

Schedule 1
FORM ECSRC – K
ANNUAL REPORT
PURSUANT TO SECTION 98(1) OF THE SECURITIES ACT, 2001

For the financial year ended December 31, 2016

Issuer Registration number
LUCELEC09091964SL

St. Lucia Electricity Services Limited
 (Exact name of reporting issuer as specified in its charter)

Saint Lucia
 (Territory of incorporation)

Hasache Building, Goodlands, Castries, Saint Lucia
 (Address of principal office)

REPORTING ISSUER'S:

Telephone number (including area code): 758-457-4400
 Fax number: 758-457-4409
 Email address: _____

(Provide information stipulated in paragraphs 1 to 14 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by section 98 of the Securities Act, 2001 during the preceding 12 months

Yes

No

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:

Name of Director: *JOHN C. JOSEPH*

SIGNED AND CERTIFIED

SIGNED AND CERTIFIED

Signature

Signature

21. 4. 2012

21. 4. 2012

Date

Date

Name of Chief Financial Officer:

Ian Peter

SIGNED AND CERTIFIED

Signature

21. 4. 2012

Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-K

1. Business.

Provide a description of the developments in the main line of business including accomplishments and future plans. The discussion of the development of the reporting issuer's business need only include developments since the beginning of the financial year for which this report is filed.

Towards the end of September 2016, the country was battered by Tropical Storm Matthew. The Company was able to restore supply to over 90% of customers within 24 hours and the remaining customers within the next few days. The restoration costs of \$761K were met from the company's self-insurance fund.

Market oil prices remained relatively low and stable throughout the year. The Company continues to engage in fuel hedging to mitigate the impact of volatile prices. As the Company adds on renewable forms of energy to its generation portfolio, the impact of these price fluctuations should be minimized.

Forecast models do not indicate any significant growth in electricity demand over the next 10 to 15 years. Demand is largely driven by factors, such as Government policies, the levels of local and foreign investment and changing weather patterns amongst others. The Government's Citizenship by Investment Programme could be a future driver of the economy and may result in the growth rates for electricity sales notwithstanding the impact that self-generation and demand side management are likely to have on electricity sales.

Although we have seen improvements in Days Sales Outstanding statistics, as a result of our collections strategies, effective management of customer debt will continue to be a priority in the future..

Management's focus for 2017 is to invest resources in areas that will allow us to become more efficient and effective at meeting the needs of our stakeholders, while ensuring the Company remains a viable entity for the foreseeable future.

During the year the Company and a wind farm developer jointly undertook studies towards the development of a 12 MW wind farm. The future of wind development is uncertain as the developer has communicated to the Government and LUCELEC that the challenges with land acquisition has forced them to withdraw from the project. LUCELEC is still however in discussions with the Government. . The Company continued to explore and analyze the potential for other renewable energy sources such as solar and geothermal as well as other traditional sources like heavy fuel oil and natural gas, as part of the long term strategy to guide its expansion capacity. In February 2016 LUCELEC commissioned a 75 kilowatt (kW) solar PV system at the Cui De Sac facility giving its technical staff first hand operational data on the installation and operation of solar generators. Plans are underway for the installation of a 3MW Photovoltaic (PV) system in the south of the island. Purchase of the requisite lands for this project is expected to be finalized early in 2017 with installation of PV system to follow by year end.

Implementation of the Automatic Metering Infrastructure (AMI) continued in 2016. This Project involves replacing old electromechanical meters and transitioning more customers to automatic billing. On completion of this project in 2017, the Company will continue to benefit a reduction in System Losses and meter reading costs.

During 2016 a state-of-the-art travelling wave fault location system was successfully installed and commissioned on the southern transmission ring. The system provides more precise location of faults on the 66kV transmission lines enabling faster commencement of repairs. Plans are afoot to commission the travelling wave fault locator for the northern ring, in 2017.

In 2015 LUCELEC and the GOSL commenced discussions on the conversion of the high pressure sodium (HPS) street lights to the more energy efficient light-emitting diode (LED) lamps. The project was temporarily halted in 2016 as the newly elected Government transitioned into office. It is uncertain whether the government is prepared to move ahead with the project. The Company will be replacing its outdated Supervisory Control and Data Acquisition (SCADA) system, in 2017. The new SCADA System will significantly improve reliability and operational efficiencies over time by leveraging a whole new ensemble of advanced capabilities that will position the Company to transition to the Smart Grid. .

