------|------------------|------------------|
| Year | 9 months Dec | 9 months Dec |
| | \$'000 | \$'000 |
| Sales | 1,908,963 | 1,953,553 |
| Cost of Sales | (533,519) | (544,179) |
| Gross Profit | 1,375,444 | 1,409,374 |
| Other Income | 483,332 | 587,104 |
| General Administrative Expenses | (264,797) | (266,370) |
| Operating Profit | 1,593,979 | 1,730,108 |
| Finance Expense | (587,304) | (1,000,618) |
| (Loss)/Profit before taxation | 1,006,675 | 729,490 |
| Taxation | | - |
| Net (Loss)/Profit | 1,006,675 | 729,490 |

11.17 The Company reported a reduction its total assets by 4% mainly through a reduction in Property Plant and Equipment Value; it also saw a decline in Taxation Recoverable. Cash and deposits also declined by 4% as the company is no longer required to have a set cash reserve for loan repayment. Year to date December 2018 the company has been able to reduce its long term liabilities by 5% and has managed to refinance its loan with Petroleum Corporation of Jamaica and Petro Caribe development fund through a bond raise which has converted the debt from US Dollars to Jamaican Dollars.

11.18 The company's Equity continues to increase and has grown 29% year over year. The increased Equity is mainly due to a 33% increase in the company's Retained Earnings. The company increased its profitability and has done so through improved operational efficiencies and increased electricity production. The company has managed to outperform its comparable period 2017 and has also managed to outperform its own expectations (Budget).

| WIGTON WINDFARM | | |
|--|-----------------------|----------------------|
| BALANCE SHEET | | |
| | Dec 2017 | Dec 2018 |
| Non-Current Assets | | |
| Property, Plant & Equipment | 8,402,534,528 | 8,067,664,134 |
| Pension Plan Assets | 50,891,000 | 67,499,000 |
| | 8,453,425,528 | 8,135,163,134 |
| Current Assets | | |
| Inventory | 24,565,922 | |
| Accounts Receivable | 329,512,563 | 391,283,911 |
| Taxation Recoverable | 92,310,778 | 62,898,914 |
| Cash and Deposits | 1,216,067,804 | 1,167,857,603 |
| | 1,662,457,067 | 1,622,040,428 |
| Total Assets | 10,115,882,595 | 9,757,203,562 |
| Current Liabilities | | |
| Acocunts Payable | 133,025,925 | 148,331,050 |
| Current portion on long term liabilities | 771,410,992 | 14,856,128 |
| Taxation Payable | | |
| | 904,436,917 | 163,187,178 |
| Net Current Assets/(Liabilities) | 758,020,150 | 1,458,853,250 |
| | 9,211,445,678 | 9,594,016,384 |
| Equity | | |
| Share Capital | 202,598,953 | 202,598,953 |
| Accumulated deficit/Retained Earnings | 1,750,238,569 | 2,323,789,953 |
| | 1,952,837,522 | 2,526,388,906 |
| Non-Current Liabilities | | |
| Capital Grants | 128,310,350 | 108,135,661 |
| Long term liabilities | 6,675,278,728 | 6,348,586,690 |
| Post-employment benefit obligation | 21,194,000 | 30164000 |
| Deferred Tax Liabilities | 433,825,952 | 580,742,000 |
| | 9,211,446,552 | 9,594,017,257 |

OUTLOOK: 2019 AND BEYOND

11.19 For the upcoming fiscal year Wigton Windfarm Limited will remain focused on operating its generating plants profitably, continuing to develop its training facility and supporting its surrounding communities. A primary target will be the achievement of optimal production through a wind turbine availability of more than 90% and 169 GWh generated for the year.

11.20 The company also intends to collaborate with local and international universities and other institutions to drive the transfer of knowledge in renewable energy by offering accredited courses. To this end, 8 courses will be offered in 2018/19 as well as renewable energy summer camps for secondary level students.

11.21 Wigton is also prepared for future expansion as the Phase IV wind energy project has been developed and is ready for implementation if selected by the Generation Procurement Entity, when a request for proposal is launched. In the meantime the Company will endeavor to:

- Achieve the required economies of scale for Wigton and increase Renewable Energy penetration as per Energy Policy goals.
- Increase profit performance
- Maintain prudent expense management
- Achieve over 90% wind turbine availability
- Exhibit good corporate responsibility
- Maintain safety standards
- Investigate Repowering of older equipment
- Achieve 169GWh production for the year

11.22 Wigton currently has a workforce of 23 employees. In preparation for the Offer for Sale and subsequent listing on the JSE, Wigton converted into a public company. It is expected that there will be a need to increase the Company's work force in order to fulfil the statutory requirements and rules applicable to publicly listed companies. Accordingly Wigton currently budgets to have a staff compliment of 26; however, as the company expands its operation and to meet the industry standard its staff compliment will be revised.

12 MANAGEMENT, ADMINISTRATION & CORPORATE GOVERNANCE

Board of Directors of the Company

12.1 The Company's business and affairs are managed under the direction of its Board of Directors. By Cabinet Decision No. 45/18 the Cabinet mandated that the Board of Directors be reconstituted as of January 1, 2019 in anticipation of the Offer for Sale. The appointment of the new directors proposed by Cabinet was duly ratified and confirmed by a written resolution of PCJ, the sole shareholder.

12.2 Thus, the current directors of the Company, being the persons proposed by Cabinet, are as follows:

Oliver Holmes, B.Sc. (Mgt. Studies), M.Sc. (Acct.) – Mr. Holmes is chairman of the Board. He is the Managing Director of Capital Options Limited, a financial advisory firm which he founded in 1997. Capital Options specializes in financial advisory services in a wide variety of capital market transactions including capital raising, mergers and acquisitions, trade finance and private equity transactions. Mr. Holmes' background is in commercial and investment banking and financial services having served as chief operating officer of Manufacturers' Merchant Bank Ltd ("MMB") from 1991 to 1995. Before that Mr. Holmes was a Vice President of Citibank N.A. (Jamaica Branch) where he served in senior management roles in various departments of the bank and its subsidiaries, including head of corporate banking, financial controller for Citibank N.A. (Jamaica Branch) and its subsidiaries and chief inspector for Citibank's Caribbean operations.

During his working career, Mr. Holmes has held several directorships. He currently serves as chairman of Carreras Limited and of Allied Insurance Brokers Limited and is a director of Barnett Limited. He is also a past guest lecturer in the Department of Management Studies at the University of the West Indies and the University of Wales' MBA Programme.

Mr. Holmes holds a Bachelor of Science degree in Management Studies from the University of the West Indies (1987) and a Masters of Science degree in Accounting (M.Sc.) (1990) from the same institution.

Nigel Davy, B.T., J.P. is an energy professional with over 30 years working experience in the construction and energy sectors in Jamaica. He is the founder and managing director of Innovative Energy Company Limited, an integrated energy company which pursues green energy projects such as wind, PV solar, Combined Heat & Power ("CHIP") and Combined Cooling Heat and Power ("CCHP") in Jamaica and the Caribbean. His

company is the exclusive distributor for Capstone Turbine Corporation, a NYSE-listed corporation and the world leader in micro turbine technology.

Mr. Davy holds a Bachelor of Technology degree (B.T.) from the College of Aeronautics in New York and several certificates in power plant management and engineering and aircraft maintenance. Mr. Davy is also a licensed commercial pilot.

Georgia Gibson-Henlin, Q.C., B.A., LL.B. (Hons.), LL.M., F.C.I. Arb. is the Managing Partner of the Jamaican law firm, Henlin Gibson Henlin. She has practiced at the Jamaican Bar since 1993. She is also 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 communication technology, intellectual property and cybersecurity.

Mrs. Gibson-Henlin is also a Fellow of the Chartered Institute of Arbitrators and a Certified Computer Forensics Examiner (CCFE). She is 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 is a frequent speaker at international law conferences on intellectual property law issues and technology and has published several articles on these subjects in international journals.

Mrs. Gibson-Henlin was appointed Queen's Counsel (Q.C.) in 2015.

Hugh G. Johnson, is a certified automotive engineer and spent several years working in the field of motor vehicle assessment before embarking on a farming career. For the last 18 years he has been a broiler farmer and before 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 an FAO award for food security and bio-diversity and was an Inter-American Institute for Corporation in Agriculture (IICA) regional hemispheric farmer nominee for 2009.

Mr. Johnson is currently President of the Small Business Association of Jamaica ("SBAJ") and a founding member of the Jamaica Organic Agricultural Movement (JOAM).

Gregory Shirley, B.A., MBA, has over 30 years' experience as a management consultant with KPMG where he rose to Partner-in-Charge of Advisory Services in KPMG Caricom. In the foregoing capacity he provided business advisory services to firms in a wide range of industries including banking and finance, utilities, manufacturing and the service sector across the Caricom region. Mr. Shirley has developed and implemented performance and reward management programmes in both the public and private sectors. Prior to joining KPMG in 1976, Mr. Shirley was Manager of Human Resources Planning and Development for a major United States utility company.

Mr. Shirley is currently the chairman of Westar Group Limited and serves on the board of several companies and organizations, notably, Jamaica Broilers Group Limited, JMMB Bank Limited and Phoenix Printery Limited. He is a trustee of the Munro and Dickerson Trust.

Mr. Shirley holds a Bachelor of Arts degree in Economics from the University of Arkansas and an MBA from Michigan State University.

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' experience in the automotive industry at the administrative and managerial levels. Her experience spans a range of areas 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 director and company secretary of the Richard and Dianna Stewart Foundation and a director of Simpson Finance Jamaica Limited. She is also the chairman of the Financial Services Commission ("FSC") and a board member of the National Education Trust ("NET")

Committee(s) of the Board

12.3 The board of directors will consider all major decisions affecting the Company. Under its Articles of Incorporation the Board may establish committees, as it deems fit, and pursuant thereto it has established an audit committee which complies with the requirement of the JSE applicable to public companies listed on the main market.

12.4 The Audit Committee is chaired by Gregory Shirley and also includes Nigel Davy and Jacqueline Stewart Lechler. All three (3) members of this committee are non-executive directors of the Company who the Board identifies as independent (that is, a director who is free of any interest, position, association or relationship that might influence or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the board and to act in the best interest of the entity and its shareholders generally). The Audit Committee will assist the board in overseeing:

- the Company's accounting and financial reporting processes;
- the integrity and audits of the company's financial statements;
- compliance with legal and regulatory requirements including the rules of the JSE;
- the qualification, independence and performance of the company's auditors;
- the Company's internal audit and control processes;
- the Company's risk management systems and procedures; and
- monitoring potential conflicts of interest situations.

The Audit Committee will meet as the need arises but, in any case, at least every quarter.

12.5 The board reserves the right to establish other committees as it deems fit.

Company Secretary

12.6 Shaun Treasure, FCA is currently the Secretary & Finance Manager of the Company and is expected to continue in that post after the Offer for Sale.

Senior Managers of the Company

12.7 Brief details of the Company's Senior Management Team are set out below:

Earl Barrett, B.Sc. – General Manager. Mr. Barrett is an engineer with over 40 years' experience gained in the bauxite, cement and renewable energy sector - 17 of which were at the senior management level and 10 in engineering and project management. He has over 9 years' experience in the renewable energy field. Mr. Barrett holds a B.Sc. 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.

Michelle Chin Lenn, B.Sc. (Hons.), M.Sc. - Project Manager. Ms. Chin Lenn commenced her working career 17 years ago in the manufacturing sector in Canada and for the last 14 years has been a key member of the Wigton Management Team. She was the Project Manager of the 18 MW Wigton II Project (2007-2010) and the 24MW Wigton III Expansion (2012-2016). In 2016 she established the Wigton Windfarm Renewable Energy Training Lab. She has served on various energy-related committees such as Chairperson of the Generation Code Review Committee (2007-2012) and Member of the Jamaican Energy Council Secretariat (2012-2016). Ms. Chin Lenn holds a B.Sc. (Hons.) degree in Chemical Engineering from the University of Waterloo, Canada and a M.Sc. degree in Engineering Management from Florida International University. She is a Graduate Member of the Jamaica Institution of Engineers.

Rohan L. Hay, B.Sc. - Operations Manager/Senior Electrical Engineer. Mr. Hay is a licensed electrician and professional engineer with over 28 years' experience in that field. He has worked in the telecommunications, mining, hotel and energy industries and for five (5) years carried on his own business as a private electrical contractor. Mr. Hay is a graduate of Florida International University where he completed a B.Sc. degree in Electrical Engineering.

Shaun Treasure, FCA – Finance Manager & Company Secretary. Mrs. Treasure joined Wigton in 2009 as an Accountant after completing her professional accounting training with experience in auditing and secretarial duties. She has over 23 years'

experience in accounting and is a Fellow of the Institution of Chartered Accountants of Jamaica (“FCA”).

The Management Arrangement

12.8 Earl Barrett, as General Manager will have overall responsibility for the day-to-day administration of the Company and management of its operations. More specifically his responsibilities will include:

- (a) ensuring the efficient operation of the Company in compliance with established guidelines, regulations and operating standards;
- (b) providing leadership and effective supervision of other staff and external service providers;
- (c) managing the Company’s communications with stockholders and the public.

Directors’ and Senior Managers’ Interest in the Company

12.9 No Director or senior manager holds Shares in the Company.

Directors’ Fees and Executive Emoluments

12.10 As is customary, non-executive Directors will be entitled to be paid directors’ fees for attending Board meetings and committee meetings. Such fees will be fixed by the Directors at the first Board meeting after the Offer for Sale and are not expected to materially exceed customary levels for public companies in Jamaica.

Wigton Windfarm Engineers & Technical Staff

12.11 The Company has a cadre of professional engineers and technical staff who are experienced in operating and maintaining the Company’s wind turbines and attendant facilities. The table below lists the Company’s engineers and senior technical officers, their field of study and their positions in the Company.

| ENGINEER | FIELD OF STUDY | POSITION |
|---|--|-----------------|
| Dwane Austin , B.Sc.(Eng.) | Civil Engineering and Electrical Engineering | Engineer |
| Gordon-Brett Burrowes , B.Sc.(Eng.), B.Sc. (Physics) | Mechanical Engineering and Physics | Engineer |
| Jeffrey Johnson , B.Sc.(Eng.) | Electrical Engineering | Senior Engineer |
| Oswald King , M.B.A, B.Sc.(Eng.) | General Management (M.B.A.) and Mechanical | Senior Engineer |

| ENGINEER | FIELD OF STUDY | POSITION |
|---|---|--------------------------|
| | Engineering (B.Sc.) | |
| Joel Lewinson, B.Sc.(Eng.) | Mechanical Engineering | Engineer |
| Kerry-Gaye McDonald, B.Sc.(Eng.) | Electrical Engineering | Engineer |
| Darren McIntyre, B.Sc.(Eng.) | Electrical Engineering | Senior Engineer |
| Michael Patterson, B.Sc.(Eng.) | Mechanical Engineering | Engineer |
| Sanja Simmonds, M.Phil., B.Sc. | Renewable Energy (M.Phil.) and Alternative Energy (B.Sc.) | Training Lab coordinator |

13 DIVIDEND POLICY

13.1 The Company has adopted a dividend policy that will target to pay out a dividend not exceeding twenty-five per cent (25%) of net profits after tax as it continues to pay down its debt. The Company's dividend policy is subject to the availability of sufficient distributable reserves for each financial year. The Company reserves the right to revise its dividend policy as the need arises.

13.2 The ability of the Company to pay dividend may be affected by various factors such as disruption of operations and availability of distributable reserves.

13.3 The Company is prohibited from paying dividends if there is a breach of any of the financial covenants set out in the debentures securing the obligations under the 2018 Bonds (see paragraph 9.15 for further information).



Independent Auditor's Report

To the Board of Directors of
Wigton Windfarm Limited

Report on Summarised Financial Statements

The accompanying summarised financial statements titled "Historical Financial Data" have been derived from the financial statements of Wigton Windfarm Limited (the Company) as at, and for the financial year ends, referred to in the table below.

The accompanying summarised financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on whether the summarised financial statements are consistent, in all material respects, with the financial statements from which they were derived.

We have audited the following financial statements as at and for the financial year ends detailed in the table below, from which these summarised combined financial statements were derived. These audits were conducted in accordance with International Standards on Auditing. In our reports, dated as indicated in the table below, we expressed unqualified opinions on the financial statements from which the summarised financial statements were derived.

| <u>Year End</u> | <u>Audit Report Date</u> |
|-----------------|--------------------------|
| 31 March 2014 | 4 August 2014 |
| 31 March 2015 | 30 July 2015 |
| 31 March 2016 | 29 July 2016 |
| 31 March 2017 | 31 July 2017 |
| 31 March 2018 | 27 July 2018 |

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L.A. McKnight P.E. Williams A.K. Jain B.L. Scott, B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Ball-Wisdom G.K. Moore



Emphasis of Matter

We draw your attention to the following:

The summarised combined financial statements are not a complete set of financial statements, with all the required disclosures of International Financial Reporting Standards. For a better understanding of the Company's financial position and the results of operations for the periods presented, and of the scope of the related audits, the summarised financial statements should be read in conjunction with the financial statements from which the summarised financial statements were derived and our audit reports thereon.

We have not qualified our opinion in relation to the above matter.

Opinion

In our opinion, the accompanying summarised financial statements are consistent, in all material respects, with the financial statements from which they were derived.

PricewaterhouseCoopers
Chartered Accountants
2 April 2019
Kingston, Jamaica

Historical Financial Data

14.1 The following historical financial information is extracted from the audited financial statements of the Company for the last five fiscal years of the Company ended March 31, 2018.

