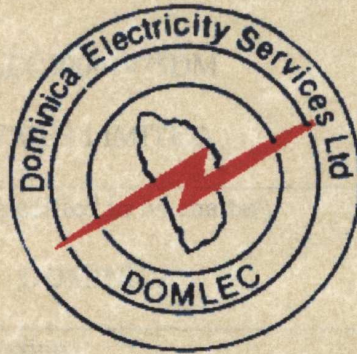


DOMINICA ELECTRICITY SERVICES LIMITED



FORM ECSRC - Q

Quarterly Report
For the period ended September 30th, 2009

FORM ECSRC - Q

Financial Statements

QUARTERLY REPORT

For the period ended September 30th, 2009

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED BALANCE SHEET
AS AT SEPTEMBER 30, 2009
(Expressed in Eastern Caribbean Dollars)

Issuer Registration Number: DOMLEC30041975DM

DOMINICA ELECTRICITY SERVICES LIMITED

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

(Territory or jurisdiction of incorporation)

P.O. BOX 1593, 18 CASTLE STREET, ROSEAU, DOMINICA

(Address of principal executive Offices)

Reporting issuer's:

Telephone number (including area code): (767) 255 6000

Fax number: (767) 448 5397

Email address: domlec@domleconline.com

	September 2009	September 2008	December 2008
Assets			
Current assets			
Cash and cash equivalents	1 279 961	179 869	2 325 808
Receivables and prepayments	10 286 577	19 417 148	17 691 862
Inventory	10 286 577	12 624 575	12 089 178
Other current assets	23 757 076	32 212 692	32 163 488
Non-current assets			
Property, plant and equipment	138 431 578	133 262 664	143 846 770
Liabilities			
Current liabilities			
Accounts payable and accruals	6 241 764	13 732 876	14 106 263
Due to related party	0	0	298 279
Income tax payable	1 316 773	609 902	1 308 967
Other current liabilities	10 951 503	17 939 509	23 800 794
Non-current liabilities			
Borrowings	45 823 016	42 728 687	43 327 622
Deferred tax liability	13 398 347	15 007 644	14 501 636
Other liabilities	8 232 360	7 071 355	7 370 453
Capital grants	1 268 977	1 557 256	1 484 131
Shareholders' Equity			
Share capital	10 417 328	10 417 328	10 417 328
Retained earnings	46 339 838	39 440 684	43 044 805
	56 757 166	49 857 412	53 462 133
	138 431 578	133 262 664	143 846 770

Financial Statements

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED BALANCE SHEET
AS AT SEPTEMBER 30, 2009
(expressed in Eastern Caribbean Dollars)

	September 2009 \$	September 2008 \$	December 2008 \$
Assets			
Current assets			
Cash and cash equivalents	1 219 961	170 869	2 325 808
Receivables and prepayments	12 250 579	19 417 148	17 691 802
Inventories	10 286 537	12 624 675	12 089 878
	<u>23 757 076</u>	<u>32 212 692</u>	<u>32 107 488</u>
Capital work in progress	31 133 920	19 136 459	21 383 638
Property, plant and equipment	83 540 582	81 913 513	90 355 644
	<u>138 431 578</u>	<u>133 262 664</u>	<u>143 846 770</u>
Liabilities			
Current liabilities			
Borrowings	3 398 964	2 496 731	7 890 284
Accounts payable and accruals	6 241 764	13 732 876	14 106 263
Due to related party	0	0	295 279
Income tax Payable	1 310 775	809 902	1 508 967
	<u>10 951 503</u>	<u>17 039 509</u>	<u>23 800 794</u>
Borrowings	45 823 016	42 728 687	43 327 622
Deferred tax liability	15 398 347	15 007 644	14 501 636
Other liabilities	8 232 569	7 071 555	7 270 453
Capital grants	1 268 977	1 557 856	1 484 131
	<u>81 674 413</u>	<u>83 405 251</u>	<u>90 384 636</u>
Shareholders' Equity			
Share capital	10 417 328	10 417 328	10 417 328
Retained earnings	46 339 838	39 440 084	43 044 805
	<u>56 757 166</u>	<u>49 857 412</u>	<u>53 462 133</u>
	<u>138 431 578</u>	<u>133 262 664</u>	<u>143 846 770</u>

