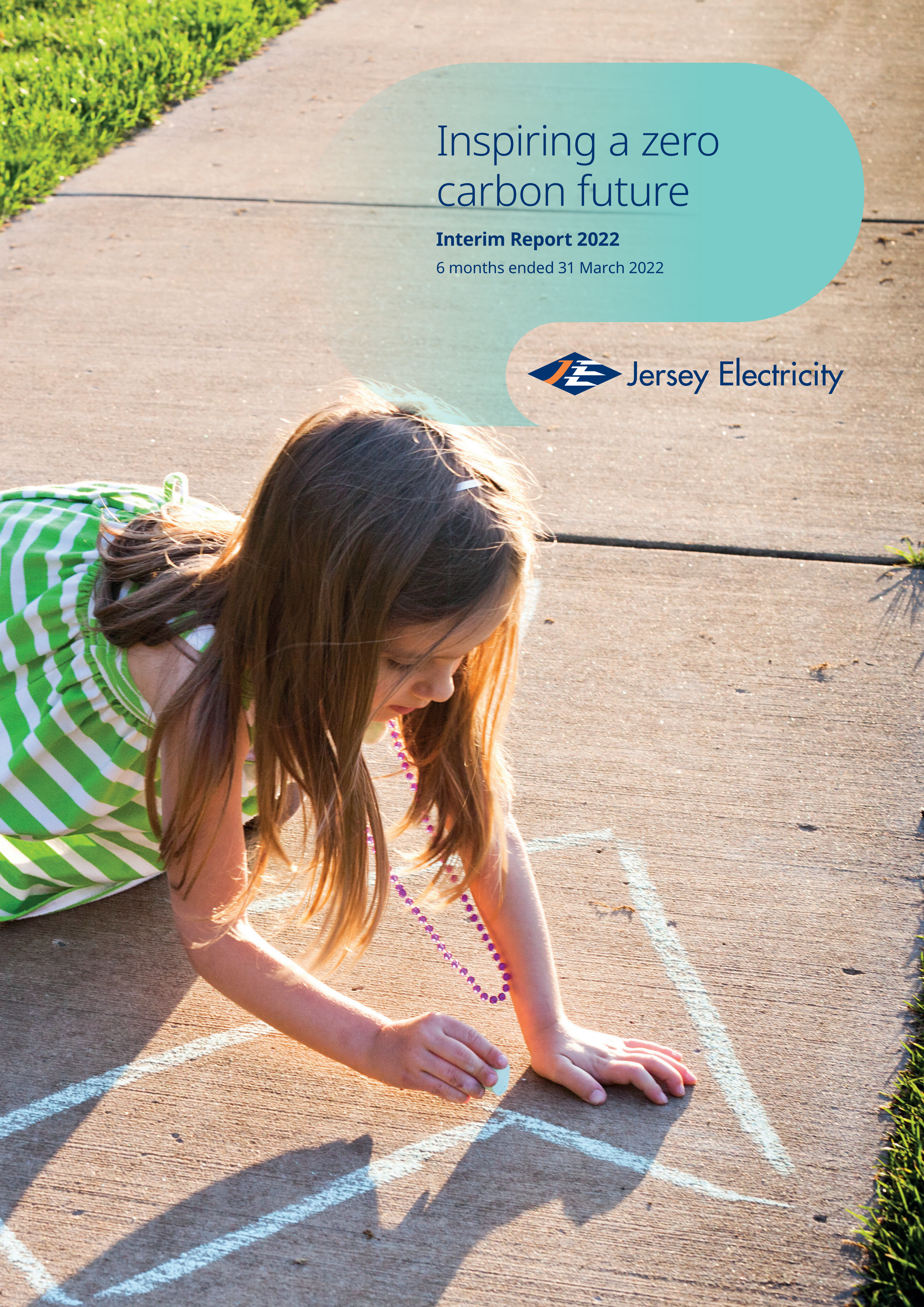
Inspiring a zero carbon future

Interim Report 2022

6 months ended 31 March 2022

Jersey Electricity



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Directors, Officers and Professional Advisers