- Summary of the statement of comprehensive income of the Company for the 5 completed financial years immediately preceding the issue of the Prospectus

| | 2014 \$'000 | 2015 \$'000 | 2016 \$'000 | 2017 \$'000 | 2018 \$'000 |
|---|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Sales | 1,495,137 | 1,543,970 | 1,831,149 | 2,162,412 | 2,356,766 |
| Cost of sales | <u>(367,580)</u> | <u>(366,231)</u> | <u>(375,017)</u> | <u>(658,005)</u> | <u>(704,416)</u> |
| Gross Profit | 1,127,557 | 1,177,739 | 1,456,132 | 1,504,407 | 1,652,350 |
| Other Income | 184,387 | 148,511 | 123,521 | 170,212 | 636,920 |
| General administrative expenses | <u>(312,257)</u> | <u>(209,995)</u> | <u>(337,267)</u> | <u>(339,658)</u> | <u>(404,121)</u> |
| Operating profit | 999,687 | 1,116,255 | 1,242,386 | 1,334,961 | 1,885,149 |
| Finance expense | <u>(788,883)</u> | <u>(550,101)</u> | <u>(704,055)</u> | <u>(964,192)</u> | <u>(877,356)</u> |
| Net profit before taxation | 210,804 | 566,154 | 538,331 | 370,769 | 1,007,793 |
| Taxation | <u>(157,698)</u> | <u>(141,248)</u> | <u>(236,004)</u> | <u>(184,564)</u> | <u>(181,641)</u> |
| Net Profit | <u>53,106</u> | <u>424,906</u> | <u>302,327</u> | <u>186,205</u> | <u>826,152</u> |
| Remeasurement of pension and other post employment benefits | <u>(2,733)</u> | <u>(13,804)</u> | <u>3,372</u> | <u>28,632</u> | <u>7,941</u> |
| Total comprehensive income | <u>50,373</u> | <u>411,102</u> | <u>305,699</u> | <u>214,837</u> | <u>834,093</u> |

- Summary of Five Year Audited Statement of Financial Position (Balance Sheet) up to year ended March 31, 2018

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-------------------------|-------------------------|--------------------------|--------------------------|-------------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Non- current Assets | | | | | |
| Property, plant and equipment | 4,540,276 | 5,293,943 | 9,470,860 | 8,782,308 | 8,363,008 |
| Pension plan asset | <u>15,944</u> | <u>12,710</u> | <u>12,305</u> | <u>50,891</u> | <u>67,499</u> |
| Total Non-current Assets | <u>4,556,220</u> | <u>5,306,653</u> | <u>9,483,165</u> | <u>8,833,199</u> | <u>8,430,507</u> |
| Current Assets | | | | | |
| Inventory | 4,363 | 4,782 | 8,010 | 19,076 | - |
| Accounts receivable | 161,225 | 215,591 | 489,711 | 443,488 | 175,176 |
| Taxation recoverable | 30,514 | 34,246 | 29,754 | 44,802 | 60,034 |
| Due from parent company | 247,358 | - | - | - | - |
| Restricted cash | 49,047 | - | - | - | - |
| Cash and deposits | <u>1,284,962</u> | <u>1,510,591</u> | <u>924,050</u> | <u>1,117,906</u> | <u>690,367</u> |
| Total Current Assets | <u>1,777,469</u> | <u>1,765,210</u> | <u>1,451,525</u> | <u>1,625,272</u> | <u>925,577</u> |
| Total Assets | <u>6,333,689</u> | <u>7,071,863</u> | <u>10,934,690</u> | <u>10,458,471</u> | <u>9,356,084</u> |
| Non-current Liabilities | | | | | |
| Capital grants | 203,965 | 183,790 | 163,615 | 143,440 | 123,265 |
| Long term liabilities | 4,969,318 | 5,516,675 | 7,485,040 | 7,566,089 | 5,945,690 |
| Post-employment benefit obligation | - | 17,134 | 16,358 | 21,194 | 30,164 |
| Deferred tax liabilities | <u>17,831</u> | <u>114,515</u> | <u>263,204</u> | <u>433,826</u> | <u>580,742</u> |
| Total Non-current Liabilities | <u>5,191,114</u> | <u>5,832,114</u> | <u>7,928,217</u> | <u>8,164,549</u> | <u>6,679,861</u> |
| Current Liabilities | | | | | |
| Due to parent company | 320,897 | 76,306 | 89,715 | 25,189 | 24,485 |
| Accounts payable | 128,956 | 76,017 | 1,220,550 | 201,393 | 100,947 |
| Current portion of long term liabilities | 421,391 | 449,718 | 726,237 | 1,093,367 | 770,475 |
| Taxation payable | <u>66,894</u> | <u>27,479</u> | <u>54,043</u> | - | - |
| Total Current Liabilities | <u>938,138</u> | <u>629,520</u> | <u>2,090,545</u> | <u>1,319,949</u> | <u>895,907</u> |
| Total Liabilities | <u>6,129,252</u> | <u>6,461,634</u> | <u>10,018,762</u> | <u>9,484,498</u> | <u>7,575,768</u> |
| Equity | | | | | |
| Share capital | 202,598 | 202,598 | 202,598 | 202,598 | 202,598 |
| Retained earnings | <u>1,839</u> | <u>407,631</u> | <u>713,330</u> | <u>771,375</u> | <u>1,577,718</u> |
| Total Equity | <u>204,437</u> | <u>610,229</u> | <u>915,928</u> | <u>973,973</u> | <u>1,780,316</u> |
| Total Liabilities and Equity | <u>6,333,689</u> | <u>7,071,863</u> | <u>10,934,690</u> | <u>10,458,471</u> | <u>9,356,084</u> |

- Five Year Dividend History

| | 2014 \$'000 | 2015 \$'000 | 2016 \$'000 | 2017 \$'000 | 2018 \$'000 |
|---|----------------|----------------|----------------|----------------|----------------|
| Rate of Dividends paid on Ordinary Shares | - | 5,310 | - | 156,792 | 27,750 |

14.2 Auditors' Report



Wigton Windfarm Limited

**Financial Statements
31 March 2018**

Wigton Windfarm Limited

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31 March 2018

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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 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 March 2018;
 - 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 a summary of 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.

Responsibilities of management for the financial statements

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

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

L.A. McKnight P.E. Williams A.K. Jain B.L. Scott, B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore



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.

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.



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

PricewaterhouseCoopers
Chartered Accountants
27 July 2018
Kingston, Jamaica

Wigton Windfarm Limited

Statement of Comprehensive Income

Year ended 31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2018 \$'000 | 2017 \$'000 |
|---|------|------------------------|------------------------|
| Sales | | 2,356,766 | 2,162,412 |
| Cost of sales | | <u>(704,416)</u> | <u>(658,005)</u> |
| Gross Profit | | 1,652,350 | 1,504,407 |
| Other income | 6 | 636,920 | 170,212 |
| General administrative expenses | | <u>(404,121)</u> | <u>(339,658)</u> |
| Operating Profit | | 1,885,149 | 1,334,961 |
| Finance expense | 9 | <u>(877,356)</u> | <u>(964,192)</u> |
| Profit before Taxation | | 1,007,793 | 370,769 |
| Taxation | 10 | <u>(181,641)</u> | <u>(184,564)</u> |
| Net Profit | | 826,152 | 186,205 |
| 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 | <u>7,941</u> | <u>28,632</u> |
| TOTAL COMPREHENSIVE INCOME | | <u><u>834,093</u></u> | <u><u>214,837</u></u> |
| Earning per stock unit for profit attributable to the equity holders of the Company during the year | | | |
| | 12 | <u><u>\$82,615</u></u> | <u><u>\$18,621</u></u> |

Wigton Windfarm Limited

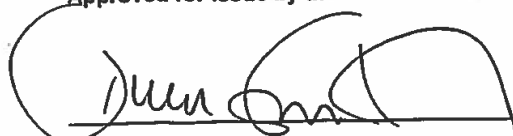
Statement of Financial Position

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2018 \$'000 | 2017 \$'000 |
|--|------|------------------|------------------|
| Non-Current Assets | | | |
| Property, plant and equipment | 11 | 8,363,008 | 8,782,308 |
| Pension plan asset | 13 | 67,499 | 50,891 |
| | | <u>8,430,507</u> | <u>8,833,199</u> |
| Current Assets | | | |
| Inventory | 15 | - | 19,076 |
| Accounts receivable | 16 | 175,176 | 443,488 |
| Taxation recoverable | | 60,034 | 44,802 |
| Cash and deposits | 18 | 690,367 | 1,117,906 |
| | | <u>925,577</u> | <u>1,625,272</u> |
| Current Liabilities | | | |
| Due to parent company | 17 | 24,485 | 25,189 |
| Accounts payable | 19 | 100,947 | 201,393 |
| Current portion of long term liabilities | 22 | 770,475 | 1,093,367 |
| | | <u>895,907</u> | <u>1,319,949</u> |
| Net Current Assets | | | |
| | | <u>29,670</u> | <u>305,323</u> |
| | | <u>8,460,177</u> | <u>9,138,522</u> |
| Equity | | | |
| Share capital | 20 | 202,598 | 202,598 |
| Retained earnings | | 1,577,718 | 771,375 |
| | | <u>1,780,316</u> | <u>973,973</u> |
| Non-Current Liabilities | | | |
| Capital grants | 21 | 123,265 | 143,440 |
| Long term liabilities | 22 | 5,945,690 | 7,566,089 |
| Post-employment benefit obligation | 13 | 30,164 | 21,194 |
| Deferred tax liabilities | 14 | 580,742 | 433,826 |
| | | <u>8,460,177</u> | <u>9,138,522</u> |

Approved for issue by the Board of Directors on 27 July 2018 and signed on its behalf:



Duane Smith

Director



Richard Bowes

Director

Wigton Windfarm Limited

Statement of Changes in Equity

Year ended 31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | Number of Shares '000 | Share Capital \$'000 | Retained Earnings \$'000 | Total \$'000 |
|---|------|-----------------------------|-------------------------|--------------------------------|-----------------|
| Balance at 1 April 2016 | | 10 | 202,598 | 713,330 | 915,928 |
| Net profit | | - | - | 186,205 | 186,205 |
| Remeasurements of pension and other post-employment benefits | 10 | - | - | 28,632 | 28,632 |
| Total comprehensive income for 2017 | | - | - | 214,837 | 214,837 |
| Transaction with owners- | | | | | |
| Financial Distribution | | - | - | (156,792) | (156,792) |
| Total transactions with owners | | - | - | (156,792) | (156,792) |
| Balance at 31 March 2017 | | 10 | 202,598 | 771,375 | 973,973 |
| Net profit | | - | - | 826,152 | 826,152 |
| Remeasurements of pension and other post-employment benefits | 10 | - | - | 7,941 | 7,941 |
| Total comprehensive income for 2018 | | - | - | 834,093 | 834,093 |
| Transaction with owners- | | | | | |
| Financial Distribution | | - | - | (27,750) | (27,750) |
| Total transactions with owners | | - | - | (27,750) | (27,750) |
| Balance at 31 March 2018 | | 10 | 202,598 | 1,577,718 | 1,780,316 |

Wigton Windfarm Limited

Statement of Cash Flows

Year ended 31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 2018 \$'000 | 2017 \$'000 |
|---|------|-----------------------|-------------------------|
| SOURCES OF CASH: | | | |
| Operating Activities | | | |
| Net profit | | 826,152 | 186,205 |
| Items not affecting cash: | | | |
| Depreciation | 11 | 623,917 | 580,484 |
| Gain on sale of property, plant and equipment | | - | (6) |
| Interest income | 6 | (25,939) | (23,759) |
| Interest expense | 9 | 402,099 | 429,222 |
| Pension plan asset | | (1,959) | 569 |
| Post-employee benefit obligation | | 4,908 | 3,857 |
| Taxation | 10 | 181,641 | 184,564 |
| Amortisation of grant | 21 | (20,175) | (20,175) |
| Exchange (gain)/loss on foreign balances | | (124,334) | 321,022 |
| | | <u>1,866,310</u> | <u>1,661,983</u> |
| Change in operating assets and liabilities: | | | |
| Inventory | | - | (11,066) |
| Accounts receivable | | 267,135 | 46,223 |
| Due to parent company | | (704) | (64,526) |
| Accounts payable | | (100,446) | (741,133) |
| | | <u>2,032,295</u> | <u>891,481</u> |
| Tax paid | | (52,603) | (92,577) |
| Cash provided by operating activities | | <u>1,979,692</u> | <u>798,904</u> |
| Financing Activities | | | |
| Loans repaid | | (1,780,082) | (1,042,274) |
| Loans received | | - | 1,019,460 |
| Special financial distribution | | (27,750) | (156,792) |
| Interest paid | | (402,099) | (401,708) |
| Cash used in financing activities | | <u>(2,209,931)</u> | <u>(581,314)</u> |
| Investing Activities | | | |
| Purchase of property, plant and equipment | 11 | (185,541) | (169,956) |
| Proceeds from sale of property, plant and equipment | | - | 6 |
| Interest received | | 27,116 | 23,759 |
| Cash used in investing activities | | <u>(158,425)</u> | <u>(146,191)</u> |
| (Decrease)/increase in cash and cash equivalents | | (388,664) | 71,399 |
| Effect of changes in exchange rate on cash and cash equivalents | | (38,875) | 122,457 |
| Cash and cash equivalents at beginning of year | | <u>1,117,906</u> | <u>924,050</u> |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | 16 | <u><u>690,367</u></u> | <u><u>1,117,906</u></u> |

The principal non-cash transactions for the year related to adjustment to property plant and equipment in relation to reclassification of spare parts from inventory to the amount of \$19,076,000 (Note 11). The principal non-cash transaction for the prior year was related to adjustment made to property plant and equipment in relation to General Consumption Tax (GCT) recoverable from Tax Administration Jamaica (TAJ) to the amount of \$278,024,000 (Note 10).

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2018

(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 13, 2000. It is a wholly owned subsidiary of the Petroleum Corporation of Jamaica. The principal activity of the company is the generation and sale of electricity from wind technology. The registered office of the company is located at 36 Trafalgar Road, Kingston 10.

2. 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.

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

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has adopted the following, which are relevant to its operations.

- **Amendments to IAS 7, 'Statement of Cash Flows', (effective for annual periods beginning on or after 1 January 2017).** In January 2016, the IASB published amendments to IAS 7 to improve information about an entity's financing activities. These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The amendments require disclosure of information enabling users to evaluate changes in liabilities arising from financing activities including both cash and non-cash changes. The Company has provided the additional disclosures in the financial statements (Note 22).
- **Amendments to IAS 12, 'Income Taxes, (effective for annual periods beginning on or after 1 January 2017).** In January 2016, the IASB published amendments to IAS 12 clarifying specifically how to account for deferred tax assets related to debt instruments measured at fair value as well as clarifying the guidance for deferred tax assets in general by adding examples and elaborating on some of the requirements in more detail. The amendments do not change the underlying principles for the recognition of deferred tax assets.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to publish standards that are not yet effective and have not been early adopted

At the date of authorisation of these financial statements, certain standards, interpretations and amendments to existing standards have been published which are not yet effective, and which the company has not early adopted. The company has assessed the relevance of all such standards, interpretations and amendments and has determined that the following are relevant to its operations, and has concluded as follows:

- **IFRS 9, Financial Instruments (effective for annual periods beginning on or after 1 January 2018).** IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. IFRS 9 removes also the requirement to separate embedded derivatives from financial asset hosts. It requires a hybrid contract to be classified in its entirety at either amortised cost or fair value. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements, including amortised cost accounting for most financial liabilities and the requirement to separate embedded derivatives. The main change is where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch. The company is assessing the impact of the future adoption of the standard on the financial statements.
- **IFRS 15, 'Revenue from Contracts with Customers' (effective for accounting periods beginning on or after 1 January 2018).** The IASB has published its new revenue standard, IFRS 15 'Revenue from Contracts with Customers'. The U.S. Financial Accounting Standards Board (FASB) has concurrently published its equivalent revenue standard which is the result of a convergence project between the two Boards. IFRS 15 applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. It specifies how and when an entity will recognise revenue. It also requires entities to provide more informative, relevant disclosures. The standard supersedes IAS 18, 'Revenue', IAS 11, 'Construction Contracts' and a number of revenue-related interpretations. The company is assessing the impact of the future adoption of the standard.
- **Amendments to IFRS 15, Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)** comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. The U.S. Financial Accounting Standards Board (FASB) has concurrently published its equivalent revenue standard which is the result of a convergence project between the two Boards. IFRS 15 applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. It specifies how and when an entity will recognise revenue as well as requiring entities to provide more informative, relevant disclosures. The standard supersedes IAS 18, 'Revenue', IAS 11, 'Construction Contracts' and a number of revenue-related interpretations. The company is assessing the impact of the standard on the financial statements.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to publish standards that are not yet effective and have not been early adopted (continued)

- **IFRS 16, 'Leases', (effective for annual periods beginning on or after 1 January 2019)** was issued in January 2018 and replaces IAS 17, 'Leases'. A company can choose to apply IFRS 16 before the effective date but only if it also applies IFRS 15, 'Revenue from Contracts with Customers'. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors and lessees that will improve information provided to users of the financial statements.

The company is considering the implications of the standard, the impact on the company and the timing of its adoption.

- **IFRIC 22, 'Foreign currency transactions and advance consideration', (effective for annual periods beginning on or after 1 January 2018)**. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The company does not expect any significant impact on its financial statements arising from the future adoption of the interpretation.
- **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. The company does not expect any significant impact on its financial statements arising from the future adoption of the interpretation.
- **Amendments to IAS 19, 'Employee benefits', (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 to recognise in profit or loss as 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 does not expect any significant impact on its financial statements arising from the future adoption of the amendment.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to publish standards that are not yet effective and have not been early adopted (continued)

- **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 does not expect any significant impact from future adoption of these amendments.

(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

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. At year end date, accounts receivable and cash and deposits were classified as loans and receivables.

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 parent company and long term liabilities.

(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.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(d) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of electricity in the ordinary course of the company's activities. Revenue is shown net of General Consumption Tax, returns, rebates and discounts. Revenue is recognised as follows:

Sales of goods

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

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Other operating income

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

(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 |
| Books | 2 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) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(h) 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 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.

(i) Accounts receivable

Receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of these receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers. Bad debts are written off during the year in which they are identified.

(j) Cash and cash equivalents

Cash and cash equivalents 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.

(k) Accounts payable

Payables are recorded at cost.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(l) Grants

Grants received and used to purchase property, plant and equipment are credited to a liability account and amortised to other income. These grants are amortised over the useful lives of the assets to which they relate. All other grants are recognised as income. All grants are accounted for in the year in which they are received on a prorated basis.

(m) 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.

(n) Leases

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 the statement of comprehensive income 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 recognised as an expense in the period in which termination takes place.

Leases of property, plant and equipment where the company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities. The interest element of the finance charge is charged to profit or loss in the statement of comprehensive income over the lease period. The items of property, plant and equipment acquired under finance leasing contracts are depreciated over the shorter of the useful life of the asset or the lease term.

(o) Employee benefits

Pension benefits

The company participates in a defined benefit pension scheme operated by Petroleum Corporation of Jamaica, its parent company. The scheme is 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 Windfarm Limited

Notes to the Financial Statements

31 March 2018(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)**(o) Employee benefits (continued)*****Other post-employment benefits***

The company provides post-employment medical benefits to its retirees through participation in a scheme operated by the 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.

(p) Dividend distribution/Special financial distribution

Dividend distribution to the company's shareholder is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholder. Special financial distribution is recognised as a liability in the company's financial statements in the period in which the request is received from the financial secretary and the distributions are approved by the company's shareholder.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2018

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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 customers, clients or counterparties 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.

Receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of its sole customer. The company's relationship with its customer is governed by 20-year power purchase agreement which require the customer to settle all outstanding amounts within one month after the billing date.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk

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

| | 2018 \$'000 | 2017 \$'000 |
|-----------------------------|----------------|------------------|
| Trade and other receivables | 129,843 | 181,954 |
| Cash and deposits | 690,367 | 1,117,906 |
| | <u>820,210</u> | <u>1,299,860</u> |

The above table represents a worst case scenario of credit risk exposure to the company at 31 March 2018 and 2017.

No provisions have been made at year end as none of the company's receivables are deemed to be impaired.

(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. This incorporates an assessment of expected cash flows and committed funding from its parent company, Petroleum Corporation of Jamaica, where necessary.