Several customer care strategic initiatives were successfully completed, while others will continue into 2017. The launch of MyAccount, an online customer self-service facility that allows customers to view bills electronically, review payment transactions and history, and download bill statements and consumption data, has received very positive customer and staff reviews and represents a major enhancement to our service offerings. Additional online services via this and other media are planned for future implementation.

The Customer Service Department completed the soft launch of the Customer Care Transition Plan in November 2016. This culture change initiative will involve several activities including staff retooling, training and development, customer engagement sessions, and other activities designed to embed the Company's core values (Accountability, Caring, Ethics and Excellence). This initiative will serve as the starting point for creating and fostering a "caring" organizational service culture within and across departments throughout the Company, to the benefit of both internal and external customers, now and in the future.

2. Properties.

Provide a list of properties owned by the reporting entity, detailing the productive capacity and future prospects of the facilities. Identify properties acquired or disposed of since the beginning of the financial year for which this report is filed.

Cul de Sac Complex - Power Station and Transmission Substation - Completion of development of generation and related activity
Union Complex - Transmission Substation - As existing
Union Complex - Retired generation station - Station to be demolished and the site to be cleared
Faux a Chaud - NIL - For construction of a sub-station
Soufriere Power Station - Former Power Station - Site to be disposed of
Vieux Fort Power Station - Former Power Station - Station to be demolished and the site to be cleared
Cantonement Complex - Transmission Substation and Technical Office - As existing
Soufriere Substation - Transmission Substation - Upgrade capacity
Reduit Substation - Transmission Substation - As existing
Praslin Substation - Transmission Substation - Upgrade capacity
Castries Substation - Transmission Substation - As existing
Sans Souci Office - Head Administration Office - As existing
Vieux Fort Admin Office - Sub-Office - Refurbishment of building
Monchy - NIL - Site to be disposed of
Bocage - NIL - For construction of a sub-station

3. Legal Proceedings.

Furnish information on any proceedings that were commenced or were terminated during the current financial year. Information should include date of commencement or termination of proceedings. Also include a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

The Company was the defendant in various legal actions some of which were concluded during the year. In the opinion of Management, after taking appropriate legal advice, the results of such actions will not have a material effect on the Company's financial position. There were no significant pending legal actions against the Company as at the end of the financial year.

4. 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.

Annual Meeting 10th May 2016
Special Meeting (convened to amend By Law No. 1) - 10th May 2016

- (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.

Re-election of Directors Retiring By Rotation

Mr Roger Blackman
Dr. Mkabi Walcott
Mr. Matthew Lincoln Mathurin

Election of Directors

Mr. Roger Blackman
Ms Sharon Christopher
Ms Karen Darbasie
John Joseph

- (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.

Annual Meeting:

1. To consider and adopt the Directors' Report.
 2. To consider and adopt the Auditors' Report and the Financial Statements for the year ended 31st December 2015.
 3. To appoint the auditor.
 4. To sanction a final dividend in respect of the year ended 31st December 2015.
 5. To re-elect Directors:
 6. To elect Directors
- All unanimously passed

Special Meeting:

1. Clauses Nos. 4, 5, 10, 11, 12, 16, 17, 21, 25, 33, 56, 57, 63, 64, 65, 66, 67, 79, 80, 94, 107, 110, 114 of By Law No. 1 of St. Lucia Electricity services Limited be amended in accordance with Appendix "A" hereto.
2. All references to any rights and obligations of the Commonwealth Development Corporation (CDC) be deleted from By Law No 1
3. That By Law No. 1 be accordingly restated as provided herein.

All passed unanimously

- (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

5. Market for Reporting issuer's Common Equity and Related Stockholder Matters.

Furnish information regarding all equity securities of the reporting issuer sold by the reporting issuer during the period covered by the report.

N/A

6. Financial Statements and Selected Financial Data.

Attach Audited Financial Statements, which comprise the following:

For the most recent financial year

- (i) Auditor's report; and
- (ii) Statement of Financial Position;

For the most recent financial year and for each of the two financial years preceding the date of the most recent audited Statement of Financial Position being filed

- (iii) Statement of Profit or Loss and other Comprehensive Income;
- (iv) Statement of Cash Flows;
- (v) Statement of Changes in Equity; and
- (vi) Notes to the Financial Statements.

7. 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. Associated risk implications for the Company include the possibility of stranded assets, fines and the loss of professional staff to Independent Power Producers (IPPs). The Company has continued to engage the NURC through its Regulatory Reform Team as the energy sector transitions to a new competitive environment. The Customer Service Department is also engaged in the review and revision of its core business processes in order to identify and eliminate bottlenecks to the delivery of excellent customer care. This process will be ongoing as the focus remains on efficiency improvements and customer satisfaction as the Company prepares for the standards that will be set by the NURC.
2. A significant portion of the total electricity price to consumers is the cost of fuel. The company is vulnerable to the volatility of fuel prices on the world market. Increases in fuel prices have a negative impact on consumption and by extension the Company's sales. During the year, the Company reviewed its fuel price hedging strategy and explored the use of alternative hedging tools to help mitigate rising fuel prices. The strategy has proven to be successful in achieving the Company's objectives.
3. 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. The latter is a risk on account of the age of the Transmission, distribution and generation assets. The Company continued to examine and assess the next phase of major generation capacity which it estimates will be required by 2021. A suitable location in the south of the island was identified in 2012 and is currently being leased by the Company, part of which will be used for the establishment of a solar farm. There are a number of key factors to be considered in finalizing the level of capital investment and the source of generation for satisfying future energy demand needs such as:
 - a) The most efficient and effective technology, taking into consideration the environmental effects, reliability of supply, and price.
 - b) The cost of the various options and the likely impact on the financial operations of the Company;
 - c) Access to the required capital on favorable terms;The nature and extent of renewable power to be included in the energy portfolio, their costs and likely tariff mechanism;
 - d) The risk factors to be managed in the event that there are delays in the delivery of new energy capacity requirements, when required;
 - e) The likely impact of changes in the regulatory regime on energy strategy and supply;
 - f) Support and cooperation of other stakeholders such as the GOSL;
 - g) General economic and operating conditions.The Company continues to monitor and manage progress in all of the above areas so as to ensure that it can mitigate the risk of insufficient generating capacity in a timely manner. The Company estimates that by 2019 a decision has to be made regarding investment in future energy generation. In the meantime the company employs a robust preventative maintenance programme to mitigate the risk of unplanned asset downtime.
4. The annual hurricane season between June and November remains a constant risk factor. As far as practicable the Company continued to design its systems to minimize the impact from hurricanes.
5. Obtaining insurance coverage for the Transmission & Distribution (T&D) plant on the market, at a cost effective rate, has been a challenge in the past. As such, the company established a Self Insurance Fund as a vehicle to mitigate losses in the event of catastrophic events. As at December 31, 2016 the Fund balance was EC\$30.7M. The Company also had access to a standby credit facility of EC\$10M to meet any emergency asset restoration costs should the need arise. The Net Book Value of the T&D assets were estimated at EC\$139.0 137.3Million at the end of the year. Although periodic risk assessments are conducted to ascertain the most likely potential damage from a natural disaster, the Company is faced with the risk of being under-insured in the event of a total loss, a critical risk in this hurricane-prone region. The company continues to explore other Insurance options that could further reduce its exposure, in the event of a total loss.
6. With universal access to electricity being achieved in Saint Lucia, the Company's future growth potential is limited. Management has commenced the process of putting in place the requisite legal, operational and structural systems that will allow the Company to explore other revenue opportunities. Shareholders gave approval to the setting up of a subsidiary holding company in 2014 to implement diversification plans. There are plans in place to operationalize the subsidiary holding company in 2017.
7. Debt management remained a priority for the Company. All accounts continue to be monitored on an on-going basis to keep delinquency at its minimum.
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. Management will continue focusing on cost management through increased efficiencies as a means of mitigating this risk, As part of this strategy, the Company is continuing the Business Process Review towards identifying opportunities for efficiency improvements.
9. System Losses, specifically due to electricity theft, continue to be a concern for the Company, given the implications for the cost of electricity, unrecognized revenues and ultimately reduced shareholder returns. The Company has been in discussions with the Royal St. Lucia Police Force in order to obtain additional resources so that investigation of identified instances of electricity theft can be done on a more timely basis.
10. The company has always recognized the risk of industrial action and its potential impact on all aspects of service delivery. The fallout from industrial action can affect the company's reputation and by extension that of the country, with regards to foreign direct investment. To this end, the company has established an industrial action response plan and has made employee engagement and staff relations a priority in its 2017 work plan.

