Schedule 2
FORM ECSRC – OR

(Select One)

[X] QUARTERLY FINANCIAL REPORT for the period ended June 30, 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

SIGNED AND CERTIFIED

S

Date: July 31, 2020

Name of Director:

Charles Serieux

SIGNED AND CERTIFIED

Signature

Date: July 31, 2020

Name of Chief Financial Officer:

Ian Peter

SIGNED AND CERTIFIED

S

Date: July 31, 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 sales for the 3-month period ended June 30th 2020 declined compared to the same period in 2019. Despite a decision to scale back on operational and capital programmes, to offset the impact of reduced sales from island wide business closures, profitability for the 3-month declined compared to the prior year.
The significant reduction in electricity demand was a consequence of the government's response to the COVID 19 health threat and the resulting closure of the hotel sector.
Despite the impact of COVID-19 on the results of the second quarter of 2020, all indications are that the company remains in a strong financial position.

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.

Cash flows generated from operations will continue to be constrained despite the slow economic recovery anticipated as the country opens up its borders. The company does not anticipate any difficulties in accessing short term lending to meet its cash flow requirements, if required.

The Company's working capital ratio at June 30, 2020 improved to 2.7 from 2.4 at December 31, 2019 as a result of the increase in trade receivables and inventory.

Except for fuel hedging financial 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 payment, additional collateral support, and changes in terms, acceleration of maturity, or the creation of an additional financial obligation.

The Company expects to continue to face challenges in the collection of cash from its customers, a ripple effect of the closure of the islands hotel sector. Working capital management continues to be a key focus for the Company, in the coming 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 commitments to third parties, and written options on non-financial assets.

(2) Capital Resources

Capital expenditure for the six months to June 2020 totaled EC$7.3M, 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 six months ended June 30, 2020 totalled 167.8M kWhs, which was a 6.2% (11.1M kWhs) decline compared to 2019's total of 178.9M kWhs. Sales to the Commercial, Hotel, Industrial and Street Lights sectors declined by 4.4%, 28.1%, 3.4% and 5.3% respectively, while sales to the Domestic sector increased by 5.5%.

Business activity slowly resumed from mid-May, however, the borders essentially remained closed up to the end of June despite a June 4th announcement. As a result, all hotels remained closed during the second quarter of 2020 resulting in a 70% reduction in sales to that customer segment. On the other hand, domestic electricity consumption increased for the second quarter of 2020, given the increased number of persons at home during the austerity period.

Total revenue for the first six months of 2020 (EC$126.9M) was lower than the corresponding period for 2019 (EC$153.1M) by 17.1% (EC$26.2M) as a result of the decrease in the number of units sold and the price of electricity.

Fuel costs for the current period (EC$58.6M) were 23.8% (EC$18.3M) lower than the same period in 2019 (EC$76.9M) due to lower fuel prices and fuel usage.

Transmission and distribution costs for the first six months of 2020 (EC$14.6M) were lower than the same period last year (EC$20.8M) by 29.8% (EC$6.2M). This variance was due to the reductions in depreciation (EC$6.8M) and payroll costs (EC$0.5M), offset by the increase in T&D network maintenance costs (EC$1.1M).

Generation costs for the period ended June 30, 2020 (EC$12.3M) were lower than the same period in the previous year (EC$13.9M) by 11.5% (EC$1.6M). This was driven by decreases in engine maintenance (EC$0.7M), payroll costs ($0.5M), depreciation (EC$0.2M) and building maintenance (EC$0.3M), offset by an increase in solar farm maintenance costs (EC$0.1M).

Administrative expenditure for the first six months of 2020 (EC$13.7M) was lower than the same period last year (EC$15.5M) by 11.6% (EC$1.8M). This variance was due mainly to decreases in payroll and other employee costs (EC$1.2M), training and conferences (EC$0.3M), motor vehicle costs (EC$0.2M), public relations and sponsorships (EC$0.1M), debt collection (EC$0.2M), security (EC$0.1M) and bank charges (EC$0.1M), offset by increases in repairs and maintenance (EC$0.2M) and depreciation (EC$0.5M).

Fair value gain on financial assets, classified as Fair Value through Profit and Loss (FVTPL), for the current period (EC$0.2M) was lower than the same period last year (EC$1.6M) by EC$1.4M, due to in the impact of COVID-19 on the financial markets.
The profit before tax for the six months ended June 30, 2020 (EC$25.7M) was greater than the same period last year (EC$25.3M) by 1.6% (EC$0.4M).

Profit after tax for the first six months of 2020 (EC$18.5M) was 1.1% (EC$0.2M) less than the corresponding period last year (EC$18.7M).

Earnings per share for the period ended June 2020 (EC$0.81) was 1.2% lower than that of the same period last year (EC$0.82).

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 protocol 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 health and safety, service quality, and reliability 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 brought on by either an unforeseen increase in the demand for power or the loss of generators or substations. Uncertainty regarding the implementation of investment projects in the private and public sector, contributes significantly to the assessment of this risk. The Company employs a robust preventative maintenance programme to mitigate the risk of unplanned asset downtime. 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 June 30, 2020, the Fund balance was EC$43.8M. 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 June 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, and the tariff regime, 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 low at this time but increasing.

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. 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.

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 and does not show any sign of worsening.

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)

- 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

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.

N/A

(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.

N/A

(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.

N/A

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

N/A

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

N/A

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 Period Ended June 30, 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 June 30, 2020 $'000	As at December 31, 2019 $'000
Assets		
Non-current		
Property, plant and equipment	**347,300**	351,729
Right-of-use assets	**1,693**	1,738
Intangible assets	**11,285**	12,345
Total non-current assets	**360,278**	365,812
Current		
Inventories	**16,778**	12,435
Trade, other receivables and prepayments	**69,895**	53,636
Other financial assets	**41,955**	41,839
Derivative financial instruments	**-**	2,549
Cash and cash equivalents	**41,259**	48,020
Total current assets	**169,887**	158,479
Total assets	**530,165**	524,291

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

	Note	As at June 30, 2020 EC$'000	As at December 31, 2019 EC$'000
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital		**80,163**	80,163
Retained earnings		**185,701**	169,120
Fair value reserve		**1,206**	981
Revaluation reserve		**15,351**	15,351
Self-insurance reserve		**42,548**	40,805
Total shareholders' equity		**324,969**	306,420
Liabilities			
Non-current			
Lease liabilities		**1,323**	1,318
Borrowings		**85,904**	94,633
Consumer deposits		**19,656**	19,488
Provision for other liabilities		**1,485**	1,485
Deferred tax liabilities		**32,577**	32,492
Post-employment medical benefit liabilities		**2,220**	2,220
Total non-current liabilities		**143,165**	151,636
Current			
Lease liabilities		**412**	440
Borrowings		**17,268**	16,891
Trade and other payables		**30,461**	44,491
Derivative financial instruments	**4**	**10,683**	-
Dividends payable		**325**	325
Income tax payable		**2,882**	4,088
Total current liabilities		**62,031**	66,235
Total liabilities		**205,196**	217,871
Total shareholders' equity and liabilities		**530,165**	524,291

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)

	For the 3 months ended June 30, 2020	**For the 3 months ended June 30, 2019**	**For the 6 months ended June 30, 2020**	**For the 6 months ended June 30, 2019**
Revenue				
Energy sales	**53,060**	77,915	**125,837**	151,452
Other revenue	**504**	973	**1,052**	1,605
	53,564	78,888	**126,889**	153,057
Operating expenses				
Fuel costs	**24,794**	39,379	**58,638**	76,863
Transmission and distribution	**7,005**	10,553	**14,552**	20,832
Generation	**6,067**	6,949	**12,251**	13,860
	37,866	56,881	**85,441**	111,555
Gross income	**15,698**	22,007	**41,448**	41,502
Administrative expenses	**(6,269)**	(7,700)	**(13,716)**	(15,504)
Operating profit	**9,429**	14,307	**27,732**	25,998
Interest income	**148**	200	**382**	328
Fair value gain on FVTPL financial	**1,741**	840	**223**	1,564
Other gains/(losses), net	**6**	(6)	**32**	77
Profit before finance costs and taxation	**11,324**	15,341	**28,369**	27,967
Finance costs	**(1,306)**	(1,387)	**(2,658)**	(2,653)
Profit before taxation	**10,018**	13,954	**25,711**	25,314
Taxation	**(2,239)**	(3,662)	**(7,163)**	(6,601)
Net profit for the period	**7,779**	10,292	**18,548**	18,713
Other comprehensive income/(loss):				
Items that may be reclassified to profit or loss:				
Fair value gain/(loss) on FVTOCI financial assets	**27**	(1)	**2**	-
Total other comprehensive income/(loss)	**27**	(1)	**2**	-
Total comprehensive income for the period	**7,806**	10,291	**18,550**	18,713
Basic and diluted earnings per share ($)	**0.34**	0.45	**0.81**	0.82

ST. LUCIA ELECTRICITY SERVICES LIMITED
Unaudited Consolidated Statement of Cash Flows
(Expressed in thousands of Eastern Caribbean Dollars)

	For the 3 months ended June 30, 2020	For the 3 months ended June 30, 2019	For the 6 months ended June 30, 2020	For the 6 months ended June 30, 2019
Cash flows from operating activities				
Profit before taxation	**10,018**	13,954	**25,711**	25,314
Adjustments for:				
Depreciation	**5,792**	9,198	**11,581**	18,598
Depreciation: right-of-use assets	**130**	-	**259**	-
Amortisation of intangible assets	**668**	481	**1,244**	964
Interest income	**(148)**	(200)	**(382)**	(328)
Finance costs expensed	**1,306**	1,387	**2,658**	2,653
Fair value gain on FVTPL financial assets	**(1,741)**	(840)	**(223)**	(1,564)
Movement in allowance for impairment	-	4	**(5)**	4
Loss on disposal of property, plant and equipment	-	-	-	(80)
Operating profit before working capital	**16,025**	23,984	**40,843**	45,561
(Increase)/decrease in inventories	**(4,159)**	1,522	**(4,343)**	(518)
(Increase)/decrease in trade, other receivables and prepayments	**(437)**	2,205	**(5,572)**	2,530
Decrease in trade and other payables	**(7,768)**	(2,104)	**(11,483)**	(3,825)
Cash generated from operations	**3,661**	25,607	**19,445**	43,748
Interest received	**94**	199	**246**	310
Finance costs paid	**(1,264)**	(1,309)	**(2,561)**	(2,474)
Income tax paid	**(4,460)**	(3,177)	**(8,283)**	(3,555)
Net cash (used in)/from operating activities	**(1,969)**	21,320	**8,847**	38,029
Cash flows from investing activities				
Acquisition of property, plant and equipment	**(2,456)**	(10,294)	**(7,152)**	(14,555)
Proceeds from disposal of property, plant and equipment	-	-	-	84
Acquisition of intangible assets	**(33)**	(584)	**(183)**	(1,516)
Acquisition of other financial assets	**(13,594)**	(1,206)	**(33,807)**	(3,648)
Proceeds from disposal of other financial assets	**13,783**	1,620	**34,052**	3,240
Net cash used in investing activities	**(2,300)**	(10,464)	**(7,090)**	(16,395)

ST. LUCIA ELECTRICITY SERVICES LIMITED
Unaudited Consolidated Statement of Cash Flows
(Expressed in thousands of Eastern Caribbean Dollars)

	For the 3 months ended June 30, 2020	**For the 3 months ended June 30, 2019**	**For the 6 months ended June 30, 2020**	**For the 6 months ended June 30, 2019**
Cash flows from financing activities				
Proceeds from borrowings	**-**	10,800	-	21,600
Repayment of borrowings	**(4,198)**	(3,050)	**(8,352)**	(5,831)
Repayment of lease liabilities	**(114)**	-	**(237)**	-
Dividends paid	**-**	(13,096)	**-**	(14,288)
Consumer deposits, net	**(22)**	167	**71**	311
Net cash (used in)/from financing activities	**(4,334)**	(5,179)	**(8,518)**	1,792
Net (decrease)/increase in cash and cash equivalents	**(8,603)**	5,677	**(6,761)**	23,426
Cash and cash equivalents at beginning of period	**49,862**	35,408	**48,020**	17,659
Cash and cash equivalents at end of period	**41,259**	41,085	**41,259**	41,085

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$10.7M.

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.