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

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(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 2018: | | | | | |
| Accounts payable | 97,271 | - | - | - | 97,271 |
| Due to parent company | 24,485 | - | - | - | 24,485 |
| Long term liabilities | 274,538 | 809,374 | 4,812,892 | 2,336,767 | 8,233,571 |
| | <u>396,295</u> | <u>809,734</u> | <u>4,812,892</u> | <u>2,336,767</u> | <u>8,355,327</u> |
| At 31 March 2017: | | | | | |
| Accounts payable | 195,082 | - | - | - | 195,082 |
| Due to parent company | 25,189 | - | - | - | 25,189 |
| Long term liabilities | 454,053 | 1,046,245 | 5,410,322 | 3,983,483 | 10,894,103 |
| | <u>674,324</u> | <u>1,046,245</u> | <u>5,410,322</u> | <u>3,983,483</u> | <u>11,114,374</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 group 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 2018

(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 2018: | | | | |
| Financial Assets | | | | |
| Receivables | 129,843 | - | - | 129,843 |
| Cash and deposits | 161,060 | 529,307 | - | 690,367 |
| Total financial assets | 290,903 | 529,307 | - | 820,210 |
| Financial Liabilities | | | | |
| Payables | 44,846 | 21,035 | 31,390 | 97,271 |
| Due to parent company | 24,485 | - | - | 24,485 |
| Long term liabilities | - | 6,716,165 | - | 6,716,165 |
| Total financial liabilities | 69,331 | 6,737,200 | 31,390 | 6,837,921 |
| Net financial position | 221,572 | (6,207,893) | (31,390) | (6,017,711) |
| At 31 March 2017: | | | | |
| Financial Assets | | | | |
| Receivables | 181,954 | - | - | 181,954 |
| Cash and deposits | 674,733 | 443,173 | - | 1,117,906 |
| Total financial assets | 856,687 | 443,173 | - | 1,299,860 |
| Financial Liabilities | | | | |
| Payables | 148,492 | 19,410 | 27,180 | 195,082 |
| Due to parent company | 25,189 | - | - | 25,189 |
| Long term liabilities | 411,311 | 8,248,145 | - | 8,659,456 |
| Total financial liabilities | 584,992 | 8,267,555 | 27,180 | 8,879,727 |
| Net financial position | 271,695 | (7,824,382) | (27,180) | (7,579,867) |

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2018

(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 4% devaluation and 2% revaluation (2017 – 6% devaluation and 1% 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 cash and bank balances, trade receivables and payables and foreign exchange losses/gains on translation of US dollar-denominated borrowings.

| | % Change in Currency Rate | Effect on Profit before Taxation |
|------------------|--------------------------------------|---|
| | 2018 | 2018 \$'000 |
| Currency: | | |
| USD | +4% | (248,316) |
| USD | -2% | 124,158 |
| EURO | +4% | (1,256) |
| EURO | -2% | 628 |

| | % Change in Currency Rate | Effect on Profit before Taxation |
|------------------|--------------------------------------|---|
| | 2017 | 2017 \$'000 |
| Currency: | | |
| USD | +6 | (469,463) |
| USD | -1 | 78,244 |
| EURO | +6 | (1,631) |
| EURO | -1 | 272 |

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2018

(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.

| | 1 to 3 Months \$'000 | 4 to 12 Months \$'000 | 1 to 5 Years \$'000 | Over 5 Years \$'000 | Non- Interest Bearing \$'000 | Total \$'000 |
|-------------------------------------|----------------------------|-----------------------------|---------------------------|---------------------------|---------------------------------------|--------------------|
| At 31 March 2018: | | | | | | |
| Financial Assets | | | | | | |
| Accounts receivable | - | - | - | - | 129,843 | 129,843 |
| Cash and deposits | 662,342 | - | - | - | 28,025 | 690,367 |
| Total assets | 662,342 | - | - | - | 157,868 | 820,210 |
| Financial Liabilities | | | | | | |
| Accounts payable | - | - | - | - | 97,271 | 97,271 |
| Due to parent company | - | - | - | - | 24,485 | 24,485 |
| Long term liabilities | 192,619 | 577,856 | 3,852,373 | 2,093,317 | - | 6,716,165 |
| Total liabilities | 192,619 | 577,856 | 3,852,373 | 2,093,317 | 121,756 | 6,837,921 |
| Total interest repricing gap | 469,723 | (577,856) | (3,852,373) | (2,093,317) | 36,112 | (6,017,711) |
| Cumulative repricing gap | 469,723 | (108,133) | (3,960,506) | (6,053,823) | (6,017,711) | |

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

| | 1 to 3 Months \$'000 | 4 to 12 Months \$'000 | 1 to 5 Years \$'000 | Over 5 Years \$'000 | Non- Interest Bearing \$'000 | Total \$'000 |
|------------------------------|----------------------------|-----------------------------|---------------------------|---------------------------|---------------------------------------|------------------|
| At 31 March 2017: | | | | | | |
| Financial Assets | | | | | | |
| Accounts receivable | - | - | - | - | 181,954 | 181,954 |
| Cash and deposits | 1,073,925 | - | - | - | 43,981 | 1,117,906 |
| Total assets | 1,073,925 | - | - | - | 225,935 | 1,299,860 |
| Financial Liabilities | | | | | | |
| Accounts payable | - | - | - | - | 195,082 | 195,082 |
| Due to parent company | - | - | - | - | 25,189 | 25,189 |
| Long term liabilities | 342,213 | 742,297 | 4,048,068 | 3,526,878 | - | 8,659,456 |
| Total liabilities | 342,213 | 742,297 | 4,048,068 | 3,526,878 | 220,271 | 8,879,727 |
| Total interest repricing gap | 731,712 | (742,297) | (4,048,068) | (3,526,878) | 5,664 | 7,579,867 |
| Cumulative repricing gap | 731,712 | (10,585) | (4,058,653) | (7,585,531) | (7,579,867) | |

Interest rate sensitivity

The company's interest rate risk arises from its deposits and long term liabilities. There is no sensitivity to interest rate risk as the deposits and long term liabilities are at fixed interest rates.

(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:

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
- (ii) 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
- (iii) 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 2018

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(d) Fair value estimation (continued)

At 31 March 2018 and 2017, the company had no financial instruments that, subsequent to initial recognition, are measured at fair value.

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 deposits, accounts receivable and payable and due to parent company, reflect their approximate fair values due to the short term nature of these instruments.
- (ii) The fair values of long term liabilities from the PetroCaribe Development Fund approximate to the carrying amounts as these loans are subject to such terms and conditions as are available in the market for similar transactions.

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.

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.

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2018

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5. Segmenting 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. Wigton Windfarm Limited is organised and managed in three main reportable segments based on the respective windfarms.

The designated segments are as follows:

- Phase I
- Phase II
- 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).

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2018

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5. Segmenting Financial Reporting (Continued)

| | 2018 | | | |
|--------------------------|-------------------|--------------------|---------------------|------------------|
| | Phase I \$'000 | Phase II \$'000 | Phase III \$'000 | Total \$'000 |
| Gross external revenues | 719,378 | 752,239 | 885,149 | 2,356,766 |
| Other income | 20,278 | - | 2,888 | 23,166 |
| Allocated other income | 202,627 | 176,198 | 234,930 | 613,755 |
| Total revenue | 942,283 | 928,437 | 1,122,967 | 2,993,687 |
| | | | | |
| Segment Results | 466,067 | 425,675 | 518,150 | 1,409,892 |
| Interest Expense | | | | (402,099) |
| Profit before tax | | | | 1,007,793 |
| Taxation | | | | (181,641) |
| Net profit | | | | 826,152 |
| | | | | |
| Segment Assets | 885,650 | 2,854,007 | 4,569,292 | 8,308,949 |
| Unallocated Assets | | | | 1,047,135 |
| Total assets | | | | 9,356,084 |
| | | | | |
| Segment liabilities | 31,390 | 3,165,308 | 3,551,248 | 6,747,946 |
| Unallocated liabilities | | | | 704,558 |
| Total liabilities | | | | 7,452,504 |
| | | | | |
| Other segment items- | | | | |
| Capital Expenditure | 119,485 | 20,645 | 45,411 | 185,541 |
| Depreciation | 110,000 | 234,903 | 279,014 | 623,917 |

Wigton Windfarm Limited

Notes to the Financial Statements

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5. Segmenting Financial Reporting (Continued)

| | 2017 | | | |
|-----------------------------|-------------------|--------------------|---------------------|-------------------|
| | Phase I \$'000 | Phase II \$'000 | Phase III \$'000 | Total \$'000 |
| Gross external revenues | 663,725 | 669,004 | 829,683 | 2,162,412 |
| Other income | 20,248 | - | 1,029 | 21,277 |
| Allocated other income | 49,170 | 42,757 | 57,009 | 148,936 |
| Total revenue | 733,143 | 711,761 | 887,721 | 2,332,625 |
| Segment Results | 303,062 | 190,482 | 306,447 | 799,991 |
| Interest Expense | | | | (429,222) |
| Profit before tax | | | | 370,769 |
| Taxation | | | | (184,564) |
| Net profit | | | | 186,205 |
| Segment Assets | 845,738 | 3,034,364 | 4,810,358 | 8,690,460 |
| Unallocated Assets | | | | 1,768,011 |
| Total assets | | | | 10,458,471 |
| Segment liabilities | 225,546 | 4,542,573 | 4,001,604 | 8,769,723 |
| Unallocated liabilities | | | | 571,335 |
| Total liabilities | | | | 9,341,058 |
| Other segment items- | | | | |
| Capital Expenditure | 42,009 | 39,499 | 88,448 | 169,956 |
| Depreciation | 102,576 | 228,521 | 249,387 | 580,484 |

Wigton Windfarm Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

6. Other Income

| | 2018 | 2017 |
|-----------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Grant amortisation | 20,175 | 20,175 |
| Interest income | 25,939 | 23,759 |
| Miscellaneous | 3,202 | 3,821 |
| Foreign exchange gain | <u>587,604</u> | <u>122,457</u> |
| | <u>636,920</u> | <u>170,212</u> |

7. Expenses by Nature

| | 2018 | 2017 |
|----------------------------|------------------|----------------|
| | \$'000 | \$'000 |
| Auditors' remuneration | 1,823 | 1,260 |
| Depreciation | 623,917 | 580,484 |
| Directors' emoluments – | | |
| Fees | 1,840 | 1,683 |
| Insurance | 88,379 | 99,732 |
| Other expense | 43,699 | 22,508 |
| Professional fees | 11,266 | 4,526 |
| Rental and utility charges | 21,598 | 23,242 |
| Repairs and maintenance | 142,124 | 78,467 |
| Staff costs (Note 7) | 123,527 | 112,894 |
| Security costs | 8,618 | 10,011 |
| Management fees | - | 10,000 |
| Project expenses | 150 | 11,149 |
| Electricity | <u>41,596</u> | <u>41,707</u> |
| | <u>1,108,537</u> | <u>997,663</u> |

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

8. Staff Costs

| | 2018 \$'000 | 2017 \$'000 |
|--|----------------|----------------|
| Salaries and wages | 98,648 | 88,417 |
| Payroll taxes – Employer's Contribution | 7,015 | 7,561 |
| Pension and other post-employment benefits (Note 11) | 3,604 | 5,064 |
| Other | 14,260 | 11,852 |
| | <u>123,527</u> | <u>112,894</u> |

The average number of employees in 2018 was 20 (2017 - 21).

9. Finance Expense

| | 2018 \$'000 | 2017 \$'000 |
|--------------------------|----------------|----------------|
| Interest expense – loans | 402,099 | 429,222 |
| Foreign exchange losses | 475,257 | 534,970 |
| | <u>877,356</u> | <u>964,192</u> |

Wigton Windfarm Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

10. Taxation

Taxation is based on the profit for the year adjusted for taxation purposes and comprises income tax at 25%:

| | 2018 \$'000 | 2017 \$'000 |
|---|----------------|----------------|
| Current tax | 40,692 | 22,970 |
| Prior year (over)/underaccrual of taxes | (3,321) | 516 |
| Deferred taxation (Note 14) | 144,270 | 161,078 |
| | <u>181,641</u> | <u>184,564</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:

| | 2018 \$'000 | 2017 \$'000 |
|---|----------------|----------------|
| Profit before tax | 1,007,793 | 370,769 |
| Tax calculated at a tax rate of 25% | 251,948 | 92,692 |
| Adjusted for the effects of: | | |
| Income not subject to tax | (105,835) | (24,171) |
| Expenses not deductible for tax purposes | 62,989 | 149,590 |
| Employment tax credit | (10,303) | (6,223) |
| Prior year over-accrual of taxes | (3,321) | 516 |
| Adjustment of prior year deferred tax | - | (12,583) |
| Net effects of other charges and allowances | (13,837) | (15,257) |
| Tax charge | <u>181,641</u> | <u>184,564</u> |

Subject to agreement with the Taxpayer Audit and Assessment Department, the company has tax losses of \$730,145,000 (2017 - \$922,902,000) to carry forward indefinitely against future taxable income.

An Employment tax credit (ETC) is now 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 \$10,303,000 (2017- \$6,223,000).

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

| | 2018 | | | 2017 | | |
|--|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|------------------------|
| | 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) | (10,587) | 2,646 | (7,941) | (38,176) | 9,544 | (28,632) |

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11. Property, Plant and Equipment

| | Property Plant and Equipment \$'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 - | | | | | | | | |
| 1 April 2016 | 6,016,805 | 60,079 | 190,976 | 39,987 | - | 42,368 | 5,360,626 | 11,710,841 |
| Additions | 2,529 | 10,728 | 68,730 | 5,877 | - | - | 82,092 | 169,956 |
| Disposals | - | - | - | (241) | - | - | - | (241) |
| Transfers | 5,041,438 | - | - | - | 95,824 | - | (5,137,262) | - |
| Adjustment | - | - | - | - | - | - | (278,024) | (278,024) |
| At 31 March 2017 | 11,060,772 | 70,807 | 259,706 | 45,623 | 95,824 | 42,368 | 27,432 | 11,602,532 |
| Additions | 17,482 | 5,498 | 107,525 | 14,973 | - | 5,410 | 34,653 | 185,541 |
| Disposals | - | - | - | - | - | - | - | - |
| Transfers | 29,161 | - | - | - | - | - | (29,161) | - |
| Adjustment | - | - | 19,076 | - | - | - | - | 19,076 |
| At 31 March 2018 | 11,107,415 | 76,305 | 386,307 | 60,596 | 95,824 | 47,778 | 32,924 | 11,807,149 |
| Depreciation - | | | | | | | | |
| 1 April 2016 | 2,092,990 | 41,146 | 66,236 | 23,615 | - | 15,994 | - | 2,239,981 |
| Charge | 532,620 | 8,156 | 25,424 | 4,739 | 2,396 | 7,149 | - | 580,484 |
| Relieved on disposals | - | - | - | (241) | - | - | - | (241) |
| At 31 March 2017 | 2,625,610 | 49,302 | 91,660 | 28,113 | 2,396 | 23,143 | - | 2,820,224 |
| Charge | 554,602 | 6,849 | 46,931 | 4,918 | 4,791 | 5,826 | - | 623,917 |
| At 31 March 2018 | 3,180,212 | 56,151 | 138,591 | 33,031 | 7,187 | 28,969 | - | 3,444,141 |
| Net Book Value - | | | | | | | | |
| 31 March 2018 | 7,927,203 | 20,154 | 247,716 | 27,565 | 88,637 | 18,809 | 32,924 | 8,363,008 |
| 31 March 2017 | 8,435,162 | 21,506 | 168,046 | 17,510 | 93,428 | 19,225 | 27,432 | 8,782,308 |

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12. Earnings per Stock Unit Earning

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.

| | 2018 \$'000 | 2017 \$'000 |
|--|-----------------|-----------------|
| Net profit attributable to shareholders | <u>826,152</u> | <u>186,205</u> |
| Weighted average number of ordinary shares in issue ('000) | <u>10</u> | <u>10</u> |
| Basic earnings per share | <u>\$82,615</u> | <u>\$18,621</u> |

13. Pension and Other Post-Employment Benefits

| | 2018 \$'000 | 2017 \$'000 |
|--|-----------------|-----------------|
| Asset recognised in the statement of financial position: | | |
| Pension plan asset | 67,499 | 50,891 |
| Post-employment benefit obligation | <u>30,164</u> | <u>21,194</u> |
| Amounts recognised in profit or loss: | | |
| Pension plan asset | (1,480) | 1,377 |
| Post-employment benefit obligation | <u>5,084</u> | <u>3,687</u> |
| | <u>3,604</u> | <u>5,064</u> |
| Amounts recognised in other comprehensive income: | | |
| Pension plan asset | (14,649) | (39,501) |
| Post-employment benefit obligation | <u>4,062</u> | <u>1,325</u> |
| | <u>(10,587)</u> | <u>(38,176)</u> |

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

Pension benefits

The company participates in the defined benefit pension scheme of its parent company. The scheme is 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. The plan is valued annually by independent actuaries.

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

| | 2018 | 2017 |
|--|------------------------|------------------------|
| | \$'000 | \$'000 |
| Present value of funded obligations | 64,178 | 40,708 |
| Fair value of plan assets | <u>(131,677)</u> | <u>(91,599)</u> |
| Asset in the statement of financial position | <u><u>(67,499)</u></u> | <u><u>(50,891)</u></u> |

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

| | 2018 | 2017 |
|---|-----------------------|----------------------|
| | \$'000 | \$'000 |
| At beginning of year | 91,599 | 43,457 |
| Remeasurement of plan assets – experience gains | 27,807 | 41,680 |
| Interest income on plan assets | 9,373 | 4,019 |
| Benefits paid | (242) | (569) |
| Contributions | <u>3,140</u> | <u>3,012</u> |
| At end of year | <u><u>131,677</u></u> | <u><u>91,599</u></u> |

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

| | 2018 | 2017 |
|---|----------------------|----------------------|
| | \$'000 | \$'000 |
| At beginning of year | 40,708 | 31,152 |
| Current service cost | 3,650 | 2,617 |
| Interest cost | <u>3,856</u> | <u>2,779</u> |
| | <u>48,214</u> | <u>36,548</u> |
| Remeasurements - | | |
| Losses/(gains) from change in financial assumptions | 32,512 | (4,184) |
| Experience (gains)/losses | <u>(18,967)</u> | <u>6,363</u> |
| | <u>13,545</u> | <u>2,179</u> |
| Employee contribution | 2,661 | 2,550 |
| Benefits paid | <u>(242)</u> | <u>(569)</u> |
| At end of year | <u><u>64,178</u></u> | <u><u>40,708</u></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:

| | 2018 \$'000 | 2017 \$'000 |
|---|----------------|----------------|
| Current service costs | 3,650 | 2,617 |
| Interest cost on defined benefit obligation | 3,856 | 2,779 |
| Interest income on plan assets | (9,373) | (4,019) |
| Interest on effect of asset ceiling | 387 | - |
| | <u>(1,480)</u> | <u>1,377</u> |

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

| | 2018 \$'000 | 2017 \$'000 |
|--|-----------------|-----------------|
| Remeasurements of the plan assets | (14,649) | (39,501) |
| Remeasurements of the defined benefit obligation | 4,062 | 1,325 |
| | <u>(10,587)</u> | <u>(38,176)</u> |

Expected employer contributions for the year ending 31 March 2019 amount to \$497,000.

The distribution of plan assets was as follows:

| | 2018 | | 2017 | |
|-------------------------------|----------------|------------|---------------|------------|
| | \$'000 | % | \$'000 | % |
| Equity Fund | 42,366 | 32 | 22,677 | 25 |
| Fixed Income Fund | 1,104 | 1 | 15,281 | 17 |
| Mortgage and Real Estate Fund | 45,978 | 35 | 22,848 | 25 |
| International Equity Fund | 13,890 | 11 | 8,242 | 9 |
| Foreign Currency Fund | 14,560 | 11 | 13,479 | 14 |
| Inflation Linked Fund | 13,509 | 9 | 8,542 | 9 |
| Other | 270 | 1 | 530 | 1 |
| | <u>131,677</u> | <u>100</u> | <u>91,599</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 schemes. 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:

| | 2018 \$'000 | 2017 \$'000 |
|---------------------------------------|----------------|----------------|
| Present value of unfunded obligations | <u>30,164</u> | <u>21,194</u> |

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

| | 2018 \$'000 | 2017 \$'000 |
|----------------------|----------------|----------------|
| At beginning of year | 21,194 | 16,358 |
| Current service cost | 3,079 | 2,223 |
| Interest cost | <u>2,005</u> | <u>1,464</u> |
| | 26,278 | 20,045 |
| Remeasurement - | | |
| Experience losses | 4,062 | 1,325 |
| Benefits paid | <u>(176)</u> | <u>(176)</u> |
| At end of year | <u>30,164</u> | <u>21,194</u> |

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

| | 2018 \$'000 | 2017 \$'000 |
|---|----------------|----------------|
| Current service cost | 3,079 | 2,223 |
| Interest cost | <u>2,005</u> | <u>1,464</u> |
| Total, included in staff costs (Note 7) | <u>5,084</u> | <u>3,687</u> |

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

| | 2018 \$'000 | 2017 \$'000 |
|---|----------------|----------------|
| Remeasurement of defined benefit obligation | <u>4,062</u> | <u>1,325</u> |

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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:

| | 2018 | 2017 |
|--------------------------|--------------|--------------|
| Discount rate | 7.50% | 9.5% |
| Future salary increases | 5.50% | 6.5% |
| Future pension increases | 0.50% | 1.00% |
| Inflation rate | 4.50% | 6.50% |
| Medical cost rate | <u>7.00%</u> | <u>9.00%</u> |

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

| | <u>Impact on defined benefit obligation</u> | | |
|-------------------------|---|-------------------------------|-------------------------------|
| | <u>Change in assumption</u> | <u>Increase in assumption</u> | <u>Decrease in assumption</u> |
| | | \$'000 | \$'000 |
| Discount rate | 1% | (14,057) | 19,280 |
| Future salary increase | 1% | 10,909 | (9,097) |
| Future pension increase | <u>0.5%</u> | <u>3,370</u> | <u>(3,102)</u> |

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% | (6,364) | 8,718 |
| Medical cost rate | 1% | 11,455 | (7,968) |

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 2017 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%.

