

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

For the financial year ended

December 31, 2015

Issuer Registration number

LUCELEC09091964SL

St. Lucia Electricity Services Limited

(Exact name of reporting issuer as specified in its charter)

Saint Lucia

(Territory of incorporation)

John Compton Highway, Sans Soucis, 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: lucelec@candw.lc

(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:

Trevor M. Louisy

Signature

Date

Name of Director:

Signature

Date

Name of Chief Financial Officer:

Ian Peter

Signature

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.

2015 ushered in a new regulatory environment for the utilities sector, with the introduction of new legislation, a new regulator and new licensing arrangements for power producers. The National Utilities Regulatory Commission Act was assented to by the Governor General on 16th December 2015 effectively creating an independent regulator for the water and electricity sectors.

The Electricity Supply Act (ESA) also amended in the latter part of 2015 resulted in:

1. An amendment to the Company's license, by creating a competitive environment as it relates to the generation of electricity from renewable energy sources and
2. The transferring of the responsibility for the regulation of the electricity sector to the National Utilities Regulatory Commission (NURC)

In 2015 the market experienced lows in oil prices. Although consumers experienced a reduction in electricity prices as a result, it was not in tandem with the movement in oil prices. This was due to the impact of hedged contracts placed during the period of rising oil prices. The Board has authorized the Management of the Company to place hedges over a twelve (12) month rolling period up to 75% of estimated monthly volumes. Prior to this unexpected drop in oil prices consumers had benefited from stable and lower electricity prices for approximately four (4) years due to the Company's hedging programme. The Company is also aggressively pursuing its mandate to transition into renewable forms of energy, as a means of further cushioning the impact of fluctuations in oil prices. This strategic direction will also yield the benefit of reducing the country's carbon footprint.

There continued to be limited scope for growth in electricity demand during 2015. Demand is largely driven by factors outside of the Company's immediate control, such as the levels of local and foreign investment and Government policies. The Government's new Citizenship by Investment Programme could be a future driver of the economy and may result in electricity sales growth.

Slow growth in the economy and unemployment, impacted the Company's sales growth and collection efforts. The effective administration of customer debt continued to be a priority for the Company's Management, in 2015.

The Company recorded sales growth for 2015 of 1.7%. The increase in sales was attributed to increased energy consumption in nearly all sectors. Increases were recorded in the Domestic (3.8%), Commercial (0.9%), Hotels (0.1%) and Industrial (1.8%) sectors while there was a reduction in sales to the Street Lights sector of (0.8%). Higher than normal temperatures during the summer months the resulting increased use of cooling equipment and an improved year in the hotel sector contributed to increased energy consumption in most sectors.

The Company continued to explore and analyze the technical, financial and operational feasibility of generating energy from renewable energy sources such as wind, solar and geothermal as well as other traditional sources like heavy fuel oil and natural gas, as part of the long term strategy for power generation.

Plans are underway for the installation of a 75kW Photovoltaic (PV) system at the Cul de Sac Power Station facility and a 3MW system in the south of the island. Additionally, LUCELEC and a wind farm developer have jointly begun undertaking studies towards the development of a 12 MW wind farm. During the year the Company also worked with a geothermal developer, Government of Saint Lucia (GOSL), and the World Bank to advance work on development of the geothermal energy resource.

The replacement transformer at the Praslin substation was commissioned during the first quarter of 2015, allowing the system along the East coast of the Island to be reconfigured to its optimal configuration.

In 2015, the Company continued to roll out the installation of the Automatic Metering Infrastructure (AMI). This Project involves replacing old electromechanical meters to allow, among other things, transitioning customers to automatic billing and reconnection. Approximately 80% of the meters have been replaced and the project should be completed in 2017.

In 2015 LUCELEC and the GOSL commenced discussions on the conversion of the high pressure sodium (HPS) street lights to energy efficient light-emitting diode (LED) lamps. It is anticipated that the project will commence in 2016 and continue through 2017. This may result in a reduction in sales from that sector.

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.

PROPERTIES	PRODUCTIVE CAPACITY	FUTURE PROSPECTS
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 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 site to be cleared
Cantonement Complex	Transmission Substation and Technical Office	As existing
Soufriere Substation	Transmission Substation	Upgrade facility
Reduit Substation	Transmission Substation	As existing
Praslin Substation	Transmission Substation	Upgrade facility
Castries Substation	Transmission Substation	As existing
Sans Soucis Office	Head Administration Office	Refurbishment of building
Vieux Fort Admin Office	Sub Office	Refurbishment of building
Monchy	NIL	Site to be disposed of
Bocage	NIL	For construction of 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 the outstanding matters 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.

50th Annual Meeting of Shareholders - Friday 8th May 2015

- (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.

Mrs. Carole Eleuthere Jn-Marie was elected at the 50th Annual Meeting of Shareholders

The following Directors retired by rotation and were re-elected to serve for another three (3) years at the same meeting

- Dr. Trevor Byer
- Ms Sharon Christopher
- Mr. Stephen McNamara

- (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.

In accordance with clause 30 of the Company's By-Laws, at all shareholders meeting a resolution is put to the vote by a show of hands. Unless a poll demanded, a declaration by the chairman of the meeting that a resolution has, on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority shall be conclusive, and an entry to that effect made in the minute book of the Company shall be conclusive evidence thereof without proof of the number or proportion of the votes recorded in favour of or against such resolution. All matters listed below were passed unanimously.

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 2014.
3. To re-appoint the auditor.
4. To sanction a final dividend in respect of the year ended 31st December 2014.
5. To re-elect Directors:

- Dr. Trevor Byer
- Ms. Sharon Christopher
- Mr. Stephen McNamara

6. To elect a Director:

- Mrs. Carole Eleuthere-Jn Marie

(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.

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. Employee training, stake holder engagements and the review of the National Utilities Regulatory Commission (NURC) Bill, were some of the activities undertaken by the Regulatory Reform Team as part of their work programme.

The ESA as amended was assented to in the latter part of 2015 and provides the new regulatory body, the NURC with the authority and to allow independent power producers (IPPs) to generate electricity. Associated risk implications for the Company include the possibility of stranded assets and the loss of professional staff to Independent Power Producers (IPPs). The Company will engage the NURC as the energy sector transitions to a competitive environment in the area of generation of electricity, from renewable energy sources.

Fuel prices dropped significantly throughout the year in review. While the Company's fuel price hedging strategy was successful in reducing price volatility over the past five (5) years, in 2015, as a result of the significant drop in oil prices, customers have had to pay more for electricity than they would have, had the Company not hedged. This was largely due to the impact of unexpired hedge contracts placed in a period of rising oil prices. With noticeable reductions in local fuel prices, the Company was exposed to reputational risks as customers' expectation of commensurate reductions in electricity prices was not realized.

The Company had managed the reputational risks by reminding various stakeholders through a series of stakeholder engagements on the purpose of the fuel hedging strategy and the potential risks during sudden changes in prices. During the year, the Company reviewed its fuel price hedging strategy and explored the use of alternative hedging tools to help mitigate some of the risks identified

The Company's rate of return of 11.64% (10.02% in 2014) was within the legislated allowable rate of return bandwidth (10%-14.5%) that does not require the Company to either increase the tariff or provide a rebate for distribution.

The Company continued to explore and analyze 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 this level of capital investment such as:

- The most efficient and effective technology, taking into consideration the environmental effects, reliability of supply, and price.
- The cost of the various options and the likely impact on the financial operations of the Company;
- 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 impact;
- The risk factors to be managed in the event that there are delays in the delivery of new energy capacity requirements, when required;

- The likely impact of changes in the regulatory regime on energy strategy and supply;
- Support and cooperation of other stakeholders such as the GOSL requirements;
- General economic and operating conditions.

The Company therefore needs 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 annual hurricane season between June and November remained a constant risk factor. As far as practicable the Company continued to design its systems to minimize the impact from hurricanes.

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 against losses in the event of catastrophic events. As at December 31, 2015 the Fund balance was EC\$28.2M. 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 Million 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.

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 outside its core business area. Shareholders gave approval to the setting up of a subsidiary holding company in 2014 to implement diversification plans. It is anticipated that some of these plans will come to fruition in 2016.

Debt management continued to pose a challenge given the local economic climate leading to a lengthening receivables aging profile, consequently debt management remained a priority for the Company. With respect to its largest debtor, the Company has entered into a financing arrangement which is being honored. All accounts continue to be monitored on an on-going basis to keep delinquency at its minimum.

The Company utilizes *Return On Equity* as one of the measures of its performance. As shareholders' equity increases and profits dwindle, 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. There are also plans to increase its profitability by diversifying its revenue stream.

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 timely basis.

The Company faces the risk of the imposition of value added tax (VAT) on the electricity services as a source of revenue for the GOSL. The risk implications are increased cost of electricity to customers, customer dissatisfaction, reputational damage and increased debt management costs. Although the Company does not have any control over the imposition of this tax, the Company has conceptualized a communication plan for key stakeholders, intensified its diversification efforts to secure new revenue streams and continues to monitor the situation closely.

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

- 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 and retirement benefits, 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 installment, 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 installment, state the amount of the default and the total arrears on the date of filing this report.

(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.