8. 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.

None

- (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)

N/A _____

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

N/A _____

- Name and address of underwriter(s)

N/A _____

N/A _____

- Amount of expenses incurred in connection with the offer N/A

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

N/A _____

- Payments to associated persons and the purpose for such payments

N/A _____

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

Reserves have been set up for the Company's self insurance, distribution of which is not permitted.

9. 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.

None

- (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.

None

10. 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 financial year of the filing. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

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 Company recorded a profit before tax for the year of \$47.4M, which was greater than prior year profit of \$40.0M.

Sales growth for 2016 was 3.2% compared to an increase of 1.7% in 2015. Electricity sales for 2017 are forecasted at 355.20 million kWh, 2.0% higher than the 2016 results. Growth is expected in all sectors. Statistical analysis suggests that sales growth is driven to a large extent by improvement in the quality of life of the population. This can be through new and upgraded housing and the increased demand for consumer goods.

Some of the specific strategic objectives and associated initiatives to be implemented in the short-term are as follows:

1. Grow Total Revenue through the establishment of additional business through the Subsidiary Holding Company.
2. Establish a cost optimization & control framework to facilitate cost optimization initiatives through employee engagement and a utility cost review assessment to identify sustainable cost savings opportunities.
3. Establish a best practice Enterprise Risk Management Framework to identify, assess, report and manage risks.
4. Accounts Receivables reduction and improved DSO (days sales outstanding)

We remain optimistic about the achievement of the performance targets for 2017, fully aware of the uncertainties surrounding the new regulatory framework and the impact of these changes to the operating environment. The Company's future performance will depend on optimizing its efficiency efforts and company-wide process improvements while maintaining an acceptable level of reliability, power quality, safety and customer care.

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 main revenue source of the Company continued to be from the sale of electricity to customers in Saint Lucia. Power is accessible to approximately 99% of St. Lucian households and other establishments.

The capital expenditure programmes of the Company are usually financed by long term bank loans on a competitive tender offer basis. However, Capital programmes for 2016 were funded from operational cash flows.

Trends in economic activity and performance were continually monitored to gauge the effects on the Company's operations and where necessary corrective actions taken.

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.

As more residential customers continue to engage in the self-generation of electricity through the use of solar photovoltaic panels and energy efficiency initiatives, the Company is uncertain as to the impact this will have on electricity sales in the future, particularly if this trend extends to larger commercial and industrial customers.

(2) Capital Resources

The Company had capital commitments at December 31, 2016 of EC\$4.0M at least half of which was primarily relating to improvements to its Administrative building. This project is being financed from working capital.

The Company is covenanted to its financiers to a 2:1 debt/equity gearing. The Company does not foresee potential violation of those covenants. The Company plans to seek external financing to fund its Solar Farm project.

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 two subsidiaries - LUCELEC Cap-Ins. Inc. and LUCELEC Trust Company Inc.

Sales & Revenues

The Company recorded sales growth for 2016 of 3.2% compared to an increase of 1.7% in 2015. The increase in sales is attributed to increased energy consumption in nearly all sectors.

Revenue of \$261.9M was lower than last year's total of \$311.8M by 16.0% (\$49.9M). The reduction was due mainly to the decline in tariffs caused by reductions in fuel prices offset by the increase in units of electricity sold. The average tariff was EC\$0.75, a reduction of 18.5% compared to that of the previous year (EC\$0.92).