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

| | 2018 \$'000 | 2017 \$'000 |
|---|------------------|------------------|
| Balance as at 1 April | (433,826) | (263,204) |
| Charged in arriving at profit or loss | (144,270) | (161,078) |
| (Charged)/credited to other comprehensive income (Note 9) | <u>(2,646)</u> | <u>(9,544)</u> |
| Balance as at 31 March | <u>(580,742)</u> | <u>(433,826)</u> |

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

| Deferred tax liabilities | Pension Plan Asset | Unrealised Foreign Exchange gains | Accelerated Tax Depreciation | Interest Receivable | Total |
|--|--------------------------|--|------------------------------------|------------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| At 1 April 2016 | (3,076) | (1,346) | (536,812) | - | (541,234) |
| Credited/(charged) to profit or loss | 217 | 1,241 | (136,262) | (294) | (135,098) |
| Charged to other comprehensive income | <u>(9,864)</u> | - | - | - | <u>(9,864)</u> |
| At 31 March 2017 | (12,723) | (105) | (673,074) | (294) | (686,196) |
| Credited/(charged) to profit or loss | (490) | (1,902) | (79,573) | 294 | (81,671) |
| Charged to other comprehensive income | <u>(3,662)</u> | - | - | - | <u>(3,662)</u> |
| At 31 March 2018 | <u>(16,875)</u> | <u>(2,007)</u> | <u>(752,647)</u> | - | <u>(771,529)</u> |

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14. Deferred Income Taxes (Continued)

| Deferred tax assets | Interest Payable | Post-Employment Benefit Obligation | Tax Losses | Other | Total |
|--------------------------------------|------------------|------------------------------------|------------|--------|----------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| At 1 April 2016 | 13,441 | 4,089 | 260,434 | 66 | 278,030 |
| Credited/(charged) to profit or loss | 2,248 | 890 | (29,708) | 590 | (25,980) |
| Credited to comprehensive income | - | 320 | - | - | 320 |
| At 31 March 2017 | 15,689 | 5,299 | 230,726 | 656 | 252,370 |
| Credited/(charged) to profit or loss | (15,689) | 1,227 | (48,189) | 52 | (62,599) |
| Credited to comprehensive income | - | 1,016 | - | - | 1,016 |
| At 31 March 2018 | - | 7,542 | 182,537 | 708 | 190,787 |

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:

| | 2018 \$'000 | 2017 \$'000 |
|--|------------------|------------------|
| Deferred tax assets | 190,787 | 252,370 |
| Deferred tax liabilities | (771,529) | (686,196) |
| | <u>(580,742)</u> | <u>(433,826)</u> |
| | 2018 \$'000 | 2017 \$'000 |
| Deferred tax assets to be recovered after more than 12 months | 190,079 | 236,025 |
| Deferred tax liabilities to be settled after more than 12 months | <u>(769,522)</u> | <u>(685,797)</u> |

15. Inventory

During the year, the inventory balance was reclassified to the service equipment category under property plant and equipment.

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16. Accounts Receivable

| | 2018 \$'000 | 2017 \$'000 |
|--|----------------|----------------|
| Trade | 123,548 | 149,020 |
| Prepayments | 44,039 | 50,999 |
| Taxation recoverable - General Consumption Tax | 1,294 | 210,535 |
| Other | 6,295 | 32,934 |
| | <u>175,176</u> | <u>443,488</u> |

In prior year, the taxation recoverable consisted of an amount of \$195,328,000 which is in relation to GCT which was paid to Gamesa for implementation of Phase III. This amount is recoverable from TAAD.

17. Related Party Transactions and Balances

(a) The statement of financial position includes the following balances with group companies, which are unsecured:

| | 2018 \$'000 | 2017 \$'000 |
|----------------------------------|-----------------|-----------------|
| Payable - | | |
| Petroleum Corporation of Jamaica | <u>(24,485)</u> | <u>(25,189)</u> |

(b) Loans from related parties

| | 2018 \$'000 | 2017 \$'000 |
|--|------------------|------------------|
| Petroleum Corporation of Jamaica (Note 20) – | | |
| As at beginning | 411,311 | 469,820 |
| Loan interest capitalised | - | 15,248 |
| Current account converted to loan | - | 76,243 |
| Repayment | <u>(411,311)</u> | <u>(150,000)</u> |
| At the end of the year | <u>-</u> | <u>411,311</u> |

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17. Related Party Transactions and Balances (Continued)

(c) The statement of comprehensive income includes the following transactions with related parties:

| | 2018 \$'000 | 2017 \$'000 |
|----------------------------------|----------------|----------------|
| Management fees - | | |
| Parent company | - | 10,000 |
| Rental and maintenance expense - | | |
| Parent company | 6,470 | 6,898 |
| Interest expense - | | |
| Parent company | 11,324 | 13,757 |

(d) Key management compensation

| | 2018 \$'000 | 2017 \$'000 |
|---|----------------|----------------|
| Wages and salaries | 26,649 | 26,493 |
| Pension benefits | (282) | 275 |
| Payroll taxes – Employer's Contribution | 938 | 899 |
| Other post-employment benefits | 667 | 327 |
| Other | 5,938 | 5,586 |
| | <u>33,910</u> | <u>33,580</u> |
| | | |
| | 2018 \$'000 | 2017 \$'000 |
| Directors' emoluments – | | |
| Fees | 1,840 | 1,683 |

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18. Cash and Deposits

| | 2018 | 2017 |
|--------------------------|----------------|------------------|
| | \$'000 | \$'000 |
| Cash at bank and in hand | 35,982 | 60,390 |
| Deposits | 654,385 | 1,057,516 |
| | <u>690,367</u> | <u>1,117,906</u> |

The weighted average effective interest rate at the year-end was 1.37% (2017 – 1.82%) on US\$, 1.55% (2017 – 4.26%) on J\$ short term deposits.

19. Accounts Payable

| | 2018 | 2017 |
|-------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Accruals | 3,676 | 6,311 |
| Other payables – Gamesa | 391 | 83,087 |
| Other payables | 96,880 | 111,995 |
| | <u>100,947</u> | <u>201,393</u> |

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20. 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 | 10 | 10 | 202,598 | 202,598 |

21. 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.

| | | |
|--------------------------------|------------------|------------------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Cost of grant | 403,495 | 403,495 |
| Less: Accumulated amortisation | <u>(280,230)</u> | <u>(260,055)</u> |
| Closing balance | <u>123,265</u> | <u>143,440</u> |
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Opening balance | 143,440 | 163,615 |
| Less: Amortisation | <u>(20,175)</u> | <u>(20,175)</u> |
| Closing balance | <u>123,265</u> | <u>143,440</u> |

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22. Long Term Liabilities

| | 2018 \$'000 | 2017 \$'000 |
|--|------------------|------------------|
| (i) Petroleum Corporation of Jamaica | - | 198,365 |
| (ii) Petroleum Corporation of Jamaica | - | - |
| (iii) Petroleum Corporation of Jamaica | - | 212,946 |
| | - | 411,311 |
| (iv) PetroCaribe Development Fund | 3,165,308 | 4,329,627 |
| (v) PetroCaribe Development Fund | 3,550,857 | 3,918,518 |
| | 6,716,165 | 8,659,456 |
| Less: Current portion | (770,475) | (1,093,367) |
| | <u>5,945,690</u> | <u>7,566,089</u> |

- (i) The loan was granted to assist with the working capital requirements of Wigton Phase I and was unsecured. The company was charged interest at 10%, and no expiry date was established. This loan amount was repaid in full in current year.
- (ii) The amount related to the National Commercial Bank US\$16M loan secured by the Petroleum Corporation of Jamaica and on lent to the company. The loan was refinanced through the PetroCaribe Development Fund. The residual balance represented the carrying amounts for payments made but not applied when the loan was deemed a shareholder subordinated loan. This loan amount was repaid in full in current year.
- (iii) These two loans were granted to assist with the working capital requirements of Wigton Phase II and were unsecured. The company was charged interest at 6% per annum. No expiry date was established. This loan amount was repaid in full in current year.
- (iv) This represents two loans, one of which was granted to provide funding for the wind farm expansion by 18MW, Wigton Phase II. The other loan represents refinancing of the balance on the NCB loan of US\$10.26M at the end of November 2010. Interest rate on these loans is 6%. Repayments are made monthly. The final repayment date of the loans is December 2025. The loans are guaranteed by the Petroleum Corporation of Jamaica.
- (v) This represents financing for the construction of Wigton Phase III. An amount of US\$ Nil (2017 - US\$6.2M) was drawn down during the year from the new facility of US\$38.9M with PetroCaribe Development Fund. Interest rate on the loan is 4%. There is a moratorium of one year after the date of the first disbursement on principal payments. Repayments are made monthly. The final repayment date of the loan is June 2028. The loan is guaranteed by the Petroleum Corporation of Jamaica.

Included in the loan balance is interest payable of \$ Nil (2017 - \$62,761,000).

Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

22. Long Term Liabilities (Continued)

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.

| | 31 March 2017 | Financing cash flows | Foreign exchange movements | 31 March 2018 |
|-------------------------------------|------------------|-------------------------|----------------------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Petroleum Corporation of Jamaica | 411,311 | (411,311) | - | - |
| PetroCaribe Development Fund | 8,248,145 | (1,368,771) | (163,209) | 6,716,165 |
| | <u>8,659,456</u> | <u>(1,780,082)</u> | <u>(163,209)</u> | <u>6,716,165</u> |

23. Special Financial Distribution

As per the requirements of the Public Bodies (Financial Distribution) Regulations, 2012, during the year the company paid over \$27,750,000 to the parent company.

14.3 Management Accounts

Wigton Windfarm Limited

**Nine Months Unaudited Financial Statements
31 December 2018**

Wigton Windfarm Limited
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31 December 2018

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Wigton Windfarm Limited

Statement of Comprehensive Income

Nine Months Unaudited - 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 9 months December 2018 \$'000 | March 2018 \$'000 |
|---|------|--|-------------------------|
| Sales | | 1,953,553 | 2,356,766 |
| Cost of sales | | <u>(544,179)</u> | <u>(704,416)</u> |
| Gross Profit | | 1,409,374 | 1,652,350 |
| Other income | 6 | 587,104 | 636,920 |
| General administrative expenses | | <u>(266,370)</u> | <u>(404,121)</u> |
| Operating Profit | | 1,730,109 | 1,885,149 |
| Finance expense | 9 | <u>(1,000,618)</u> | <u>(877,356)</u> |
| Profit before Taxation | | 729,491 | 1,007,793 |
| Taxation | | <u>-</u> | <u>(181,641)</u> |
| Net Profit | | 729,491 | 826,152 |
| Other comprehensive income, net of taxes - | | | |
| Items that will not be reclassified to profit or loss - | | | |
| Remeasurements of pension and other post-employment benefits | | <u>-</u> | <u>7,941</u> |
| TOTAL COMPREHENSIVE INCOME | | <u>729,491</u> | <u>834,093</u> |
| | | | |
| Earning per stock unit for profit attributable to the equity holders of the Company during the year | 11 | <u>\$72,949</u> | <u>\$82,615</u> |

Wigton Windfarm Limited

Statement of Financial Position

Nine Months Unaudited 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | 9 months December 2018 \$'000 | March 2018 \$'000 |
|--|------|--|-------------------------|
| Non-Current Assets | | | |
| Property, plant and equipment | 10 | 8,127,056 | 8,363,008 |
| Pension plan asset | 12 | 67,499 | 67,499 |
| | | <u>8,194,555</u> | <u>8,430,507</u> |
| Current Assets | | | |
| Accounts receivable | 14 | 388,966 | 175,176 |
| Taxation recoverable | | 63,258 | 60,034 |
| Cash and deposits | 15 | 1,167,875 | 690,367 |
| | | <u>1,620,099</u> | <u>925,577</u> |
| Current Liabilities | | | |
| Due to parent company | | 21,417 | 24,485 |
| Accounts payable | 16 | 200,946 | 100,947 |
| Current portion of long term liabilities | 19 | 9,765 | 770,475 |
| | | <u>232,127</u> | <u>895,907</u> |
| Net Current Assets | | | |
| | | <u>1,387,971</u> | <u>29,670</u> |
| | | <u>9,582,526</u> | <u>8,460,177</u> |
| Equity | | | |
| Share capital | 17 | 202,598 | 202,598 |
| Retained earnings | | 2,307,209 | 1,577,718 |
| | | <u>2,509,807</u> | <u>1,780,316</u> |
| Non-Current Liabilities | | | |
| Capital grants | 18 | 108,136 | 123,265 |
| Long term liabilities | 19 | 6,353,677 | 5,945,690 |
| Post-employment benefit obligation | | 30,164 | 30,164 |
| Deferred tax liabilities | 13 | 580,742 | 580,742 |
| | | <u>6,972,719</u> | <u>6,680,861</u> |
| | | <u>9,582,526</u> | <u>8,460,177</u> |

Wigton Windfarm Limited

Statement of Changes in Equity

Nine Months Unaudited 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

| | Number of Shares '000 | Share Capital \$'000 | Retained Earnings \$'000 | Total \$'000 |
|---|--------------------------------|----------------------------|--------------------------------|-----------------|
| Balance at 1 April 2017 | 10 | 202,598 | 214,837 | 417,445 |
| Net profit | - | - | 826,152 | 826,152 |
| Remeasurements of pension and other post-employment benefits | - | - | 7,941 | 7,941 |
| Total comprehensive income for 2017 | - | - | 834,093 | 834,093 |
| Transaction with owners- | | | | |
| Financial Distribution | - | - | (27,750) | (27,750) |
| Total transactions with owners | - | - | (27,750) | (27,750) |
| Balance at 31 March 2018 | 10 | 202,598 | 1,577,718 | 1,780,316 |
| Net expense recognised directly in equity | - | - | - | - |
| Net profit | - | - | 729,491 | 729,491 |
| Remeasurements of pension and other post-employment benefits | - | - | - | - |
| Total comprehensive income for 2018 | - | - | 729,491 | 729,491 |
| Transaction with owners- | | | | |
| Financial Distribution | - | - | - | - |
| Total transactions with owners | - | - | - | - |
| Balance at 31 December 2018 | 10 | 202,598 | 2,307,209 | 2,509,807 |

Wigton Windfarm Limited

Statement of Cash Flows

Nine Months Unaudited 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | December 2018 \$'000 | March 2018 \$'000 |
|---|------|----------------------------|-------------------------|
| SOURCES OF CASH: | | | |
| Operating Activities | | | |
| Net profit | | 729,491 | 826,152 |
| Items not affecting cash: | | | |
| Depreciation | 10 | 464,964 | 623,917 |
| Gain on sale of property, plant and equipment | | - | - |
| Interest income | 6 | (13,464) | (25,939) |
| Interest expense | 9 | 252,152 | 402,099 |
| Pension plan asset | | - | (1,959) |
| Post-employee benefit obligation | | - | 4,908 |
| Taxation | | - | 181,641 |
| Amortisation of grant | 18 | (15,131) | (20,175) |
| Exchange (gain)/loss on foreign balances | | 195,704 | (757,806) |
| | | <u>1,613,715</u> | <u>1,232,838</u> |
| Change in operating assets and liabilities: | | | |
| Accounts receivable | | (213,790) | 267,135 |
| Due to parent company | | (3,067) | (704) |
| Accounts payable | | <u>(99,998)</u> | <u>(100,446)</u> |
| | | <u>1,296,858</u> | <u>1,398,823</u> |
| Tax paid | | - | (52,603) |
| Cash provided by/(used in) operating activities | | <u>1,296,858</u> | <u>1,346,220</u> |
| Financing Activities | | | |
| Loans repaid | 19 | (6,716,165) | (1,146,610) |
| Loans received | 19 | 6,348,587 | - |
| Special financial distribution | | - | (27,750) |
| Interest paid | | <u>(252,152)</u> | <u>(402,099)</u> |
| Cash used in financing activities | | <u>(619,730)</u> | <u>(1,576,459)</u> |
| Investing Activities | | | |
| Purchase of property, plant and equipment | 10 | (293,150) | (185,541) |
| Interest received | | 13,465 | 27,116 |
| Cash used in investing activities | | <u>(279,685)</u> | <u>(158,425)</u> |
| (Decrease)/increase in cash and cash equivalents | | 397,443 | (388,664) |
| Exchange gains on cash and cash equivalents | | 80,064 | (38,875) |
| Cash and cash equivalents at beginning of year | | 690,367 | 1,117,906 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | 15 | <u>1,167,875</u> | <u>690,367</u> |

Wigton Windfarm Limited

Notes to the Financial Statements

Nine Months Unaudited 31 December 2018

(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 13, 2000. It is a wholly owned subsidiary of the Petroleum Corporation of Jamaica. The principal activity of the company is the generation and sale of electricity from wind technology. The registered office of the company is located at 36 Trafalgar Road, Kingston 10.

2. 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.

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

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has adopted the following, which are relevant to its operations.

- **Amendments to IAS 7, 'Statement of Cash Flows', (effective for annual periods beginning on or after 1 January 2017).** In January 2016, the IASB published amendments to IAS 7 to improve information about an entity's financing activities. These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The amendments require disclosure of information enabling users to evaluate changes in liabilities arising from financing activities including both cash and non-cash changes. The Company has provided the additional disclosures in the financial statements (Note 22).
- **Amendments to IAS 12, 'Income Taxes, (effective for annual periods beginning on or after 1 January 2017).** In January 2018, the IASB published amendments to IAS 12 clarifying specifically how to account for deferred tax assets related to debt instruments measured at fair value as well as clarifying the guidance for deferred tax assets in general by adding examples and elaborating on some of the requirements in more detail. The amendments do not change the underlying principles for the recognition of deferred tax assets.

Wigton Windfarm Limited

Notes to the Financial Statements

Nine Months Unaudited 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to publish standards that are not yet effective and have not been early adopted

At the date of authorisation of these financial statements, certain standards, interpretations and amendments to existing standards have been published which are not yet effective, and which the company has not early adopted. The company has assessed the relevance of all such standards, interpretations and amendments and has determined that the following are relevant to its operations, and has concluded as follows:

- **IFRS 9, Financial Instruments (effective for annual periods beginning on or after 1 January 2018).** IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. IFRS 9 removes also the requirement to separate embedded derivatives from financial asset hosts. It requires a hybrid contract to be classified in its entirety at either amortised cost or fair value. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements, including amortised cost accounting for most financial liabilities and the requirement to separate embedded derivatives. The main change is where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch. The company is assessing the impact of the future adoption of the standard on the financial statements.
- **IFRS 15, 'Revenue from Contracts with Customers' (effective for accounting periods beginning on or after 1 January 2018).** The IASB has published its new revenue standard, IFRS 15 'Revenue from Contracts with Customers'. The U.S. Financial Accounting Standards Board (FASB) has concurrently published its equivalent revenue standard which is the result of a convergence project between the two Boards. IFRS 15 applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. It specifies how and when an entity will recognise revenue. It also requires entities to provide more informative, relevant disclosures. The standard supersedes IAS 18, 'Revenue', IAS 11, 'Construction Contracts' and a number of revenue-related interpretations. The company is assessing the impact of the future adoption of the standard.
- **Amendments to IFRS 15, Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)** comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. The U.S. Financial Accounting Standards Board (FASB) has concurrently published its equivalent revenue standard which is the result of a convergence project between the two Boards. IFRS 15 applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. It specifies how and when an entity will recognise revenue as well as requiring entities to provide more informative, relevant disclosures. The standard supersedes IAS 18, 'Revenue', IAS 11, 'Construction Contracts' and a number of revenue-related interpretations. The company is assessing the impact of the standard on the financial statements.