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2009
(expressed in Eastern Caribbean Dollars)

	September 2009 \$	September 2008 \$	December 2008 \$
Revenue			
Energy sales	40 444 314	37 436 179	50 265 339
Fuel surcharge	14 049 256	31 603 244	40 600 738
Other revenue	1 307 104	502 402	658 534
	<u>55 800 673</u>	<u>69 541 824</u>	<u>91 524 611</u>
Direct expenses			
Operating	9 843 877	9 903 022	13 601 257
Maintenance	3 348 113	3 547 571	4 787 848
Depreciation	6 463 572	6 320 746	7 295 113
Fuel	19 011 680	36 198 943	47 254 920
	<u>38 667 242</u>	<u>55 970 281</u>	<u>72 939 138</u>
Gross profit	17 133 431	13 571 543	18 585 473
Administrative expenses	<u>8 884 566</u>	<u>7 553 582</u>	<u>9 213 438</u>
Net operating income	<u>8 248 865</u>	<u>6 017 961</u>	<u>9 372 035</u>
Other expenses/(income)			
Amortization of capital grants	(345 384)	(323 443)	(439 432)
Foreign exchange losses/(gains)	(22 921)	(34 296)	(67 134)
Loss/(Gain) on disposal of plant and equipment	(49 557)	0	(1 934 127)
	<u>(417 862)</u>	<u>(357 739)</u>	<u>(2 440 692)</u>
Net income before finance	8 666 727	6 375 700	11 812 728
Finance charges	<u>(2 248 096)</u>	<u>(1 576 791)</u>	<u>(2 434 739)</u>
Net income before tax	6 418 631	4 798 909	9 377 988
Income tax	<u>(2 342 300)</u>	<u>(1 580 674)</u>	<u>(1 773 731)</u>
Net income/(loss) for the period	<u>4 076 330</u>	<u>3 218 235</u>	<u>7 604 257</u>
Earnings/(loss) per share	<u>0.39</u>	<u>0.31</u>	<u>0.73</u>

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2009
(expressed in Eastern Caribbean Dollars)

	September 2009 \$	September 2008 \$	December 2008 \$
Share capital			
Ordinary shares, beginning and end of period	<u>10 417 328</u>	<u>10 417 328</u>	<u>10 417 328</u>
Retained earnings			
At beginning of period	43 044 805	37 003 147	37 003 147
Net income/(loss) for the period	4 076 330	3 218 235	7 604 257
Ordinary dividends (declared)	<u>(781 300)</u>	<u>(781 300)</u>	<u>(1 562 599)</u>
At end of period	<u>46 339 837</u>	<u>39 440 082</u>	<u>43 044 805</u>
Shareholders' equity, end of period	<u>56 757 165</u>	<u>49 857 410</u>	<u>53 462 133</u>

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED SEPTEMBER 30, 2009
(expressed in Eastern Caribbean Dollars)

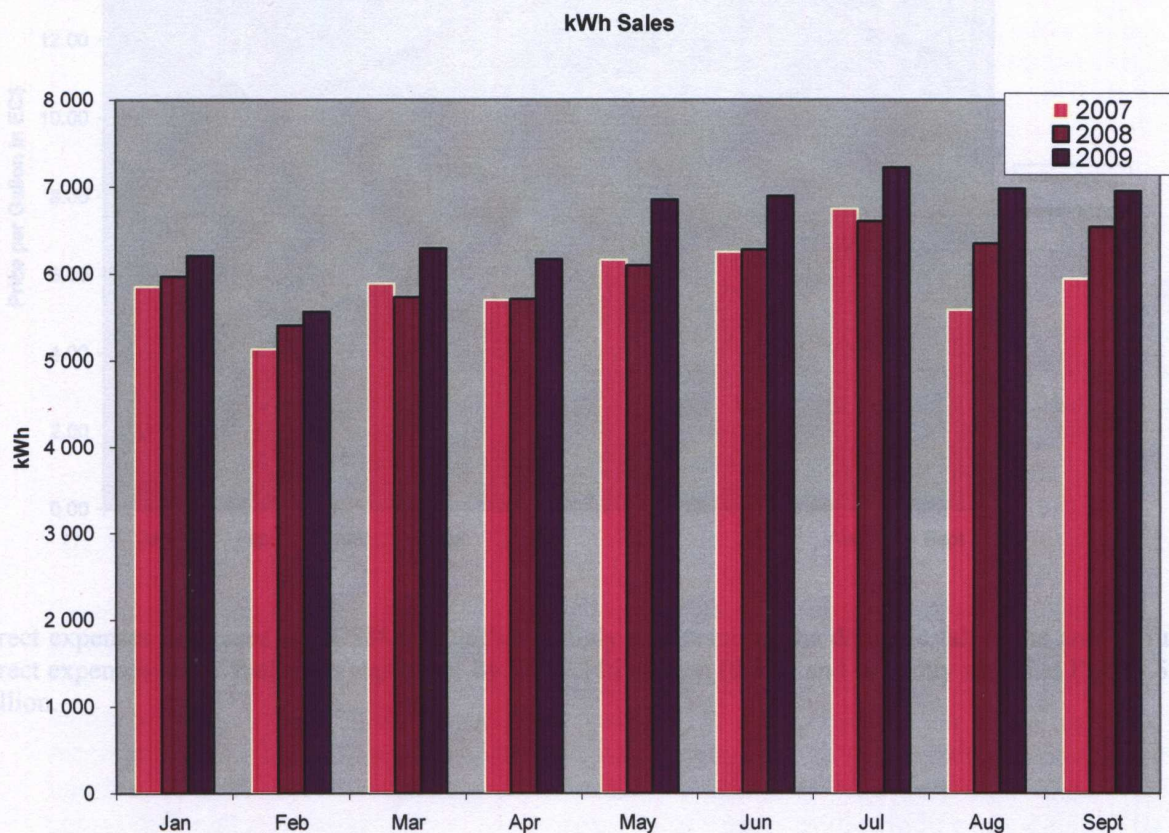
	September 2009 \$	September 2008 \$	December 2008 \$
Cash flows from operating activities			
Net income/(loss) before tax	6 418 631	4 798 909	9 377 988
Adjustments for:			
Depreciation	6 463 572	6 320 746	7 295 113
Loss/(Gain) on disposal of property, plant and equipment	(49 557)	0	(1 934 127)
Exchange (gains)/Loss	(21 316)	(64 003)	(59 469)
Amortization of capital grants	(345 384)	(323 443)	(294 902)
Interest expense	2 248 096	1 576 791	2 434 739
Operating profit before working capital changes	14 714 042	12 308 999	16 819 342
Decrease (Increase) in receivables and prepayments	5 441 223	(4 399 895)	(2 674 550)
Decrease/(increase) in inventories	1 803 341	(4 013 731)	(3 478 933)
Increase/(decrease) in accounts payable and accruals	(7 864 499)	6 706 087	7 079 474
Increase/(decrease) in due to related party	(295 279)	(171 747)	123 532
Cash generated from operations	13 798 827	10 429 713	17 868 865
Interest paid	(2 109 610)	(1 570 834)	(2 522 120)
Income tax paid	(1 643 782)	(1 319 054)	(1 319 054)
Net cash from operating activities	10 045 435	7 539 825	14 027 691
Cash flows from investing activities			
Purchase of property, plant and equipment	(9 337 518)	(18 184 375)	(31 891 071)
Proceeds on disposal of property, plant and equipment	56 850	0	3 938 320
Net cash used in investing activities	(9 280 668)	(18 184 375)	(27 952 751)
Cash flows from financing activities			
Proceeds from borrowings	2 500 000	14 569 228	21 804 827
Repayment of borrowings	(5 001 487)	(2 704 600)	(3 352 905)
Dividends paid	(781 300)	(781 300)	(1 562 599)
Increase in other liabilities	962 116	341 303	540 204
Increase in Capital grants	0	0	0
Net cash generated from/(used in) financing activities	(2 320 671)	11 424 631	17 429 527
Net increase/(decrease) in cash and cash equivalents	(1 555 903)	780 081	3 504 467
Cash and cash equivalents, beginning of period	1 175 319	(2 329 148)	(2 329 148)
Net cash and cash equivalents, end of period	(380 584)	(1 549 067)	1 175 319

1. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As at September 30, 2009, the company's net profit after tax was EC\$4.076 million, compared with EC\$3.218 million for the comparable period of 2008, an increase of EC\$0.858 million or 21.1%

Gross revenue for the period totalled EC\$55.801 million, EC\$69,542 from the same period in 2008. Revenue from electricity sales has grown by 7.4% to EC\$44.444 million, while revenue from fuel surcharge declined by 56% to EC\$14.049 million. This is EC\$17.55 million lower than fuel surcharge at the end of the third quarter of 2008, all as a result of the dramatic fall in fuel prices from a year ago.

The growth in revenue from electricity sales has been driven by above average growth in all sectors. To date, the Industrial and Hotel sectors recorded the most significant increase, growing by 27.1% and 15.6% respectively. Electricity sales to commercial consumers to date have increased 5.0% over last year, while sales within the Domestic sector have grown 5.0% from last year. Overall sales growth at the end of this quarter was driven mainly by lower energy costs brought on by lower fuel prices coupled with an improvement in reliability which allowed the company to serve existing demand. There has also been a growth in demand in some sectors, in particular the Industrial sector. Also a few large commercial and hotel customers who self generated last year, purchased power from Domlec throughout the third quarter of 2009.



DOMLEC IN THE THIRD QUARTER OF 2009

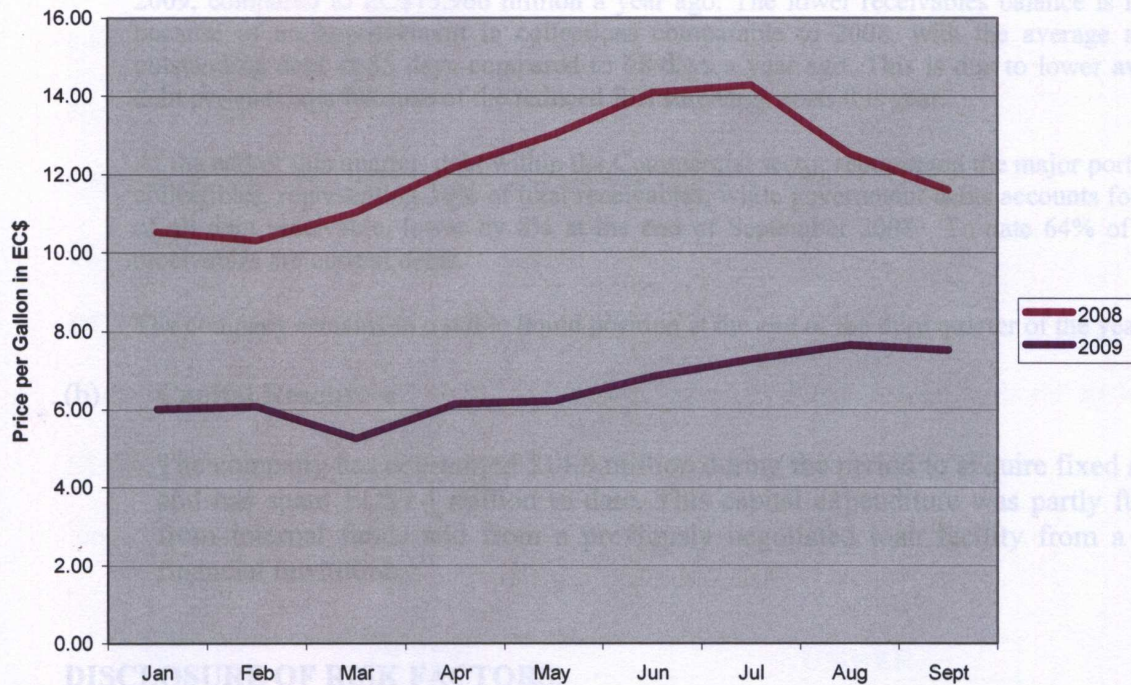
To September 2009, 2,871,220 imperial gallons of diesel fuel was used in the generation of electricity, a reduction by 115,259 gallons or 4.0% from 2008. This reduction in the number of gallons used, coupled with an average price of diesel which is EC\$5.5 per gallon lower than last year's at EC\$6.62, have combined to result in total fuel cost falling to EC\$19.011 million.

Generation of energy was primarily by diesel generation, with 73% of all energy generated coming from this means. This however represents a reduction from 2008, when 78% of total energy generated was through diesel generation. Energy produced from hydro increased 24% to 18,185,349 kWh at the end of the third quarter. This is mainly because of increased rainfall compared to 2008.

System losses have continued to improve and currently stand at 11.0% compared to 13.3% a year ago. The company remains committed to the reduction of system losses.

(a) Liquidity

Average Price of Fuel per Gallon



Direct expenses decreased to EC\$38.667 million mainly as a result of the dramatic fall in the cost of fuel. Direct expenses net of fuel costs was lower by EC\$0.116 million (0.6%) and currently stands at EC\$19.656 million.

DOMLEC IN THE THIRD QUARTER OF 2009

Operating Highlights	2009	2008
Hydro generation (1,000 kWh)	18,185	14,364
Diesel generation (1,000 kWh)	50,449	50,866
Units sold (1,000 kWh)	59,096	54,656
Fuel efficiency(kWh per IG)	17.57	17.03
System losses	11.00%	13.3%

(a) **Liquidity**

Trade receivables (excluding unbilled sales) stood at EC\$9.658 million at September 30th 2009, compared to EC\$15.960 million a year ago. The lower receivables balance is in part because of an improvement in collections comparable to 2008, with the average age of outstanding debt at 55 days compared to 68 days a year ago. This is due to lower average debt per customer because of the reduced fuel surcharge costs this year.

At the end of this quarter, debt within the Commercial sector represented the major portion of collectibles, representing 38% of total receivables, while government debts accounts for 25% of all debt receivable, lower by 8% at the end of September 2008. To date 64% of debts receivables are current debts.

The company remains in a stable liquid position at the end of the third quarter of the year.

(b) **Capital Resources**

The company has committed \$14.8 million during the period to acquire fixed assets and has spent EC\$9.4 million to date. This capital expenditure was partly funded from internal funds and from a previously negotiated loan facility from a local financial institution.

2. **DISCLOSURE OF RISK FACTORS.**

Financial assets, which potentially subject the Company to concentrations of credit risk, consist principally of bank deposits, available-for-sale financial assets and trade receivables. The Company's bank deposits are placed with high credit quality financial institutions. Trade receivables are presented net of the provision for impairment of receivables. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Company's customer base and their dispersion across different economic sectors. Management performs periodic credit evaluations of its customers' financial condition and does not believe that significant credit risk exists at September 30th 2009.

The Independent Regulatory Commission (IRC) which was set up to regulate the supply of electricity in the Commonwealth of Dominica has had several consultation meetings with the Company about tariff, licensing and quality of service standards. To date the company and the IRC have agreed in principle to the format of the tariff regime but have to meet again to determine the details of the mechanism . The Company has committed to work in good faith with the IRC in establishing a framework that will provide for a stable and viable supply of electricity to Dominica.

Secondly, the company continues to explore options for self insurance of its Transmission & Distribution (T&D) assets against Hurricane damage. At the end of September the company presented to the government a request to enable it to self insure without incurring taxes on the funds used to self insure. While awaiting approval of the request for self insurance, Domlec has made arrangements with a local commercial bank for an emergency facility if it is ever needed. However, the company has not transferred the risk of loss on T & D assets and appropriate insurance coverage is a priority for this fiscal year.

3. LEGAL PROCEEDINGS.

None

4. CHANGES IN SECURITIES AND USE OF PROCEEDS.

None

5. DEFAULTS UPON SENIOR SECURITIES.

There have been no defaults on the payment of securities during the period under review.

6. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None

CLASS	NUMBER
Common	10,417,328

SIGNATURES

Name of Chief Executive Officer:

Name of Director:

Collin Cover

Grayson Stedman

Collin Cover

Grayson Stedman

Signature

Signature

26th Oct 2009

27th October 2009.

Date

Date