

**Schedule 2**  
**FORM ECSRC – OR**

(Select One)

**[X] QUARTERLY FINANCIAL REPORT** for the period ended September 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

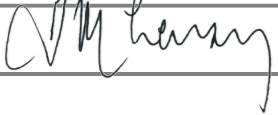
## **SIGNATURES**

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:

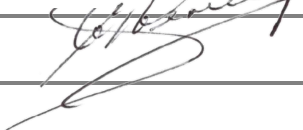
Trevor Louisy

  
Signature

Date October 30, 2020

Name of Director:


Charles Serieux

  
Signature

Date October 30, 2020

Name of Chief Financial Officer:

Ian Peter

  
Signature

October 30, 2020  
Date

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

### **1. Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

The Company's financial performance fell short of budget due to lower sales, despite lower operating and administrative costs. This was driven by the measures implemented by the country in response to the global pandemic caused by the novel corona virus, COVID-19, which negatively affected business operations in the hotel, commercial and industrial sectors.

Compared to the prior year, financial performance for this period worsened as a result of lower sales and higher administrative costs, despite lower operating costs incurred due to the scale down in the Company's operations in response to the effects of the pandemic.

### Liquidity and Capital Resources

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

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

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

### *Discussion of Liquidity and Capital Resources*

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

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

The Company's working capital ratio at September 30, 2020 increased to 2.9 from 2.4 at December 31, 2019 as a result of the increase in current assets, driven by increases in trade receivables, income tax recoverable and inventory, as well as a decrease in current liabilities, due to reductions in trade and other payables and income tax payable.

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.

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

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

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

Capital expenditure for the nine months to September 2020 totaled EC\$15.8M, which was primarily upgrades to the T&D network and engine overhauls. The Company does not face any challenges raising financing to fund its capital projects.

### 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 nine months ended September 30, 2020 totalled 250.8M kWhs, which was an 8.6% (23.6M kWhs) decline compared to 2019's total of 274.4M kWhs. This was driven by reductions in sales to the Commercial, Hotel, Industrial and Street Lights sectors of 5.1%, 37.7%, 2.5% and 5.5%, while sales to the Domestic sector increased by 5.3%.

The closure of the border in March 2020 in response to the pandemic resulted in the shutting down of most hotels, while the mandatory scale down of operations affected many businesses in the Commercial and Industrial sectors. Business activity has shown some signs of recovery and although more hotels have opened during the third quarter of 2020, sales to those sectors continue to be depressed. On the other hand, with the adoption of home schooling and working arrangements, domestic electricity consumption has increased. This was further exacerbated by rising temperatures during the third quarter of the year resulting in the increased use of cooling devices by domestic customers.

Total revenue for the nine months ended September 30, 2020 (EC\$192.3M) was lower than the corresponding period of 2019 (EC\$234.2M) by 17.9% (EC\$41.9M) as a result of the decreases in the number of units sold as well as in the price of electricity.

Fuel costs for the current period (EC\$88.1M) were 25.0% (EC\$29.4M) lower than 2019's total (EC\$117.5M) due to lower fuel prices and fuel usage.

Transmission and distribution costs for the first nine months of 2020 (EC\$22.5M) were lower than the same period last year (EC\$32.2M) by 30.1% (EC\$9.7M). This variance was due to the reductions in depreciation (EC\$10.2M), payroll costs (EC\$0.8M) and motor vehicle costs (EC\$0.2M), despite the increases in T&D network maintenance costs (EC\$1.3M) and building maintenance costs (EC\$0.2M).

Generation costs for the period ended September 30, 2020 (EC\$18.1M) were lower than the same period in the previous year (EC\$20.5M) by 11.7% (EC\$2.4M). This was driven by decreases in engine maintenance (EC\$1.0M), solar farm maintenance costs (EC\$0.1M), payroll costs (EC\$0.8M), motor vehicle costs (EC\$0.1M) and building maintenance (EC\$0.4M).

Administrative expenditure for the first nine months of 2020 (EC\$26.8M) was greater than the same period last year (EC\$23.7M) by 13.1% (EC\$3.1M). This variance was mainly due to increases in the allowance for impairment of accounts receivable (EC\$5.8M), depreciation (EC\$0.7M), professional fees (EC\$0.2M) and insurance (EC\$0.1M), despite decreases in payroll and other employee costs (EC\$1.8M), training and conferences (EC\$0.4M), motor vehicle costs (EC\$0.3M), bank charges (EC\$0.2M), debt collection (EC\$0.3M), director-related expenses (EC\$0.1M), public relations and sponsorships (EC\$0.4M), security (EC\$0.1M) and meter reading costs (EC\$0.1M).