Wigton Windfarm Limited

Notes to the Financial Statements

Nine Months Unaudited 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to publish standards that are not yet effective and have not been early adopted (continued)

- **IFRS 16, 'Leases'**, (effective for annual periods beginning on or after 1 January 2019) was issued in January 2018 and replaces IAS 17, 'Leases'. A company can choose to apply IFRS 16 before the effective date but only if it also applies IFRS 15, 'Revenue from Contracts with Customers'. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors and lessees that will improve information provided to users of the financial statements.

The company is considering the implications of the standard, the impact on the company and the timing of its adoption.

- **IFRIC 22, 'Foreign currency transactions and advance consideration'**, (effective for annual periods beginning on or after 1 January 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The company does not expect any significant impact on its financial statements arising from the future adoption of the interpretation.
- **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. The company does not expect any significant impact on its financial statements arising from the future adoption of the interpretation.
- **Amendments to IAS 19, 'Employee benefits'**, (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 to recognise in profit or loss as 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 does not expect any significant impact on its financial statements arising from the future adoption of the amendment.

Wigton Windfarm Limited

Notes to the Financial Statements

Nine Months Unaudited 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to publish standards that are not yet effective and have not been early adopted (continued)

- **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 does not expect any significant impact from future adoption of these amendments.

(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

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. At year end date, accounts receivable and cash and deposits were classified as loans and receivables.

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 parent company and long term liabilities.

(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.

Wigton Windfarm Limited

Notes to the Financial Statements

Nine Months Unaudited 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(d) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of electricity in the ordinary course of the company's activities. Revenue is shown net of General Consumption Tax, returns, rebates and discounts. Revenue is recognised as follows:

Sales of goods

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

Interest Income

Interest income is recognised on a time-proportion basis using the effective interest method.

Other operating income

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

(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 |
| Books | 2 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

Wigton Windfarm Limited

Notes to the Financial Statements

Nine Months Unaudited 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

deductible. The company's liability for current 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.

(h) Accounts receivable

Receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of these receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers. Bad debts are written off during the year in which they are identified.

(i) Cash and cash equivalents

Cash and cash equivalents 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.

Wigton Windfarm Limited

Notes to the Financial Statements

Nine Months Unaudited 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(k) Capital grants

Grants received and used to purchase property, plant and equipment are credited to a liability account which is amortised directly to other income. These grants are amortised over the useful lives of the assets to which they relate. All other grants are recognised as income. All grants are accounted for in the year in which they are received on a prorated basis.

(l) Borrowings

Loans are recorded at proceeds received. 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

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 the statement of comprehensive income 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 recognised as an expense in the period in which termination takes place.

Leases of property, plant and equipment where the company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities. The interest element of the finance charge is charged to profit or loss in the statement of comprehensive income over the lease period. The items of property, plant and equipment acquired under finance leasing contracts are depreciated over the shorter of the useful life of the asset or the lease term.

(n) Employee benefits

Pension benefits

The company participates in a defined benefit pension scheme operated by Petroleum Corporation of Jamaica, its parent company. The scheme is 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 Windfarm Limited

Notes to the Financial Statements

Nine Months Unaudited 31 December 2018(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)***Other post-employment benefits***

The company provides post-employment medical benefits to its retirees through participation in a scheme operated by the 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.

(o) Dividend distribution/Special financial distribution

Dividend distribution to the company's shareholder is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholder. Special financial distribution is recognised as a liability in the company's financial statements in the period in which the request is received from the financial secretary and the distributions are approved by the company's shareholder.

Wigton Windfarm Limited

Notes to the Financial Statements

Nine Months Unaudited 31 December 2018

(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 customers, clients or counterparties 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.

Receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of its sole customer. The company's relationship with its customer is governed by 20-year power purchase agreement which require the customer to settle all outstanding amounts within one month after the billing date.

Wigton Windfarm Limited

Notes to the Financial Statements

Nine Months Unaudited 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk

The company's maximum exposure to credit risk relates to trade and other receivables.

No provisions have been made as none of the company's receivables are deemed to be impaired.

(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. This incorporates an assessment of expected cash flows and committed funding from its parent company, Petroleum Corporation of Jamaica, where necessary.

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

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(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 group 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

Nine Months Unaudited 31 December 2018(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.

(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:

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
- (ii) 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
- (iii) 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

Nine Months Unaudited 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(d) Fair value estimation (continued)

At 31 March 2018 and 2017, the company had no financial instruments that, subsequent to initial recognition, are measured at fair value.

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 deposits, accounts receivable and payable and due to parent company, reflect their approximate fair values due to the short term nature of these instruments.
- (ii) The fair values of long term liabilities from the PetroCaribe Development Fund approximate to the carrying amounts as these loans are subject to such terms and conditions as are available in the market for similar transactions.

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.

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.

Wigton Windfarm Limited

Notes to the Financial Statements

Nine Months Unaudited 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

5. Segmenting 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. Wigton Windfarm Limited is organised and managed in three main reportable segments based on the respective windfarms.

The designated segments are as follows:

- Phase I
- Phase II
- 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).

Wigton Windfarm Limited

Notes to the Financial Statements

Nine Months Unaudited 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

5. Segmenting Financial Reporting (Continued)

| | December 2018 | | | |
|--------------------------|----------------|----------------|------------------|------------------|
| | Phase I | Phase II | Phase III | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Gross external revenues | 600,860 | 542,588 | 810,105 | 1,953,553 |
| Other income | 15,131 | - | 5,747 | 20,878 |
| Allocated other income | 186,936 | 216,738 | 162,553 | 566,227 |
| Total revenue | 802,927 | 759,326 | 978,405 | 2,540,658 |
| Direct Expenses | (86,163) | (195,354) | (200,274) | (481,791) |
| Allocated Expenses | (355,639) | (412,335) | (309,250) | (1,077,224) |
| Interest Expense | | | | (252,152) |
| Profit before tax | | | | 729,491 |
| | | | | |
| | March 2018 | | | |
| | Phase I | Phase II | Phase III | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Gross external revenues | 719,378 | 752,239 | 885,149 | 2,356,766 |
| Other income | 20,278 | - | 2,888 | 23,166 |
| Allocated other income | 202,627 | 176,198 | 234,930 | 613,755 |
| Total revenue | 942,283 | 928,437 | 1,122,967 | 2,993,687 |
| Direct Expenses | (200,480) | (262,992) | (285,123) | (748,595) |
| Allocated Expenses | (275,736) | (239,770) | (319,694) | (835,200) |
| Interest Expense | | | | (402,099) |
| Profit before tax | | | | 1,007,793 |
| Taxation | | | | (181,641) |
| Net profit | | | | 826,152 |
| | | | | |
| Segment Assets | 885,650 | 2,854,007 | 4,569,292 | 8,308,949 |
| Unallocated Assets | | | | 1,047,135 |
| Total assets | | | | 9,356,084 |

Wigton Windfarm Limited

Notes to the Financial Statements

Nine Months Unaudited 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

| | | | | |
|------------------------------------|--------|-----------|-----------------|------------------|
| Segment liabilities | 31,390 | 3,165,308 | 3,551,248 | 6,747,946 |
| Unallocated liabilities | | | | 704,558 |
| Total liabilities | | | | 7,452,504 |
| 6. Other Income | | | | |
| | | | December | March |
| | | | 2018 | 2018 |
| | | | | |
| Grant amortisation | | | 15,131 | 20,175 |
| Interest income | | | 13,464 | 25,939 |
| Miscellaneous | | | 5,747 | 3,202 |
| Foreign exchange gain | | | 552,762 | 587,604 |
| | | | <u>587,104</u> | <u>636,920</u> |
| 7. Expenses by Nature | | | | |
| | | | December | March |
| | | | 2018 | 2018 |
| | | | | |
| Auditors' remuneration - provision | | | 1,833 | 1,323 |
| Depreciation | | | 464,964 | 623,917 |
| Directors' emoluments – | | | | |
| Fees | | | 2,035 | 1,840 |
| Insurance | | | 54,129 | 88,379 |
| Other expense | | | 38,229 | 44,199 |
| Professional fees | | | 1,693 | 11,266 |
| Rental and utility charges | | | 4,967 | 21,598 |
| Repairs and maintenance | | | 95,765 | 142,124 |
| Staff costs (Note 7) | | | 101,815 | 123,527 |
| Security costs | | | 6,452 | 8,618 |
| Project expenses | | | 13,810 | 150 |
| Electricity | | | 24,855 | 41,596 |
| | | | <u>810,549</u> | <u>1,108,537</u> |

Wigton Windfarm Limited

Notes to the Financial Statements

Nine Months Unaudited 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

8. Staff Costs

| | December 2018 | March 2018 |
|--|------------------|----------------|
| | \$'000 | \$'000 |
| Salaries and wages | 81,185 | 98,648 |
| Payroll taxes – Employer's Contribution | 6,214 | 7,015 |
| Pension and other post-employment benefits (Note 11) | 2,817 | 3,604 |
| Other | 11,599 | 14,260 |
| | <u>101,815</u> | <u>123,527</u> |

The average number of employees in 2018 was 24.

9. Finance Expense

| | December 2018 | March 2018 |
|--------------------------|------------------|----------------|
| | \$'000 | \$'000 |
| Interest expense – loans | 252,152 | 402,099 |
| Foreign exchange losses | 748,466 | 475,257 |
| | <u>1,000,618</u> | <u>877,356</u> |

Wigton Windfarm Limited
Notes to the Financial Statements
Nine Months Unaudited 31 December 2018
(expresses in Jamaican dollars unless otherwise indicated)

10. Property, Plant and Equipment

| | <u>Furniture & Fittings</u> | <u>Motor Vehicle</u> | <u>Computers & Equipment</u> | <u>Tools</u> | <u>Work In Progress</u> | <u>Plants</u> | <u>Total</u> |
|-----------------------------|---------------------------------|----------------------|----------------------------------|-------------------|-------------------------|----------------------|----------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| <u>At Cost:</u> | | | | | | | |
| April 1, 2018 | 18,957,704 | 47,777,314 | 463,097,336 | 41,152,185 | 32,925,460 | 11,203,239,000 | 11,807,149,000 |
| Additions | 5,475,498 | - | 88,516,546 | - | 41,253,099 | 157,904,599 | 293,149,743 |
| Transfer | - | - | - | 10,041,364 | 74,178,560 | - | (64,137,196) |
| Total- December 31, 2018 | 24,433,202 | 47,777,314 | 551,613,883 | 51,193,549 | - | 11,361,143,599 | 12,036,161,546 |
| At March 31, 2018 | 60,596,000 | 47,778,000 | | | | | |
| <u>Depreciation:</u> | | | | | | | |
| Accumulated | 9,018,787 | 29,932,989 | 194,064,717 | 23,725,508 | - | 3,187,399,000 | 3,444,141,000 |
| Current | 1,336,600 | 5,212,199 | 34,689,501 | 2,816,163 | - | 420,909,776 | 464,964,239 |
| Total | 10,355,387 | 35,145,187 | 228,754,218 | 26,541,670 | - | 3,608,308,776 | 3,909,105,239 |
| Net Book Value | | | | | | | |
| December 2018 | <u>14,077,815</u> | <u>12,632,127</u> | <u>322,859,664</u> | <u>24,651,879</u> | <u>-</u> | <u>7,752,834,823</u> | <u>8,127,056,307</u> |

Wigton Windfarm Limited

Notes to the Financial Statements

Nine Months Unaudited 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

11. Earnings per Stock Unit Earning

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.

| | December 2018 | 2018 |
|--|------------------|-----------------|
| | \$'000 | \$'000 |
| Net profit attributable to shareholders | <u>729,491</u> | <u>826,152</u> |
| Weighted average number of ordinary shares in issue ('000) | <u>10</u> | <u>10</u> |
| Basic earnings per share | <u>\$72,491</u> | <u>\$82,615</u> |

12. Pension and Other Post-Employment Benefits

Pension benefits

The company participates in the defined benefit pension scheme of its parent company. The scheme is 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. The plan is valued annually by independent actuaries.

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

| | December 2018 | 2018 |
|--|------------------|------------------|
| | \$'000 | \$'000 |
| Present value of funded obligations | 64,178 | 64,178 |
| Fair value of plan assets | <u>(131,677)</u> | <u>(131,677)</u> |
| Asset in the statement of financial position | <u>(67,499)</u> | <u>(67,499)</u> |

Wigton Windfarm Limited

Notes to the Financial Statements

Nine Months Unaudited 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

13. Deferred Income Taxes

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

14. Accounts Receivable

| | December 2018 \$'000 | March 2018 \$'000 |
|--|----------------------------|-------------------------|
| Trade | 283,536 | 123,548 |
| Prepayments | 98,972 | 44,039 |
| Taxation recoverable - General Consumption Tax | - | 1,294 |
| Other | 6,458 | 6,295 |
| | <u>388,966</u> | <u>175,176</u> |

15. Cash and Deposits

| | December 2018 \$'000 | March 2018 \$'000 |
|--------------------------|----------------------------|-------------------------|
| Cash at bank and in hand | 128,945 | 35,982 |
| Deposits | 1,038,930 | 654,385 |
| | <u>1,167,875</u> | <u>690,367</u> |

16. Accounts Payable

| | December 2018 \$'000 | March 2018 \$'000 |
|-------------------------|----------------------------|-------------------------|
| Accruals | 3,349 | 3,676 |
| Other payables – Gamesa | 391 | 391 |
| Other payables | 197,206 | 96,880 |
| | <u>200,946</u> | <u>100,947</u> |

Wigton Windfarm Limited

Notes to the Financial Statements

Nine Months Unaudited 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

17. 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 | 10 | 10 | 202,598 | 202,598 |

18. Capital Reserves

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.

| | December 2018 \$'000 | March 2018 \$'000 |
|--------------------------------|----------------------------|-------------------------|
| Cost of grant | 403,495 | 403,495 |
| Less: Accumulated amortisation | (295,359) | (280,230) |
| Closing balance | <u>108,136</u> | <u>123,265</u> |

Wigton Windfarm Limited

Notes to the Financial Statements

Nine Months Unaudited 31 December 2018

(expressed in Jamaican dollars unless otherwise indicated)

19. Long Term Liabilities

| | December 2018 \$'000 | March 2018 \$'000 |
|-----------------------------------|----------------------------|-------------------------|
| (i) PetroCaribe Development Fund | | 3,165,308 |
| (ii) PetroCaribe Development Fund | | 3,550,857 |
| (iii) Bondholders loan | 6,363,442 | - |
| | <u>6,363,442</u> | <u>6,716,165</u> |
| Less: Current portion | (9,765) | (770,475) |
| | <u>6,353,677</u> | <u>5,945,690</u> |

(i) This represents two loans, one of which was granted to provide funding for the wind farm expansion by 18MW, Wigton Phase II. The other loan represents refinancing of the balance on the NCB loan of US\$10.26M at the end of November 2010. Interest rate on these loans is 6%. Repayments are made monthly. The final repayment date of the loans is December 2025. The loans are guaranteed by the Petroleum Corporation of Jamaica.

(11) This represents financing for the construction of Wigton Phase III. An amount of US\$ Nil (2017 - US\$6.2M) was drawn down during the year from the new facility of US\$38.9M with PetroCaribe Development Fund. Interest rate on the loan is 4%. There is a moratorium of one year after the date of the first disbursement on principal payments. Repayments are made monthly. The final repayment date of the loan is June 2028. The loan is guaranteed by the Petroleum Corporation of Jamaica.

(111) Up to December 19, 2018, the Company was indebted to the PetroCaribe Development Fund (PCDF) in the aggregate principal sum of US\$49.2M under two (2) loan agreements. The PetroCaribe Fund is statutorily empowered to grant loan to public bodies that are self-financing and to the Ministry of Finance to finance Government projects that have the potential to generate savings or expand revenue flows to the Government. This means that if this Offer for Sale is successful the Company would cease to be public body and would not qualify to hold loans from PetroCaribe Fund. In anticipation of the success of the Offer for Sale, in December 2018, the Company launched a private placement of Bonds to raise J\$6,348,586,690.42. The placement was successful and the funds raised were converted to United States dollars through a Bank of Jamaica facility and applied to repay in full the loans owing to the PetroCaribe Development Fund.

15.1 The following statutory and general information is required to be set out in the Prospectus by section 42 and the Third Schedule to the Companies Act, 2004 (as amended). Additional information is also set out in this Section.

- (a) The Company has no founders or management or deferred shares. The Company has issued one special rights redeemable preference share (called “the Special Share”). Details of the Special Share are set out at paragraph 15.29 below.
- (b) The Articles of Incorporation of the Company fix no shareholding qualification for directors and none have been otherwise fixed by the Company in general meeting. The Articles of Incorporation contain the following provisions with respect to the remuneration of directors:

- 92. Each Director shall be paid out of the funds of the Company, as remuneration for his services, such sum as the Company in general meeting may from time to time determine. Such remuneration shall be deemed to accrue from day to day. Each Director shall also be entitled to be repaid all reasonable travelling and hotel expenses incurred by him in or about the performance of his duties as director, including his expenses of travelling to or from board meetings, committee meetings and general meetings. If by arrangement with the other Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director, the Directors may pay him special remuneration in addition to his ordinary remuneration and such special remuneration may be by way of salary, commission, participation in profits or otherwise as may be arranged.
- 93. A Director appointed to the office of Chairman or any executive office may be paid such extra remuneration by way of salary, percentage of profits, fee or otherwise as the Directors may determine.
- 94. A Director need not be a member of the Company.
- 95. Each Director shall be entitled to attend and speak at any general meeting of the Company.
- 96. A Director may hold any other office or place of profit under the Company (other than the office of Auditor) and he or any firm of which he is a member may act in a professional capacity for the Company in conjunction with his office of Director, for such period and on such terms (as to remuneration or otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from

contracting with the Company, either with regard thereto or as vendor, purchaser or on behalf of a company in which any Director is in any way interested, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office, or of the fiduciary relation thereby established.

97. The Directors may cause the Company to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Directors or ex-director, and, for the purpose of providing any such pensions or other benefits, may cause the Company to contribute to any scheme or fund or to pay premiums.
98. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director shall be accountable for any remuneration or other benefits received by him as a director or officer of, or arising from his interest in, such other company.
99. Notwithstanding anything herein contained the Company in general meeting may, in accordance with and subject to the provisions of the Act by ordinary resolution of which special notice has been given, remove any Director from office (notwithstanding anything in these Articles or in any agreement between the Company and such Director). Such removal shall be without prejudice to any claim such Director may have for damages for breach of any such agreement between him and the Company.
100. The Company may by ordinary resolution appoint another person in place of a Director removed from office under Article 106 above and, without prejudice to the powers of the Directors under 105 above, the Company in general meeting may appoint any person to be a Director either to fill a casual vacancy or as an additional Director. A person appointed in place of a Director so removed or to fill such a vacancy shall become subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.