NON-EXECUTIVE DIRECTORS

Phil Austin MBE, FCIB, FCMI (Chair)
Alan Bryce MSc, CEng, FIET
Wendy Dorman BA, ACA
Tony Taylor BSc (Hons)
Kayte O'Neill BA (Hons)
Amanda Iceton BA (Hons)

EXECUTIVE DIRECTORS

Christopher Ambler BA, MEng, CDipAF, CEng, MIMechE, MBA (Chief Executive)
Martin Magee CA (Finance)

SECRETARY

Lisa Floris LLB (Hons)

REGISTERED OFFICE

Queen's Road, St. Helier, Jersey

PLACE OF INCORPORATION

Both Jersey Electricity plc ('the Company') and Jersey Deep Freeze Limited (together 'the Group') are incorporated in Jersey.

AUDITORS

PricewaterhouseCoopers CI LLP,
37 Esplanade,
St. Helier, Jersey, JE1 4XA

BANKERS

Royal Bank of Scotland International Limited,
71 Bath Street,
St. Helier, Jersey

BROKERS

Canaccord Genuity Wealth Management,
PO Box 3,
37 The Esplanade,
St. Helier, Jersey

REGISTRAR

Computershare Investor Services
(Jersey) Limited,
13 Castle Street,
St. Helier, Jersey

Directors' Statement

Financial Summary

	6 months 2022	6 months 2021
Electricity Sales in kWh	**359.4m**	374.9m
Revenue	**£65.0m**	£67.1m
Profit before tax	**£7.0m**	£10.5m
Earnings per share	**17.78p**	27.00p
Final dividend paid per ordinary share	**10.20p**	9.70p
Proposed interim dividend per ordinary share	**7.60p**	7.20p

COVID-19 – impact on trading performance

The pandemic continued throughout the period since the end of our last financial year but has not materially impacted our overall trading performance even though COVID-19 cases have remained relatively high. It has however influenced comparisons with the same trading period in the last financial year. In our Energy business we saw lower unit sales, and although the year-on-year fall is due largely to milder weather, there is an element attributable to a decrease in domestic consumption associated less home-working, than in the same period last year. Our Retail business has also seen revenue fall from record levels as the trading position has normalised with customers starting to travel more widely resulting in spending power returning to pre-COVID levels.

Energy – security of supply and price volatility

In our 2021 Annual Report we highlighted the escalation of political issues between the EU and the UK on fishing rights between Jersey and France. This tension appears to have largely dissipated for the moment, but we maintain a watching brief as it has potential to re-surface in the future. We saw unprecedented volatility in energy markets in the second half of 2021 and this has further intensified throughout 2022 with the Russian invasion of Ukraine exacerbating uncertainty and prolonging high prices. We continue to monitor developments on both security of supply and volatility in energy markets. We have strong relationships with our French partners, EDF (as supplier) and RTE (as network operator) that span more than 35 years and the Company benefits from legal and contractual arrangements which cover imported electricity supplies to the end of 2027.

Hedging of electricity and foreign exchange, and customer tariffs

We continue to focus on delivering secure, low-carbon electricity supplies and our goal is to maintain relative stability in customer tariffs, despite volatility in both European wholesale electricity and foreign exchange markets. This is however extremely challenging in the current climate. Our electricity purchases are materially, but not fully, hedged for the period 2022-24. We also have around one third of our expected 2025-27 requirements hedged at largely fixed prices. As these are contractually denominated in the Euro, we also enter into forward foreign currency contracts, on a three-year rolling basis, to reduce the volatility on our cost base, and to aid tariff planning. In January 2022 we implemented a 4% rise in customer tariffs.

Given the continued upward pressure on wholesale prices flowing into costs, we have recently announced a 5% tariff increase from 1 July 2022 and an intention to implement a further 5% rise from 1 January 2023. Even with these rises, the prices payable by our customers continue to benchmark well against other jurisdictions. From 1 April 2022, the "default maximum tariff" applied by Ofgem (the UK electricity regulator) to cap domestic prices payable in the UK is set at a level that is nearly double the current average standard domestic tariff in Jersey, and this UK default maximum tariff is expected to materially rise again from 1 October 2022. Other UK Islands are also implementing material rises in customer tariffs with the Isle of Man having instigated a 15% increase on 1 April 2022 and a further 15% rise from 1 July 2022. Guernsey Electricity has also indicated that they will increase electricity tariffs by 9% from the beginning of 1 July 2022, subject to regulatory approval.

Overall trading performance in the 6 months to 31 March

Group revenue, at £65.0m, was 3% lower for the first half of 2022 compared with £67.1m for the same period last year mainly due to a fall in both Energy and Retail revenue. Profit before tax at £7.0m was £3.5m lower than 2021 primarily due to a material fall in profit in our Energy business. Cost of sales at £42.9m was £1.1m higher than last year with the rise in wholesale energy costs being the main factor. Operating expenses at £14.4m were £0.3m higher than last year due mainly to general inflationary pressures. The taxation charge in the period of £1.5m was £0.7m lower than last year due to decreased profits. Earnings per share, at 17.78p, were below 27.00p in 2021 due to lower profits. Net cash on the balance sheet, which comprises borrowings less cash and cash equivalents, at 31 March 2022, was £13.1m compared with £5.9m at this time last year (and £13.1m of net cash at our last year end on 30 September 2021).

Energy performance

Unit sales of electricity fell 4% from 375m to 359m kWh, compared with the same period last year. We experienced milder weather in the first half of this financial year, with the temperature in all months being above the long-term average and five months being warmer than the corresponding period in the previous year. There was also lower domestic consumption associated with less home-working linked to the pandemic compared with last year. Revenue in our Energy business at £50.8m was £1.2m lower than in 2021 with the year-on-year decrease in unit sales more than offsetting the 4% tariff rise in January 2022. Operating profit at £5.9m was £3.2m lower than the corresponding period last year due to the decreased revenue and higher costs, including increased wholesale import prices, recruitment of new employees, and other inflationary pressures. We imported 98% of our on-island requirement from France and 2% from the Energy from Waste plant, owned by the Government of Jersey. Only 0.2% (less than 1m units) of electricity was generated in Jersey using our traditional oil-fired plant (which is run during testing regimes) and we also saw a rising trend in our solar generation albeit still at a low level compared with overall requirements. These importation and generation levels were materially consistent with the same period last year albeit the imports from the Energy from Waste plant were around half the normal level as maintenance work was being performed for an extended time in this period.

Non-Energy performance

Year-on-year revenue in our Powerhouse retail business, fell by 11% to £9.5m (2021: £10.7m) and profits fell by £0.4m to £0.7m as the business returned to more normalised levels of trading post last year's strong trading performance which was associated with factors including a substantial proportion of customers having more disposable income due to COVID-19 travel restrictions. Profit from our Property portfolio at £0.7m was £0.1m lower than last year, due to additional maintenance costs. JEBS, our building services unit, saw external revenue rise £0.2m to £1.8m and profitability rise to £0.1m from breakeven level last year. Our remaining business units produced profits of £0.3m at the same level as 2021.

Liquidity and cashflow

No net cash was generated in the period (2021: £0.4m) post the continued investment in infrastructure of £6.0m (2021: £4.8m). The net cash figure of £5.9m at 31 March 2021 moved to a net cash figure of £13.1m at 31 March 2022 (being at the same level as 30 September 2021). Net cash consists of £30.0m of long-term debt offset by cash and cash equivalents of £43.1m.

Pension scheme

The defined benefit pension scheme surplus (without deduction of deferred tax) on our balance sheet at 31 March 2022 stood at £22.0m, compared with a surplus of £18.8m at 30 September 2021 (and a surplus of £17.1m at 31 March 2021). Since the last financial year end, scheme liabilities have materially decreased by approximately £13m (to £129m). This fall was primarily due to an increase to the discount rate assumptions from 2.1% at the last financial year end to 2.8% at 31 March 2022 associated with a rise in UK AA corporate bond yields in the interim. Assets in the Scheme fell by around £10m (to £151m). The defined benefit scheme has been closed to new members since 2013 and the next triennial valuation of the scheme, as at 31 December 2021, is currently being performed by Aon and the results will be reported in our 2022 Annual Report.