The fair value gain on FVTPL financial assets for the current period (EC\$0.5M) was lower than the same period last year (EC\$2.8M) by EC\$2.3M due to changes in the market value of investments.

The profit before tax for the nine months ended September 30, 2020 (EC\$34.1M) was lower than the same period last year (EC\$39.9M) by 14.5% (EC\$5.8M).

Profit after tax for the first nine months of 2020 (EC\$24.7M) was 16.6% (EC\$4.9M) lower than the corresponding period last year (EC\$29.6M).

### **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 pandemic. This is due to the decline in electricity demand from the closure of the hotels, restrictions on non-essential businesses, the need to observe social distancing particular at the work place and from the possible shut down of facilities in an attempt to contain the spread of COVID-19. Sales forecasts indicate that the Company will not achieve its revenue and profit targets this year. In response, the Company has taken proactive steps to defer capital investments and reduce cost of operations as much as possible without compromising service quality in the short term. The Company also faces the risk of disruption to its supply chain and may experience delays in the fulfillment of orders for critical parts required for maintenance and restoration works.
2. The Company had identified certain risks in the process of preparing for the new regulatory framework. To mitigate this risk, the Company established a Regulatory Reform Team to spearhead the Company's involvement in the regulatory reform process. This risk is considered stable.
3. A significant portion of the total electricity price to consumers is the cost of fuel. The Company has identified this, as well as the volatility of fuel prices on the world market, to be significant risks. The Company continues to use fuel price hedging to help mitigate the risk of volatility in fuel prices. Currently supply and demand factors are working to stabilize fuel prices and the market does not anticipate any significant movement in prices over the next 12 months.
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. The Company employs a robust preventative maintenance programme to mitigate the risk of unplanned asset downtime. Uncertainty regarding the implementation of investment projects in the private and public sector, contributes significantly to the assessment of this risk. This risk is considered low to moderate. As the existing generation assets near the end of their useful lives, and the uncertainty of future demand increases, this risk will increase.

5. The annual hurricane season between June and November remains a constant risk factor. As far as practicable the Company continues to design its systems to minimize the impact from hurricanes. The Company continues to maintain a robust disaster recovery plan in the event of extensive damage resulting from a weather system. The risk of Loss of T&D assets and resulting impact on the reliability of the power supply is increasing given the intensity of storms affecting the region. This risk is considered to be moderate but increasing.
6. Obtaining insurance coverage for the Transmission & Distribution (T&D) plant on the market at a cost-effective rate continues to be a challenge. As such, the Company established a Self-Insurance Fund as a vehicle to mitigate losses in the event of catastrophic events. As at September 30, 2020, the Fund balance was EC\$47.6M. 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\$146.6M at the end of September 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 manage this risk. Credit risk is considered to be high at this time.
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 to be increasing in light of the current economic environment.
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. 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.

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.

NA

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

NA

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

NA

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

NA

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

NA

**8. Other Information.**

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

N/A

**ST. LUCIA ELECTRICITY SERVICES LIMITED**

Unaudited Consolidated Financial Statements  
For the Period Ended September 30, 2020  
(Expressed in thousands of Eastern Caribbean Dollars)





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

Table of Contents	Page
Unaudited Consolidated Statement of Financial Position	3-4
Unaudited Consolidated Statement of Comprehensive Income	5
Unaudited Consolidated Statement of Cash Flows	6-7
Notes to Unaudited Consolidated Financial Statements	8

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

---

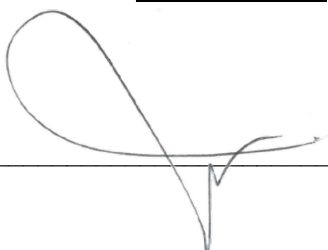
	As at September 30, 2020 EC\$'000	As at December 31, 2019 EC\$'000
<b>Assets</b>		
<b>Non-current</b>		
Property, plant and equipment	349,845	351,729
Right-of-use assets	1,570	1,738
Intangible assets	10,820	12,345
<b>Total non-current assets</b>	<b>362,235</b>	<b>365,812</b>
<b>Current</b>		
Inventories	16,283	12,435
Trade, other receivables and prepayments	59,595	53,636
Other financial assets	42,570	41,839
Derivative financial instruments	-	2,549
Income tax recoverable	2,194	-
Cash and cash equivalents	43,234	48,020
<b>Total current assets</b>	<b>163,876</b>	<b>158,479</b>
<b>Total assets</b>	<b>526,111</b>	<b>524,291</b>

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

		As at September 30, 2020 EC\$'000	As at December 31, 2019 EC\$'000
Note			
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
	Share capital	80,163	80,163
	Retained earnings	190,766	169,120
	Fair value reserve	1,438	981
	Revaluation reserve	15,351	15,351
	Self-insurance reserve	43,391	40,805
	<b>Total shareholders' equity</b>	<b>331,109</b>	<b>306,420</b>
<b>Liabilities</b>			
<b>Non-current</b>			
	Lease liabilities	1,249	1,318
	Borrowings	81,467	94,633
	Consumer deposits	19,898	19,488
	Provision for other liabilities	1,485	1,485
	Deferred tax liabilities	33,089	32,492
	Post-employment medical benefit liabilities	2,220	2,220
	<b>Total non-current liabilities</b>	<b>139,408</b>	<b>151,636</b>
<b>Current</b>			
	Lease liabilities	360	440
	Borrowings	17,459	16,891
	Trade and other payables	31,520	44,491
	Derivative financial instruments	4 5,930	-
	Dividends payable	325	325
	Income tax payable	-	4,088
	<b>Total current liabilities</b>	<b>55,594</b>	<b>66,235</b>
	<b>Total liabilities</b>	<b>195,002</b>	<b>217,871</b>
	<b>Total shareholders' equity and liabilities</b>	<b>526,111</b>	<b>524,291</b>

Approved on behalf of the Board of Directors:

 Director

 Director

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

	For the 3 months ended September 30, 2020 EC\$'000	For the 3 months ended September 30, 2019 EC\$'000	For the 9 months ended September 30, 2020 EC\$'000	For the 9 months ended September 30, 2019 EC\$'000
<b>Revenue</b>				
Energy sales	64,643	80,380	190,480	231,832
Other revenue	813	719	1,865	2,324
	<u>65,456</u>	<u>81,099</u>	<u>192,345</u>	<u>234,156</u>
<b>Operating expenses</b>				
Fuel costs	29,433	40,668	88,071	117,531
Transmission and distribution	7,989	11,380	22,541	32,212
Generation	5,860	6,596	18,111	20,456
	<u>43,282</u>	<u>58,644</u>	<u>128,723</u>	<u>170,199</u>
<b>Gross income</b>	<u>22,174</u>	<u>22,455</u>	<u>63,622</u>	<u>63,957</u>
Administrative expenses	(13,034)	(8,158)	(26,750)	(23,663)
<b>Operating profit</b>	<u>9,140</u>	<u>14,297</u>	<u>36,872</u>	<u>40,294</u>
Interest income	211	234	593	563
Fair value gain on FVTPL financial	272	1,214	495	2,778
Other (losses)/gains, net	(9)	223	23	299
<b>Profit before finance costs and taxation</b>	<u>9,614</u>	<u>15,968</u>	<u>37,983</u>	<u>43,934</u>
Finance costs	(1,258)	(1,392)	(3,916)	(4,045)
<b>Profit before taxation</b>	<u>8,356</u>	<u>14,576</u>	<u>34,067</u>	<u>39,889</u>
Taxation	(2,176)	(3,685)	(9,339)	(10,285)
<b>Net profit for the period</b>	<u>6,180</u>	<u>10,891</u>	<u>24,728</u>	<u>29,604</u>
<b>Other comprehensive (loss)/income:</b>				
<b>Items that may be reclassified to profit or loss:</b>				
Fair value (loss)/gain on FVTOCI financial assets	(40)	14	(38)	14
<b>Total other comprehensive (loss)/income</b>	<u>(40)</u>	<u>14</u>	<u>(38)</u>	<u>14</u>
<b>Total comprehensive income for the period</b>	<u>6,140</u>	<u>10,905</u>	<u>24,690</u>	<u>29,618</u>
<b>Basic and diluted earnings per share (\$)</b>	<u>0.27</u>	<u>0.48</u>	<u>1.08</u>	<u>1.29</u>

