

**Schedule 2**  
**FORM ECSRC – OR**

(Select One)

**[X] QUARTERLY FINANCIAL REPORT** for the period ended March 31, 2020  
**Pursuant to Section 98(2) of the Securities Act, 2001**

**OR**

**[ ] TRANSITION REPORT**

for the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Pursuant to Section 98(2) of the Securities Act, 2001**

*(Applicable where there is a change in reporting issuer's financial year)*

Issuer Registration Number: LUCELEC09091964SL

St. Lucia Electricity Services Limited

(Exact name of reporting issuer as specified in its charter)

Saint Lucia

(Territory or jurisdiction of incorporation)

John Compton Highway, Sans Souci, Castries, Saint Lucia

(Address of principal executive Offices)

(Reporting issuer's:

Telephone number (including area code): 758-457-4400

Fax number: 758-457-4409

Email address: connected@lucelec.com

(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report. \_\_\_\_\_

CLASS	NUMBER
Ordinary Shares	22,400,000
Non-voting Ordinary Shares	520,000

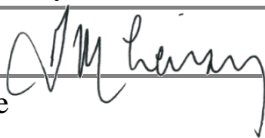
## **SIGNATURES**

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

Trevor Louisy

Signature 

Name of Director:

Charles Serieux


Signature 

Date: June 24th, 2020

Date: June 24th, 2020

Name of Chief Financial Officer:

Ian Peter

Signature 

Date June 24<sup>th</sup> 2020

## **INFORMATION TO BE INCLUDED IN FORM ECSRC-OR**

### **1. Financial Statements**

Provide Financial Statements for the period being reported in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

- (a) Condensed Balance Sheet as of the end of the most recent financial year and just concluded reporting period.
- (b) Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with interim three, six and nine months of the current financial year and corresponding period in the previous financial year.
- (c) Condensed Statement of Cash Flows for the just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

### **2. Management's Discussion and Analysis of Financial Condition and Results of Operation**

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

- 1. The quality of earnings;
- 2. The likelihood that past performance is indicative of future performance; and
- 3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures

taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

### *General Discussion and Analysis of Financial Condition*

The main revenue source of the Company continued to be from the sale of electricity to customers in Saint Lucia.

The Company's financial performance for the first quarter in 2020, was better than budgeted due to higher than expected sales and lower than expected administrative costs. However, the Company is expected to face some serious challenges in achieving its budgeted results for the year, in light of the economic fallout associated with the COVID-19 pandemic.

Compared to the prior year, financial performance for this quarter improved as a result of timing of operating expenditure.

### Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.
- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.

- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

### *Discussion of Liquidity and Capital Resources*

#### **(1) Liquidity**

The Company continued to operate under debt covenants stipulated in Security Sharing Agreements (SSA) with its lenders, which, among other provisions set the maximum level of debt that the Company is allowed to undertake.

The closures and restriction implemented by the Government towards the end of March in its response to the COVID 19 threat, if prolonged is likely to result in a significant reduction in the Company's cash generated from operations. The company does not anticipate any difficulties in accessing short term lending to meet its cash flow requirements.

The Company's working capital ratio at March 31, 2020 decreased to 2.3 from 2.4 at December 31, 2019 as a result of the derivative financial liability which existed at the end of the current quarter.

Except for Hedge instruments held, there are no provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early repayment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation.

The Company expects to face challenges in the collection of cash from its customers, a ripple effect of the global pandemic associated with the novel corona virus, COVID-19. The country's largest contributor to GDP, the tourism industry, is expected to be hit the hardest, directly impacting the hotel sector and filtering to the commercial and other sectors. The future is uncertain as the major markets; the United States, Canada and United Kingdom continue to grapple with this disease. Working capital management will be a key focus for the Company in the upcoming months.

Except for the aforementioned, the Company has not identified any other circumstances that could impair its ability to continue to engage in producing and selling electricity or that could render that activity not commercially viable.

The Company has not identified factors specific to it and its markets that it expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.

#### **(2) Capital Resources**

Capital expenditure for the first 3 months of 2020 totaled EC\$4.8M, which was primarily upgrades to the T&D network and engine overhauls.

### Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

N/A

## Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls.

## *Overview of Results of Operations*

The analysis following is based on the consolidated results of St. Lucia Electricity Services Limited and its subsidiaries - LUCELEC Cap-Ins. Inc. and Energyze Holdings Inc.

Unit sales for the first quarter of 2020 (92.3M kWhs) was a 5.3% (4.6M kWhs) greater than the same period in 2019 (87.7M kWhs). Sales to the Domestic, Commercial, Hotel and Industrial sectors increased by 5.1%, 5.8%, 6.4% and 3.4% respectively, compared to the first quarter in 2019, while sales to the Street Lights sector decreased by 5.2%.

This growth trend is not anticipated to continue in the near future as the country is expected to face significant economic challenges as a result of the economic fallout from the global pandemic, COVID-19.

Total revenue for the first quarter of 2020 (EC\$73.3M) was 1.2% (EC\$0.9M) less than the first quarter of 2019 (EC\$74.2M) as a result of the decrease in the price of electricity, despite the increase in the number of units sold.

Fuel costs for the first quarter (EC\$33.8M) were 9.9% (EC\$3.7M) less than the first quarter in 2019 (EC\$37.5M) due to lower fuel prices.

Transmission and distribution costs for the first quarter of 2020 (EC\$7.5M) were 27.2% (EC\$2.8M) less than the first quarter in 2019 (EC\$10.3M). This variance was due to the reductions in depreciation (EC\$3.4M) and payroll costs (EC\$0.1M), offset by an increase in T&D network maintenance costs (EC\$0.8M).

Generation costs for the quarter ended March 2020 (EC\$6.2M) were 10.1% (EC\$0.7M) less than the same period in 2019 (EC\$6.9M). This was driven by decreases in engine maintenance (EC\$0.6M) and depreciation (EC\$0.2M), offset by an increase in solar farm maintenance costs (EC\$0.1M).

Administrative expenditure for the first quarter of 2020 (EC\$7.4M) was 5.1% (EC\$0.4M) less than the same period in 2019 (EC\$7.8M). This variance was due mainly to decreases in payroll costs (EC\$0.3M), professional fees (E\$0.3M) and motor vehicle costs (EC\$0.1M) offset by increases in repairs and maintenance (EC\$0.3M) and depreciation (EC\$0.2M).

The first quarter's profit before tax (EC\$15.7M) was 37.7% (EC\$4.3M) greater than the first quarter last year (EC\$11.4M).

Profit after tax for the first quarter of 2020 (EC\$10.8M) was 28.6% (EC\$2.4M) greater than the first quarter in 2019 (EC\$8.4M).

Earnings per share for the first quarter of EC\$0.47 was 27.0% higher than that of the same period last year (EC\$0.37).



### 3. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

1. The Company faces the risk of disruption in its utility operations, adverse financial results, poor liquidity, and reduction in workforce productivity during the Covid-19 outbreak. This is due to the decline in electricity demand from the closure of the hotels, restrictions on non-essential businesses and the need to observe social distancing particular at the work place. Initial forecasts indicate that the Company will not achieve its revenue and profit targets this year. In response, the company has taken proactive steps to defer capital investments and reduce cost of operations as much as possible without compromising service quality in the short term. The company also faces the risk of disruption to its supply chain and may experience delays in the fulfillment of orders for critical parts required for maintenance and restoration works.
2. The Company had identified certain risks in the process of preparing for the new regulatory framework. To mitigate this risk, the Company established a Regulatory Reform Team to spearhead the Company's involvement in the regulatory reform process. This risk is considered stable.
3. A significant portion of the total electricity price to consumers is the cost of fuel. The Company has identified this, as well as the volatility of fuel prices on the world market, to be significant risks. The Company continues to use fuel price hedging to help mitigate the risk of volatility in fuel prices.
4. The inability to meet consumer demand for electricity is considered a major risk to the Company. This can be caused by either an unforeseen increase in the demand for power or the loss of generators or substations. The Company employs a robust preventative maintenance programme to mitigate the risk of unplanned asset downtime. Uncertainty regarding the implementation of investment projects in the private and public sector, contributes significantly to the assessment of this risk. This risk is considered low to moderate. As the existing generation assets near the end of their useful lives, and the uncertainty of future demand increases, this risk will increase.
5. The annual hurricane season between June and November remains a constant risk factor. As far as practicable the Company continues to design its systems to minimize the impact from hurricanes. The Company continues to maintain a robust disaster recovery plan in the event of extensive damage resulting from a weather system. The risk of Loss of T&D assets and resulting impact on the reliability of the power supply is increasing given the intensity of storms affecting the region. This risk is considered to be moderate but increasing.
6. Obtaining insurance coverage for the Transmission & Distribution (T&D) plant on the market at a cost-effective rate continues to be a challenge. As such, the Company established a Self-Insurance Fund as a vehicle to mitigate losses in the event of catastrophic events. As at March 31, 2020, the Fund balance was EC\$41.7M. The Company has access to a standby credit facility of EC\$10.0M to meet any emergency asset restoration costs should the need arise. The Net Book Value of the T&D assets was EC\$143.3M at the end of March 2020. Although the Company's contribution to the Self Insurance Fund is deemed to be adequate, the fund would not be sufficient to cover a total loss of its T&D infrastructure. This risk is considered high. The Company continues to explore options for mitigating against the impact of such a catastrophic event.

7. With a new regulatory framework, the threat of loss of sales due to the introduction of renewables and competition for generation is likely; however, at the current rate of growth of renewables this threat appears to be low. Although this risk is considered low, uncertain events such as the price of fuel, the cost of renewable technology, the tariff regime and the response to the economic fallout from COVID-19, can increase the risk within a short period.
8. Receivables management remained a priority for the Company. All accounts continue to be monitored on an on-going basis to keep delinquency at its minimum. Credit risk is considered to be high at this time with the Covid-19 outbreak.
9. The Company utilizes Return on Equity as one of the measures of its performance. As shareholders' equity increases and profit levels remain fairly constant, the Company is faced with the risk of continued diminishing Return on Equity. In the wake of the COVID 19 crisis, this risk has increased and is considered high.
10. System Losses, specifically due to electricity theft, continue to be a concern for the Company, given the implications for unrecognized revenues and ultimately reduced shareholder returns. This risk is stable but as the country grapples with the economic fallout from the COVID 19 pandemic, this risk could increase.
11. The fallout from industrial action can affect the Company's reputation and by extension that of the country, with regards to foreign direct investment. Employee engagement and staff relations continue to be a priority in the Company's annual work plan.

#### **4. Legal Proceedings.**

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

N/A

**5. Changes in Securities and Use of Proceeds.**

- (a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

N/A

(b) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

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- Offer closing date (provide explanation if different from date disclosed in the registration statement)

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- Name and address of underwriter(s)

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- Amount of expenses incurred in connection with the offer

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- Net proceeds of the issue and a schedule of its use

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- Payments to associated persons and the purpose for such payments

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(c) Report any working capital restrictions and other limitations upon the payment of dividends.

N/A

**6. Defaults upon Senior Securities.**

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

N/A

- (b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

N/A

**7. Submission of Matters to a Vote of Security Holders.**

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.

NA

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- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting. NA

- (c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office. NA

- (d) A description of the terms of any settlement between the registrant and any other participant. NA

- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders. NA

**8. Other Information.**

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC – OR report.

N/A

**ST. LUCIA ELECTRICITY SERVICES LIMITED**

Unaudited Consolidated Financial Statements  
For the Three Months Ended March 31, 2020  
(Expressed in thousands of Eastern Caribbean Dollars)





## **ST. LUCIA ELECTRICITY SERVICES LIMITED**

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**ST. LUCIA ELECTRICITY SERVICES LIMITED**

## Unaudited Consolidated Statement of Financial Position

*(Expressed in thousands of Eastern Caribbean Dollars)*

	As at March 31, 2020 \$'000	As at December 31, 2019 \$'000
<b>Assets</b>		
<b>Non-current</b>		
Property, plant and equipment	350,636	351,729
Right-of-use assets	1,855	1,738
Intangible assets	11,920	12,345
<b>Total non-current assets</b>	<b>364,411</b>	<b>365,812</b>
<b>Current</b>		
Inventories	12,620	12,435
Trade, other receivables and prepayments	78,556	54,363
Other financial assets	40,322	41,839
Derivative financial instruments	-	2,549
Cash and cash equivalents	49,862	48,020
<b>Total current assets</b>	<b>181,360</b>	<b>159,206</b>
<b>Total assets</b>	<b>545,771</b>	<b>525,018</b>

**ST. LUCIA ELECTRICITY SERVICES LIMITED**

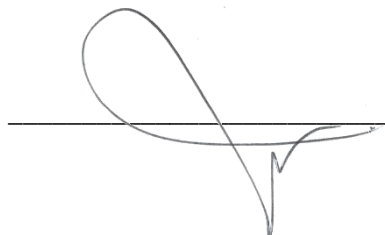
## Unaudited Consolidated Statement of Financial Position

*(Expressed in thousands of Eastern Caribbean Dollars)*

	Note	As at March 31, 2020 EC\$'000	As at December 31, 2019 EC\$'000
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital		80,163	80,163
Retained earnings		181,395	169,985
Fair value reserve		(562)	981
Revaluation reserve		15,351	15,351
Self-insurance reserve		41,681	40,805
<b>Total shareholders' equity</b>		<b>318,028</b>	<b>307,285</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Lease liabilities		1,425	1,318
Borrowings		90,291	94,633
Consumer deposits		19,637	19,488
Provision for other liabilities		1,485	1,485
Deferred tax liabilities		32,510	32,492
Post-employment medical benefit liabilities		2,220	2,220
<b>Total non-current liabilities</b>		<b>147,568</b>	<b>151,636</b>
<b>Current</b>			
Lease liabilities		456	440
Borrowings		17,078	16,891
Trade and other payables		37,719	43,982
Derivative financial instruments	4	19,055	-
Dividends payable		325	325
Income tax payable		5,542	4,459
<b>Total current liabilities</b>		<b>80,175</b>	<b>66,097</b>
<b>Total liabilities</b>		<b>227,743</b>	<b>217,733</b>
<b>Total shareholders' equity and liabilities</b>		<b>545,771</b>	<b>525,018</b>

Approved on behalf of the Board of Directors:


 Director


 Director

**ST. LUCIA ELECTRICITY SERVICES LIMITED**  
Unaudited Consolidated Statement of Comprehensive Income  
*(Expressed in thousands of Eastern Caribbean Dollars)*

	<b>For the 3 months ended March 31, 2020 EC\$'000s</b>	<b>For the 3 months ended March 31, 2019 EC\$'000s</b>
<b>Revenue</b>		
Energy sales	72,778	73,536
Other revenue	547	632
	<u>73,325</u>	<u>74,168</u>
<b>Operating expenses</b>		
Fuel costs	33,844	37,484
Transmission and distribution	7,547	10,278
Generation	6,185	6,910
	<u>47,576</u>	<u>54,672</u>
<b>Gross income</b>	<b>25,749</b>	<b>19,496</b>
Administrative expenses	(7,447)	(7,805)
	<u>18,302</u>	<u>11,691</u>
<b>Operating profit</b>	<b>18,302</b>	<b>11,691</b>
Interest income	233	128
Fair value (loss)/gain on FVTPL financial assets	(1,518)	724
Other gains, net	27	82
	<u>17,044</u>	<u>12,625</u>
<b>Profit before finance costs and taxation</b>	<b>17,044</b>	<b>12,625</b>
Finance costs	(1,352)	(1,266)
	<u>15,692</u>	<u>11,359</u>
<b>Profit before taxation</b>	<b>15,692</b>	<b>11,359</b>
Taxation	(4,924)	(2,938)
	<u>10,768</u>	<u>8,421</u>
<b>Net profit for the period</b>	<b>10,768</b>	<b>8,421</b>
<b>Other comprehensive (loss)/income:</b>		
<b>Items that may be reclassified to profit or loss:</b>		
Fair value (loss)/gain on FVTOCI financial assets	(25)	1
	<u>(25)</u>	<u>1</u>
<b>Total other comprehensive (loss)/income</b>	<b>(25)</b>	<b>1</b>
<b>Total comprehensive income for the period</b>	<b>10,743</b>	<b>8,422</b>
<b>Basic and diluted earnings per share (EC\$)</b>	<b>0.47</b>	<b>0.37</b>

**ST. LUCIA ELECTRICITY SERVICES LIMITED**

## Unaudited Consolidated Statement of Cash Flows

*(Expressed in thousands of Eastern Caribbean Dollars)*

	For the 3 months ended March 31, 2020 ECS'000s	For the 3 months ended March 31, 2019 ECS'000s
<b>Cash flows from operating activities</b>		
Profit before taxation	15,692	11,359
<b>Adjustments for:</b>		
Depreciation	5,789	9,401
Depreciation: right-of-use assets	129	-
Amortisation of intangible assets	576	482
Interest income	(233)	(128)
Fair value loss/(gain) on FVTPL financial assets	1,518	(724)
Finance costs expensed	1,352	1,266
Movement in allowance for impairment	(4)	-
Gain on disposal of property, plant and equipment	-	(79)
Operating profit before working capital changes	24,819	21,577
Increase in inventories	(185)	(2,040)
(Increase)/decrease in trade, other receivables and prepayments	(5,135)	325
Decrease in trade and other payables	(3,715)	(1,721)
Cash generated from operations	15,784	18,141
Interest received	152	111
Finance costs paid	(1,296)	(1,165)
Income tax paid	(3,824)	(378)
<b>Net cash from operating activities</b>	<b>10,816</b>	<b>16,709</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(4,696)	(4,261)
Proceeds from disposal of property, plant and equipment	-	85
Acquisition of intangible assets	(150)	(932)
Acquisition of other financial assets	(20,213)	(2,443)
Proceeds from disposal of other financial assets	20,269	1,620
<b>Net cash used in investing activities</b>	<b>(4,790)</b>	<b>(5,931)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	10,800
Repayment of borrowings	(4,154)	(2,782)
Repayment of lease liabilities	(123)	-
Dividends paid	-	(1,192)
Consumer deposits, net	93	144
<b>Net cash (used in)/generated from financing activities</b>	<b>(4,184)</b>	<b>6,970</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,842</b>	<b>17,748</b>
Cash and cash equivalents at beginning of period	48,020	17,659
<b>Cash and cash equivalents at end of period</b>	<b>49,862</b>	<b>35,407</b>

**ST. LUCIA ELECTRICITY SERVICES LIMITED**

Notes to Unaudited Consolidated Financial Statements

For the Three Months Ended March 31, 2020

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**Accompanying Notes**

1. These unaudited consolidated financial statements present the results of the St. Lucia Electricity Services Limited and its subsidiaries-LUCELEC Cap-Ins. Inc. and Energyze Holdings Inc.
2. The principal accounting policies adopted and methods of computation have been consistently applied to the periods presented in these unaudited consolidated financial statements.
3. There were no unusual assets, liabilities, income or expenses recorded during the quarter.
4. The fair value of all the Company's hedging contracts at the end of the period as disclosed on the Unaudited Consolidated Statement of Financial Position as Derivative Financial Liability was EC\$19.1M.
5. There were no issuances, repurchases and repayments of equity securities during the quarter.
6. During the quarter, loan principal and interest repayments totaled EC\$5.4M.
7. The final dividend for the 2019 financial year will be declared at the annual general meeting of the shareholders scheduled for later in the year.
8. There were no material events subsequent to the end of the quarter that have not been reflected in the unaudited consolidated financial statements.
9. There were no changes in contingent liabilities since the end of the prior financial year.