Dividend

Your Board proposes to pay an interim net dividend for 2022 of 7.60p (2021: 7.20p). As stated in previous years, we continue to aim to deliver sustained real growth each year over the medium-term. The final dividend for 2021 of 10.20p, paid in late March in respect of the last financial year, was an increase of 5% on the previous year.

Risk and outlook

The principal risks and uncertainties identified in our last Annual Report, issued in January 2022, have not materially altered in the interim period. We, however, highlighted earlier in this report, the current unprecedented volatility in energy markets. This continues to be closely monitored by the Board as this adds unpredictability into the price we will pay for any unhedged elements of our future electricity costs. Your Board is satisfied that Jersey Electricity plc has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of approval of this report. Accordingly, we continue to adopt the going concern basis in preparing the condensed financial statements.

Responsibility statement

We confirm to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

(b) the Interim Directors Statement includes a fair review of the information required by the Disclosure and Transparency Rule DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the Interim Directors Statement includes a fair review of the information required by the Disclosure and Transparency Rule DTR 4.2.8R (disclosure of related party transactions and changes therein); and

(d) this half yearly interim report looks at certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this half yearly financial report and the Company undertakes no obligation to update these forward-looking statements. Nothing in this half yearly financial report should be construed as a profit forecast.

C.J. AMBLER – Chief Executive

M.P. MAGEE – Finance Director

Martin P. Magee

18 May 2022

Investor timetable for 2022

1 June	Record date for interim ordinary dividend
21 June	Interim ordinary dividend for year ending 30 September 2022
1 July	Payment date for preference share dividends
20 December	Announcement of full year results

Financial Statements

Condensed Consolidated Income Statement (Unaudited)

	Note	Six months ended 31 March 2022 £000	Six months ended 31 March 2021 £000	Year ended 30 September 2021 £000
Revenue				
Cost of sales	2	**64,995**	67,098	118,608
Gross profit		**(42,859)**	(41,743)	(74,159)
		22,136	25,355	44,449
Profit on revaluation of investment properties		**-**	-	6,055
Operating expenses		**(14,412)**	(14,108)	(29,991)
Group operating profit	2	**7,724**	11,247	20,513
Finance income		**10**	26	112
Finance costs		**(764)**	(779)	(1,540)
Profit from operations before taxation		**6,970**	10,494	19,085
Taxation	3	**(1,464)**	(2,162)	(2,794)
Profit from operations after taxation		**5,506**	8,332	16,291
Attributable to:				
Owners of the Company		**5,488**	8,274	16,155
Non-controlling interests		**58**	58	136
Profit for the period/year attributable to the equity holders of the parent Company		**5,506**	8,332	16,291
Earnings per share				
- basic and diluted		**17.78p**	27.00p	52.73p

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

	Six months ended 31 March 2022 £000	Six months ended 31 March 2021 £000	Year ended 30 September 2021 £000
Profit for the period/year	**5,506**	8,332	16,291
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit scheme	**3,805**	10,499	14,803
Income tax relating to items not reclassified	**(761)**	(2,100)	(2,961)
	3,044	8,399	11,842
Items that may be reclassified subsequently to profit or loss:			
Fair value loss on cash flow hedges	**(118)**	(4,194)	(3,116)
Income tax relating to items that may be reclassified	**24**	839	623
	(94)	(3,355)	(2,493)
Total comprehensive income for the period/year	**8,456**	13,376	25,640
Attributable to:			
Owners of the Company	**8,398**	13,318	25,504
Non-controlling interests	**58**	58	136
	8,456	13,376	25,640

Financial Statements

Condensed Consolidated Balance Sheet (Unaudited)

