

ST. LUCIA ELECTRICITY SERVICES LIMITED

Unaudited Consolidated Financial Statements
For the Six Months Ended June 30, 2017
(Expressed in Eastern Caribbean Dollars)



ST. LUCIA ELECTRICITY SERVICES LIMITED

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

	Note	As at June 30, 2017	As at December 31, 2016
Assets			
Non-current			
Property, plant and equipment		\$ 335,950,894	336,182,410
Intangible assets		<u>11,051,529</u>	<u>11,772,829</u>
Total non-current assets		<u>347,002,423</u>	<u>347,955,239</u>
Current			
Inventories		13,762,955	11,881,268
Trade, other receivables and prepayments		56,447,753	53,396,370
Derivative financial instruments	4	350,403	-
Other financial assets		37,807,655	36,669,002
Cash and cash equivalents		<u>15,478,825</u>	<u>29,600,146</u>
Total current assets		<u>123,847,591</u>	<u>131,546,786</u>
Total assets		<u>\$ 470,850,014</u>	<u>479,502,025</u>
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital		\$ 80,162,792	80,162,792
Retained earnings		155,882,265	150,517,899
Fair value reserve		68,045	(551,394)
Revaluation reserve		15,350,707	15,350,707
Self-insurance reserve		<u>32,404,269</u>	<u>30,717,043</u>
Total shareholders' equity		<u>283,868,078</u>	<u>276,197,047</u>
Liabilities			
Non-current			
Borrowings		90,688,201	100,181,035
Consumer deposits		17,104,282	16,441,756
Deferred tax liabilities		31,918,011	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>145,531,494</u>	<u>155,808,766</u>
Current			
Borrowings		19,365,270	19,585,036
Trade and other payables		19,483,636	22,614,479
Provision for other liabilities		1,485,493	1,485,493
Dividends payable		733,505	444,886
Income tax payable		<u>382,538</u>	<u>3,366,318</u>
Total current liabilities		<u>41,450,442</u>	<u>47,496,212</u>
Total liabilities		<u>186,981,936</u>	<u>203,304,978</u>
Total shareholders' equity and liabilities		<u>\$ 470,850,014</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 6 months ended June 30, 2017	For the 6 months ended June 30, 2016	For the year ended December 31, 2016	For the year ended December 31, 2015
Revenue				
Energy sales	\$ 136,262,736	126,853,291	259,885,129	309,148,671
Other revenue	994,728	1,009,669	1,984,207	2,624,292
	<u>137,257,464</u>	<u>127,862,960</u>	<u>261,869,336</u>	<u>311,772,963</u>
Operating expenses				
Fuel costs	62,098,885	55,599,184	114,854,090	172,061,379
Transmission and distribution	19,336,338	19,027,710	39,245,421	35,683,702
Generation	10,730,986	9,871,647	21,364,047	21,952,515
	<u>92,166,209</u>	<u>84,498,541</u>	<u>175,463,558</u>	<u>229,697,596</u>
Gross income	45,091,255	43,364,419	86,405,778	82,075,367
Administrative expenses	(14,554,195)	(14,746,181)	(31,389,207)	(31,639,851)
Operating profit	30,537,060	28,618,238	55,016,571	50,435,516
Interest income	358,888	452,923	727,339	1,031,219
Other gains, net	1,883	28,282	44,925	307,043
Profit before finance costs and taxation	30,897,831	29,099,443	55,788,835	51,773,778
Finance costs	(3,148,104)	(4,816,904)	(8,352,870)	(11,820,118)
Profit before taxation	27,749,727	24,282,539	47,435,965	39,953,660
Taxation	(7,862,935)	(6,735,539)	(13,468,323)	(11,044,646)
Net profit for the period	19,886,792	17,547,000	33,967,642	28,909,014
Other comprehensive income:				
Items that may be reclassified to profit or loss:				
Fair value gain/(loss) on available- for-sale investments	619,439	-	(551,394)	-
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	-	-	-	15,350,707
Total other comprehensive income	619,439	-	1,015,206	7,612,907
Total comprehensive income for the period	\$ 20,506,231	17,547,000	34,982,848	36,521,921
Basic and diluted earnings per share	\$ 0.87	0.77	1.48	1.26

ST. LUCIA ELECTRICITY SERVICES LIMITED

Unaudited Consolidated Statement of Cash Flows

(Expressed In Eastern Caribbean Dollars)

	For the 6 months ended June 30, 2017	For the 6 months ended June 30, 2016	For the year ended December 31, 2016	For the year ended December 31, 2015
Cash flows from operating activities				
Profit before taxation	\$ 27,749,727	24,282,539	47,435,965	39,953,660
Adjustments for:				
Depreciation	16,684,661	16,196,831	33,110,236	31,987,180
Amortisation of intangible assets	963,046	1,160,198	2,278,547	2,313,936
Finance costs expensed	3,148,104	4,816,905	8,352,870	11,820,118
Interest income	(358,888)	(452,923)	(727,339)	(1,031,219)
Movement in allowance for impairment	-	-	538,231	1,509,808
Gain on disposal of property, plant and equipment	-	(13,043)	(12,929)	(60,517)
Gain on disposal of other financial assets	7,659	-	-	-
Post-retirement benefits	-	-	60,000	(138,959)
Operating profit before working capital	48,194,309	45,990,507	91,035,581	86,354,007
(Increase)/decrease in inventories	(1,881,687)	(1,560,855)	2,499,884	(3,916,343)
(Increase)/decrease in trade, other receivables and prepayments	(3,401,786)	2,512,724	3,685,549	31,176,397
Decrease in trade and other payables	(3,131,091)	(4,980,143)	(3,214,209)	(2,595,660)
Increase in provision for other liabilities	-	-	-	1,485,493
Cash generated from operations	39,779,745	41,962,233	94,006,805	112,503,893
Interest received	306,724	234,173	893,610	759,322
Finance costs paid	(3,117,451)	(4,765,351)	(8,298,868)	(12,072,996)
Income tax paid	(12,293,679)	(9,471,027)	(13,492,640)	(10,801,259)
Net cash from operating activities	24,675,339	27,960,028	73,108,907	90,388,961
Cash flows from investing activities				
Acquisition of property, plant and equipment	(16,453,145)	(10,355,707)	(27,800,940)	(21,177,659)
Proceeds from disposal of property, plant and equipment	-	13,043	13,217	64,064
Acquisition of intangible assets	(241,746)	(402,533)	(969,667)	(763,517)
Acquisition of other financial assets	(880,093)	(379,116)	(33,625,294)	(13,621,670)
Proceeds from disposal of other financial assets	405,383	5,187,822	15,402,661	-
Net cash used in investing activities	(17,169,601)	(5,936,491)	(46,980,023)	(35,498,782)
Cash flows from financing activities				
Repayment of borrowings	(9,695,245)	(8,460,875)	(18,008,714)	(15,347,041)
Dividends paid	(12,546,581)	(8,920,515)	(17,856,485)	(17,106,411)
Consumer deposits, net	614,767	251,490	237,566	199,224
Net cash used in financing activities	(21,627,059)	(17,129,900)	(35,627,633)	(32,254,228)
Net (decrease)/ increase in cash and cash equivalents	(14,121,321)	4,893,637	(9,498,749)	22,635,951
Cash and cash equivalents at beginning of period	29,600,146	39,098,895	39,098,895	16,462,944
Cash and cash equivalents at end of period	\$ 15,478,825	43,992,532	29,600,146	39,098,895

ST. LUCIA ELECTRICITY SERVICES LIMITED

Notes to Unaudited Consolidated Financial Statements

For the Six Months Ended June 30, 2017

(Expressed In Eastern Caribbean Dollars)

Accompanying Notes

1. These unaudited consolidated financial statements present the results of the St. Lucia Electricity Services Limited and its 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 period.
4. As part of the company's hedging strategy, swaps contracts were entered into during the period. The fair value of these contracts at the end of the period as disclosed on the Unaudited Consolidated Statement of Financial Position as Derivative Financial Asset was \$0.3M.
5. There were no issuances, repurchases and repayments of equity securities during the period.
6. Loan principal and interest repayments during the six months totaled \$12.8M.
7. A final dividend for 2016 of \$0.56 per share (\$12.8M) was declared at the annual general meeting of the shareholders in May 2017. Dividends totaling \$12.5M were paid in June 2017.
8. There were no material events subsequent to the end of the period 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.