(c) The names and addresses of the Directors of the Company are as follows:

| Name | Address | Description |
|--|--|-------------------------------|
| Oliver W. Holmes, B.Sc. (Mgt. Studies), M.Sc. (Acct) | 60 Knutsford Boulevard, Kingston 5, Saint Andrew, Jamaica | Investment Banker |
| Nigel B. Davy, B.T., J.P. | 11A West Armour Heights, Kingston 8, Saint Andrew, Jamaica | Engineer |
| Georgia Gibson-Henlin, Q.C, LL.B. (Hons), LL.M., FC.I.Arb. | 24 Cargill Avenue, Kingston 10, Jamaica | Attorney-at-Law |
| Hugh Johnson | Cherry District, Kitson Town, St. Catherine, Jamaica | Farmer and Businessman |
| Gregory Shirley, B.A. (Econ), M.B.A. | Rio Nuevo, Saint Mary, Jamaica | Retired Management Consultant |
| Jacqueline Stewart-Lechler, J.P. | 49½ South Camp Road, Kingston 4, Jamaica | Businesswoman |

15.2 The shares are not being offered for subscription by the Company and instead they are offered by way of secondary sale by PCJ. Accordingly paragraph 2 of Part I of the Third Schedule to the Companies Act, 2004 does not apply and PCJ has not fixed any minimum amount which must be raised from this Offer for Sale. If the Offer for Sale is fully subscribed PCJ will raise a gross amount of J\$5,500,000,000.00. PCJ intends to apply the gross amount raised for the following purposes: namely:

| | |
|--|----------------------------|
| Estimated Offer for Sale & Listing Expenses (including marketing expenses, Transfer Tax & Stamp Duty) | J\$ 394,117,153.00 |
| Use of balance to be determined by PCJ in consultation with the Ministry of Finance and the Public Service | J\$5,105,882,847.00 |
| Total | J\$5,500,000,000.00 |

15.3 (a) The Application List (for subscription for Shares in the Offer for Sale will open at 9:00 a.m. on April 17, 2019 and will close at 4:30 p.m. on May 1, 2019, subject to the right of

PCJ to close the Application List at any time if subscriptions and applications have been received for an amount in excess of the available Shares or to extend the closing date in the event of any natural disaster, market disruption or materially inclement weather conditions affecting Jamaica.

(b) The Application Price of J\$0.50 per Share is payable in full on application. No further sums will be payable by Applicants on allocation by PCJ.

15.4 No Shares have been offered for subscription within the two years preceding the date of this Prospectus. The Company has not made any previous offer of Shares to the public.

15.5 The Company has not granted any option to any person to subscribe for any shares or debentures in the Company and the PCJ Directors are not aware of any person who intends to acquire Shares in this Offer for Sale with a view of making an offer for sale of such Shares. Accordingly, paragraph 4(2) of Part 1 of the Third Schedule to the Companies Act, 2004 is inapplicable.

15.6 (a) The Table below shows that as shown below) the Company has none of the assets or liabilities required to be disclosed pursuant to paragraph 5 of Part 1 of the Third Schedule to the Companies Act, 2004.

| Assets | Aggregate Amount |
|--|-------------------------|
| (i) Trade investments | Nil |
| (ii) Quoted investments (other than trade investments); and | Nil |
| (iii) Unquoted investments (other than trade investments) | Nil |
| Goodwill, patents, trademarks or part of that amount is shown as a separate item in or is otherwise ascertainable from the books of the Company, or from any contract for the sale or purchase of any property to be acquired by the Company or from any documents in the possession of the Company relating to the stamp duty payable in respect of any such contract or the conveyance of any such property, the said amount so shown or ascertained so far as it is shown or ascertainable and as so shown or ascertained, as the case may be | Nil |
| Bank loans and overdrafts (as at March 31, 2019) | Nil |
| Net amount recommended for distribution of dividend after tax | Nil |

The above information is provided as at March 31, 2019.

(b) The shares are not being offered for subscription by the Company and instead they are offered by way of secondary sale by PCJ. Accordingly paragraph 7 and 8 of Part 1 of the Third Schedule to the Companies Act, 2004 is inapplicable to the Offer for Sale.

15.7 (a) Within the two years preceding the date of this Prospectus no commission has been paid, nor will any be payable to anyone by PCJ or the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures of the Company, save that PCJ will pay to Mayberry Investments Limited, as Lead Broker, a commission at the rate of 2.5% of the total amount raised in the Offer for Sale. Other securities dealers and investment advisors may be contracted by Mayberry as selling agents or sub-brokers on such terms as Mayberry may deem appropriate, to distribute the Shares. If that were to occur Mayberry would be responsible for paying commissions to such selling agents or sub-brokers.

(b) The Offer for Sale & Listing Expenses (including marketing expenses) is estimated at J\$394,117,153.00 and will be borne by PCJ and paid out of the Offer for Sale proceeds.

(c) No payment or benefit has been paid or given or will be paid or given to any of the PCJ Directors or any other person as promoter of the Company within the preceding two (2) years or at all.

15.8 2,200,000,000 Shares have been reserved for Reserved Share Applicants at the Offer for Sale price of J\$0.50.

15.9 The Offer for Sale is not underwritten.

15.10 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company within the last two (2) years immediately preceding the date of issue of this Prospectus and is, or may be, material, namely:

| Date | Counterparty | Description |
|-------------------|-------------------------------|---|
| February 13, 2019 | JCSD Trustee Services Limited | Trust Deed made by the Company and JCSD Trustee Services Limited (JCSD) pursuant to which the JCSD was appointed to act as Trustee for the benefit of Bondholders in the private placement of a series of four Bonds for the aggregate principal sum of J\$6,348,586,690.42 |
| February 13, 2019 | JCSD Trustee Services Limited | Debenture issued by the Company to JCSD Trustee Services Limited (as trustee for bondholders) charging all the present and future tangible assets of the Company as security for Fixed Rate Investment Bonds |

| Date | Counterparty | Description |
|-------------------|-------------------------------|---|
| | | maturing December 14 th , 2020 (Series A Bonds) having a principal amount of up to J\$710,000,000 |
| February 13, 2019 | JCSD Trustee Services Limited | Debenture issued by the Company to JCSD Trustee Services Limited (as trustee for bondholders) charging all the present and future tangible assets of the Company as security for Senior Secured Fixed Rate Investment Bonds maturing December 14 th , 2023 (Series B Bonds) having a principal amount of up to J\$1,953,000,000 |
| February 13, 2019 | JCSD Trustee Services Limited | Debenture issued by the Company to JCSD Trustee Services Limited (as trustee for bondholders) charging all the present and future tangible assets of the Company as security for Senior Secured Fixed Rate Investment Bonds maturing December 14 th , 2025 (Series C Bonds) having a principal amount of up to J\$1,674,586,690.42 |
| February 13, 2019 | JCSD Trustee Services Limited | Debenture issued by the Company to JCSD Trustee Services Limited (as trustee for bondholders) charging all the present and future tangible assets of the Company as security for Senior Secured Fixed Rate Investment Bonds maturing December 14 th , 2028 (Series D Bonds) having a principal amount of up to J\$2,011,000,000 |
| December 14, 2018 | JCSD Trustee Services Limited | Global Bond issued December 14, 2018 (Bond A – 6.65% Senior Secured Fixed Rate |

| Date | Counterparty | Description |
|-------------------|-------------------------------|--|
| | | Investment Bond) under which the Company unconditionally promises to pay to the order of JCSD Trustee Services Limited on behalf of Bondholders the sum of J\$710,000,000 on December 14, 2020 |
| December 14, 2018 | JCSD Trustee Services Limited | Global Bond issued December 14, 2018 (Bond B – 7.40% Senior Secured Fixed Rate Investment Bond) under which the Company unconditionally promises to pay to the order of JCSD Trustee Services Limited on behalf of Bondholders the sum of J\$1,953,000,000 on December 14, 2023 |
| December 14, 2018 | JCSD Trustee Services Limited | Global Bond issued December 14, 2018 (Bond C – 7.90% Senior Secured Fixed Rate Investment Bond) under which the Company unconditionally promises to pay to the order of JCSD Trustee Services Limited on behalf of Bondholders the sum of J\$1,674,586,690.42 on December 14, 2025 |
| December 14, 2018 | JCSD Trustee Services Limited | Global Bond issued December 14, 2018 (Bond D – 8.40% Senior Secured Fixed Rate Investment Bond) under which the Company unconditionally promises to pay to the order of JCSD Trustee Services Limited on behalf of Bondholders the sum of J\$2,011,000,000.00 on December 14, 2028 |
| November 2, 2018 | JN Fund Managers Limited | Brokerage Services Agreement for the provision of financial advisory, arrangement and/or brokerage services to the |

| Date | Counterparty | Description |
|---------------|---|--|
| | | Company in connection with the private placement of Senior Secured Fixed Rate Investment Bonds described in paragraphs 9.11 to 19.15 above |
| April 4, 2019 | Jamaica Central Securities Depository Limited | Registrar and Transfer Agent Agreement for the provision of registrar, Transfer Agent and Capital Distribution Agent services to the Company |

15.11 The name and address of the auditors of the Company are:

PricewaterhouseCoopers
Scotiabank Centre
Duke Street
Kingston

15.12 The Company has only two classes of shares namely a Special Share and ordinary shares (called “Shares” herein). See paragraphs 15.23 and 15.24 below as to voting rights and other rights attaching to the Shares.

15.13 As of March 31, 2019 the material indebtedness of the Company is J\$6,371,624,291.59.

Director’s Interest

15.14 Non-executive Directors will be entitled to be paid directors’ fees for attending Board meetings and committee meetings and travelling and hotels expense (where actually incurred). Such fees will be fixed by the Directors at the first Board meeting after the Offer for Sale and will be consistent with the level of fees customarily paid to directors of public companies in Jamaica.

15.15 Except as stated above no payment or benefit has been made or given to any Director for services rendered by him personally to the Company and, except for director’s fee stated above, the PCJ Directors are not aware of any payment or benefit granted to any Director by the Company to induce him to serve as a Director of the Company or to qualify him as a Director of the Company.

Taxation

15.16 *This summary does not purport to be a complete discussion of all tax consequences relating to making an investment in the Shares in Jamaica or in particular to the tax implications to holders of the Shares. It is based on current income tax law including judicial and*

administrative interpretations. Tax law is subject to continual change, at times on a retroactive basis. This summary is intended only as a descriptive summary and does not purport to be a complete technical analysis or listing of all potential tax effects to holders of the Shares. Prospective purchasers of Shares should consult with their own tax advisers concerning issues including but not limited to application of Jamaican income tax laws to them arising from an investment in the Shares; any consequences to them arising under the laws of any other taxing jurisdiction; the availability for income tax purposes of a tax credit or deduction for Jamaica taxes; the availability of double taxation relief; the consequences of receipt of interest and sale or redemption of the Shares.

15.17 The Company is resident in Jamaica for tax purposes. It has customarily paid income tax at the rate of 25% and for the last six (6) years (2013-2018) the total income tax paid by the Company is J\$1,097,840,000.00.

15.18 Section 12 (1)(b) of the Income Tax Act provides that the income of a public body other than certain specified entities such as PCJ is exempt from income tax. The Income Tax Act does not define “public body” but it is notable that the list of taxable public bodies are all statutory corporations. This gives rise to the inference that the reference to “public bodies” should be restricted to statutory bodies created under Acts of Parliament.

15.19 However, the Public Bodies Management and Accountability Act was enacted in 2001 and this Act gives a much wider meaning to the term “public body”. Thus, under this Act a public body is “*a statutory body, or authority or any government company*”. The Act then defines a “*government company*” as any company in which the Government or any agency of Government is in a position to direct the policy of that company. On that basis the Company would be a public body.

15.20 It is therefore uncertain whether the reference to “*public body*” in the Income Tax Act should be given the wider meaning prescribed by the Public Bodies Management and Accountability Act.

15.21 If indeed the Company is a public body within the meaning of section 12(1) (b) of the Income Tax then it should not have paid income tax. However, the Company was valued and the offer price for the Shares in this Offer for Sale was made on the assumption that income tax paid by the Company was validly and lawfully due. It is the view of the Company that the tax was validly paid but out of an abundance of caution the Company has passed a resolution declaring that any amount recovered on account of income tax paid prior to the Offer for Sale and any interest thereon shall be treated as a pre-Offer for Sale dividend and shall accordingly be paid to PCJ.

15.22 After the Offer for Sale the Company will cease to be a public body under the Public Bodies Management and Accountability Act unless PCJ is left holding un-sold Shares in such amount as would allow it to continue to direct the affairs of the Company. If after the Offer of Sale PCJ is not in a position to direct the affair of the Company then it would cease to be a public body under the Public Bodies Management and Accountability Act and there would be no doubt as to its liability to pay income at the rate of 25%.

15.23 The electricity sold by the Company to JPS attracts output GCT and the Company receives payment from JPS with output GCT. The output tax received by the Company exceeds the input tax on chargeable goods and services supplied to the Company and accordingly the company is not a net payer of input GCT tax.

15.24 Under current income tax law dividends paid by the Company to the following persons will attract withholding tax as shown in the table below:

| # | Category of Persons | Rate of w/t on dividend |
|---|---|-------------------------|
| 1 | Company resident in Jamaica for tax purpose which holds at least 25% of the voting shares of the Company | Zero |
| 2 | Registered pension funds in Jamaica | Zero |
| 3 | Persons (including corporate bodies) resident in a Caricom territory which is a party to the Double Taxation (Taxes on Income) Convention | Zero |
| 4 | All other persons resident in Jamaica for tax purposes | 15% |
| 5 | Individuals resident outside Jamaica for tax purposes | 25% |
| 6 | Corporate bodies resident outside Jamaica for tax purposes | 33 $\frac{1}{3}$ |

In the case of persons listed at #5 and #6 in the above table if they are resident in a country which has a double taxation treaty with Jamaica then such treaty would typically reduce the rate of withholding tax. For instance, the USA/Jamaica Double Taxation reduces withholding tax on dividends payable to US residents (whether individuals or companies) to 15% and a similar rate applies to UK and Canadian residents under the treaties which Jamaica has with those territories.

15.25 Transfer tax at the rate of 2%³ and stamp duty of J\$5,000.00⁴ is chargeable on the consideration payable upon a transfer of shares in Jamaica. Transfer tax is imposed on the transferor and stamp duty is customarily borne equally by both parties. However, an exemption applies from those taxes where the transfer is made in the course of trading on the JSE. Note however that transfer of shares on the JSE will attract a JSE cess and broker's fees. In this case

³ Assuming the changes to Transfer Tax and Stamp Duty announced by the Minister of Finance & The Public Service in his recent Budget presentation on March 7, 2019 and summarised in Ministry Paper 13/19 published on March 7, 2019 take effect.

⁴ See note 3 above

PCJ intends to transfer the Shares to applicants off the JSE and will pay such transfer tax and stamp duty. (See further paragraph 18.21).

The above summary is not intended to constitute a complete analysis of all Jamaican tax consequences arising from an investment in the Shares or from any transfer or disposition of any of the Shares. Nothing in this part dealing with “Taxation” shall be construed to mean that persons resident in territories outside Jamaica can freely subscribe for Shares in this Offer for Sale. See paragraph 15.76 below headed “Overseas Investors”.

Share Capital

15.26 *History*: - The Company was incorporated as a private company limited by shares with an authorised capital of J\$10,000.00 divided into 10,000 ordinary shares of J\$1.00 each. At incorporation 2 shares were issued to nominees for PCJ – one to Dr. Raymond Wright, the Managing Director of PCJ and the other to Rodney Salmon, the Secretary of PCJ. Following the abolition of par value shares by the Companies Act, 2004 the Shares became ordinary shares of no par value. In 2005 the remaining un-issued shares in the capital of the Company were issued to PCJ and in 2009 the two incorporation shares held by Dr. Wright and Mr. Salmon, as nominees for PCJ, were transferred to PCJ. Thus PCJ became the registered holder of all of the authorized and issued share capital of the Company.

15.27 *Modification of Share Capital*:- In anticipation of this Offer for Sale PCJ as sole shareholder adopted the following resolutions in writing on April 3, 2019 with respect to the Company; namely:-:

- (a) sub-dividing the Company’s 10,000 ordinary shares into 11,000,000,000 ordinary shares;
- (b) converting the Company to a public company and adopting new Articles of Incorporation;
- (c) converting all shares in issue to stock units.

The Directors subsequently issued the Special Share to the Accountant General of Jamaica at a subscription price of J\$1.00.

15.28 Accordingly, the Company now has two (2) classes of shares in issue namely:

- (a) a Special Share; and
- (b) ordinary shares (called herein “the Shares”).

15.29 *Reason for the Special Share*:-As explained in paragraphs 15.37 and 15.38 below the sole reason for the Special Share is to “lock in” the regime which limits the interest of any person in the Shares to 10% for a period of 5 years. The Special Share has no economic value. It has special features:

- (a) it may be held only by the Accountant General of Jamaica;
- (b) it gives a right to the holder to attend general meetings but not to vote;
- (c) on a return of assets in a winding up of the company, it gives to the holder on a return the sum of J\$1 in priority to any payment to the holders of other shares; and
- (d) it confers no right to receive dividend or to otherwise participate in the profits of the Company.

15.30 *Ordinary Shares*:— The ordinary shares (herein called “Shares”) all rank *pari passu* among themselves. On a poll a holder of ordinary Shares will have one vote for each ordinary Share registered in his name and of which he is the duly appointed proxy. On a show of hands a holder of ordinary Shares will have one vote regardless of the number of Shares held either in his one name or as proxy. The holder of a Share may vote in person or by proxy and a proxy need not be a member of the Company. In the case of joint holders of Shares the vote of the senior holder who tenders a vote in person or by proxy shall be accepted to the exclusion of the other joint holders and for this purpose seniority shall be determined by the order in which the names of the joint holders appear in the Company’s register of members.

15.31 The Shares carry a right to receive dividends but no dividend may be paid unless recommend by the Directors and it is unlawful for dividends to be paid except out of current profits or distributable reserves. The Company’s Articles authorize the shareholders, by ordinary resolution, to declare a dividend but no dividends may be declared in excess of the amount recommended by the Directors. The Directors may pay interim dividends out of profits or distributable reserves. Under the Articles of the Company unclaimed dividends will not accrue interest against the Company and any dividend unclaimed after 12 years from the date when it was declared or became due for payment shall be forfeited and revert to the Company.

15.32 The Company may stop sending divided cheques or warrants or cease other method of payment if (i) at least four (4) consecutive payment have remained un-cashed or returned un-delivered or the means of payment has failed; or (ii) if at least two (2) consecutive payments have remained un-cashed or returned un-delivered or the means of payment has failed and reasonable enquiries have failed to establish any new address or account for such member. In such case the un-paid dividends will be a recorded in the books of the Company as a debt due to the missing shareholder and will be paid on request. The Company will resume sending dividends by cheques or other financial instruments or by other customary means, if the shareholder so requests.

15.33 The Shares are not redeemable but the Company has power, subject to certain conditions being satisfied, to re-purchase its Shares. Shares were converted to stock units and any subsequent issue of ordinary shares will likewise be converted to stock.

15.34 The rights attaching to the Shares may be varied or abrogated, either with the consent in writing of the holders of not less than three-fourths of the issued Shares, or with the sanction of an extraordinary resolution passed at a separate general meeting of the shareholders (but not

otherwise), and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up and the consent in writing or resolution aforesaid shall be binding upon all the holders of the Shares. The quorum for any such class meeting shall be two persons holding or representing by proxy at least one-third in nominal amount of the issued Shares (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those holders of such Shares who are present shall be a quorum) and that any holder of Shares present in person or by proxy may demand a poll, and that such holder shall on a poll have one vote for every Share held by him or in respect of which he holds a proxy.

Transfer of Shares

15.35 If the Shares are listed on the JSE they may be transferred across the Exchange without payment of stamp duty (1%) or transfer tax (5%). Transfer of Shares across the Exchange will, however, attract JSE cess, settlement fees and stockbrokers' fees. The JSE cess and settlement fee in total is currently 0.33% of the sale price on the "sell side" (payable by the seller) and a similar rate on the buy side (payable by the buyer). Stockbroker's fees are subject to negotiation with the stockbroker. General Consumption Tax ("GCT") is payable on the JSE cess, settlement fee and the stockbrokers' fees.