	Note	As at 31 March 2022 £000	As at 31 March 2021 £000	As at 30 September 2021 £000
Non-current assets				
Intangible assets		**790**	622	933
Property, plant and equipment		**216,138**	216,787	216,550
Right of use assets		**3,301**	2,849	3,113
Investment properties		**27,810**	21,755	27,810
Trade and other receivables		**303**	300	308
Retirement benefit surplus		**21,991**	17,064	18,761
Derivative financial instruments	6	**79**	-	108
Other investments		**5**	5	5
Total non-current assets		**270,417**	259,382	267,588
Current assets				
Inventories		**6,907**	5,561	6,909
Trade and other receivables		**23,375**	25,461	18,000
Cash and cash equivalents		**43,110**	35,882	43,136
Total current assets		**73,392**	66,904	68,045
Total assets		**343,809**	326,286	335,633
Current liabilities				
Trade and other payables		**19,558**	18,100	18,373
Lease liabilities		**73**	66	72
Derivative financial instruments	6	**677**	818	1,256
Current tax liabilities		**2,613**	3,604	3,020
Total current liabilities		**22,921**	22,588	22,721
Net current assets		**50,471**	44,316	45,324
Non-current liabilities				
Trade and other payables		**24,762**	23,701	24,006
Lease liabilities		**3,247**	2,847	3,035
Retirement benefit deficit		**575**	-	-
Derivative financial instruments	6	**1,542**	2,282	874
Financial liabilities - preference shares		**235**	235	235
Borrowings		**30,000**	30,000	30,000
Deferred tax liabilities		**30,353**	28,313	29,321
Total non-current liabilities		**90,139**	87,378	87,471
Total liabilities		**113,060**	109,966	110,192
Net assets		**230,749**	216,320	225,441
Equity				
Share capital		**1,532**	1,532	1,532
Revaluation reserve		**5,270**	5,270	5,270
ESOP reserve		**(58)**	(99)	(79)
Other reserves		**(1,712)**	(2,480)	(1,618)
Retained earnings		**225,545**	211,960	220,178
Equity attributable to the owners of the Company		**230,577**	216,183	225,283
Minority interest		**172**	137	158
Total equity		**230,749**	216,320	225,441

Condensed Consolidated Statement of Changes in Equity (Unaudited)

	Share capital £000	Revaluation reserve £000	ESOP reserve £000	*Other reserves £000	Retained earnings £000	Total reserve £000
At 1 October 2021	1,532	5,270	(79)	(1,618)	220,178	225,283
Total recognised income and expense for the period	-	-	-	-	5,448	5,448
Amortisation of employee share scheme	-	-	21	-	-	21
Movement on hedges (net of tax)	-	-	-	(94)	-	(94)
Actuarial gain on defined benefit scheme (net of tax)	-	-	-	-	3,044	3,044
Equity dividends paid	-	-	-	-	(3,125)	(3,125)
As at 31 March 2022	**1,532**	**5,270**	**(58)**	**(1,712)**	**225,545**	**230,577**
At 1 October 2020 - restated	1,532	5,270	(120)	875	197,359	204,916
Total recognised income and expense for the period	-	-	-	-	8,274	8,274
Funding of employee share option scheme	-	-	21	-	-	21
Movement on hedges (net of tax)	-	-	-	(3,355)	-	(3,355)
Actuarial gain on defined benefit scheme (net of tax)	-	-	-	-	8,399	8,399
Equity dividends paid	-	-	-	-	(2,972)	(2,972)
As at 31 March 2021 - restated	**1,532**	**5,270**	**(99)**	**(2,480)**	**211,060**	**215,283**
At 1 October 2020 - restated	1,532	5,270	(120)	875	197,359	204,916
Total recognised income and expense for the period	-	-	-	-	16,155	16,155
Amortisation of employee share scheme	-	-	41	-	-	41
Movement on hedges (net of tax)	-	-	-	(2,493)	-	(2,493)
Actuarial gain on defined benefit scheme (net of tax)	-	-	-	-	11,842	11,842
Equity dividends paid	-	-	-	-	(5,178)	(5,178)
At 30 September 2021	**1,532**	**5,270**	**(79)**	**(1,618)**	**220,178**	**225,283**

*'Other reserves' represents the foreign currency hedging reserve.

Financial Statements

Condensed Consolidated Cash Flow Statement (Unaudited)

	Six months ended 31 March 2022 £000	Six months ended 31 March 2021 £000	Year ended 30 September 2021 £000
Cash flows from operating activities			
Operating profit before exceptional items	7,724	11,247	20,513
Adjustments to add back/(deduct) non-cash items and items disclosed elsewhere on the CFS:			
Depreciation and amortisation charges	5,525	5,363	10,924
Share-based reward charges	21	21	41
(Gain)/loss on revaluation of investment property	-	-	(6,055)
Pension operating charge less contributions paid	462	838	3,357
(Profit)/loss on sale of property, plant and equipment	(1)	(4)	(6)
Operating cash flows before movement in working capital	13,731	17,465	28,774
Working capital adjustments:			
Decrease/(increase) in inventories	2	467	(881)
Increase in receivables	(5,370)	(8,816)	(2,263)
Increase in payables	3,127	1,267	904
Net movement in working capital	(2,241)	(7,082)	(2,240)
Interest paid	(692)	(709)	(1,395)
Preference dividends paid	(4)	(4)	(9)
Income taxes paid	(1,510)	(1,371)	(2,742)
Net cash flows from operating activities	9,284	8,299	22,388
Cash flows from investing activities			
Purchase of property, plant and equipment	(6,041)	(4,563)	(8,513)
Investment in intangible assets	-	(232)	(805)
Deposit interest received	10	26	112
Net proceeds from disposal of fixed assets	1	4	6
Net cash flows used in investing activities	(6,030)	(4,765)	(9,200)
Cash flows from financing activities			
Equity dividends paid	(3,125)	(2,972)	(5,178)
Dividends paid to non-controlling interest	(45)	(45)	(101)
Repayment of lease liabilities	(103)	(98)	(297)
Net cash flows used in financing activities	(3,273)	(3,115)	(5,576)
Net (decrease)/increase in cash and cash equivalents	(19)	419	7,612
Cash and cash equivalents at the beginning of the year	43,136	35,520	35,520
Effect of foreign exchange rate changes	(7)	(57)	4
Cash and cash equivalents at the end of the period	43,110	35,882	43,136

Of the £43.1m cash and cash equivalents at 31 March 2022, £35.0m (30 September 2021: £35.0m) is on fixed term deposits with an average of 45 days remaining (30 September 2021: 79 days).

Notes to the Condensed Interim Accounts (Unaudited)

1 Accounting policies

Basis of preparation

The interim accounts for the six months ended 31 March 2022 have been prepared on the basis of the accounting policies set out in the 30 September 2021 annual report and accounts using accounting policies consistent with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with IAS 34 'Interim Financial Reporting'. There have been no changes to accounting standards during the current financial period that has impacted the disclosures in these financial statements and the full year financial statements that will be prepared for 30 September 2022.

Jersey Electricity plc has considerable financial resources and, as a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Prior year adjustment

As disclosed in the 30 September 2021 annual report and in accordance with IAS 8, £0.9m was written off and treated as a prior year adjustment against the 2019 financial year. Accordingly, the opening balances of retained earnings disclosed in the Consolidated Statement of Changes in Equity align with the revised opening balances shown in the 2021 annual report.

2 Revenue and profit

The contributions of the various activities of the Group to turnover and profit are listed below:

	Six months ended 31 March 2022			Six months ended 31 March 2021			Year ended 30 September 2021		
	External £000	Internal £000	Total £000	External £000	Internal £000	Total £000	External £000	Internal £000	Total £000
Revenue									
Energy	50,782	49	50,831	51,969	51	52,020	89,780	100	89,880
Retail	9,504	21	9,525	10,725	40	10,765	3,399	645	4,044
Building Services	1,795	252	2,047	1,610	299	1,909	19,808	68	19,876
Property	1,159	320	1,479	1,133	322	1,455	2,304	645	2,949
Other*	1,755	387	2,142	1,661	425	2,086	3,317	945	4,262
	64,995	1,029	66,024	67,098	1,137	68,235	118,608	2,403	121,011
Inter-segment elimination			(1,029)			(1,137)			(2,403)
			64,995			67,098			118,608
Operating profit									
Energy			5,943			9,154			10,693
Retail			661			1,012			217
Building Services			103			3			1,533
Property			717			783			1,393
Other*			300			295			622
Operating profit before property revaluation/sale			7,724			11,247			14,458
Gain on revaluation of investment properties			-			-			6,055
Operating profit			7,724			11,247			20,513

*Other segment includes Jersey Energy, Jendev (both divisions) and Jersey Deep Freeze Limited, the Group's sole subsidiary.

Materially, all the Groups operations are conducted within the Channel Islands. All transfers between divisions are on an arms-length basis.

Revenues disclosed by the business segments above are recognised both on a point in time and over time basis. The treatment of revenue recognition in accordance with IFRS 15 is detailed in the 30 September 2021 annual report.

Financial Statements

Notes to the Condensed Interim Accounts (Unaudited)

3 Taxation

	Six months ended 31 March 2022 £000	Six months ended 31 March 2021 £000	Year ended 30 September 2021 £000
Current income tax	**1,431**	2,233	3,020
Deferred income tax	**33**	(71)	(226)
Total income tax	**1,464**	2,162	2,794

For the period ended 31 March 2022 and subsequent periods, the Company is taxable at the rate applicable to utility companies in Jersey of 20%. (2021: 20%).

4 Dividends paid and proposed

	Six months ended 31 March 2022	Six months ended 31 March 2021	Year ended 30 September 2021
Dividends per share			
Paid	**10.20p**	9.70p	16.90p
Proposed	**7.60p**	7.20p	10.20p

	Six months ended 31 March 2022 £000	Six months ended 31 March 2021 £000	Year ended 30 September 2021 £000
Distribution to equity holders and by subsidiaries in the period	**3,125**	2,972	5,178

The distribution to equity holders in respect of the final dividend for 2021 of £3,125,066 (10.20p net of tax per share) was paid on 24 March 2022.

The Directors have declared an interim dividend of 7.60p per share, net of tax (2021: 7.20p) for the six months ended 31 March 2022 to shareholders on the register at the close of business on 3 June 2022. This dividend was approved by the Board on 18 May 2022 and has not been included as a liability at 31 March 2022.

5 Pensions

In consultation with the independent actuaries to the scheme, the valuation of the pension scheme assets and liabilities has been updated to reflect current market discount rates, current market values of investments and actual investment returns applicable under IAS 19 'Employee Benefits', and also consideration has been given as to whether there have been any other events that would significantly affect the pension liabilities.

Notes to the Condensed Interim Accounts (Unaudited)

6 Financial Instruments

The Group held the following derivative contracts, classified as level 2 financial instruments at 31 March 2022.

Fair value of currency hedges	Six months ended 31 March 2022 £000	Six months ended 31 March 2021 £000	Year ended 30 September 2021 £000
Derivative assets			
Less than one year	-	-	-
Greater than one year	79	-	108
Derivative liabilities			
Less than one year	(677)	(818)	(1,256)
Greater than one year	(1,542)	(2,282)	(874)
Total net assets/liabilities	(2,140)	(3,100)	(2,022)

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy. This hierarchy is based on the underlying assumptions used to determine the fair value measurement as a whole and is categorised as follows:

Level 1 financial instruments are those with values that are immediately comparable to quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 financial instruments are those with values that are determined using valuation techniques for which the basic assumptions used to calculate fair value are directly or indirectly observable (such as readily available market prices).

Level 3 financial instruments are shown at values that are determined by assumptions that are not based on observable market data (unobservable inputs).

The derivative contracts for foreign currency shown above are classified as level 2 financial instruments and are valued based on using a discounted cash flow valuation technique. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

7 Related Party Transactions

The Government of Jersey (the “Government”) treats the Company as a strategic investment. Whilst it holds the majority voting rights in the Company, the Government does not view the Company as being under its control and as such, it is not consolidated within the Government accounts. The Government is understood by the Directors to have significant influence but not control of the Company.

The Company has elected to take advantage of the disclosure exemptions available in IAS 24, paragraphs 25 and 26.
All transactions are undertaken on an arms-length basis in the course of ordinary business.