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 \$40.0M, which was greater than prior year profit of \$37.0M.

Sales growth for 2015 was 1.7% compared to a decline of 0.8% in 2014. Electricity sales for 2016 are forecasted at 339.4 million kWh, 0.6% higher than the 2015 results. Growth is expected mainly in the Domestic, Commercial and Industrial, sectors while Hotel and Street Light sectors are expected to decline. It is expected that there will be increases in the housing stock and the completion of major public sector commercial projects which will drive the increases in the domestic and commercial sectors. The fall in sales in the street lighting sector reflects the impact of GOSL conservation techniques with the replacement of the existing streetlights with more efficient LED lamps.

The company continues to maintain a healthy financial position as suggested by its liquidity and debt ratios. There is no planned departure from this position and management will continue to place a strong emphasis on working capital management. We remain optimistic about the achievement of the performance targets for 2016, despite the fact that there are still further amendments to be made to the ESA (tariff formula, license requirements and service standards). The thrust for renewable energy and increases in self-generation will continue to gradually, negatively impact the Company's electricity sales. The Company's future performance will depend on process improvements and the related gains in efficiency, while maintaining an acceptable level of reliability, power quality, safety and customer care.

The Company will continue to focus on the strategic initiatives approved by the Board. These include:

- Network Improvement - replacement of faulty meters alongside the deployment of AMI meters.
- Renewable Energy – The first phase (2 MW) of a 3MW Solar PV farm is slated for commissioning in 2016.
- Corporate Diversification – use of the Company’s existing asset base and skill sets to expand revenue opportunities. A subsidiary holding company has been established for that purpose.
- New Regulatory Environment – Work in 2016 will involve the finalization of internal structures and processes to support the new regulatory regime.
- Customer Care – The implementation of a call center is being planned for 2016 in an effort to improve the customer experience
- HR Strategic Plan – reviewing the organizational structure to align with the new Strategic Business Plan.

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 fulfill 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. Electricity is accessible to approximately 99% of St. Lucian households and other establishments.

The capital expenditure programmes of the Company are customarily financed by long term bank loans on a competitive tender offer basis. However, Capital programmes for 2015 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.

Liquidity in the banking sector is high and with few sizeable projects available, the market for loan financing is favourable to borrowers. Given LUCELEC strong financial position, financing for capital projects now and in the short term, is not a concern for management.

The Company recorded sales growth for 2015 of 1.7% compared to a decline of 0.8% in 2014. The increases were recorded in all sectors except for the Street Lights sector. Higher than normal temperatures during the summer months and the resulting increased use of cooling equipment, and an improved year in the hotel sector contributed to increased energy consumption in most sectors.

As more residential customers continue to engage in the self-generation of electricity through the use of solar photovoltaic panels and energy efficiency initiatives, this will have a negative impact on electricity sales in the future, particularly if this trend extends to larger commercial and industrial customers. The Company is currently exploring revenue diversification as a strategy to mitigating against this risk.

In terms of the performance of the local economy, the new Citizenship by Investment Programme, if successful will likely bring the necessary stimulation of the economy but has the potential to impact our business positively and negatively depending on the type and area of investment.

(2) Capital Resources

The Company had capital commitments at December 31, 2015 of EC\$0.4M primarily relating to improvements to its Administrative building.

The Company is covenanted to its financiers to a 2:1 debt/equity gearing. The Company does not foresee potential violation of those covenants.

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

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 2015 of 1.7% compared to a decline of 0.8% in 2014. The increase in sales is attributed to increased energy consumption in nearly all sectors. Increases were recorded in the Domestic (3.8%), Commercial (0.9%), Hotels (0.1%) and Industrial (1.8%) sectors while there was a reduction in sales to the Street Lights sector of 0.8%.

Revenue of \$311.8M was lower than last year's total of \$327.6M by 4.8% (\$15.8M). 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 overall average tariff was EC\$0.92, a reduction of 6.1% compared to that of the previous year (EC\$0.98). Movements in the tariff reflect the effect of changes in the price of fuel including charges associated with derivative financial instruments employed by the Company.

Generation costs (excluding fuel costs) were higher than the previous year by EC\$1.0M (4.8%) primarily due to a provision recorded for decommissioning of generating plant no longer being utilised. In the future similar provisions will be made for plant currently in use.

Transmission and distribution costs increased slightly by EC\$0.2M compared to the prior year. Increases in depreciation costs of EC\$1.1M were offset by reductions in payroll costs of EC\$0.5M and maintenance costs of EC\$0.4M.

Administrative expenditures declined by EC\$0.9M (2.7%) mainly due to the reduction in the bad debts provision of EC\$1.4M offset by inventory write-offs of EC\$0.5M, these being one-off events.

Finance costs decreased by EC\$1.2M (9.2%) as a result of the reduction in loan balances in accordance with their individual repayment terms.

The Profit before tax was EC\$40.0M, EC\$3.0M (8.1%) higher than 2014.

Profit after tax in 2015 was EC\$28.9M an increase of EC\$2.1M (7.8%) compared to 2014.

Earnings per share for the year was EC\$1.26 (2014 - \$1.17) reflecting the higher net profit for the year.

The interim dividend per share is EC\$0.39 (2014 - EC\$0.35). The Board of Directors will make a recommendation to the shareholders on the 2015 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 11.6% (2014 – 11.5%).

Capital Expenditure

Expenditure for the year 2015 amounted to EC\$21.9M (2014 – EC\$27.7M) 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.

14. List of Exhibits

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

Audited Financial Statements

APPENDIX 1 – BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Information concerning Non-executive Directors:

Position: Director Age: 64 years
Name: Stephen David Rupert McNamara
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: 53 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.

Deputy Director NIC with responsibility for Finance Investment and Operations

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: Sharon L Christopher Age: 59 years

Position: Deputy Chief Executive Officer/ Group Corporate Secretary

Mailing Address: #9 Queen's Park East, Port of Spain, Trinidad

Telephone Nos.: (868) 627 – 8620 (Office) (868) 678 – 7338 (Mobile)

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

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: Andre Chastanet

Position: Director Age: 57 years

Mailing Address: P.O. BOX 1665
Castries, St. Lucia

Telephone No: (758)285-2400

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

2004 - 2013

Managing Director Consolidated Foods Limited

Reports to the Board of Directors for operational and strategic direction of Company

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

Chartered Accountant - 1988

Information concerning non-Executive Directors:

Name: Mkabi Onika Walcott

Position: Director

Age: 44 years

Mailing Address: C/o P.O. Box GM 862
Gablewoods Post Office
Sunny Acres, Castries

Telephone No: (758) 720-4533

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

Saint Lucia Bureau of Standards - Head of Department - Development and implementation of standards, regulatory programs and management of the organization. (2004 – 2011)

Current – Managing Director of QSM Consulting – Quality and systems management and consultant

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

DVM – Doctor of Veterinary Medicine

PMP – Project Management Professional

1999-2005 University of Havana – Veterinary Medicine

2007 – Project Management (PMI)

Lead Auditor – Quality Management Systems Lead Auditor – Food Safety Management Systems

Information concerning Non-executive Directors:

Name: Carole Eleuthere-Jn Marie

Position: Director

Age: 47

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**

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: Reginald Darius (Dr)

Position: Director

Age: 45

Mailing Address: BW 331, Rodney Bay

Telephone No: (758) (468-5500), (285-0200)

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

Permanent Secretary – Ministry of Finance – Government of Saint Lucia (2009 to present)

International Monetary Fund: Sr. Economist (2009-2012) Economist (2005-09)

European Department, Desk Economist Croatia (2010-2012)

- Monitor, analyze and draft policy documents on external, real and monetary sector developments strategic Policy and Review Department (SPR), Advanced and Multilateral Issues Division, 2008-2010)
- Monitor developments, review and comment on country documents on a wide range of countries including; Japan, Philippines, United Kingdom, Portugal, Estonia, Latvia and the GCC
- Maintained modules on global liquidity and monetary policy conditions as input in the vulnerability Exercise for Advanced Economies
- Co-authored SPR policy review note entitled “Oil Price Risk and Outlook”
- Issues Note on Japan- provides background research and analysis of key economic issues.
- SPR Economist: Armenia (2008-2009) and Estonia (2009-2010)
- Participated in the negotiations of SBA program with Armenia with responsibility for the external sector African Department, Desk Economist on Rwanda, (2005-2007)
- Participated in program negotiations with responsibility for external sector (debt sustainability) and the real sector

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

PhD Economics University of Warwick (2006)

Macroeconomics of Open Economies (Exchange Rate Regime and Welfare)

M Phil Economics University of Cambridge (1995)

International Macroeconomics, Applied Econometrics

B.Sc. Economics (First class Hons.) University of the West Indies (1993)

APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Position: Managing Director

Name: Trevor Louisy

Age: 53 years

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 of the management 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

Position : Chief Financial Officer

Name: Ian Peter

Age: 47 years

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: Business Development Manager

Name: Victor E. Emmanuel

Age: 54 years

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:

Position: Chief Engineer

Name: Goodwin d' Auvergne

Age: 56 years

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.

System Control Engineer (1997- 2008) Managed the department charged with ensuring delivery of a safe, efficient and reliable supply of electricity to LUCELEC's customers

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

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: