

(Select One) **Schedule 2**  
**FORM ECSRC – OR**

**QUARTERLY FINANCIAL REPORT** for the period ended March 31, 2019  
**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: Lucelec@candw.lc

\_\_\_\_\_  
(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. \_\_\_\_\_

<b>CLASS</b>	<b>NUMBER</b>
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

SIGNED AND CERTIFIED

Date April 24<sup>th</sup> 2019

Name of Director: LESLIE PROSPERE

SIGNED AND CERTIFIED

Signature

Date April 24<sup>th</sup> 2019

Name of Chief Financial Officer:

Ian Peter

SIGNED AND CERTIFIED

Signature

Date April 24<sup>th</sup> 2019

## **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 continues to be from the sale of electricity to customers in Saint Lucia.

The Company's financial performance was better than budgeted due to lower than expected fuel and administrative costs.

Compared to the prior year, financial performance for this quarter declined as expected, due to anticipated increases in operating expenses.

### 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.

There are no known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the Company's liquidity increasing or decreasing in any material way

During the first quarter of 2019, the Company drew down \$10.8M out of a \$21.6M loan facility which was negotiated in order to fund some of its capital projects for the year.

Other capital expenditure and operational expenditure was funded from working capital.

The Company's working capital ratio at March 31, 2019 increased to 3.0 from 2.3 at December 31, 2018 as a result of the loan funds received and the increase in operating profits.

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 payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation.

With the exception of increasing self-generation, the Company has not identified any factors that could impair its ability to continue to generate cash through the producing and sale of electricity or that could render its activity commercially impracticable.

The Company has not identified any factors that would 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 2019 totaled EC \$5.2M, which was primarily upgrades to the T&D network.

### 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., Energyze Holdings Inc. and LUCELEC Trust Company Inc. (comparatives only).

Unit sales for the first quarter of 2019 totaled 87.7M kWhs which was a 0.2% (0.2M kWhs) increase compared to 2018's total of 87.5M kWhs. There were increases in sales to the Industrial, Domestic and Commercial sectors of 8.7%, 0.8% and 1.7% while sales to the Hotel sector decreased by 4.5%. There was no significant change in street light sales compared to prior year.

Total revenue for the first quarter of 2019 of EC\$74.2M was greater than the corresponding period of 2018 of EC\$70.6M by 5.1% (EC\$3.6M) as a result of the increase in the price of electricity and the number of units sold.

Fuel costs for the first quarter of EC\$37.5M were 7.8% (EC\$2.7M) greater than 2018's total of EC\$34.8M due to rising fuel prices.

Transmission and distribution costs for the first quarter of 2019 of EC\$10.3M were greater than the same period last year of EC\$9.7M by 6.2% (EC\$0.6M). This variance was due to the increase in payroll costs (EC\$0.5M) and depreciation (EC\$0.2M) offset by lower T&D network maintenance costs (EC\$0.1M).

Generation costs for the quarter ended March 2019 of EC\$6.9M were greater than the same period in the previous year of EC\$5.7M by 21.1% (EC\$1.2M). This was driven by increases in payroll costs (EC\$0.2M), depreciation (EC\$0.6M), engine maintenance (EC\$0.3M) and building maintenance (EC\$0.1M).

Administrative expenditure for the first quarter of 2019 of EC\$7.8M was greater than the same period last year of EC\$7.0 M by 11.4% (EC\$0.8M). This variance was due mainly to an increase in employee costs (EC\$0.6M) and professional fees (EC\$ 0.2M).

The first quarter profit before tax of EC\$11.4M was in line with that of the prior year. The increased operating and administrative cost were offset by increased revenue and fair value gains on financial assets.

Profit after tax for the first quarter of 2019 of EC\$8.4M was 3.7% (EC\$0.3M) greater than the corresponding period last year of EC\$8.1M.

Earnings per share for the first quarter of EC\$0.37 was 5.7% higher than that of the same period last year of EC\$0.35.



### 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 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.

2. 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 has therefore engaged in fuel price hedging to help mitigate volatility and rising fuel prices. In December, the company took advantage of the low prices and placed hedges for the whole of 2019. Oil prices have recovered since December but there is still both upside and downside risk associated with fuel prices as the market reacts to the uncertainty in demand.

3. A key risk to the Company, is the inability to meet consumer demand for electricity. This can be brought on 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.

4. 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.

5. 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, 2019, the Fund balance was EC\$37.7M. 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\$135.9M at the end of March 2019. 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.

6. 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, and the tariff regime, can increase the risk within a short period.

7. 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 low at this time.

8. 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. The Company will continue exploring cost optimization opportunities that are the output of a comprehensive process analysis, as a means of mitigating this risk. This risk is considered low.

9. 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 and does not show any sign of worsening.

10. 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. Until all union negotiations and outstanding issues are satisfactorily concluded, the risk of industrial action continues to be high.

#### **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.

An appeal is pending before the Eastern Caribbean Court of Appeal on the interpretation of section 159 of the Labour Act which pertains to retirement age of workers. A decision in favour of the Company had been handed down by the High Court on December 12<sup>th</sup>, 2018. Notices of Appeal were served by the Saint Lucia Civil Service Association (one of the Unions for the impacted employees) on 23rd January 2019 and by the Attorney General's Chambers (representing the Labour Tribunal) on 22nd January 2019

**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)

\_\_\_\_\_

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

\_\_\_\_\_

- Name and address of underwriter(s)

\_\_\_\_\_

\_\_\_\_\_

- Amount of expenses incurred in connection with the offer \_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

- Payments to associated persons and the purpose for such payments

\_\_\_\_\_

\_\_\_\_\_

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

N/A
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**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.

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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.

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- (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.

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

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

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**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





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**ST. LUCIA ELECTRICITY SERVICES LIMITED**

Unaudited Consolidated Financial Statements  
For the Three Months Ended March 31, 2019  
(Expressed in Eastern Caribbean Dollars)

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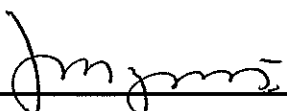
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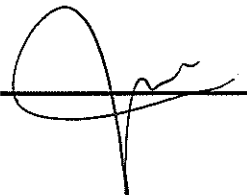
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**ST. LUCIA ELECTRICITY SERVICES LIMITED**  
**Unaudited Consolidated Statement of Financial Position**  
*(Expressed In Eastern Caribbean Dollars)*

	Note	As at March 31, 2019	As at December 31, 2018
<b>Assets</b>			
<b>Non-current</b>			
Property, plant and equipment		\$ 342,939,819	348,084,988
Intangible assets		<u>11,677,583</u>	<u>11,227,902</u>
<b>Total non-current assets</b>		<b><u>354,617,402</u></b>	<b><u>359,312,890</u></b>
<b>Current</b>			
Inventories		14,222,923	12,182,758
Trade, other receivables and prepayments		56,185,963	67,795,691
Other financial assets		36,858,850	35,294,054
Derivative financial instruments	4	2,404,448	-
Income tax recoverable		-	2,800,364
Cash and cash equivalents		<u>35,407,941</u>	<u>17,659,161</u>
<b>Total current assets</b>		<b><u>145,080,125</u></b>	<b><u>135,732,028</u></b>
<b>Total assets</b>		<b><u>\$ 499,697,527</u></b>	<b><u>495,044,918</u></b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital		\$ 80,162,792	80,162,792
Retained earnings		168,465,783	161,609,420
Fair value reserve		(795,706)	(1,520,567)
Revaluation reserve		15,350,707	15,350,707
Self-insurance reserve		<u>37,456,831</u>	<u>36,616,586</u>
<b>Total shareholders' equity</b>		<b><u>300,640,407</u></b>	<b><u>292,218,938</u></b>
<b>Liabilities</b>			
<b>Non-current</b>			
Borrowings		97,562,658	89,923,566
Consumer deposits		18,434,513	18,239,858
Provision for other liabilities		1,485,493	1,485,493
Deferred tax liabilities		31,489,607	32,571,998
Post-employment medical benefit liabilities		<u>2,114,000</u>	<u>2,114,000</u>
<b>Total non-current liabilities</b>		<b><u>151,086,271</u></b>	<b><u>144,334,915</u></b>
<b>Current</b>			
Borrowings		12,708,407	12,278,938
Trade and other payables		33,895,659	33,211,688
Derivative financial instruments		-	11,284,711
Dividends payable		524,077	1,715,728
Income tax payable		<u>842,706</u>	<u>-</u>
<b>Total current liabilities</b>		<b><u>47,970,849</u></b>	<b><u>58,491,065</u></b>
<b>Total liabilities</b>		<b><u>199,057,120</u></b>	<b><u>202,825,980</u></b>
<b>Total shareholders' equity and liabilities</b>		<b><u>\$ 499,697,527</u></b>	<b><u>495,044,918</u></b>

Approved on behalf of the Board of Directors:

 Director

 Director

**ST. LUCIA ELECTRICITY SERVICES LIMITED**

## Unaudited Consolidated Statement of Comprehensive Income

*(Expressed In Eastern Caribbean Dollars)*

	For the 3 months ended March 31, 2019	For the 3 months ended March 31, 2018 (Restated)
<b>Revenue</b>		
Energy sales	\$ 73,536,477	69,983,311
Other revenue	<u>631,859</u>	<u>651,828</u>
	<u>74,168,336</u>	<u>70,635,139</u>
<b>Operating expenses</b>		
Fuel costs	37,484,230	34,848,686
Transmission and distribution	10,278,201	9,695,102
Generation	<u>6,910,390</u>	<u>5,747,644</u>
	<u>54,672,821</u>	<u>50,291,432</u>
<b>Gross income</b>	19,495,515	20,343,707
Administrative expenses	<u>(7,804,773)</u>	<u>(6,970,990)</u>
<b>Operating profit</b>	11,690,742	13,372,717
Interest income	128,225	149,699
Fair value gain/(loss) on FVTPL financial assets	724,098	(820,961)
Other gains, net	<u>82,475</u>	<u>32,340</u>
<b>Profit before finance costs and taxation</b>	12,625,540	12,733,795
Finance costs	<u>(1,266,381)</u>	<u>(1,322,545)</u>
<b>Profit before taxation</b>	11,359,159	11,411,250
Taxation	<u>(2,938,452)</u>	<u>(3,355,549)</u>
<b>Net profit for the period</b>	<u>8,420,707</u>	<u>8,055,701</u>
<b>Other comprehensive income:</b>		
<b>Items that may be reclassified to profit or loss:</b>		
Fair value gain on FVTOCI financial assets	<u>763</u>	<u>(7,168)</u>
<b>Total other comprehensive income/(loss)</b>	<u>763</u>	<u>(7,168)</u>
<b>Total comprehensive income for the period</b>	<u>\$ 8,421,470</u>	<u>8,048,533</u>
<b>Basic and diluted earnings per share</b>	<u>\$ 0.37</u>	<u>0.35</u>

**ST. LUCIA ELECTRICITY SERVICES LIMITED**

## Unaudited Consolidated Statement of Cash Flows

*(Expressed In Eastern Caribbean Dollars)*

	For the 3 months ended March 31, 2019	For the 3 months ended March 31, 2018 (Restated)
<b>Cash flows from operating activities</b>		
Profit before taxation	\$ 11,359,159	11,411,250
<b>Adjustments for:</b>		
Depreciation	9,400,895	8,586,864
Amortisation of intangible assets	482,436	480,613
Interest income	(128,225)	(149,699)
Finance costs expensed	1,266,381	1,322,545
Fair value (gain)/loss on FVTPL financial assets	(724,098)	820,961
(Gain)/loss on disposal of property, plant and equipment	(79,421)	5,835
Operating profit before working capital changes	21,711,127	22,478,369
(Increase)/decrease in inventories	(2,040,165)	4,552
Decrease in trade, other receivables and prepayments	325,017	1,028,293
Decrease in trade and other payables	(1,720,969)	(12,082,748)
Cash generated from operations	18,141,010	11,428,466
Interest received	111,013	114,773
Finance costs paid	(1,164,516)	(1,199,215)
Income tax paid	(377,773)	(4,905,748)
<b>Net cash from operating activities</b>	<u>16,709,734</u>	<u>5,438,276</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(4,260,807)	(7,494,483)
Proceeds from disposal of property, plant and equipment	84,502	-
Acquisition of intangible assets	(932,117)	(474,854)
Acquisition of other financial assets	(2,442,724)	(385,024)
Proceeds from disposal of other financial assets	1,620,000	1,050,000
<b>Net cash used in investing activities</b>	<u>(5,931,146)</u>	<u>(7,304,361)</u>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(2,781,735)	(3,281,412)
Proceeds from borrowings	10,800,000	-
Dividends paid/(returned)	(1,191,652)	23,819
Consumer deposits, net	143,579	148,021
<b>Net cash used in financing activities</b>	<u>6,970,192</u>	<u>(3,109,572)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	17,748,780	(4,975,657)
Cash and cash equivalents at beginning of period	17,659,161	22,644,177
<b>Cash and cash equivalents at end of period</b>	<u>\$ 35,407,941</u>	<u>17,668,520</u>

**ST. LUCIA ELECTRICITY SERVICES LIMITED**

Notes to Unaudited Consolidated Financial Statements

For the Three Months Ended March 31, 2019

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*(Expressed In Eastern Caribbean Dollars)*

**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., Energyze Holdings Inc. and LUCELEC Trust Company Inc. (Prior year).
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. There were no issuances, repurchases and repayments of equity securities during the quarter.
5. During the quarter, loan principal and interest repayments totaled \$3.9M. Loan financing of \$10.8M was drawn down to support financing for various capital projects.
6. The final dividend for the 2018 financial year will be declared at the annual general meeting of the shareholders scheduled for the upcoming quarter.
7. There were no material events subsequent to the end of the quarter that have not been reflected in the unaudited consolidated financial statements.
8. There were no changes in contingent liabilities since the end of the prior financial year.
9. The March 2018 financials were restated to include the impact of implementation of IFRS 9. The restatement related to the recognition of fair value losses on certain financial assets in profit and loss rather than other comprehensive income.