Generation costs (excluding fuel costs) were lower than the previous year by EC\$0.6M (2.7%). Lower insurance premium of EC\$0.2M and maintenance costs on the generation engines and buildings of EC\$1.8M outweighed increases in payroll costs of EC\$0.6M depreciation of EC\$0.3M and reductions in payroll costs recharged to capital projects of \$0.5M.

Transmission and distribution costs of EC\$39.2M increased by EC\$3.5M (9.8%) compared to the prior year of EC\$35.7M due to increases in depreciation costs of EC\$0.7M, payroll costs of EC\$0.4M, maintenance costs of EC\$0.7M, disaster restoration costs of EC\$0.7M and reductions in payroll costs recharged to capital projects of \$1.0M.

Administrative expenditure of EC\$31.4M declined by EC\$0.2M (0.6%) from prior year of EC\$31.6M; lower bad debts provision of EC\$1.0M, meter reading costs of EC\$0.4M, debt collection costs of EC\$0.3M, public relations costs of EC\$0.2M and professional services of EC\$0.1M were greater than the increases incurred in payroll costs of EC\$1.5M and repairs and maintenance costs of EC\$0.3M.

Finance costs decreased by EC\$3.4M (28.8%) from EC\$11.8M in 2015 to EC\$8.4M in 2016 as a result of the reduction in loan balances in accordance with their respective repayment terms and lower interest rates renegotiated during the year. The average interest rate incurred for 2016 was 6.7% compared to 8.3% incurred in the 2015.

The Company has identified cost optimization as a strategic priority and so the level and structure of costs is expected to change.

The Profit before tax was EC\$47.4M, EC\$7.4M (18.5%) higher than 2015.

Profit after tax was EC\$34.0M an increase of EC\$4.1M (17.6%) compared to 2015.

Earnings per share for the year was EC\$1.48 (2015 - \$1.26) reflecting the higher net profit for the year.

The interim dividend per share is EC\$0.39 (2015 - EC\$0.39). The Board of Directors will be make a recommendation to the shareholders on the 2016 final dividend at the Annual Meeting of Shareholders usually held in May of the following year.

The Company achieved a rate of Return on Equity of 12.7% (2015 - 11.6%).

Capital Expenditure

Expenditure for the year 2015 amounted to EC\$28.8M (2014 - EC\$21.9M) comprising mainly of engine overhauls, improvements to the Transmission & Distribution network and continuation of the Automated Metering Infrastructure Project.

11. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure.

Describe any changes in auditors or disagreements with auditors, if any, on financial disclosure.

N/A

12. Directors and Executive Officers of the Reporting Issuer. (*Complete Biographical Data Form attached in Appendix 1 and Appendix 1(a) for each director and executive officer*)

Furnish biographical information on directors and executive officers indicating the nature of their expertise.

13. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report provided that the material change occurred within seven days of the due date of the Form ECSRC – K 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.

N/A

14. List of Exhibits

List all exhibits, financial statements, and all other documents filed with this report.

Audited Financial Statements for the year ended December 31, 2016

APPENDIX 1 – BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: _____ Position: _____

Mailing Address: _____

Telephone No.:

List jobs held during past five years (include names of employers and dates of employment).
Give brief description of **current** responsibilities

Education (degrees or other academic qualifications, schools attended, and dates):

Use additional sheets if necessary.

APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: _____ Position: _____

Mailing Address: _____

Telephone No.: _____

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Education (degrees or other academic qualifications, schools attended, and dates):

Also a Director of the company Yes No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

DIRECTORS OF THE COMPANY

Information concerning Non-executive Directors:

Name: Stephen David Rupert McNamara Age: 65 years

Position: Chairman

Mailing Address: P. O. Box 189, Castries, St. Lucia

Telephone No.: (758) 452-2662

List jobs held during past five years. Give brief description of responsibilities. Include names of employers.

Partner in the law firm of – McNamara & Company
Generally the responsibility of the Senior Partner

Education (degrees or other academic qualifications, schools attended, and dates):

Lincoln's Inn – Inn's of Court School of Law, England – 1969 to 1972 Barrister-at-law

Information concerning Non-executive Directors:

Name: Matthew Lincoln Mathurin

Age: 54 years

Position: Director

Mailing Address: C/o National Insurance Corporation

Francis Compton Building, Waterfront, Castries, St. Lucia

Telephone No.: (758) 452-2808

List jobs held during past five years. Give brief description of responsibilities. Include names of employers.

