

ST. LUCIA ELECTRICITY SERVICES LIMITED

Unaudited Consolidated Financial Statements
For the Three Months Ended March 31, 2017
(Expressed in Eastern Caribbean Dollars)



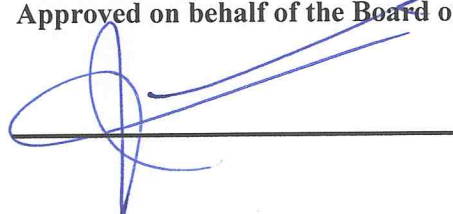
ST. LUCIA ELECTRICITY SERVICES LIMITED


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

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

	Note	As at March 31, 2017	As at December 31, 2016
Assets			
Non-current			
Property, plant and equipment		\$ 330,932,476	336,182,410
Intangible assets		<u>11,500,468</u>	<u>11,772,829</u>
Total non-current assets		<u>342,432,944</u>	<u>347,955,239</u>
Current			
Inventories		10,977,154	11,881,268
Trade, other receivables and prepayments		62,241,078	53,396,370
Derivative financial instruments	4	832,648	-
Other financial assets		37,127,051	36,669,002
Cash and cash equivalents		<u>21,516,849</u>	<u>29,600,146</u>
Total current assets		<u>132,694,780</u>	<u>131,546,786</u>
Total assets		<u>\$ 475,127,724</u>	<u>479,502,025</u>
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital		\$ 80,162,792	80,162,792
Retained earnings		160,137,595	150,517,899
Fair value reserve		(218,282)	(551,394)
Revaluation reserve		15,350,707	15,350,707
Self-insurance reserve		<u>31,538,525</u>	<u>30,717,043</u>
Total shareholders' equity		<u>286,973,337</u>	<u>276,197,047</u>
Liabilities			
Non-current			
Borrowings		96,894,800	100,181,035
Consumer deposits		16,501,450	16,441,756
Deferred tax liabilities		32,478,064	33,364,975
Retirement benefit liability		4,035,000	4,035,000
Post-employment medical benefit liabilities		<u>1,786,000</u>	<u>1,786,000</u>
Total non-current liabilities		<u>151,695,314</u>	<u>155,808,766</u>
Current			
Borrowings		19,934,599	19,585,036
Trade and other payables		13,566,352	22,614,479
Provision for other liabilities		1,485,493	1,485,493
Dividends payable		443,077	444,886
Income tax payable		<u>1,029,552</u>	<u>3,366,318</u>
Total current liabilities		<u>36,459,073</u>	<u>47,496,212</u>
Total liabilities		<u>188,154,387</u>	<u>203,304,978</u>
Total shareholders' equity and liabilities		<u>\$ 475,127,724</u>	<u>479,502,025</u>

Approved on behalf of the Board of Directors:


 _____ Director


 _____ Director

ST. LUCIA ELECTRICITY SERVICES LIMITED
Unaudited Consolidated Statement of Comprehensive Income

(Expressed In Eastern Caribbean Dollars)

	For the 3 months ended March 31, 2017	For the 3 months ended March 31, 2016	For the year ended December 31, 2016	For the year ended December 31, 2015
Revenue				
Energy sales	\$ 67,614,203	60,734,737	259,885,129	309,148,671
Other revenue	<u>538,798</u>	<u>458,685</u>	<u>1,984,207</u>	<u>2,624,292</u>
	<u>68,153,001</u>	<u>61,193,422</u>	<u>261,869,336</u>	<u>311,772,963</u>
Operating expenses				
Fuel costs	30,735,779	26,132,296	114,854,090	172,061,379
Transmission and distribution	9,303,858	9,310,552	39,245,421	35,683,702
Generation	<u>5,196,521</u>	<u>4,668,108</u>	<u>21,364,047</u>	<u>21,952,515</u>
	<u>45,236,158</u>	<u>40,110,956</u>	<u>175,463,558</u>	<u>229,697,596</u>
Gross income	<u>22,916,843</u>	21,082,466	86,405,778	82,075,367
Administrative expenses	<u>(6,912,436)</u>	<u>(7,040,109)</u>	<u>(31,389,207)</u>	<u>(31,639,851)</u>
Operating profit	16,004,407	14,042,357	55,016,571	50,435,516
Interest income	160,494	240,303	727,339	1,031,219
Other gains, net	<u>5,665</u>	<u>26,625</u>	<u>44,925</u>	<u>307,043</u>
Profit before finance costs and taxation	16,170,566	14,309,285	55,788,835	51,773,778
Finance costs	<u>(1,565,133)</u>	<u>(2,675,900)</u>	<u>(8,352,870)</u>	<u>(11,820,118)</u>
Profit before taxation	14,605,433	11,633,385	47,435,965	39,953,660
Taxation	<u>(4,164,255)</u>	<u>(3,208,812)</u>	<u>(13,468,323)</u>	<u>(11,044,646)</u>
Net profit for the period	<u>10,441,178</u>	<u>8,424,573</u>	<u>33,967,642</u>	<u>28,909,014</u>
Other comprehensive income:				
Items that may be reclassified to profit or loss:				
Fair value gain/(loss) on available- for-sale investments	<u>335,112</u>	-	<u>(551,394)</u>	-
Items that will not be reclassified to profit or loss:				
Re-measurements of defined benefit pension plans, net of tax	-	-	1,566,600	(7,737,800)
Gain on revaluation of land	-	-	-	<u>15,350,707</u>
Total other comprehensive income	-	-	<u>1,015,206</u>	<u>7,612,907</u>
Total comprehensive income for the period	<u>\$ 10,776,290</u>	<u>8,424,573</u>	<u>34,982,848</u>	<u>36,521,921</u>
Basic and diluted earnings per share	<u>\$ 0.46</u>	<u>0.37</u>	<u>1.48</u>	<u>1.26</u>

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

	For the 3 months ended March 31, 2017	For the 3 months ended March 31, 2016	For the year ended December 31, 2016	For the year ended December 31, 2015
Cash flows from operating activities				
Profit before taxation	\$ 14,605,433	11,633,384	47,435,965	39,953,660
Adjustments for:				
Depreciation	8,380,478	8,023,287	33,110,236	31,987,180
Amortisation of intangible assets	490,304	585,453	2,278,547	2,313,936
Finance costs expensed	1,565,133	2,675,901	8,352,870	11,820,118
Interest income	(160,494)	(240,303)	(727,339)	(1,031,219)
Movement in allowance for impairment	-	-	538,231	1,509,808
Gain on disposal of property, plant and	-	(13,043)	(12,929)	(60,517)
Post-retirement benefits	-	-	60,000	(138,959)
Operating profit before working capital	<u>24,880,854</u>	<u>22,664,679</u>	<u>91,035,581</u>	<u>86,354,007</u>
Decrease/(increase) in inventories	904,114	1,874,158	3,685,549	(3,916,343)
(Increase)/decrease in trade, other receivables and prepayments	(8,998,288)	5,099,240	2,499,884	31,176,397
Decrease in trade and other payables	(9,727,317)	(7,981,876)	(3,214,209)	(2,595,660)
Increase in provision for other liabilities	-	-	-	1,485,493
Cash generated from operations	<u>7,059,363</u>	<u>21,656,201</u>	<u>94,006,805</u>	<u>112,503,893</u>
Interest received	134,292	129,479	893,610	759,322
Finance costs paid	(1,345,949)	(2,266,291)	(8,298,868)	(12,072,996)
Income tax paid	<u>(7,387,932)</u>	<u>(5,449,414)</u>	<u>(13,492,640)</u>	<u>(10,801,259)</u>
Net cash (used in)/from operating activities	<u>(1,540,226)</u>	<u>14,069,975</u>	<u>73,108,907</u>	<u>90,388,961</u>
Cash flows from investing activities				
Acquisition of property, plant and equipment	(3,130,544)	(5,314,100)	(27,800,940)	(21,177,659)
Proceeds from disposal of property, plant and equipment	-	13,043	13,217	64,064
Acquisition of intangible assets	(217,943)	(219,874)	(969,667)	(763,517)
Acquisition of other financial assets	(96,735)	-	(33,625,294)	(13,621,670)
Proceeds from disposal of other financial assets	-	-	15,402,661	-
Net cash used in investing activities	<u>(3,445,222)</u>	<u>(5,520,931)</u>	<u>(46,980,023)</u>	<u>(35,498,782)</u>
Cash flows from financing activities				
Repayment of borrowings	(3,138,229)	(2,248,754)	(18,008,714)	(15,347,041)
Dividends paid	(1,809)	2,331	(17,856,485)	(17,106,411)
Consumer deposits, net	42,189	130,611)	237,566	199,224
Net cash used in financing activities	<u>(3,097,849)</u>	<u>(2,115,812)</u>	<u>(35,627,633)</u>	<u>(32,254,228)</u>
Net (decrease)/ increase in cash and cash equivalents	<u>(8,083,297)</u>	<u>6,433,232</u>	<u>(9,498,749)</u>	<u>22,635,951</u>
Cash and cash equivalents at beginning of period	<u>29,600,146</u>	<u>39,098,895</u>	<u>39,098,895</u>	<u>16,462,944</u>
Cash and cash equivalents at end of period	<u>\$ 21,516,849</u>	<u>45,532,127</u>	<u>29,600,146</u>	<u>39,098,895</u>

Accompanying Notes

1. These unaudited consolidated financial statements present the results of the St. Lucia Electricity Services Limited and its two subsidiaries-LUCELEC Cap-Ins. Inc. and LUCELEC Trust Company 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. As part of the company's hedging strategy, swaps and option contracts were entered into during the quarter. The fair value of these contracts at the end of the quarter as disclosed on the Unaudited Consolidated Statement of Financial Position as Derivative Financial Asset was \$0.8M.
5. There were no issuances, repurchases and repayments of equity securities during the quarter.
6. During the quarter, loan principal and interest repayments totaled \$3.1M.
7. The final dividend for 2016 will be declared at the annual general meeting of the shareholders scheduled for the upcoming quarter.
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.