**ST. LUCIA ELECTRICITY SERVICES LIMITED**

## Unaudited Consolidated Statement of Cash Flows

*(Expressed in thousands of Eastern Caribbean Dollars)*

	For the 3 months ended September 30, 2020 EC\$'000	For the 3 months ended September 30, 2019 EC\$'000	For the 9 months ended September 30, 2020 EC\$'000	For the 9 months ended September 30, 2019 EC\$'000
<b>Cash flows from operating activities</b>				
Profit before taxation	8,356	14,576	34,067	39,889
<b>Adjustments for:</b>				
Depreciation	5,817	9,042	17,398	27,640
Depreciation: right-of-use assets	123	-	382	-
Amortisation of intangible assets	599	482	1,843	1,445
Interest income	(211)	(234)	(593)	(563)
Finance costs expensed	1,258	1,392	3,916	4,045
Fair value gain on FVTPL financial assets	(272)	(1,214)	(495)	(2,778)
Movement in allowance for impairment	5,802	4	5,797	9
Loss/(gain) on disposal of property, plant and equipment	-	1	-	(79)
Gain on disposal of FVTPL financial assets	-	(204)	-	(204)
Operating profit before working capital	21,472	23,845	62,315	69,404
Decrease/(increase) in inventories	496	(372)	(3,848)	(889)
(Increase)/decrease in trade, other receivables and prepayments	(254)	908	(5,825)	3,438
Increase/(decrease) in trade and other payables	1,057	102	(10,424)	(3,723)
Cash generated from operations	22,771	24,483	42,218	68,230
Interest received	186	233	432	543
Finance costs paid	(1,201)	(1,391)	(3,762)	(3,865)
Income tax paid	(6,741)	(3,177)	(15,025)	(6,732)
<b>Net cash from operating activities</b>	<b>15,015</b>	<b>20,148</b>	<b>23,863</b>	<b>58,176</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(8,361)	(7,340)	(15,514)	(21,894)
Proceeds from disposal of property, plant and equipment	-	-	-	84
Acquisition of intangible assets	(135)	(344)	(318)	(1,860)
Acquisition of other financial assets	(36,572)	(1,738)	(70,380)	(5,386)
Proceeds from disposal of other financial assets	36,214	5,405	70,266	8,645
<b>Net cash used in investing activities</b>	<b>(8,854)</b>	<b>(4,017)</b>	<b>(15,946)</b>	<b>(20,410)</b>

**ST. LUCIA ELECTRICITY SERVICES LIMITED**

## Unaudited Consolidated Statement of Cash Flows

*(Expressed in thousands of Eastern Caribbean Dollars)*

	<b>For the 3 months ended September 30, 2020 EC\$'000</b>	<b>For the 3 months ended September 30, 2019 EC\$'000</b>	<b>For the 9 months ended September 30, 2020 EC\$'000</b>	<b>For the 9 months ended September 30, 2019 EC\$'000</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	-	-	-	21,600
Repayment of borrowings	(4,245)	(3,323)	(12,597)	(9,155)
Repayment of lease liabilities	(123)	-	(360)	-
Dividends paid	-	(11)	-	(14,299)
Consumer deposits, net	182	663	254	973
<b>Net cash used in financing activities</b>	<b>(4,186)</b>	<b>(2,671)</b>	<b>(12,703)</b>	<b>(881)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,975</b>	<b>13,460</b>	<b>(4,786)</b>	<b>36,885</b>
Cash and cash equivalents at beginning of period	41,259	41,084	48,020	17,659
<b>Cash and cash equivalents at end of period</b>	<b>43,234</b>	<b>54,544</b>	<b>43,234</b>	<b>54,544</b>

**ST. LUCIA ELECTRICITY SERVICES LIMITED**

Notes to Unaudited Consolidated Financial Statements

For the Nine Months Ended September 30, 2020

---

**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\$5.9M.
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. An allowance for impairment of accounts receivable of EC\$5.8M was recorded at the end of the quarter.
8. The final dividend for the 2019 financial year will be declared at the annual general meeting of the shareholders scheduled for last quarter of the year.
9. There were no material events subsequent to the end of the quarter that have not been reflected in the unaudited consolidated financial statements.
10. There were no changes in contingent liabilities since the end of the prior financial year.