Limitation on Shareholdings

15.36 When Cabinet approved the sale of the shares by PCJ pursuant to this Offer for Sale, it mandated that efforts should be made to achieve broad-based ownership of the Company. To that end, it imposed a condition that for the first five (5) years following the close of the Offer for Sale, no single shareholder and its affiliates or concert parties should hold in the aggregate more than 10% of the shares at any time. (See Restrictions on Shareholdings below).

15.37 Accordingly, the Articles of Incorporation adopted by the Company, in anticipation of the Offer for Sale, contain a regime which provides that a person shall not directly or indirectly acquire an interest in more than 10% of the voting shares during the first five (5) years following the close of the Offer for Sale. For this purpose a person is taken to have an interest in shares if:

- (a) he is a legal or beneficial owner of those shares; or
- (b) he has entered into a contract for their purchase by him (whether for cash or other consideration) of those shares; or
- (c) not being the registered holder, he is entitled to exercise any right conferred by the holding of those shares or is entitled to control the exercise of any such right; or
- (d) he has a right to call for delivery of those shares to himself or to his order, whether such right is conditional or absolute; or
- (e) he has a right to acquire an interest in the shares or is under an obligation to take an interest in those shares, whether such right or obligation is conditional or

absolute or if he has a contingent interest in those shares; or

- (f) his spouse or any infant child or infant step-child of his has an interest in those shares; or
- (g) if a body corporate has an interest in those shares and:
 - (i) the body corporate or its Board of Directors, or other governing body, is accustomed to act in accordance with his directions or instructions; or
 - (ii) he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of that body corporate; or
- (h) he is entitled to control a body corporate that is entitled, either directly or indirectly through control of other bodies corporate, to exercise or control the exercise of the voting power at general meetings of another body corporate which is the owner of the shares or has an interest in them within the meaning of this Article; or
- (i) he is involved in an agreement with another party or other parties (legally binding or which involves mutuality in the undertakings, expectations or understandings of the parties to it) for the acquisition of any interest in the shares, in which case each of the parties shall be deemed to have an interest in all of the shares in which any other party to the agreement is interested (whether or not such shares were acquired pursuant to the agreement).

15.38 *Monitoring the Restriction on Shareholding* – In order to ensure that the 10% limitation on shareholding is not violated, the Company is required by its Articles to appoint a registrar who shall not only perform the customary duties of registrar and transfer agent but shall also monitor the Company's share register to identify whether the 10% limit on shareholding is violated. In addition, the Articles provide that if any person (to his knowledge acquires or ought reasonably to be aware that he has acquired) directly or indirectly an interest in 8% or more of the voting shares of the Company ("Notifiable Interest"), then he shall within 14 days after he became aware or ought reasonably to have been aware of such interest give written notice to the Company of the number of shares in which he has an interest. In addition, if he acquires an interest in further shares, a similar notice must be given to the Company.

15.39 If a person fails to give notice to the Company in accordance with the provisions of the Articles as summarized above, then the voting rights attached to such shares shall be suspended for one year.

15.40 If the directors have reasonable grounds to believe that a member has acquired a Notifiable Interest or has acquired shares in addition to his notifiable interest, then if such member has not given the requisite notice to the Company as stated above, then they may give a written notice to such member or other person appearing to have an interest in the shares requiring him to provide information with respect to his interest in shares in the Company. If a

member fails to give the information required by the Company within the time specified in the notice, then the voting rights in the affected shares shall be suspended for one (1) year.

15.41 If a person (other than a Permitted Person), in breach of the shareholder limitation, acquires an interest in more than 10% of the Shares, then the registrar shall serve a written notice on such person calling upon him to make a disposal of the excess Shares within twenty-one (21) days of the service of such notice (a Required Disposal); such disposal to be made to persons who, by acquiring the Share, would not also violate the 10% shareholding limitation. If the person fails to comply with a Required Disposal Notice, then the directors may direct the registrar to effect the Required Disposal. The cost of the Required Disposal will be deducted from the proceeds of sale of the Shares.

15.42 *Permitted Persons:* – The above restrictions on shareholding does not apply to any of the following persons (called Permitted Persons):

- (a) a trustee (such as a trustee/depository or trustees of an employee share scheme established by the Company) which discloses the beneficial owner of the shares comprised in the trust; and is irrevocably bound under the trust to give 2-way voting proxies to the beneficial owners of the Shares to the intent that voting shall not be exercised by the trustee;
- (b) any underwriter who, in connection with any proposed sale of shares or invitation to subscribe for shares or securities convertible to shares, is required under the underwriting agreement to take up shares in excess of the 10% limitation:
- (c) PCJ, in the event that offers tendered and accepted for Shares in this Offer for Sale is less than the number of shares offered and the shares retained by PCJ exceeds the 10% limitation.

15.43 *Entrenchment of the 10% shareholding limitation* - The shareholding limitation set out in paragraphs 15.30 to 15.40 above are contained in Articles –3 - 5 of the Company’s Articles of Incorporation. Government’s intention is that the limitation should remain for the first five (5) years after close of the Offer for Sale. Since the articles of a company can be modified by a special resolution (see section 10(1) of the Companies Act, 2004) and a company cannot, by its articles, exclude the statutory power to amend its articles by special resolution or impose a different voting threshold than that required by the Companies Act, 2004 it means that the limitation on shareholding could be removed by a special resolution at any time. In this respect a special resolution is one which, at a quorate meeting called by at least 21 days’ notice and is approved by the affirmative vote of at least 75% of the votes which are cast on the resolution. Note that shareholders who do not attend the meeting or who refrain from voting would not be taken into reckoning of the voting threshold for a special resolution.

15.44 In order to achieve Government’s intention, the Special Share was created. The power of the Special Share lies in the fact that the entrenched Articles are a part of the class rights attaching to the Special Share and under the Articles, extinguishment or modification of class

rights require the consent to the holder(s) of the relevant class of shares. Accordingly, any modification of the limitation Articles will require the consent of the holder of the Special Share. This then is the sole reason for the Special Share. The holder of the Special Share shall be bound to consent to the amendment or removal of the limitation Articles if during the 5-year entrenchment period the amendment or removal is approved by a unanimous affirmative vote of all the holders of Shares in the Company present in person or by proxy at a general meeting of the Company summoned by not less than 21 days' notice.

If the limitation Articles are removed then the holder of the Special Share must voluntarily surrender the share as a gift to the Company. The holder of the Special Share also has the power to voluntarily surrender the share at any time and if that is done then the limitation Articles can be amended by a special resolution (that is to say a resolution passed by a 75% vote of shareholders present in person or by proxies and voting on the resolution at a general meeting of the Company summoned by not less than 21 days' notice).

15.45 *Automatic Termination of Share Limitation* - After the expiration of the 5 year entrenchment period the limitation on shareholding will automatically cease. Accordingly, shareholders would no longer be prohibited from acquiring shares in excess of 10% of the issued share capital of the Company.

15.46 *Ordinary Shares* – The ordinary shares (herein called “Shares”) all rank *pari passu* among themselves. On a poll a holder of ordinary shares will have one vote for each ordinary share registered in his name or of which he is the duly appointed proxy. On a show of hands a holder of ordinary Shares will have one vote regardless of the number of shares held either in his one name or as proxy. On issue the ordinary Shares will be converted into stock units.

Material Litigation

15.47 The Company is not involved in any litigation, arbitration or other legal proceedings in Jamaica or in any other jurisdiction and the Directors of the Company are not aware of any circumstance which would give rise to any such litigation, arbitration or other proceedings.

Relationship with Government

15.48 The Company, as a 100% subsidiary of PCJ, is a public body under Government's control exercised through PCJ, a statutory body. In this Offer for Sale, PCJ wishes to dispose of all of its shares in the Company. If the Offer for Sale is successful or if the number of shares sold to the general public is such that Government loses legal control (over 50%) or effective control, then the Company could cease to be a public body. Note however that the Public Bodies Management and Accountability Act defines a public body to include a company “*which the Government or any agency of Government is in a position to direct the policy of that company*”.

15.49 Thus, for instance, if only 60% of the Shares are sold to private sector persons with the result that PCJ would retain 40% of the Shares, the fact that the 60% held by the public would be widely held and fragmented with no one person controlling more than 10% could mean that

effective control could very well continue to reside in PCJ. In such a case, the Company would continue to be a public body.

15.50 If the Offer for Sale is successful or if PCJ's holding is reduced to a level which causes it to lose effective control of the Company, then Government would cease to exercise control over the Company. In particular the Company would cease to be subject to the Public Bodies Management and Accountability Act. The Board would be free to manage the Company without Government's oversight. Investors should not assume that if the Company ceases to be a subsidiary of PCJ but remains a public body because of effective control by PCJ and encounters financial or other difficulty, that Government would provide support to the Company. Indeed, even if the Offer for Sale results in disposal of less than 50% of the shares, no guarantee or undertaking of Government support is given or should be implied regardless of the percentage of shares retained by PCJ.

15.51 As an IPP the Company would continue to operate under the regulatory oversight of the OUR.

Industrial Relations

15.52 The Company has a workforce of 23 employees the majority of which are engineers and technicians. No part of the workforce is unionized. The Company has enjoyed stable relations with its staff. The Directors have no reason to believe that the industrial climate which currently prevails will change in the near future.

Pension

15.53 As a wholly-owned subsidiary of PCJ the Company participates in defined benefit superannuation fund sponsored by PCJ (herein called "the PCJ Pension Fund") for the employees of Petroleum Corporation of Jamaica. The PCJ Pension Fund is governed and regulated by a Trust Deed and companion Rules dated December 9, 2011. All Employees of the Company who have completed their probationary period of service and are between the age of 18 and 59 years old must participate in the PCJ Pension Fund. Thus, at the present time all employees of the Company are members of the PCJ Pension Fund.

15.54 If the Offer for Sale is successful, the Company would cease to qualify as an "Associated Employer" to PCJ and as such would be required to withdraw from the PCJ Pension Fund. Under the Rules of the PCJ Pension Fund a partial winding-up would occur as a result of such withdrawal. Accordingly the portion of the fund allocable to the Company's employees will be split from the PCJ Pension Fund in accordance with the Trust Deed and Rules.

15.55 Upon a partial winding-up the Trustees of the PCJ Pension Fund are required to obtain the advice of the Actuary to determine the portion of the fund allocable to the withdrawing members, being the Company's employees. The Company intends to establish a new stand-alone pension fund for its employees and intends to invite employees to put the amount received on their account from the trustees of PCJ Pension Fund into the new pension fund to be established by the Company. The terms of the new pension fund have not been settled and

approved by the Board of Directors but discussions are taking place between the management and a pension fund service provider.

Working Capital

15.56 The Company is of the opinion that taking into account the credit lines available to it and its cash flow, it has sufficient working capital for its present requirements (that is to say, for at least the next 12 months from the publication of the Prospectus).

Offer for Sale & Listing Expenses

15.57 The Offer for Sale & Listing Expenses are estimated to be in the region of J\$394,117,153.00. They will include the following: (i) financial advisory and lead broker's fees; (ii) legal fees; (iii) accountants' fees; (iv) registrar fees; (v) Prospectus filing fees payable to the Registrar of Companies; (vi) JSE initial listing fees; (viii) marketing expenses and (ix) Transfer Tax and Stamp Duty on the transfer of shares from PCJ to successful Applicants. All the foregoing fees, (except the Prospectus filing fees, Transfer Tax and Stamp Duty) will attract general consumption tax. PCJ and the Company have agreed that the Listing Expenses will be borne solely by PCJ.

Audit Report Qualification

15.58 There are no qualifications in the accountants' report of the historical financial information.

Significant Change

15.59 There has been no significant change in the financial or trading position of the Company since March 31, 2018 being the latest date as of which the audited financial statement of the Company were prepared.

Other Matters Relating to Directors

15.60 None of the Directors have a written service contract with the Company or with PCJ. PCJ is not aware of any actual or potential conflict of interest between the duties owed by the Directors of the Company and the private or business interests of any of the Directors. If the Company were to purchase goods or services from any company in which a Director has an interest such purchase would be made in the ordinary course of business and on arm's length terms.

15.61 None of the Directors have during the last five (5) years:

- (i) been convicted in relation to an offence involving fraud;

- (ii) been associated with any bankruptcy receivership or liquidation while acting in the capacity of a director or member of the management team of the relevant entity;
- (iii) been sanctioned or subject to disciplinary action by a professional body; or
- (iv) been disqualified by a court from acting as a director or member of the administration, management or supervisory body of a company or otherwise from acting in the management of the affairs of a company.

15.62 The Company has not made any loan or granted any guarantee for the benefit of any of the Directors. No Director holds shares in the Company. Directors will, however, be at liberty to apply for Shares in the Offer as any ordinary member of the public.

15.63 Each Director will be paid director's fees at a level comparable to what is customarily paid to directors of public companies in Jamaica. In addition, a Director is entitled to be reimbursed for reasonable travelling and hotel expenses (where applicable) incurred in attending meetings of the Board or Committee of the Board and otherwise performing the duties as non-executive Directors.

15.64 The Cabinet Decision which proposed the appointment to the Board of the current Directors also proposed that their appointment should be for two (2) years. However, under the Company's Articles at the first annual general meeting after the Offer for Sale and at each subsequent annual general meeting one-third of the Directors shall retire by rotation. The Directors who shall so retire are those who are longest in office but if they were appointed on the same day they may agree among themselves as to those who shall retire and failing agreement the Directors to retire shall be determined by drawing lots.

15.65 The Company's Articles provides that the number of Directors shall not be less than five (5) or more than twelve (12). A Director need not hold shares in the Company.

Money Laundering

15.66 In order to ensure compliance with the Proceeds of Crime Act and applicable money laundering regulations, Applications in the Offer for Sale must be submitted through Mayberry or an authorised selling or collecting agent. Mayberry and the selling and collecting agents, being regulated financial institutions, maintain and administer Anti-Money Laundering Policies and Procedures approved by their respective regulators (whether Bank of Jamaica or the FSC) and the process will ensure that where necessary, Applicants will be vetted for money laundering purposes.

15.67 PCJ, Mayberry or any selling agent or collecting agent, may, in its absolute discretion, require verification of source of funds from any Applicant. Failure to provide the required information may result in the Application being rejected. Mayberry and each selling or collecting agent reserves the right, as part of their money laundering and Know-Your-Customer procedures, to request credit information in respect of any Applicant from any local credit bureau and by submitting an Application Form an Applicant shall be deemed to authorise Mayberry or such

selling or collecting agent to request such credit report and to sign, if requested, any requisite consent form.

15.68 By submitting an Application Form, the Applicant shall be deemed to represent and warrant to PCJ that no part of the sum offered to purchase Shares in the Offer for Sale constitute proceeds of crime or is otherwise tainted money.

Industry and Market Data

15.69 Where third party information has been used in this document, the source of such information has been identified. PCJ confirms that such information has been accurately reproduced and, so far as it is aware has been able to ascertain, from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

15.70 Unless otherwise stated, financial information in relation to the Company has been extracted without material adjustment from the historical accountant's report prepared by PricewaterhouseCoopers, Chartered Accountants.

Initial Transfer of Shares to Applicants

15.71 The Shares being sold are held by PCJ and accordingly will have to be transferred to successful Applicants in the Offer for Sale prior to listing on the JSE. This transfer will be done off the JSE and will attract transfer tax (2%)⁵ and stamp duty (J\$5,000.00)⁶. PCJ will bear both the transfer tax and stamp duty in full. PCJ intends to enter into a composition agreement with the Taxpayer Audit and Assessment Department (Stamp Duty and Transfer Tax Division) so that the transfer tax and stamp duty can be paid after completion of the Offer for Sale without delaying the application for listing on the JSE.

15.72 No expense will be directly charged to Applicants by PCJ or the Company in connection with this Offer for Sale.

Announcement of the Results of the Offer

15.73 Within three (3) Business Days after close of the Application List, PCJ will make an appropriate public announcement with results of the Offer for Sale.

⁵ Assuming the changes to Transfer Tax and Stamp Duty announced by the Minister of Finance & The Public Service in his Budget presentation on March 7, 2019 and summarised in Ministry Paper 13/19 published on March 7, 2019 take effect.

⁶ See note 5 above

Miscellaneous

15.74 Persons applying for Shares under this Offer for Sale who are allocated Shares may only rely on the information contained in this Prospectus and, to the fullest extent permitted by law, any liability for representations, warranties and conditions express or implied and whether statutory or otherwise (including without limitation pre-contractual representations but excluding fraudulent misrepresentations) are expressly excluded in relation to the Shares and the Offer.

15.75 In the event that PCJ or the Company is required to publish any supplementary prospectus or amendment to this Prospectus, Applicants who have applied for Shares in the Offer will have the right exercisable within two (2) Business Days after publication of the supplementary prospectus or amendment to withdraw their Application in whole or in part. References to publication of a supplementary prospectus or amendment means a public announcement in the Press regarding publication of the supplementary prospectus or amendment on the website of the JSE and/or PCJ.

Overseas Investors

15.76 No person receiving a copy of the Prospectus and/or an Application Form in any territory outside Jamaica may treat the Application Form as constituting an invitation or offer to him nor should he in any event use such Application Form.

Conflict of Interest

15.77 The Company recognizes that conflicts of interest may arise in the ordinary conduct of its business. The Audit Committee will be entrusted with the task of reviewing all instances that present a conflict of interest and making decisions on behalf of the Company without the involvement of the conflicted director or manager.

15.78 In addition, as a Jamaican company, WWF will be regulated by the Companies Act, 2004. This Act recognizes that a director owes a fiduciary duty to the company on whose board he serves and that duty requires his undivided loyalty to the company. Section 193 of the Companies Act, 2004 sets out a regime which governs the conduct of a director of a company where he is faced with a conflict of interest in the context of a contract with another company in which he has an interest as a director, officer or shareholder. Such a director must:

- (a) at the first meeting at which the contract or arrangement is considered, disclose in writing to the company or request to be entered in the Minutes of the directors' meeting, the nature and extent of his interest;
- (b) if the director is interested in the matter as a director of the other contracting company, then he cannot be present during the discussions on the contract and must therefore leave the meeting;

- (c) if he is interested only as an officer of the other company, then according to the section he may remain at the meeting and vote on the matter if he is not otherwise interested in the contract or arrangement beyond the fact of he being an officer of the other company. However, the Articles of the Company go beyond this and restrict such a director from participating in the meeting.

15.79 It means that any director of the Company who is also a director, officer or material shareholder in another company which proposes to enter into a contract with the Company will not be allowed to participate in the Board deliberations concerning the proposed contract.

16 CONSENTS

16.1 In connection with the publication of this Prospectus PricewaterhouseCoopers has given and has not withdrawn

- (a) its written consent to the inclusion in this Prospectus of the Auditor's Report containing the 5-year summaries for the profit and loss and assets and liabilities of the Company and the dividend history set out in Section 14; and
- (b) the audited financial statements for the year ended March 31, 2018 set out in Section 14,

and the references thereto in the form and context in which they appear. PWC have also consented to references to their name in the Prospectus in the form and context in which such references appear.

16.2 The PCJ Directors have given and have not withdrawn their written consent to the issue of the Prospectus and the inclusion therein of all material facts relevant to the Company as required by the Act.

17 DOCUMENTS AVAILABLE FOR INSPECTION

During the period that the Offer remains open for application for Shares, the following documents will be available for inspection on any Business Day during the hours of 9:00 am to 4:30 pm, at the office of Patterson Mair Hamilton, Temple Court, 85 Hope Road, Kingston 6 in the Parish of Saint Andrew; namely:

- (a) written consents of the PricewaterhouseCoopers;
- (b) audited financial statements of the Company for the year ended March 31, 2018;
- (c) resolution of the Company to convert from a private to a public company passed on April 3, 2019 and to adopt new Articles of Incorporation;
- (d) the contracts referred to in paragraphs 15.10 above;
- (e) the New Articles of Incorporation of the Company;
- (f) copy of this Offer for Sale Prospectus.

18 APPLICATION PROCEDURE

Applications

18.1 Applications for Shares shall be made on the original Application Form included at the end of this Prospectus. The Application Form must be completed in accordance with the instructions set out in this Section 18 and be delivered or mailed to Mayberry Investments Limited, 1½ Oxford Road, Kingston 5, Jamaica or to any other selling agent or collecting agent appointed by Mayberry.

18.2 A Reserved Share Applicant may apply for Reserved Shares using the Application Form accompanying this Prospectus. The Reserved Share Applicant will need to check the relevant box for the relevant category of Reserved Shares for which they are eligible. If Reserved Share Applicants apply for more than the number of Reserved Shares available then the excess Shares applied for will be treated as an application for Shares in the public pool. In the event of multiple Application Forms being submitted by a Reserved Share Applicant PCJ reserves the right to accept or reject any or all such Application Forms.

18.3 If subscriptions are received for fewer Reserved Shares than the block of 2,200,000,000 Shares so reserved, then the Reserved Shares not taken up will be added to the pool of Shares available to satisfy applications by the general public.

18.4 If needed, additional copies of this Prospectus containing an Application Form may be obtained from Mayberry's website (www.mayberryinv.com) or on the website of the JSE (www.jamstockex.com) or PCJ (www.pcj.com).

18.5 PCJ reserves the right to reject multiple applications and if multiple applications are received, only the first application in time may be processed. **An Application Form which is not part of a Prospectus should under no circumstances be used to apply for shares in this Offer for Sale. All potential investors are encouraged to read the Prospectus in full before deciding to invest in the Shares.**

Terms and Conditions of all Applications

18.6 All Applications for Shares are subject to the following terms and conditions:

- (a) neither the submission of an Application Form by an Applicant nor its receipt by PCJ or Mayberry will result in a binding contract between the Applicant and PCJ or Mayberry. Only the allocation of Shares by PCJ to an Applicant (whether such Shares represent all or part of those specified by the Applicant in his Application Form) will result in a binding contract under which the Applicant will be deemed to have agreed to accept and to pay for the number of Shares allocated to him at the application price, subject to these terms and conditions.

- (b) the Application List for the Offer for Sale will open at 9:00 a.m. on April 17, 2019 and will close at 4:30 p.m. on May 1, 2019 subject to the right of PCJ to close the Application List at any time if applications have been received for the full amount of the Shares available for subscription and sale and subject also to the right of PCJ to extend the closing beyond that date subject to section 48 of the Companies Act, 2004. In the event of an early closing or an extension of the closing, a notice will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com) or the website of PCJ (www.pcj.com).
- (c) applications made must be for a minimum of 2,000 Shares. Applications for amounts in excess of 2,000 shares must be in multiples of 100 shares. Applications for amounts in other denominations may be rejected or accepted by PCJ at its election or may rounded down to the nearest multiple of 100.

18.7 All Application Forms must be submitted together with payment for the Shares. Payment may only be made by:

- (a) a manager's cheque made payable to "**Mayberry Investments Limited**";
- (b) a debit card (where acceptable to the collecting agent or selling agent through which the Application Form is submitted);
- (c) cash (where acceptable to the collecting or selling agent through which the Application Form is submitted).
- (d) authorisation from the Applicant on the Application Form, instructing Mayberry to make payment from cleared funds held with Mayberry in an investment account in the Applicant's name; or
- (e) RTGS transfer to an account designated by Mayberry Investments Limited; or
- (f) any other form of payment acceptable to the collecting or selling agent through which the Application Form is submitted.

Applicants submitting Applications through any selling agent, collecting agent, bank or stockbroker may pay such selling agent, collecting agent, bank or stockbroker who would submit their Application and make payment to Mayberry on the Applicants' behalf. Note that neither PCJ nor Mayberry accepts any responsibility for failure by any selling agent, collecting agent, bank or stockbroker to submit their Application Forms or to make payment on a timely basis on their behalf.

18.8 All completed Application Forms must be delivered to Mayberry Investments Limited at its office, the address of which is shown below.

Mayberry Investments Limited

1½ Oxford Road
Kingston 5

or to the office of any selling agent or collecting agent. A list of selling agents or collecting agents will be published on the website of JSE (www.jamstockex.com) or PCJ (www.pcj.com).

18.9 Mayberry and/or PCJ and/or JCSD Trustee Services Limited, the latter as receiving agent, reserves the right to reject incomplete applications, but is not obliged to do so if the Applicant's intention is sufficiently clear.

18.10 Receipts will not be issued for sums received as payment for Shares; All Shares allocated or sold to successful Applicants will be held in the JCSD and credited to an account in the JCSD in the name of the Applicant within 21 days of the closing date of the Application List. Evidence of the Applicant's holding of Shares will be provided by statements generated by the JCSD and mailed to the Applicant at the address indicated on their Application Form. If any application is not accepted or is accepted for fewer than the number of Shares applied for, the application monies, or the balance thereof as the case may be, will be returned within 40 days following the issue of the Prospectus by cheque sent through the post or, if instructed, held for collection at Mayberry's office. No interest is payable on such refunds.

18.11 Applicants must be at least 18 years old. However Applicants, who have not yet attained the age of eighteen (18) years, may apply jointly with Applicants who are at least eighteen (18) years of age.

18.12 PCJ reserves the right to accept or reject, in whole or in part, any application and to allocate less than the amount of Shares applied for by an Applicant.

18.13 PCJ also reserves the right to withdraw the Offer for Sale by notice published in at least one of the local daily newspapers and on the JSE website or the Mayberry website. PCJ also reserves the right to reject any application if any of the conditions for application set out in this Prospectus is not met.

18.14 By submitting an Application a prospective investor shall be deemed to represent to PCJ and its Directors and agree with him that:

- (a) he has read and understood or has had the opportunity to read and understand this Prospectus (including the terms and conditions in this Section 18) and to gather and review all additional information considered by him to be necessary to verify the accuracy of the information contained in this Prospectus;
- (b) he has not relied on PCJ or the Company or any other persons connected with the Company or with PCJ in connection with his investigation of the accuracy of such information or his investment decision;
- (c) no person connected with PCJ or the Company has made any representation concerning the Company or this Prospectus not contained in this Prospectus, on which the Applicant has relied in submitting his Application Form;

- (d) he has made his own assessment of the Company, and the merits and risks of applying for or purchasing Shares, inclusive of taking advice (or waiving the need for such advice) in relation to the financial and legal implications of purchasing Shares and the tax implications thereof;
- (e) he has accepted the terms and conditions set out in this Prospectus, including in any Appendix hereto;
- (f) the Directors of PCJ may take all such further requisite action without further reference to him or other stockholders to secure the listing of the Company on the main market of the JSE and the completion of all matters relating to the Offer for Sale; and
- (g) he will be deemed to have offered to purchase from PCJ the number of Shares applied for in his Application Form (or such lesser number which may be allocated to him by the PCJ) on the terms and subject to the conditions set forth herein and subject further to the Articles of Incorporation of the Company.

18.15 Successful Applicants will be allocated Shares for credit to their account in the Jamaica Central Securities Depository specified in their Application Forms. Applicants may refer to the confirmation instructions that will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com) after the Closing Date. Applicants who wish to receive share certificates must make a specific request for such share certificate.

18.16 Save with respect to the fixed number of Reserved Shares available to Reserved Share Applicants and save as to the requirement for a minimum subscription of 2,000 Shares by a member of the public or a Reserved Share Applicant and that subscriptions in excess of 2,000 must be in multiples of 100 Shares there is no restriction as to the number of Shares for which an Applicant may apply for subject to provisions of any law or regulation which may impose conditions or restrictions on certain persons, such as approved superannuation funds as to their investment in shares and certain securities. Note, however, that no Applicant for Shares will be allotted Shares which, in the aggregate with other Shares in which the Applicant may be interested, will exceed 10% of the issued share capital of the Company. See further paragraph 15.36 above.

18.17 PCJ will endeavor to return cheques for the amounts refundable to Applicants whose Application Forms are not accepted, or whose Application Forms are only accepted in part, to the Applicant's address shown in the Application Form within ten (10) days after the Closing Date (or the extended Closing Date, as the case may be) or as soon as practicable thereafter but in any event within forty-eight (48) days following the issue of the Prospectus. If an Applicant so indicates on his Application Form his refund cheque will be sent to the JCSD for collection by him (or by the first-named joint Applicant) stated in the Application Form. Any other persons purporting to collect a cheque on behalf of the Applicant must be authorised in writing by the Applicant(s) to do so. All refunds of amounts greater than the RTGS threshold of J\$1,000,000, will be refunded via RTGS to the account of origin, if RTGS details are provided.

18.18 Within three (3) days after close of the Application List, PCJ shall give notice to the JSE of the details and basis of allocation and the list of purchasers will be delivered to the JSE within ten (10) days after the allocation.

Basis of Allocation

18.19 Application Forms that meet the requirements set out in this Prospectus shall be accepted and held until close of the Application List. All Applications will be time-stamped to indicate the date and time they were received by Mayberry or the relevant selling agent or collecting agent. If Applications are received before the Application List opens at 9:00 a.m. on April 17, 2019 then such Applications will be stamped as received at 9:00 a.m. on April 17, 2019 being the date of the opening of the Application List. After the Application List is open, Applications received or date stamped as above may not be withdrawn. Applications received before the Application List opens may be withdrawn before the Application List opens.

18.20 After the Application List is closed, allocation will be made in accordance with the following principles, subject to the right of PCJ, at its discretion, to modify these principles without notice to achieve its aim of equitable and fair distribution among a wide cross section of the public with an emphasis on Retail Applicants.

- (a) First, Reserved Share Applicants will be allocated Shares on a “bottom-up” basis in tranches of 10,000 Shares until the Reserved Shares are fully allocated and/or all Reserved Share Applications are met in full.
- (b) Second, members of the general public will then be allocated Shares on a similar “bottom up” basis in tranches of 10,000.

“Bottom up” basis means that all Applications (large or small) up to the first 10,000 Shares will be met. Applications in excess of 10,000 will then be met in similar fashion in increments of 10,000 until all Applications are met or all the Shares are allocated. Any Reserved Shares not taken up by Reserved Share Applicants will be added to the Shares available to the general public.

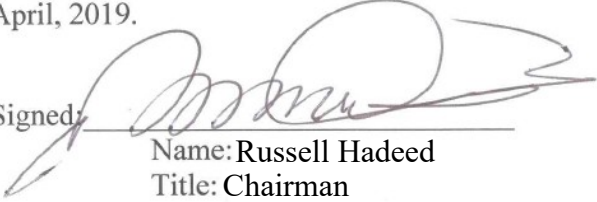
Nothing in sub-paragraphs (a) or (b) above shall imply that an Applicant may be allocated shares in excess of the number of shares which he applied for.

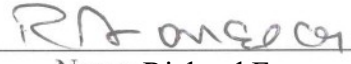
Payment of Transfer Tax and Stamp Duty

18.21 Each Applicant, by applying for shares in this Offer for Sale, irrevocably appoints the Secretary of PCJ as his attorney-in-fact to sign a global transfer of shares from PCJ to such purchaser (and all other purchasers). Thus, a single share transfer will be presented to the Taxpayer Audit & Assessment Department (Stamp Duty & Transfer Tax Division) for payment of transfer tax and stamp duty. Such transfer tax and stamp duty will be paid by PCJ in full.

19 DIRECTORS' SIGNATURES

Signed on behalf of Petroleum Corporation of Jamaica by two of its Directors on this 3rd day of April, 2019.

Signed: 
Name: Russell Hadeed
Title: Chairman

Signed: 
Name: Richard Fonseca
Title: Director

Appendix 1

Application Form



PUBLIC SECTOR WORKER

PLEASE READ CAREFULLY BEFORE COMPLETING THIS FORM
TO: PETROLEUM CORPORATION OF JAMAICA LIMITED ("PCJ")

Re: In respect of up to 11,000,000,000 Ordinary Shares at J\$0.50 each being offered made pursuant to the Prospectus dated April 3, 2019. I/We confirm that I/we have read and understood and hereby agree to be bound by the terms and conditions contained in the Prospectus, all of which are incorporated in this Application Form by reference.

I/We hereby apply for Ordinary shares in Wigton Windfarm Limited on and subject to the terms and conditions of the Invitation set out in the Prospectus at the price of J\$0.50 each, and I/we attach J\$ as my/our payment or I/we request my broker to make payment on my/our behalf from cleared funds held by them in my /our names in account numbered , with them. I/We hereby instruct my/our broker to debit my/our account with the sum of J\$ for the purposes of my/our subscription of Ordinary shares as indicated above.

I/We agree to accept the same or any smaller number of Shares in respect of which this application may be accepted, subject to the terms and conditions in the Prospectus and the Articles of Incorporation of Wigton Windfarm Limited, by which I/we agree to be bound. I/We request you to sell and transfer to me/us the number of shares which may be allocated to me/us at the close of the said Invitation based on the terms and conditions governing applications, as set forth in the Prospectus. I/We hereby agree to accept the shares that may be allocated to me/us to be credited to an account in my/our name(s) in the Jamaica Central Securities Depository (JCSD). All fields are relevant and must be completed.

Please indicate your JCSD account number here
JCSD ACCOUNT NUMBER BROKER CODE

PRIMARY HOLDER DETAILS

PRIMARY HOLDER (EITHER COMPANY OR INDIVIDUAL)

TAXPAYER REGISTRATION NUMBER PRIMARY MOBILE/CELL NUMBER WORK NUMBER

EMAIL ADDRESS—PLEASE PRINT

PUBLIC SECTOR WORKERS ONLY—PLEASE PROVIDE NAME OF PUBLIC SECTOR EMPLOYER

SIGNATURES:

PRIMARY HOLDER: _____

DATE SIGNATURE AFFIXED: _____

COMPANIES (COMPANY SEAL OR STAMP REQUIRED):

DIRECTOR: _____

DIRECTOR/SECRETARY: _____

DATE SIGNATURES AFFIXED: _____

JOINT HOLDER INFORMATION

FIRST NAMED JOINT HOLDER

OCCUPATION TAXPAYER REGISTRATION NUMBER SIGNATURE

SECOND NAMED JOINT HOLDER

OCCUPATION TAXPAYER REGISTRATION NUMBER SIGNATURE

THIRD NAMED JOINT HOLDER

OCCUPATION TAXPAYER REGISTRATION NUMBER SIGNATURE

ALL APPLICANTS MUST INDICATE THEIR TAXPAYER REGISTRATION NUMBER (TRN) OR OTHER EQUAL IDENTIFIER ON THE APPLICATION
THIS OFFER IS NOT MADE TO PERSONS RESIDENT OUTSIDE JAMAICA

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

1. All completed applications must be delivered to your usual Stockbroker for delivery by them to Mayberry on or prior to closing date.
2. Applications must be for a minimum of 2,000 shares and be made in multiples of 100 shares. Applications in other denominations will **not** be processed or accepted.
3. Applicants must submit their completed Application Form to their broker along with payment for the specified number of Shares they have applied for, in the form of either:
 - A. A manager's cheque made payable to their Stockbroker, or
 - B. Authorization from the Applicant on the Application Form, instructing their Stockbroker to make payment from cleared funds held on their behalf in an investment account in the Applicant's name.
 - C. RTGS transfer to an account designated by their Stockbroker

Applicants submitting Applications through any selling agent, collecting agent, bank or stockbroker must pay such selling agent, collecting agent, bank or stockbroker who would submit their Application and make payment to Mayberry on the Applicants behalf. Note that neither PCJ nor Mayberry accepts any responsibility for failure by any selling agent, collecting agent, bank or stockbroker to submit their Application Forms or to make payment on a timely basis on their behalf.
4. If you are applying jointly with any other person, Joint Holder Information must be provided and each joint holder **must** sign the Application Form at the place indicated.
5. All Applicants must be at least 18 years old and must attach a certified copy of their T.R.N. card or Jamaican Driver's Licence displaying the T.R.N. However Applicants, who have not yet attained the age of eighteen (18) years, may apply jointly with Applicants who are at least eighteen (18) years of age.
6. Share Certificates will not be issued unless specifically requested through your broker. Instead, the shares allotted to a successful applicant will be credited to his account at the Jamaica Central Securities Depository ("JCSD"). If the applicant does not have a JCSD account, one will be created by your broker and the allotted shares deposited to that account. Applicants may refer to the notice posted on the JSE website (www.jamstockex.com) for instructions on confirming Share Allotments
7. All Applicants are deemed to have accepted the terms and conditions set out in the Prospectus and the Articles of Incorporation of the Company generally.
8. Requests for changes to your JCSD account information e.g. dividend mandate instructions, change of address, telephone numbers and email addresses etc. must be directed through your broker as customary.

THIS SECTION FOR USE BY BROKER ONLY

DATE APPLICATION RECEIVED: _____

TIME RECEIVED: _____

PAYMENT METHOD FROM INVESTOR: _____

PAYMENT REC'D: _____

CHEQUE / DEPOSIT / WIRE #: _____

CONFIRMATION DETAIL OF TRANSFER TO MIL

* MIL A/c #

* MIL Transfer/Deposit slip #

* RTGS / Wire #:

BROKER STAMP AND SIGNATURE:

ADVISOR: _____

BRANCH: _____

Selling Agents

| | Broker | Name | Telephone | Email | Address |
|----|---|---------------------|---------------------------|--|---|
| 1 | Scotia Investments Jamaica Limited | Lennox Elvy | 876-932-0367 | Lennox.elvy@scotiabank.com | Corner Duke & Port Royal Streets, Kingston |
| 2 | NCB Capital Markets Limited | Dwight Jackson | 876-935-2104 | JacksonDS@jncb.com | 3rd Floor, NCB Atrium, 32 Trafalgar Road, Kingston 10 |
| 3 | Stocks and Securities Limited (SSL) | Jonathan Khoury | 876-929-3400 | jkhoury@sslinvest.com | 33 1/2 Hope Road, Kingston 10 |
| 4 | GK Capital Management Limited | Douglas Robinson | 876-932-3290 | Douglas.Robinson@gkco.com | 58 Hope Road, Kingston 6 |
| 5 | JMMB Securities Limited | Karl Townsend | 876-704-6520 | Karl_townsend@jmb.com | 23 Phoenix Avenue, Kingston 10 |
| 6 | Proven Wealth Limited | Christopher Yeung | 876-908-3800 | cyeung@provenwealth.com | 26 Belmont Road, Kingston 5 |
| 7 | Sagicor Investments Jamaica Limited | Mischa McLeod-Hines | 876-764-0325 | mischa_mcleodhines@sagicor.com | 85 Hope Road, Kingston 6 |
| 8 | Credit Union Fund Management Company | Georgia Morrison | 876-550-9824 | gmorrison@cufmco.com | 10 Ruthven Road, Kingston 10 |
| 9 | M/VL Stockbrokers Limited | Ed Mckie | 876-909-0441 | edmckie@mvl.com.jm | 19 Holborn Road, New Kingston, Kingston 10 |
| | | Suzette Campbell | 876-960-1570 | admin@mvl.comjm | |
| 10 | JN Fund Managers Limited | Jermaine Deans | 876-929-7102 | jdeans@jngroup.com | 2 Belmont Road, Kingston 5 |
| | | Luwanna Williams | 876-929-7102 | lwilliams@jngroup.com | |
| 11 | Victoria Mutual Wealth Management Limited | Donovan Powell | 876-470-8441 | donovan.powell@myvmgroup.com | 53 Knutsford Boulevard, Kingston 5 |
| 12 | Barita Investments Limited | Farah Feanny | 876-926-2681 Ext: 2255 | D.Clunie@barita.com | 15 St. Lucia Way, Kingston 5 |