2007 – Present: Director/Chief Executive Officer – National Insurance Corporation – leading organization- Planning and ensuring realisation of organization's goals, performing role of member of NIC's Board, guiding the Board in matters of policy, managing 120 staff members.

Education (degrees or other academic qualifications, schools attended, and dates):

2001-2002 MBA –Specialization in Finance (with Distinction) Edinburgh Business School of Heriott Watt University

1983-1985 FCCA Emile Woolf College of Accountancy

Information concerning Non-executive Directors:

Name: John A. C. Joseph

Age: 61

Position: Director

Mailing Address: P.O. Box 577
Castries LC04101
St. Lucia

Telephone No: (758) -716 1584

List jobs held during the past five years. Give brief description of responsibilities.
Include name of employers.

Managing Director - Water and Sewerage Company Inc

Education (degrees or other qualifications, schools attended, and dates):

Bsc. Economics (Hons) UWI Cave Hill 1977
MBA Corporate Finance Fairleigh
Dickinson University USA 986

Information concerning non-Executive Directors:

Name: Charles Serieux

Age: 55

Position: Director

Mailing Address: P.O. Box CP 5775

Castries

St Lucia

Telephone No: (758) 285 2431

List jobs held during the past five years. Give brief description of responsibilities. Include name of employers.

Managing Director - UltramartInc. 13Years

Education (degrees or other qualifications, schools attended, and dates):

Chartered Accountant - Association of Certified Chartered Accountants of UK

Information concerning non-Executive Directors:

Name: Sharon L Christopher Age: 60 years

Position: Deputy Chief Executive Officer/ Group Corporate Secretary

Mailing Address: 31 Starboard Drive, Westmoorings, Trinidad

Telephone Nos.: (868-633-3669 (home) 868-678-7338 (mobile).

List jobs held during the past five years. Give brief description of responsibilities. Include names of employers.

Chief Executive Officer - Sharon Christopher and Associates
First Citizens Bank Limited – Deputy Chief Executive Officer / Group Corporate Secretary.
Holds Executive Management responsibility for the following areas:
Legal, Group Operational Risk & Compliance, Human Resources, Group Facilities Management Services, Security Services, Marketing and Information & Communication Technology

Education (degrees or other academic qualifications, schools attended, and dates):

London School of Economics & Political Science, University of London – 1980-1981.
Masters of Laws (LLM) Corporate Law
Hugh Wooding Law School – 1978 – 1980, Legal Education of Certificate (LEC)
University of the West Indies, Faculty of Law, Cave Hill, Barbados – 1975-1978
Bachelors of Law (LL.B) Upper Second Class Honours

Information concerning non-Executive Directors:

Name: Leslie Prospere

Age: 41

Position: Attorney At Law

Mailing Address: P.O. Box 161
Castries, LC04 101
Saint Lucia

Telephone No: (758) 285 4122 (m) (758) 452 2311

List jobs held during the past five years. Give brief description of responsibilities. Include name of employers.

Gordon, Gordon & Co: Associate attorney (2010 to 2014) Partner (2014 to present)
Providing legal advice and representation to clients in all areas of the law.
Appearing before all Courts in the judicial hierarchy in Saint Lucia including the
Judicial Committee of the Privy Council

Education (degrees or other qualifications, schools attended, and dates):

Bachelor of Laws University of London (1997 to 2000)
Legal Education Certificate Hugh Wooding Law School (2000 to 2002)
Certified Country Assessor (Caribbean Financial Action Task Force (CFATF) (2010)
Member of the CFATF team that undertook the country assessment for Belize in
2010.
Attorney General's nominee on Engineers Registration Board (2006), Saint Lucia
Road Transport Board (2007 to 2010) and Central Tenders Board (2006 to 2010)

Information concerning non-Executive Directors:

Name: Nicholas John

Age: 61

Position: Director

Mailing Address: P.O. Box 1209
Castries, LC04 101
Saint Lucia

Telephone No: (758) 451 9237 (Office)
(758) 451 7573 (Office)
(758) 452 9070 (Residence)

List jobs held during the past five years. Give brief description of responsibilities. Include name of employers.

Trainee Chartered Accountant	Peat Marwick Mitchell (UK)	1978-79
Partner Deterville, John & Co.		1979-94
Principal	Nicholas John & Co.	1994-present
Managing Director present	Hewanorra Fiduciary Services Group	1999 –

Education (degrees or other qualifications, schools attended, and dates):

University	London School of Economics	1973-77
Law School	Council of Legal Education of England	1977-78

Information concerning Non-executive Directors:

Name: Carole Eleuthere-Jn Marie

Age: 49

Position: Director

Mailing address: P.O. Box 527, Castries, St. Lucia

Telephone No.: 758-450-2662 Ext. 4400, 758-285-4347

List jobs held during past five years. Give a brief description of responsibilities. Include name of employers

December 2016 to present – Interim Chief Executive Officer, First Citizens Bank (Barbados) Limited

December 2016 Regional Manager EC & Barbados – First Citizens Investment Services Limited

Responsibilities

- Lead and define a rapidly growing Caribbean Regional Investment Brokerage Operation which caters for the investment needs of a wide range of financial and non-bank financial institutions, large corporations and high net worth retail clients
 - Lead and drive Capital Market transactions for Regional Caribbean Governments and Large corporations
 - Coach and direct the Country Heads in Regional territories
 - Lead and drive the execution of comprehensive business plans and strategies that create, develop, educate and nurture the Capital markets of the Eastern Caribbean and Barbados
 - Maintain a highly driven, motivated and customer focused regional team with a customer centric and proactive sales culture
 - Provide regional leadership and guidance with respect to HR, Brand and marketing policies, Compliance, etc.
-

Education (degrees or other academic qualifications, schools attended, and dates):

FCCA – Emile Woolf College 1992
BSC (Hons) – UWI Cavehill 1987 - 1990

Information concerning non-Executive Directors:

Name: Roger Blackman

Age: 46

Position: Managing Director - BLPC

Mailing Address: Barbados Light & Power Co Ltd
Garrison Hill, St Michael
Barbados, BB11000

Telephone No: (246) _626-4210

List jobs held during the past five years. Give brief description of responsibilities. Include name of employers.

2014: Senior Director Business Development - Emera Inc. Focused on clean energy and transmission development in the US Northeast.

2010: Business Development Manager - The Barbados Light & Power Co. Ltd. Responsible for providing leadership and oversight of the Company's power generation and transmission planning activities.

Education (degrees or other qualifications, schools attended, and dates):

2008: Master of Business Administration - Durham University, UK

1991: Bachelor of Science in Engineering - The University of the West Indies, St. Augustine

Information concerning non-Executive Directors:

Name: Karen Darbasie Age: 52

Position: Group Chief Executive Officer

Mailing Address: First Citizens Bank Limited
9 Queen's Park East
Port of Spain

Telephone No: (868) 621-5333 Mobile: (868) 680-9495

List jobs held during the past five years. Give brief description of responsibilities. Include name of employers.

Jan 2005 - March 2015 Country Treasurer and Local Markets Head; Citibank
(Trinidad & Tobago) Limited
Managing Director; Citicorp Merchant Bank Limited

In addition to providing the executive leadership for Citicorp Merchant Bank Limited, in the role of Country Treasurer the position has responsibility for managing the asset and liability positions of the bank in Trinidad, Barbados and Bahamas for each currency in which the bank funds its operations.

Responsible for regulatory interaction, with both Central Bank of Trinidad & Tobago and Trinidad & Tobago Securities & Exchange Commission, to resolve queries and obtain guidance or approval as required.

Primarily responsible for the management and marketing of the following products to ensure structures are suitable and appropriate to client needs:-

- FX trading -including Spot and Forwards
- Derivatives -including local and foreign Structured Investments
- Local Debt Capital Markets

Education (degrees or other qualifications, schools attended, and dates):

1982-1985 UNIVERSITY OF THE WEST INDIES
B.Sc. (Hons) Electrical Engineering

1986-1987 UNIVERSITY OF ESSEX
MSc (Dist.) Telecommunications and Information Systems

1990-1991 UNIVERSITY OF WARWICK
MBA (Dist.)

SPECIAL ACADEMIC ACHIEVEMENTS:

TRINIDAD AND TOBAGO GOVERNMENT SCIENCE SCHOLARSHIP based on results of Cambridge GCE A' Level Examination (1982).

UNIVERSITY OF THE WEST INDIES SCHOLARSHIP based on results of U.W.I. Scholarship Examination (1982).

CHARLES D. MASSEY PRIZE for FIRST PLACE – FACULTY OF ENGINEERING based on results of final year examination (1985).

TEXTEL PRIZE for top mark Telecommunication Systems based on results of final year examinations (1985).

COMMONWEALTH SCHOLARSHIP awarded for postgraduate study at University of Essex (1986).

APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Trevor Louisy

Age: 54 years

Position: Managing Director

Mailing Address: P.O. Box 230, Castries. St. Lucia

Telephone No.: (758) 457-4400

**List of jobs held during past five years. Give brief description of responsibilities.
Include names of employers.**

St. Lucia Electricity Services Limited - Managing Director 2004 to present

Responsible for the management of the business operations and strategic positioning of LUCELEC

St. Lucia Electricity Services Ltd. - Chief Engineer - 1997- December 31, 2003

Responsible for all engineering functions.

Education (degrees, or other academic qualifications, schools attended, and dates)

B. Sc. Electrical Engineering, University of the West Indies

Also a Director of the Company Yes No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

N/A

Name : Ian Peter

Age: 48 years

Position: Chief Financial Officer

Mailing Address: P.O. Box 230. Castries, St. Lucia

Telephone No.: (758) 457-4400

List jobs held during past five years. Give brief description of responsibilities.

Include names of employers.

St. Lucia Electricity Services Limited – Chief Financial Officer – January 2016 to present

Responsible for the financial management and fiscal integrity of the company

Unicomer (Saint Lucia) Limited formerly Courts (St. Lucia Limited) – OECS Director of Finance & Technical Services - April 2014 to December 2015

Unicomer (Saint Lucia) Limited formerly Courts (St. Lucia) Ltd – OECS Director of Finance – January 2008 to March 2014

Education (degrees or other academic qualifications, schools attended, and dates):

Fellow of the Association of Certified Chartered Accountants (FCCA)

BSc (Hons) Management Studies from the University of the West Indies, Cave Hill Campus – 1989 to 1992

Also a Director of the company Yes No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Position: Victor Emmanuel

Age: 55 years

Name: Business Development Manager

Mailing Address: P.O. Box 230, Castries. St. Lucia

Telephone No.: (758) 457-4400

List of jobs held during past five years. Give brief description of responsibilities. Include names of employers.

St. Lucia Electricity Services Limited – Business Development Manager – September 2008 to present
Responsible for the identification and development of new business ventures for the Company

St. Lucia Electricity Services Limited - Chief Engineer – January 2004 to August 2008.
Responsible for all engineering functions

St. Lucia Electricity Services Limited - Generation Engineer - 1994 – 2003 - Responsible for the generation of electricity within the Company

Education (degrees, or other academic qualifications, schools attended, and dates)

B. Eng Electrical Engineering, Mc Gill University – 1981-1985

M.Sc. Information System Engineering – UMIST – 1994-1995

Also a Director of the Company Yes No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Name: Goodwin d' Auvergne

Age: 56 years

Position: Chief Engineer

Mailing Address: P.O. Box 230, Castries, St. Lucia

Telephone No.: (758) 457-4400

List jobs held during past five years. Give brief description of responsibilities. Include names of employers.

St. Lucia Electricity Services Limited: Chief Engineer 2008 – Present - Responsible for coordinating the activities of the Engineering Division (Operations).

Education (degrees, or other qualifications, schools attended and dates):

Master of Business Administration (Finance) – Durham University (2014)

Bachelor of Science - Electrical Engineering - University of Hartford (1984-1988)

Associates in Applied Science - Electronic Technology - University of Hartford (1982-1984)

Also a Director of the Company Yes No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:
