NATURE...

POWER FOR THE FUTURE

DOMLEC ANNUAL REPORT 2011

THE MANY FACES OF POWER

The power from Domlec means so much to so many as the demand for electrical power in Dominica continues to grow. Domlec aims to deliver a secure, sustainable and affordable supply of electrical power. The Roseau River has been harnessed and there are fledging solar and wind power initiatives. Domlec seeks also to participate in geothermal energy production which is expected to bring this island closer to energy independence.









At Domlec, our vision, our drive and our determination as a team are just as powerful as the resources of nature.

Together this is the true nature of the power at work in DOMLEC.

Our HISTORY

Dominica Electricity Services Limited (DOMLEC) is involved in the generation, transmission, distribution and sale of electricity in the Commonwealth of Dominica. DOMLEC's role in the country's economic development is extremely important.

The Organization was formed in 1949 and was owned by the Colonial Development Corporation, which later became Commonwealth Development Corporation (CDC). In 1976, CDC sold 49% of the Company's shares to the government of Dominica and in 1983, the government acquired the remaining shares.

In 1987, Government reduced its ownership interest in the Company by offering 60% of the shares to the general public and DOMLEC's employees.

In 1993 the company offered a 'rights issue' to shareholders of two shares for every one owned. Many shareholders did not take up the offer but government did and so their shareholdings increased to 72.9%.

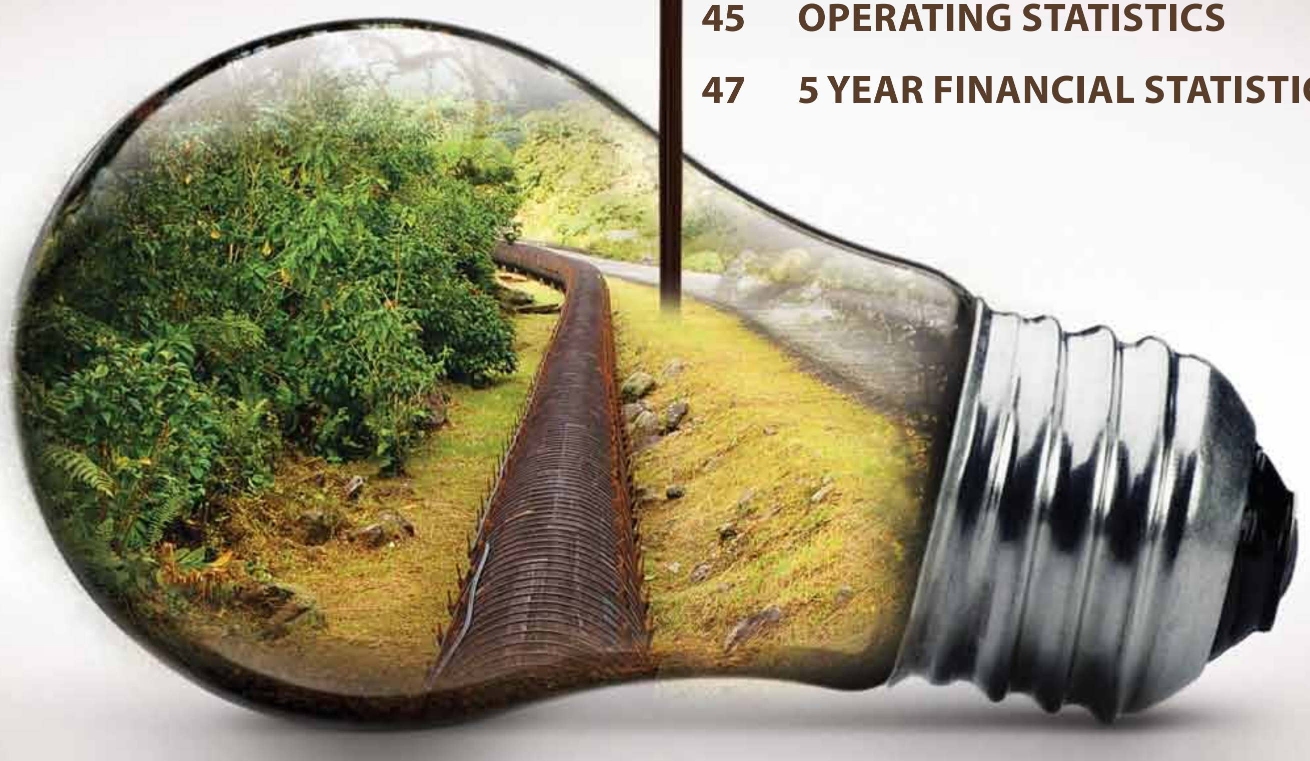
On 23 March 1997, the Commonwealth Development Corporation purchased 72.9% of the shares from the government thus making CDC the majority shareholder. In May 2004 Dominica Private Power Limited and Dominica Social Security in a collaborative effort purchased CDC's shares in DOMLEC.

DOMLEC operates three hydro-electric power stations namely: Laudat, Trafalgar and Padu; and two diesel power stations at Fond Cole and Sugar Loaf. All generation sources are linked via 11kV inter-connectors and, in some instances, via 11Kv distribution feeders. The secondary distribution voltage is 230/400V.

Total energy production in 2011 was 100.5 GWh of which 35.8% was generated by hydropower and the remainder by diesel generators. The system peak demand was 17.17 MW. Total generation installed capacity is 26.7 MW, made up of 6.6 MW hydro and 20.1 MW diesel. Firm capacity, using the N-2 criterion and allowing for dry season derating of the hydro, is 18.1 MW.

The company currently serves 34,391 customers with an annual consumption of 88.8 GWh [2011]. It has a staff of 218.

TABLE OF CONTENTS



GROWTH & IMPROVEMENT

Despite the lingering global financial crisis, your company showed growth and improvement in many areas.

ROBERT BLANCHARD Jr.
Chairman

THE CHAIRMAN'S MESSAGE

I am pleased to report that the year 2011 was a good year for Domlec. Despite the lingering global financial crisis, your company showed growth and improvement in many areas. Financially, we turned around our year end earnings from last year. We also achieved better results in most of the technical and operational facets of the company. There are still many challenges we face, including continuing pressures on fuel prices and an uncertain regulatory environment. But I feel very comfortable that the team we have at Domlec is up to these challenges.

FINANCIAL

Prudent management of our operational and financial commitments yielded an after tax profit of $7.75 million at the end of the financial year. This improvement has enabled the board to increase the dividend paid to shareholders from 7.5 cents per share in 2010 to 8.75 cents in 2011. Management and your board are both committed to seeing continuing increases in the dividend rate over time. In addition, we have been reinvesting much of these earnings back into the company to fund its growth and expansion initiatives. We are committed to ensuring that Domlec has the facilities necessary to provide the service levels our customers deserve. After an extensive solicitation process, the National Bank of Dominica was again confirmed this year to meet the company's external funding requirements. We will continue to explore favourable funding options which will enable us to deliver cost effective projects.

TECHNICAL

The company's overall operating environment remained stable during the year. We continued to make substantial investment in our infrastructure to meet the increasing demand for electricity in Dominica. Our investment in smart metering technology through the AMI project continued to deliver positive results in cost savings and operational efficiencies. The year saw record low numbers in the outages experienced by our customers and we are also proud to announce that we recorded the third highest production of electrical energy by the hydro units since the New Trafalgar plant was installed in 1991. The company is committed to achieving and exceeding the performance targets agreed with the Independent Regulatory Commission. For the year under review and for the first time in the company's history, we recorded line losses of 8.6% - a remarkable feat and a testimony to the relentless pursuit of efficiency in our operations.

Our mission is to deliver affordable and reliable energy today while making the investments needed to ensure a sustainable supply in the future. Development of renewable energy remains one of the company's priority considerations. In that regard we are undertaking a detailed review to determine if it is possible to increase our production of electricity from our hydro plants. We are also fully engaged with the government in its exploration of the island's geothermal generation potential. Realization of geothermal generation takes time and we support this initiative by the government to tap into this natural resource to spur economic growth and development. We responded to the government's request for expressions of interest in the development of a 5-10MW production plant on the government's test well and are awaiting their final selection. We are determined to minimize the country's dependence on fossil fuels both in an effort to minimize the effects of fuel price fluctuations on our customers and to be better stewards of the environment.

REGULATORY

Progress on negotiations with the Government has been slower that we would desire. We continue to pursue discussions of the outstanding issues affecting our operations and our expectations are that by this time next year we will be able to report on the conclusion of these negotiations.

The company continues to work with the Independent Regulatory Commission (IRC) to establish criteria for the more efficient operation of the system both technically and in the area of customer service. We performed credibly again this year in our adherence to the Guaranteed and Overall Standards applied in respect of our service to customers and we worked closely with the IRC and the Bureau of Standards in the fuel audit that the IRC initiated during the year. We are working with our regulators on the unresolved differences in the tariff structure and licensing regime. The resolution of these issues is critical to stabilizing the regulatory environment of the company and ensuring the sustainable development of the sector. Indeed, even as the sector continues to play a significant role in economic development, the active support of the regulator, the Government and other stakeholders are essential for the growth of the industry. We will continue to dedicate our efforts to that pursuit.

Finally I must thank the board of directors for their contribution, advice and guidance over the past year. The Board joins me in recognising and commending Mr. Cover and his management team and staff for their hard work and dedicated efforts in steering the company through operating, economic and regulatory challenges to another successful year.

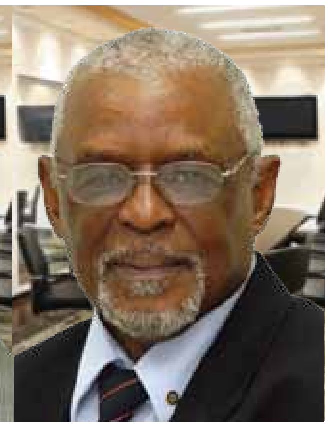
ROBERT BLANCHARD Jr.
Chairman

BOARD OF DIRECTORS

Mr. Robert Blanchard Jr.
Chairman

Mr. Nigel Wardle
Chairman Audit Committee

Mr. Norman Rolle
Director



Mr. Grayson Stedman
Director

Mr. Yvor Nassief
Director

Mr. Malcolm Harris
Director

Mr. Murray Skeete
Director

Mr. Alexander Stephenson
Director

A NATURAL TEAM

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited financial statements for the year ended 31st December 2011 which show the state of affairs of the company.

PRINCIPAL ACTIVITIES

The principal activity of the company is the generation, transmission, distribution and sale of electricity in Dominica.

FINANCIAL RESULTS

In 2011 the company generated total revenue of $98.3 million from 88.8 GWh in sales, an increase of 8.3% from the previous year. Total expenses were $86.74 million and other losses were $0.7 million resulting in income before tax of $11.09 million.

Net income after the current year's tax was EC$7.75 million. This compares to the previous year's loss of EC$0.27 million. Earnings per share for the year totaled EC$0.74 compared to a loss per share of EC$0.03 in 2010.

DIVIDENDS

In 2011, the company paid a dividend of 7.5 cents per share to shareholders on May 12th. Following an assessment of the company's performance in the last quarter, the Board increased the dividend payment to shareholders to 10 cents per share on October 30th. Shareholders can expect that looking forward, as the performance of the company improves so will the return to shareholders.

DIRECTORATE

The company convened its 37th Annual General Meeting of shareholders on May 12th 2011. There were two vacant positions on the Board to be filled and it has been the practice that these two positions be filled by the minority shareholders. During the election, the two major shareholders, the Dominica Social Security and Dominica Private Power Limited, abstain from the vote to facilitate that process. At that meeting Directors Grayson Stedman and Norman Rolle were re-elected on a poll to serve for a term of three years. Mr. Stedman and Mr. Rolle have been consistently selected by the minority shareholders to serve on the board for the past several years.

STOCK PERFORMANCE

A variety of trades in Domlec shares was transacted throughout 2011. The trades were at $3.00 per share on average through out the year and this was the value at which the shares closed trading at the end of the financial year.

CORPORATE GOVERNANCE

The company convened its annual shareholders' forum in November as part of its thrust to educate and inform shareholders on the company's operating environment as well as corporate governance issues. This year's forum was facilitated by the ECSE and explored the theme "Share Ownership, ECSE Registry and Other Shareholder Issues". The forum was well attended with active participation by the shareholders present.

By Order of the Board
Ellise Darwton
COMPANY SECRETARY

MANAGEMENT TEAM

1. Mr. Collin Cover General Manager | 2. Mrs. Marvelin Etienne Financial Controller | 3. Ms. Ellise Darwton Corporate Secretary/Legal Officer | 4. Mr. Nathaniel George Commercial Manager | 5. Mr. Dave Stamp Generation Manager From November | 6. Mrs. Bertilia Mc Kenzie HR and Administration Manager | 7. Mr. Lemuel Lavinier Engineering Transmission & Distribution Manager | 8. Mr. Carl Maynard IT Manager | 9. Mr. David Matthew Generation Manager (Ag) From March to November

PEOPLE POWERED

OPERATIONS REVIEW

Financial Overview

SALES

Electricity sales for the financial year ended December 31st, 2011 totaled 88.8GWh, an increase of 2.4% over unit sales in 2010. During the first half of the year, January through June 2011, sales growth was flat, due in part to cooler temperatures. However for the remainder of the year, growth averaged 4.8% peaking at 9% in November. The Commercial and Domestic sectors were the drivers of sales growth this year, expanding by 6.5% and 1.7% respectively. Growth in the commercial sector was due in part to the addition of new entrants and the return of old customers to the grid from self generation. The hotel sector recorded a sharp decrease in sales of 40% for the year, as major players within the sector returned to self generation. The smaller Industrial and Street Lighting sectors recorded growth of 1.5% and 4.8% respectively, although this had little overall impact on total sales performance.

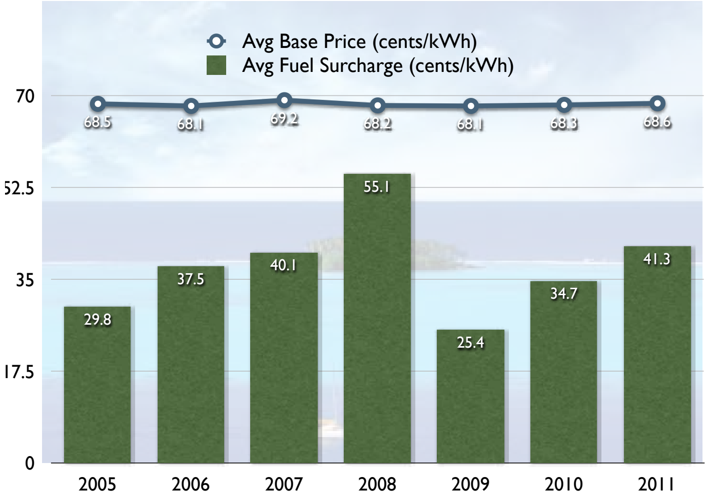
GROSS REVENUE

Driven by a 21.8% increase in fuel surcharge, total revenue increased by EC$7.5 million from 2010 to EC$98.3 million in 2011. The average price paid per imperial gallon of diesel increased to EC$11.45 from EC$8.50 which resulted in fuel surcharge peaking at 50.78 cents in July 2011 compared to a high of 38.58 cents in 2010.

The growth in electricity sales of 2.4% yielded an increase in revenue of EC$1.87 million, 3.2% higher than 2010. Total revenue from electricity sales for the year was EC$60.9 million.

Direct Expenses

FUEL PRICE



Direct expenses increased by EC$5.4 million from 2010. The causes of the increases are detailed as follows:

FUEL COSTS

Fuel costs in 2011 totaled EC$42.9 million, EC$5.3 million higher than 2010, and accounts for 58% of all direct expenses. While diesel consumption as measured in imperial gallons fell 15% from 2010, the increase of 35% in the average price paid per gallon accounted for the overall increase in fuel costs.

OPERATING EXPENSES

Operating expenses were virtually unchanged from 2010, lower by just 0.01%. The company continued with its routine work on plant upkeep, health and safety and employee training during the fiscal year.

MAINTENANCE EXPENSES

Maintenance expenses decreased to EC$5.72 million, EC$0.9 million lower than 2010. This was due in large part to a decrease in maintenance on diesel plant. Higher than expected rainfall during 2011 resulted in a 55% increase in hydro generation and a corresponding 15% decrease in diesel generation. Lower run hours on the diesel plant meant a reduced need for interval maintenance resulting in plant maintenance being lower by EC$1.2 million in 2011 compared to 2010.

Administrative Expenses

Administrative expenses increased in the current year by 1.3% to EC$9.8 million. The provision for obsolete inventory was increased to make allowances for the potential impairment of slow moving inventory items. Bank charges were also higher this year, mainly because of negotiation fees associated with the new loan facilities. The increase in administrative expenses were somewhat tempered by the decrease in legal fees. The legal fees were significantly lower this year than in 2010 as several of the outstanding legal issues moved closer to resolution and fewer hours were billed by external counsel.

OTHER INCOME

Other losses in 2011 totaled EC$0.7 million compared to EC$1.3 million in 2010, a reduction of EC$0.6 million. During 2011, the company wrote off EC$1.2 million for the disposal of meters changed during the AMI meter upgrade project, but this was partially offset by gains of just less than EC$0.6 in deferred revenue and the amortization of capital grants.

FINANCE CHARGES

Finance charges increased by 3.5% in 2011 to EC$3.1 million. There was an increase in borrowings to fund capital expenditure including the AMI meter upgrade project and hydro automation. A new long term loan facility was negotiated and finalized at the company's pre-existing rate of borrowing and did not have any major impact on financing costs.

PROFIT

Profit before tax for the year ended December 31, 2011 was EC$11.09 million, 30.8% higher than the EC$8.48 million declared in 2010. Income tax for the year amounted to EC$3.34 million resulting in a net profit for the year of EC$7.75 million as compared to a net loss last year of EC$0.27 million. The year to year difference in performance is mainly attributed to the EC$8.75 million paid in taxes in 2010 which included EC$6.1 million paid as a result of a tax reassessment by the Inland Revenue Division for the years 2001 to 2004.

Customer Service

AMI SYSTEM

In 2011, the company continued with the Advanced Metering Infrastructure (AMI) project which started in October 2009. At the end of the year, some 22,707 AMI smart meters were installed, including 3,966 which are used as AMI prepaid meters. This brought the company much closer to its goal of replacing 27,000 electromechanical meters with electronic smart meters. As a result of the introduction of the AMI smart metering system the company was able to remotely disconnect and reconnect the electricity supply to 3,619 and 3,099 customers respectively and as a direct consequence, saved about $134,360 in contracting fees.

By using information gathered from the AMI system the company has been able to identify potential power quality issues and this has assisted in improving system reliability. Customers are also benefiting from AMI. Customers now have access to load profile data, which shows consumption in 15 minute intervals. This has proven to be extremely valuable in identifying peaks and patterns in consumptions. Additionally, both customers and the company have benefitted from greater transparency in damage claim investigations as information can be easily retrieved from the data stored in the AMI meter to establish whether there was any disturbance in the supply to customers.

PREPAYMENT SYSTEM IMPROVEMENTS

Since the introduction of the AMI prepayment metering system in early 2010, there has been a significant increase in demand for the service. In 2011, there were 1,693 new PAUG customers, bringing the total number of accounts at the end of the year to 10,597. PAUG customers account for 30.8% of the company's customers and $8.4M or 13.75% of sales. During the year, these customers generated a total of 470,244 transactions valued at $14,996,443.41.

AMI prepayment offers convenience to customers in the following areas:

1. Customers can access their account on-line.
2. Customers are able to purchase power online and have their electricity account credited in real time.
3. Customers can access account information such as:
    a. Wallet balance
    b. Amounts outstanding
    c. Consumption patterns (15 minutes load profile)
    d. Purchase history
4. Disconnection is done only on weekdays at 12:30 p.m. There are no disconnections if credit runs out on week ends and public holidays.
5. There is immediate reconnection of the supply after the account is replenished.

Two major options enabling customers to purchase power were added during the year: online purchasing using credit or debit cards and via the Cucall system of the National Co operative Credit Union (NCCU). Customers can simply log into their online prepayment account and purchase power. Customers desirous of using NCCU Cucall, must first sign up with NCCU. To purchase power, customers simply call the Cucall number and select Domlec PAUG.

QUALITY OF SERVICE STANDARDS

In 2009, the Independent Regulatory Commission (IRC) established Quality of Service Standards to guide the company's delivery of service to its customers. The company is required to pay compensation to customers for breaches of the Guaranteed Standards. The company pays compensation to customers in the form of a credit on the applicable electricity account.

For the year 2011, the company achieved an overall success rate of 96.3% and 99.7% in the Guaranteed Standards and Overall Standards respectively. The IRC conducted an audit of the company's Quality of Service Reports in 2011 and found that the company was in full compliance with the Quality of Service Standards regulations.

IMPROVED OFFICES

During the year, the company opened a fully serviced customer service office in Portsmouth on premises purchased from FCIB. We also decentralized key processes thereby enabling transactions to be processed faster and more efficiently.

This new and improved facility offers customers more convenience and a more comfortable environment in which to conduct business.

New Customer Service Office at Portsmouth

The office of the Customer Service Department in Roseau was also renovated. The bill payment area was significantly expanded, the interior and exterior painted, the floor re-tiled and the reception area completely remodeled. Customers have been very appreciative of the improved facility.

Refurbished Customer Service Area In Roseau

Generation

STAFF CHANGES

2011 was a year of changes and accomplishments for the Generation Department. In March, Mr. Mark Riddle resigned as the Generation Manager and migrated to be with his family in the United States of America. The Directors and executive management express their thanks to Mr. David Matthew, Electrical Supervisor, who acted as the department's manager until 1st November 2011 when Mr. Dave Stamp, the new Generation Manager took office. Mr. Stamp was previously a member of the Jamaica Public Service Company Limited's executive management team and was the plant manager of a 217MW power plant in Montego Bay, Jamaica for eight years.

NEW MILE STONE IN HYDRO PRODUCTION

This year more than 35% of the electricity production came from the hydro plants. The 35.8GWh of electricity produced by the hydro units this year was the most produced by hydro since 1997.

The remote operation and automation of the hydro units was completed in October. The units are now being controlled from the System Control Operation Center in Fond Cole. This has served to centralize operation and control of generation. Management and maintenance of the hydro stations is being handled by a small team housed at the Trafalgar Hydro Power Station.

Hydro power station being monitored from Fond Cole

INFRASTRUCTURAL IMPROVEMENTS

The Fond Cole power station benefitted from major infrastructural improvements in February with the modification of the roofing system for the workshop/welding area, and again in September when the construction of an upper floor to the plant's management and administration building was completed. The lower floor is currently being modified to provide better amenities (e.g. canteen, library, conference area) for the line staff.

Major improvement was done to the access road to the Padu Hydro Power Station in May. This project resulted in significant improvement to the accessibility of this critical facility. More importantly it serves to minimize the possibility of land slippage on the slope above the power station since the newly constructed drains on the road channel water away from the slope during rainy conditions.

OPERATION AND MAINTENANCE

During the year the department's operations were challenged by the breakdown of FC 10, one of the new medium-speed diesel units; repeated failures of the turbine bearing on Padu 2 and warranty work on FC11. Despite these challenges there was only one period of 43 minutes when load was shed due to a lack of generation and only one system-wide black out during the year. This shows the prudence with which dispatch of generation was managed.

Engineering, Transmisson & Distribution

This year the system was battered by three major weather events. In July there was the collapse of the Mathieu dam at Layou, followed by Hurricane Ophelia in September and then unprecedented torrential rains on the 28th of November which caused extensive flash flooding and massive landslides across the island.

Damage to poles and lines from Tropical Storm Opelia

The company diligently responded to these events and on all three occasions the company's linesmen received accolades from the public for the speed and efficiency with which they restored power to the affected areas.

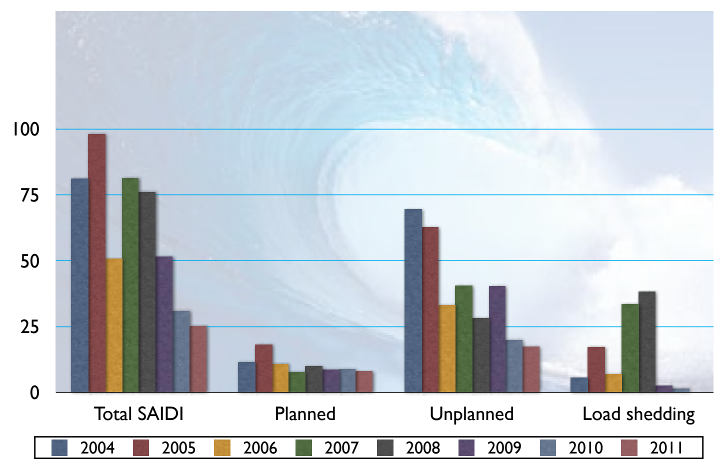
Damage from torrential rains in November

These three events resulted in a special event SAIDI of 9.57 hours, 9.03 hours of which were due to Hurricane Ophelia. These special weather events are excluded from the calculation of the SAIDI and SAIFI of the system for 2011.

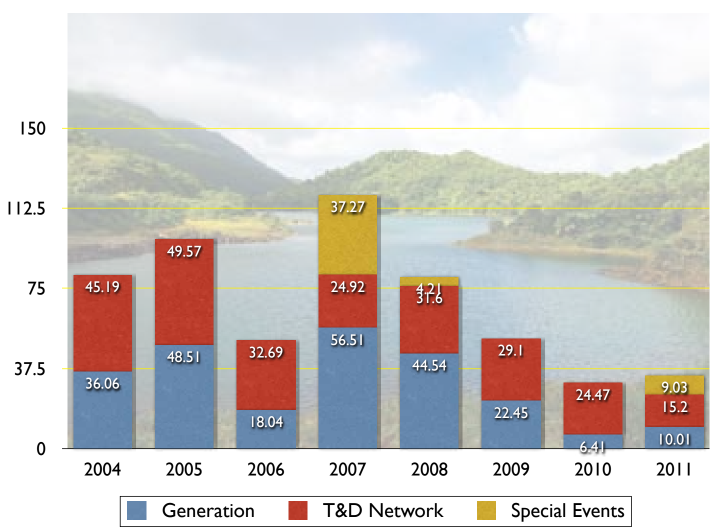
NETWORK PERFORMANCE

The persistent efforts of staff have ensured that reliability of the network continues to improve. The System Average Interruption Duration Index (SAIDI) which measures how long the average customer is out of power for the year was reduced from 29.7 hours in 2010 to 25.21 hours in 2011. The System Average Interruption Frequency Index (SAIFI) which measures the number of outages the average customer sees for the year, dropped to 8.13 interruptions per customer in 2011 as compared to 10.77 in 2010.

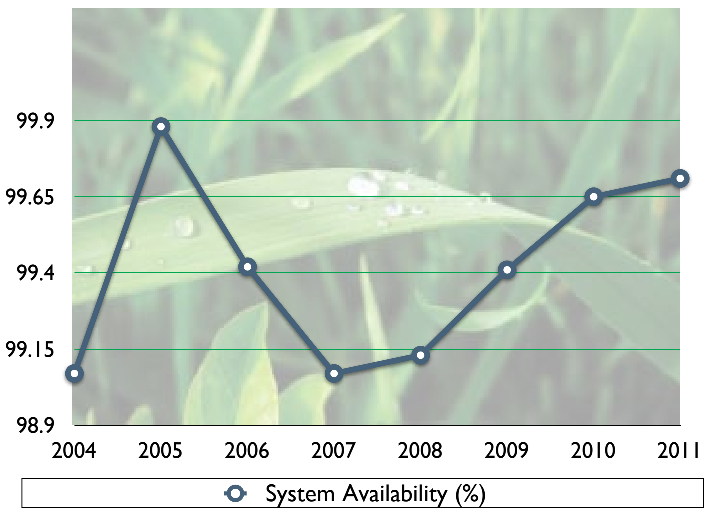
SAIDI BREAKDOWN & COMPARISON



SAIDI BUILDUP



SYSTEM AVAILABILITY



System losses continued to drop from 9.3% in 2010 to 8.6 in 2011. This is the lowest loss recorded in the company's history and commendation must be given to management and staff for this milestone achievement.

NETWORK ACTIVITIES

In 2011 new equipment was installed at the Sugar Loaf power station which now enables generation at that station to be synchronized with the rest of the system without first having to be shut down. This has significantly reduced the outages experienced on the Sugar Loaf East and Sugar Loaf West feeders from 41 in 2010 to 13 in 2011.

A review of the transformer and spur-line fusing schedule, geared at eliminating nuisance trips, resulted in a 19.2% reduction in area power failures from 738 in 2010 to 594 in 2011.

Planned maintenance works on poles and street lights were completed as scheduled. Though vegetation management works had a late start, all were executed in a timely manner and this assisted in the reduction of unplanned outages.

GIS

Update of the GIS database continued in 2011. Work was also undertaken to reconfigure the database to produce automated designs and estimates. This should speed up the process of compiling estimates for customer initiated jobs.

SCADA AND TELECOMMUNICATION

The SCADA radio test was performed with successful results at a number of sites within the Roseau area. This has resulted in more efficient communication between Scada sites and enabled the company to build a load flow database of the high voltage network. The project to relocate the Morne Espagnol radio repeater site to Morne Les Resource had to be cancelled due to difficulty in acquiring land for that purpose. Another site is being sought.

HYDRO AUTOMATION

One of the major projects completed by Engineering in 2011 was the Hydro Automation project. This project took several years to plan and although the project was somewhat behind schedule the hardware and software installations were complete and the system was up and running without any significant difficulties since October 28 2011. The implementation of this project brought a reduction in the operating costs of the hydro plant.

INFORMATION TECHNOLOGY

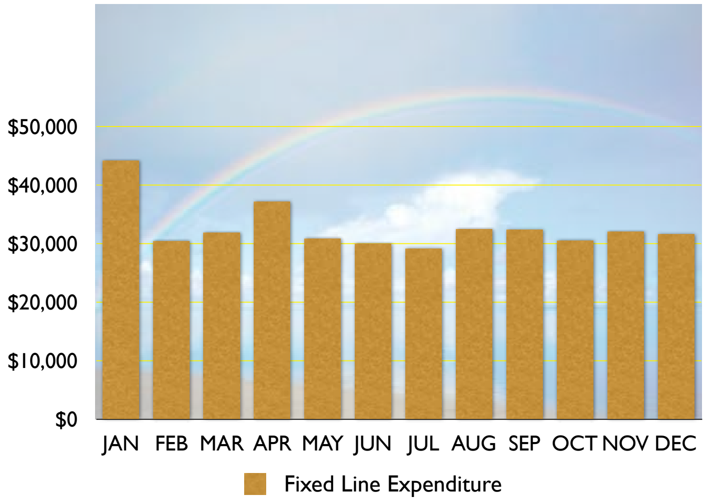
BILLING APPLICATION UPGRADE

In 2011, DOMLEC's billing application was upgraded to CIS Version 3. This was done to eliminate limitations which existed with the old version. The new application runs more quickly and has a richer interface.

TELECOMMUNICATIONS

A major upgrade was done to the GSM Gateway application which handles both mobile calls and text messaging. This upgrade enhanced the text messaging service available to Pay-As-You-Go customers to receive their account balances. Additionally, a backup telephone system was put in place which serves as a contingency in case of a disaster.

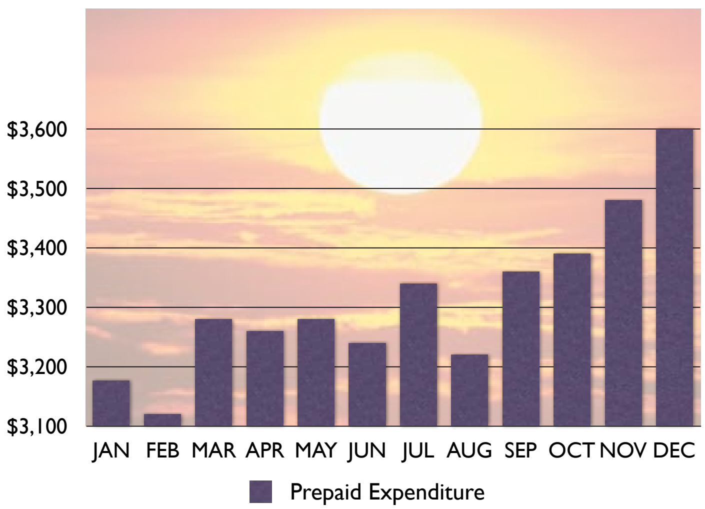
TELECOMS EXPENDITURE



For the year 2011, the expenditure for fixed lines was on average about $30,000.00 monthly. Factors which contributed to the high expenditure at the start of the year included:

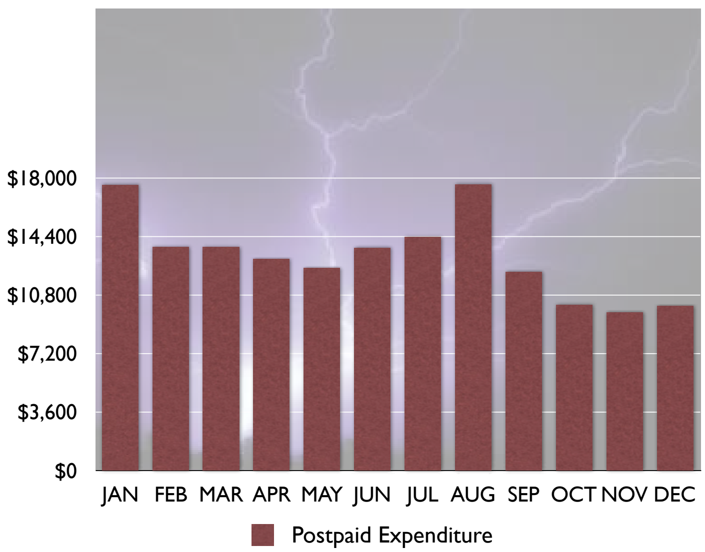
- Installation of a leased circuit for internet service
- AMI new fixed lines installations

PREPAID EXPENDITURE

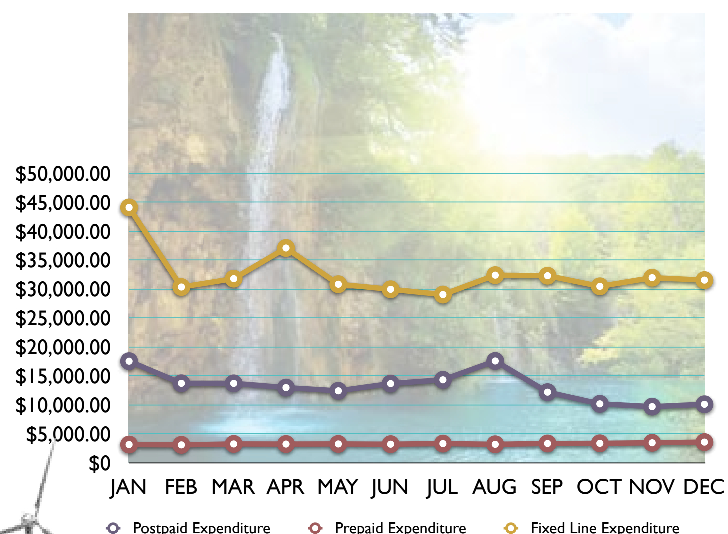


There has been a steady increase in costs related to prepaid expenditure primarily due to the addition of new mobile numbers for staff as the need arose.

POSTPAID EXPENDITURE



2011 EXPENDITURE



For the year under review, significant fluctuation in the cellular postpaid costs were primarily attributed to roaming charges, changes in the postpaid plan and JUICE text messaging. Towards the end of the year the reduction in costs was mainly associated with the review of SMS messaging rates and an improved mobile plan from LIME.

IT POLICY DOCUMENTATION

The entire IT Disaster Recovery plan was revamped and a new disaster recovery plan has been put in place. This new plan covers disaster recovery procedures for all critical applications, equipment, telecommunications, IT recovery teams and all stake holders. The company's entire IT security procedures were also reviewed and documented coupled with new change control procedures. Additionally, a new IT Operations Manual was put in place which governs use of all IT equipment, IT processes and the network infrastructure.

CORPORATE NETWORK & SECURITY IMPROVEMENTS

One of IT department's main objectives is to ensure that communication via the corporate network is fast, safe and reliable. Therefore constant upgrades of the network infrastructure have been a prime focus of the department. In 2011, the network which exists between the office at Portsmouth and the Sugar Loaf Power Station was upgraded from ADSL to fiber. The department assisted with the implementation of a new security CCTV system installed within the company's high risk locations. This state of the art system utilizes IP technology which enables the company to remotely monitor all these locations.

JUICE ONLINE POWER PURCHASE

The service was launched on the 16th of May 2011. Customers can now purchase power using credit or debit cards, from anywhere in respect of any meter connected to the PAUG system. The online service can be accessed via the company's website https://paug.domlec.dm or https://pay.domlec.dm.

Human Resources & Administration

The company ended 2011 with a staff complement of 218 which comprised 195 permanent, 16 contractual and 7 temporary employees. A major staffing change occurred in October as a result of the Hydro Automation Project. All eleven operating positions at the Hydro Power Plant were made redundant. The automation also resulted in the creation of five additional system control operator positions in the Engineering, Transmission & Distribution Department.

Domlec continues to ensure that its employees are trained to perform at the level required to achieve its corporate objectives. To attain this, 172 employees (79% of the employee base) received training.

In early 2011, the bargaining unit employees requested from the Labour Division that a poll be conducted to determine whether their current union still enjoyed majority support. Consequently the poll was held on October 18, 2011. The results of the poll indicated that 77.2% of the grouping no longer desired to have the National Workers' Union as their representative. Subsequently, the bargaining unit employees selected the Waterfront and Allied Workers' Union to be their new bargaining agent.

The annual Health & Safety Month was held in May. The main activities were Hazard Identification and Management, First Aid/ CPR Training, Fire Drills, a Health Walk and student sensitization campaigns at secondary schools.

The company's commitment to the development of Dominican youth was clearly demonstrated in 2011 when 21 students from seven secondary schools and 4 students from the Dominica State College received scholarships from Domlec. Additionally, through its annual Summer Student Internship Program, the company hosted 44 students on job attachments in all departments. Students were provided with On-the-Job Training predominantly in technical and clerical areas.

Student Interns

In the sphere of Facilities Management several major activities took place. This included the completion of our new office building in Portsmouth and the refurbishment of the Customer Service area of the office at Castle Street. These projects have produced an enhanced ambience which has increased customer comfort.

Corporate Social Responsibility

Our drive to give back to the least fortunate of the community, to education, sports and cultural enhancement and health continued in earnest in the year under review. Through our intervention and despite limited funds we were able to make a difference in many lives in small but significant ways.

The Grotto Home for the Homeless received $10,200 towards consumption of electricity for the year. The island's centenarians were blessed with the annual $600 gift each, which is credited towards their use of electricity. To date 26 persons are beneficiaries of this program.

The Private Sector Foundation for Health a non-profit organization providing assistance to persons requiring health care overseas and locally received the $25,000 which is the company's annual contribution to the foundation as one of its founding members.

The Nature Island Book Fair secured $5,000 for the hosting of the book and literary festival. The Education Trust Fund benefitted in the same amount.

Donation to the Education Trust Fund.

DAPD Donation 2011.

A deserving fifth former of every secondary school on island as well as a student of the Dominica State College were rewarded by Domlec with its annual awards for excellence in Physics, Chemistry, Electricity and general academics.

Domlec takes pride in supporting the people of the communities where its operations are located and the Fond Cole Pre-School is evidence of this. For the past four years the company has ensured that an annual contribution totaling $12,480 for the upkeep and further development of that learning facility is paid. The school's board is forever grateful, since without this support the facility would have had to close its doors as parents are unable to meet the monthly school fees. The company also partnered with the Government in facilitating the use of a portion of its hydro facilities at Laudat for the construction of a visitor change room facility at the popular Titou Gorge tourist site. This should enhance the marketing potential of the site and benefit the people of the community with an improved product from which related commerce could be generated.

Domlec Roseau Valley Football League

$15,000 was presented to the Dominica Festivals Committee for staging the World Creole Music Festival as well as providing electricity at the festival venue. Carnival activities in Roseau, Mahaut, Castle Bruce, Portsmouth, Dublanc/Bioche and the Stardom Tent benefitted from the $25,000 allocated for this cultural festivity.

Various sporting disciplines received assistance from the $33,500.00 allocated to the further development of sports. Recipients were: Trafalgar Football Organizing Committee, for hosting the Domlec Roseau Valley Football League, Southeast Sports Committee for the Domlec Southeast Basketball League, Dominica Amateur Basketball Association for sponsorship of the league's First Division and the Windward Islands Cricket Board of Control for hosting the Windwards U-19 competition in St. Vincent.

Among other institutions which benefited from Domlec's generosity were the Dominica Association of People with Disabilities, National AIDS program, Rotary Club, and the Welfare Division.

CUSTOMER EDUCATION

Our radio program ***Powertalk*** which highlights the operations of the company and issues within the electricity sector continued to drive our public education campaign with positive results.

The company's newsletter produced once a quarter also showcased the company's activities and major projects. The newsletter is available on the company's website and it is hoped that it will be available in print to the public some time in the future.

In all respects, Domlec strengthened its commitment to its corporate social responsibility in 2011.

March 23rd, 2012

Independent Auditor's Report

To the Shareholders of
Dominica Electricity Services Limited

Report On The Financial Statements

We have audited the accompanying consolidated financial statements of **Dominica Electricity Services Limited** which comprise the balance sheet as of December 31, 2011 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Dominica Electricity Services Limited** as of December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

Chartered Accountants

PricewaterhouseCoopers, Point Seraphine, P.O. Box 195, Castries, St. Lucia, West Indies
T: (758) 452-2511, F: (758) 452-1061, www.pwc.com/lc

BALANCE SHEET

AS AT DECEMBER 31, 2011
(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

	2011 $	2010 $
Assets		
Current assets		
Cash and cash equivalents (Note 5)	**603,201**	506,295
Trade and other receivables (Note 6)	**15,768,362**	13,091,427
Inventories (Note 7)	**16,558,152**	12,335,467
	32,929,715	25,933,189
Capital work-in-progress (Note 8)	**930,807**	3,314,500
Property, plant and equipment (Note 9)	**122,879,748**	118,355,298
Total assets	**156,740,270**	147,602,987
Liabilities		
Current liabilities		
Borrowings (Note 10)	**7,651,772**	9,457,507
Trade and other payables (Note 11)	**11,845,670**	9,537,089
Due to related party (Note 12)	**148,552**	135,844
Income tax payable	**1,259,612**	1,218,452
	20,905,606	20,348,892
Borrowings (Note 10)	**45,335,189**	44,463,133
Deferred tax liabilities (Note 13)	**16,596,696**	15,903,066
Other non-current liabilities (Note 14)	**10,972,405**	9,694,247
Capital grants (Note 15)	**789,308**	976,576
Total liabilities	**94,599,204**	91,385,914
Equity		
Share capital (Note 16)	**10,417,328**	10,417,328
Retained earnings	**51,723,738**	45,799,745
Total equity	**62,141,066**	56,217,073
Total liabilities and equity	**156,740,270**	147,602,987

Approved by the Board of Directors on March 21st, 2012

_______________ Director _______________ Director

The notes on pages 22 to 44 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2011
(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

	2011 $	2010 $
Revenue		
Energy sales	**60,856,464**	58,977,216
Fuel surcharge (Note 20)	**36,660,982**	30,108,305
Other revenue	**799,349**	1,733,786
	98,316,795	90,819,307
Direct expenses		
Fuel cost (Note 20)	**42,927,824**	37,545,599
Operating costs	**14,595,312**	14,616,451
Depreciation	**10,335,422**	9,487,723
Maintenance	**5,724,360**	6,656,089
	73,582,918	68,305,862
Gross profit	**24,733,877**	22,513,445
Administrative expenses	**(9,845,503)**	(9,717,169)
Other expenses, net (Note 21)	**(685,086)**	(1,309,433)
Operating profit	**14,203,288**	11,486,843
Finance costs (Note 22)	**(3,113,597)**	(3,008,258)
Profit before income tax	**11,089,691**	8,478,585
Income tax (Note 23)	**(3,342,666)**	(8,749,887)
Net income/(loss) and comprehensive income/(loss) for the year	**7,747,025**	(271,302)
Earnings/(losses) per share attributable to the equity holders of the Company during the year (Note 24) **- basic and diluted**	**0.74**	(0.03)

The notes on pages 22 to 44 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2011
(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

	Share capital $ (Note 16)	Retained earnings $	Total equity $
Balance at January 1, 2010	10,417,328	47,633,646	58,050,974
Total comprehensive income			
Loss for the year	–	(271,302)	(271,302)
Transactions with owners			
Dividends (Note 17)	–	(1,562,599)	(1,562,599)
Balance at December 31, 2010	**10,417,328**	**45,799,745**	**56,217,073**
Balance at January 1, 2011	10,417,328	45,799,745	56,217,073
Total comprehensive income			
Profit for the year	–	7,747,025	7,747,025
Transactions with owners			
Dividends (Note 17)	–	(1,823,032)	(1,823,032)
Balance at December 31, 2011	**10,417,328**	**51,723,738**	**62,141,066**

The notes on pages 22 to 44 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011
(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

	2011 $	2010 $
Cash flows from operating activities		
Profit before income tax	**11,089,691**	8,478,585
Adjustments for:		
Depreciation	**10,335,422**	9,487,723
Finance costs	**3,113,597**	3,008,258
Loss on disposal of plant and equipment (Note 21)	**1,267,548**	1,696,487
Provision for inventory obsolescence (Note 7)	**442,302**	42,930
Amortisation of deferred revenue (Note 21)	**(304,819)**	(245,373)
Capital work in progress written off (Note 8)	**219,109**	–
Amortisation of capital grants (Notes 15 and 21)	**(187,268)**	(220,684)
Provision for bad debts (Note 6)	**–**	101,515
Unrealised foreign exchange gains	**(52,951)**	–
Operating profit before working capital changes	**25,922,631**	22,349,441
(Increase)/decrease in trade and other receivables	**(2,676,935)**	451,197
Increase in inventories	**(4,664,987)**	(1,603,579)
Increase/(decrease) in trade and other payables	**2,361,532**	(639,895)
Increase in due to related party	**12,708**	3,146
Cash generated from operations	**20,954,949**	20,560,310
Finance costs paid	**(3,113,597)**	(3,067,087)
Income tax paid	**(2,607,877)**	(8,818,312)
Net cash provided by operating activities	**15,233,475**	8,674,911
Cash flows from investing activities		
Increase in capital work-in-progress (Note 8)	**(3,992,255)**	(4,204,923)
Purchase of property, plant and equipment (Note 9)	**(9,970,680)**	(9,797,771)
Proceeds on disposal of property, plant and equipment	**100**	54,000
Net cash used in investing activities	**(13,962,835)**	(13,948,694)
Cash flows from financing activities		
Proceeds from borrowings	**6,738,229**	10,641,663
Repayment of borrowings	**(6,652,446)**	(7,045,802)
Dividends paid (Note 17)	**(1,823,032)**	(1,562,599)
Increase in other non-current liabilities	**1,582,977**	1,474,802
Net cash (used in)/provided by financing activities	**(154,272)**	3,508,064
Net increase/(decrease) in cash and cash equivalents	**1,116,368**	(1,765,719)
Cash and cash equivalents, beginning of year	**(2,161,664)**	(395,945)
Cash and cash equivalents, end of year (Note 5)	**(1,045,296)**	(2,161,664)

The notes on pages 22 to 44 are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011
(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

1 General information

Dominica Electricity Services Limited (the Company) was incorporated as a public limited liability company in the Commonwealth of Dominica on April 30, 1975. The Company operates in a fully liberalised sector under the Electricity Supply Act of 2006. Under the Act an Independent Regulatory Commission is vested with broad regulatory oversight over all aspects of the energy sector. The Company's operations are regulated by this Commission. The principal activity of the Company includes the generation, distribution and transmission of electricity.

The Company is listed on the Eastern Caribbean Securities Exchange and falls under the jurisdiction of the Eastern Caribbean Regulatory Commission.

Dominica Private Power Ltd., a company incorporated in the Turks and Caicos Islands owns 52% of the issued share capital of the Company; the Dominica Social Security owns 21% and 27% is held by the general public.

The registered office and principal place of business of the Company is located at 18 Castle Street, Roseau, Commonwealth of Dominica.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation
The financial statements of Dominica Electricity Services Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Changes in accounting policy and disclosures

New and amended standards adopted by the Company

- There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on January 1, 2011 that have had a material impact on the Company.

- There are no IFRSs or IFRIC interpretations that are not yet effective that are expected to have a material impact on the Company.

2 Summary of significant accounting policies*…continued*

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdraft. The bank overdraft is shown within borrowings in current liabilities on the balance sheet.

Trade receivables
Trade receivables are carried at fair value and subsequently measured at amortised cost less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the estimated future collectible amount. The carrying amount of the asset is reduced through the use of the allowance account, and the amount of the loss is recognized in the statement of comprehensive income within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written-off are credited against administrative expenses in the statement of comprehensive income.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made for obsolete, slow-moving and damaged goods.

Segment Reporting
The operating segment of the Company is reported in a manner consistent with the internal reporting provided by the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors of the Company. The Board of Directors considers the business from a product perspective as the company operates only in the Commonwealth of Dominica. Management considers the performance of segments from the perspective of generation, transmission and distribution of electricity. There are no other segments monitored by the Board of Directors. The Board of Directors assesses the performance of the operating segments based on earnings before tax. The segment information with regards to earnings before tax, finance costs, total assets, property plant and equipment and liabilities is consistent with amounts disclosed in the statement of comprehensive income and balance sheet.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011
(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

2 Summary of significant accounting policies*…continued*

Property, plant and equipment
Land and buildings comprise mainly generation plants and offices. Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and includes cost of materials, direct labour, supervision and engineering charges and interest incurred during the construction which is directly attributable to the acquisition or construction of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. No depreciation is provided on work-in-progress until the assets involved have been completed and are put into use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual lives over their estimated useful lives, as follows:

Buildings, headworks and pipelines	2 1/2 - 3 1/3%
Generator transmission and distribution	4 - 10%
Motor vehicles	14 - 20%
Furniture and fittings	12 1/2 - 33 1/3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

Impairment of non-financial assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

2 Summary of significant accounting policies*...continued*

Borrowings and borrowing costs
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Income taxes

(a) Current tax
The current income tax expense is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred tax
Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The principal temporary differences arise mainly from depreciation on property, plant and equipment and capital grants.

Capital work-in-progress
Capital work-in-progress is recorded at cost less impairment losses. The cost of completed work is transferred to property, plant and equipment upon completion.

Consumers' contributions
In certain specified circumstances, consumers requiring line extensions are required to contribute the estimated capital cost of the extension. These contributions are recorded as deferred revenue and the actual cost incurred is capitalised in property, plant and equipment.

Consumers' deposits
Given the long-term nature of the customer relationship, consumers' deposits are shown in the balance sheet as non-current liabilities (i.e., not likely to be repaid within twelve months of the balance sheet date).The cash is refundable with accumulated interest when the account is terminated.

2 Summary of significant accounting policies*...continued*

Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Capital grants
Capital grants represent the fair value of fixed assets donated to the Company. The amount is amortised over the estimated useful lives of the respective assets.

Share capital
Ordinary shares are classified as equity.

Dividends
Dividends on ordinary shares are recorded in the Company's financial statements in the same period that the dividends are approved by the Company's shareholders.

Revenue and expense recognition
Revenue derived from the sale of electricity is taken to income on a bills-rendered basis, adjusted for unbilled revenues. Revenue is recognized as follows:

(a) Sale of energy
Revenue from energy sales is based on meter readings which are carried out on a rotational basis throughout each month. An estimate based on number of days unbilled accounts of the current month's billings, excluding the fuel surcharge is made to record unbilled energy sales at the end of each month. This estimate for unbilled sales is included in accrued income.

In addition to the normal tariff rates charged for energy sales, a fuel surcharge is calculated which is based on the difference between the actual cost of fuel per unit used to generate energy sales in the current month and the statutory established base price of fuel per unit. The surcharge is recovered by applying the month's surcharge rate to units billed in the following month. The provision for unbilled fuel surcharge is included in other receivables.

(b) Interest income
Interest income is recognised on a time-proportion basis using the effective interest method.

(c) Other income
Other income is recorded on an accrual basis.

(d) Costs and expenses
Costs and expenses are recognised as incurred.

Related parties
Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Individuals or companies that directly or indirectly control or are controlled by or under common control with the Company are also considered related parties.

2 Summary of significant accounting policies*…continued*

Employee benefits

(a) Pension
The Company contributes to a defined contribution plan for all employees subscribing to the Plan. The assets of the Plan are held separately. The pension plan is funded by payments from participating employees and the Company. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The Company contributes 3% of each of the individual employee's monthly salary while the employee contributes a minimum of 3% of his/her monthly salary.

The Company pays its contribution to a privately administered pension insurance plan on a contractual basis. The Company has no further payment obligation once the contribution has been paid. The contributions for the year are expensed when incurred.

(b) Termination benefits
Termination benefits are payable when employment is terminated prior to the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Foreign currency translation

(a) Functional and presentation currency
Items in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Eastern Caribbean dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Provisions
Provisions, if any, are recognised when the Company has a present legal or constructive obligation as a result of past events; if it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Contingent liabilities
Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of the outflow of resources embodying the economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Subsequent events
Post year-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the Company's financial statements. Post year-end events that are not adjusting events are disclosed when material to the financial statements, if any.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011
(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

3 Financial risk management

Financial risk factors
The Company's activities expose it to a variety of financial risks: market risks (including foreign exchange, price risk and cash flow and fair value interest rate risk) credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by the Finance department. The Board of Directors is involved in the Company's overall risk management providing guidance on matters such as market risk, credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk
The Company trades internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollars, Euros and the Great Britain Pound (GBP). The exchange rate of the Eastern Caribbean dollar (EC$) to the United States dollar (US$) has been formally pegged at EC$2.70 = US$1.00 since July 1976.

Management has established a policy requiring the Company to manage its foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Company attempts to enter into transactions that are based largely in United States dollars. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

At December 31, 2011, if the currency had weakened/strengthened by 10% against the Euro and GBP with all other variables held constant, post-tax profit for the year would have been $17,137 (2010 - $30,686) lower/ higher, mainly as a result of foreign exchange gains/losses on translation of Pounds Sterling denominated trade payables and Euro denominated borrowings.

(ii) Cash flow and fair value interest rate risk
As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company's interest rate risk arises from long-term borrowings and consumer deposits. Borrowings and deposits issued at variable rates expose the Company to cash flow interest rate risk. Similarly, such facilities issued at fixed rates expose the Company to fair value interest rate risk.

(iii) Price risk
Price risk arises primarily from exposure to equity securities. As the Company holds no such instruments, it has no price risk exposure at December 31, 2011.

(b) Credit risk
Credit risk arises from cash and cash equivalents held with financial institutions, as well as credit exposure to customers, including receivables and committed transactions. The Company's bank deposits are placed with financial institutions which have developed a good reputation over the years. Within the immediate region, there are limited credit rating mechanisms for financial institutions. The Company assesses the credit quality of its receivables by taking into account the individual customer's rating, past experience and other factors. Individual risk limits are set based on management credit policies. Management performs periodic credit evaluations of its customers' financial condition and monitors credit limits regularly. Management does not believe that significant credit risk exists at December 31, 2011.

3 Financial risk management*...continued*

Financial risk factors*...continued*

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Company attempts to maintain flexibility in funding by maintaining availability under committed credit facilities coupled with support from its related parties.

Management monitors the Company's liquidity position on the basis of expected cash flow.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months are estimated to equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Total $
At December 31, 2011					
Liabilities					
Borrowings	8,780,000	6,780,000	20,340,000	30,230,720	66,130,720
Trade and other payables	11,835,687	–	–	–	11,835,687
Due to a related party	148,552	–	–	–	148,552
Consumers' deposits	–	–	–	3,846,305	3,846,305
Total liabilities	20,764,239	6,780,000	20,340,000	34,077,025	81,961,264
At December 31, 2010					
Liabilities					
Borrowings	9,615,792	9,615,792	28,847,376	14,711,831	62,790,791
Trade payables	9,537,089	–	–	–	9,537,089
Due to a related party	135,844	–	–	–	135,844
Consumers' deposits	–	–	–	3,741,467	3,741,467
Total liabilities	19,288,725	9,615,792	28,847,376	18,453,298	76,205,191

3 Financial risk management*...continued*

Capital risk management
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain optimal capital to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

The gearing ratios at December 31, 2011 and 2010 were are follows:

	2011 **$**	**2010** **$**
Total borrowings (Note 10)	**52,986,961**	53,920,640
Less: cash (Note 5)	**(603,201)**	(506,295)
Net debt	**52,383,760**	53,414,345
Total equity	**62,141,066**	56,217,073
Total capital	**114,524,826**	109,631,418
Gearing ratio	**46%**	49%

Fair value estimation
Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists.

The carrying values of cash and cash equivalents, trade and other receivables, trade and other payables, and due to related party approximate their fair values due to the short-term maturity of these items.

The fair values of borrowings for disclosure purposes are estimated by discounting the future contractual cash flows at the current market rate that is available to the Company in respect of similar financial instruments.

4 Critical accounting estimates and judgements

The Company's financial statements prepared under IFRS require the Company to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Future events may occur which may cause the judgements and assumptions used in arriving at the estimates to change. The effects of any change in judgements and estimates are reflected in the Company's financial statements as they become reasonably determinable.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Taxation

The Company is subject to income taxes. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Estimated useful lives

The useful life of each item of plant and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, or other limits on the use of the asset. It is possible, however, that future results of operations could materially be affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property, plant and equipment would increase the recorded depreciation expense and decrease non-current assets.

(iii) Asset impairment

IFRS requires that an impairment review be performed when certain impairment indicators are present. In purchase accounting, estimation and judgement are used in the allocation of the purchase price to the fair market values of the assets purchased and liabilities assumed. Likewise, determining fair value of assets requires the estimation of cash flows expected to be generated from the continued use or the ultimate disposition of such assets.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011
(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

5 Cash and cash equivalents

	2011 $	2010 $
Cash at bank	**603,201**	506,295

For the purpose of the statement of cash flow, cash and cash equivalents comprise the following:

	2011 $	2010 $
Cash at bank	**603,201**	506,295
Bank overdraft (Note 10)	**(1,648,497)**	(2,667,959)
	(1,045,296)	(2,161,664)

6 Trade and other receivables

	2011 $	2010 $
Government	**2,132,025**	822,942
Other	**8,640,540**	7,033,702
Trade receivables, gross	**10,772,565**	7,856,644
Provision for impairment of trade receivables	**(134,398)**	(193,748)
Trade receivables, net	**10,638,167**	7,662,896
Accrued income	**1,024,033**	1,105,495
	11,662,200	8,768,391
Other receivables	**4,106,066**	4,603,411
Provision for impairment of other receivables	**(25,904)**	(306,375)
Other receivables, net	**4,080,162**	4,297,036
Prepayments	**26,000**	26,000
	15,768,362	13,091,427

6 Trade and other receivables*...continued*

The fair values of trade and other receivables approximate their carrying values.

As of December 31, 2011, trade receivables of $9,578,017 (2010 - $6,990,151) were fully performing. These relate to a number of independent customers for whom there is no recent history of default.

Trade receivables that are categorized as active and are less than 60 days past due are not considered impaired. As of December 31, 2011, trade receivables of $1,052,886 (2010 - $622,116) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2011 $	**2010 $**
61 - 90 days	**309,475**	305,861
91 + days	**743,411**	316,255
	1,052,886	622,116

As of December 31, 2011, trade receivables of $141,662 (2010 - $244,377) were impaired and partially provided for. The amount of the provision was $134,398 as of December 31, 2011 (2010 - $193,748). The individually impaired receivables mainly relate to customers who are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	2011 $	**2010 $**
Up to 12 months	**67,098**	168,769
Over 12 months	**74,564**	75,608
	141,662	244,377
Total trade receivables, gross	**10,772,565**	7,856,644

The carrying amounts of the Company's trade and other receivables are all denominated in Eastern Caribbean dollars.

Movements on the Company's provision for impairment of trade and other receivables are as follows:

	2011 $	**2010 $**
At beginning of year	**500,123**	421,907
Bad debt (recovered)/expense (Note 18)	**(183,738)**	101,515
Written off during the year	**(156,083)**	(23,299)
At end of year	**160,302**	500,123

The creation and release of provision amounts for impaired receivables have been included in 'Administrative expenses' in the statement of comprehensive income amounts (Note 18). Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying values which approximates the fair value of each class of receivable mentioned above. The Company holds cash deposits as partial security for its receivables.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011
(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

7 Inventories

	2011 $	2010 $
Network spares	**9,662,573**	5,915,580
Generation spares	**6,643,736**	5,713,955
Fuel	**552,605**	528,319
Other	**560,789**	598,336
	17,419,703	12,756,190
Provision for impairment of inventories	**(861,551)**	(420,723)
Inventories, net	**16,558,152**	12,335,467

Movements on the Company's provision for impairment of inventories are as follows:

	2011 $	2010 $
At beginning of year	**420,723**	881,099
Provision for inventory obsolescence (Note 18)	**442,302**	42,930
Written off during the year	**(1,474)**	(503,306)
At end of year	**861,551**	420,723

8 Capital work-in-progress

	2011 $	2010 $
At beginning of year	**3,314,500**	7,056,159
Additions	**3,992,255**	4,204,923
Transferred to property, plant and equipment (Note 9)	**(6,156,839)**	(7,946,582)
Written-off	**(219,109)**	–
At end of year	**930,807**	3,314,500

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011
(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

9 Property, plant and equipment

	Land and Buildings $	Generation, Transmission and Distribution $	Motor Vehicles $	Furniture and Fittings $	Total $
At January 1, 2010					
Cost or valuation	59,440,230	147,008,922	3,650,878	8,344,923	218,444,953
Accumulated depreciation	(28,017,151)	(68,897,414)	(2,577,199)	(7,104,034)	(106,595,798)
Net book amount	31,423,079	78,111,508	1,073,679	1,240,889	111,849,155
Year ended December 31, 2010					
Opening net book amount	31,423,079	78,111,508	1,073,679	1,240,889	111,849,155
Additions for the year	136,354	9,021,714	297,233	342,470	9,797,771
Transfer from capital work-in-progress	36,386	7,404,764	–	505,432	7,946,582
Disposals	–	(1,745,227)	(4)	(5,256)	(1,750,487)
Depreciation	(1,569,658)	(6,821,528)	(420,130)	(676,407)	(9,487,723)
Closing net book amount	30,026,161	85,971,231	950,778	1,407,128	118,355,298
At December 31, 2010					
Cost or valuation	59,612,970	161,071,569	3,658,611	9,177,962	233,521,112
Accumulated depreciation	(29,586,809)	(75,100,338)	(2,707,833)	(7,770,834)	(115,165,814)
Net book amount	30,026,161	85,971,231	950,778	1,407,128	118,355,298
Year ended December 31, 2011					
Opening net book amount	30,026,161	85,971,231	950,778	1,407,128	118,355,298
Additions for the year	24,999	8,291,007	1,062,062	592,690	9,970,758
Transfer from capital work-in-progress	1,713,031	4,147,149	–	296,659	6,156,839
Disposals	(635)	(1,213,694)	(32,850)	(20,546)	(1,267,725)
Transfers between asset categories	256,470	(257,613)	0	1,143	–
Depreciation	(1,582,005)	(7,590,847)	(427,680)	(724,890)	(10,335,422)
Closing net book amount	30,438,021	89,347,233	1,542,309	1,552,185	122,879,748
At December 31, 2011					
Cost or valuation	61,680,096	169,150,386	4,345,554	6,811,099	241,987,135
Accumulated depreciation	(31,242,075)	(79,803,153)	(2,803,245)	(5,258,914)	(119,107,387)
Net book amount	30,438,021	89,347,233	1,542,309	1,552,185	122,879,748

9 Property, plant and equipment*...continued*

The Company carries insurance coverage on its main assets on a group basis with two neighbouring islands' electric utility companies. The liability for the Company is limited to $150,000,000 for all property including Transmission and Distribution assets within 1,000 ft from the generating plant. Transmission and Distribution assets over 1,000 ft from the generating plant are not covered for wind and wind related perils. A catastrophe standby facility of $10,000,000 was arranged with a financial institution to cover the Transmission and Distribution assets.

Depreciation expense charged to direct expenses and administrative expenses amounted to $9,610,531 (2010 - $8,811,316) and $724,890 (2010 - $676,407), respectively.

No interest was capitalised during 2011 and 2010.

10 Borrowings

	2011 $	2010 $
Current		
Bank overdraft (Note 5)	**1,648,497**	2,667,959
Bank borrowings	**6,003,275**	6,789,548
	7,651,772	9,457,507
Non-current		
Bank borrowings	**45,335,189**	44,463,133
Total borrowings	**52,986,961**	53,920,640

Included in the current portion of bank borrowings is interest payable of $0 (2010 - $32,296). Interest expense on bank borrowings amounted to $2,990,714 (2010 - $2,884,799), while interest on bank overdraft amounted to $21,082 (2010 - $25,479) (Note 22).

The weighted average effective interest rates at the balance sheet date were as follows:

	2011 %	2010 %
Bank overdraft	**5.75**	5.75
Bank borrowings	**5.75**	4.72

10 Borrowings*...continued*

Maturity of non-current borrowings:

	2011 $	2010 $
Between 1 and 2 years	**4,285,217**	7,189,301
Between 2 and 5 years	**14,429,188**	24,216,346
Over 5 years	**26,620,784**	13,057,486
	45,335,189	44,463,133

The bank borrowings are secured by hypothecary obligations and mortgage debentures creating fixed charges over certain specific immovable properties of the Company.

The carrying amounts and fair values of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2011 $	2010 $	2011 $	2010 $
Bank borrowings	**45,335,189**	44,463,133	**48,075,778**	45,985,492

The fair values of the non-current borrowings are based on cash flows discounted using a rate based on the government bond rate of 3.5% (2010 - 3.5%).

The carrying amounts of short-term borrowings approximate their fair value.

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2011 $	2010 $
Eastern Caribbean dollars	**52,986,961**	53,920,640
	52,986,961	53,920,640

As at December 31, 2011 the Company has unused credit facilities of $28,035,480 (2010 - $3,738,229).

11 Trade and other payables

	2011 $	2010 $
Trade creditors	**9,472,548**	7,612,616
Accruals	**1,925,919**	1,459,113
Other	**447,203**	465,360
	11,845,670	9,537,089

12 Related party balances and transactions

In the normal course of business, the Company transacts with companies and individuals which are considered related parties.

Key related parties and relationships are as follows:

Related parties	**Relationship**
WRB Enterprises Limited	Parent company
Dominica Private Power Ltd.	Shareholder
Dominica Social Security	Shareholder
Marpin 2k4 Ltd.	Under common control

Transactions with these related parties during the year were as follows:

	2011 $	2010 $
Management fees:		
WRB Enterprises Limited	**339,612**	339,612
Director expenses, internal auditor costs, technical consultancies, feasibility studies, directors expenses and regulatory expenses:		
WRB Enterprises Limited	**452,332**	380,946

Transactions with related parties were carried out on commercial terms and conditions. Short-term advances from related parties are reimbursed at the original amount advanced. Related parties did not grant or receive guarantees in relation to short-term advances.

Year-end balances arising from transactions with related parties during the year are as follows:

	2011 $	2010 $
Due to related party		
WRB Enterprises Limited	**148,552**	135,844
Due from related party		
Marpin 2k4 Ltd.	**877,603**	316,053

12 Related party balances and transactions…*continued*

Key management compensation
Key management comprises divisional management and senior management of the Company.

Compensation for these individuals was as follows:

	2011 $	2010 $
Salaries and other short-term employee benefits	**1,431,707**	1,546,025
Post-employment benefits	**233,665**	102,141
	1,665,372	1,648,166

13 Deferred tax liabilities

Deferred tax liabilities are calculated on all temporary differences under the liability method using a principal tax rate of 30%. The movement on deferred tax liabilities is as follows:

	2011 $	2010 $
At beginning of year	**15,903,066**	15,293,718
Statement of comprehensive income charge (Note 23)	**693,630**	609,348
At end of year	**16,596,696**	15,903,066

The deferred tax liabilities pertain to temporary differences on the following:

	2011 $	2010 $
Accelerated capital allowance	**56,111,628**	53,986,796
Capital grants	**(789,308)**	(976,576)
	55,322,320	53,010,220

Accelerated capital allowances noted above have no expiry dates.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011
(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

14 Other non-current liabilities

	2011 $	2010 $
Deferred revenue	**7,232,788**	6,056,227
Consumers' deposits	**3,734,276**	3,632,492
Retirement benefit plan	**5,341**	5,528
	10,972,405	9,694,247

Deferred revenue
Deferred revenue represents payments made by customers towards the cost of capital works to be undertaken by the Company in order for the customers to receive electricity. When the asset is completed and transferred to property, plant and equipment, the deferred revenue will be amortised in accordance with the depreciation rate of the asset.

Consumers' deposits
Consumers requesting energy connections are required to pay a deposit, which is refundable when service is no longer required. Interest accrues on these deposits at a rate of 3% per annum. Interest of $101,801 (2010 $97,980) was charged against income (Note 22).

15 Capital grants

	2011 $	2010 $
At beginning of year	**976,576**	1,197,260
Amortisation (Note 21)	**(187,268)**	(220,684)
At end of year	**789,308**	976,576

16 Share capital

	2011	2010
Authorised:		
Ordinary shares at no par value	**15,000,000**	15,000,000

	2011 $	2010 $
Issued and fully paid:		
10,417,328	**10,417,328**	10,417,328

17 Dividends

The Company paid dividends of $1,823,032 (2010 - $1,562,599) to ordinary shareholders in respect of the year ended December 31, 2011.

Dividend per share is shown below and is computed by dividing the dividends declared and paid by the total number of outstanding shares.

	2011 $	2010 $
Dividends declared and paid	**1,823,032**	1,562,599
Weighted average number of ordinary shares issued	**10,417,328**	10,417,328
Dividend per share	**0.175**	0.150

18 Expenses by nature

	2011 $	2010 $
Fuel costs (Note 20)	**42,927,824**	37,545,599
Employee benefit expenses (Note 19)	**14,222,982**	13,736,384
Depreciation (Note 9)	**10,335,422**	9,487,723
Equipment and line repairs and maintenance	**6,053,006**	7,136,186
Legal and professional	**3,138,145**	3,304,348
Insurance	**2,198,679**	2,153,654
Office expenses	**1,012,490**	1,014,762
Travel expenses	**711,855**	634,013
Commercial expenses	**286,390**	563,403
Communication	**485,840**	549,682
Public relations	**423,943**	443,356
Security	**450,059**	424,134
Bank and credit card charges	**495,496**	332,638
Bad debt (recovered)/expense (Note 6)	**(183,738)**	101,515
Hurricane restoration costs	**68,782**	95,742
Provision for inventory obsolescence (Note 7)	**442,302**	42,930
Other expenses	**358,946**	456,962
Total direct and administrative expenses	**83,428,421**	78,023,031

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011
(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

19 Employee benefit expenses

	2011 $	2010 $
Salaries and wages	**11,173,156**	10,618,406
Other staff costs	**3,049,826**	3,117,978
	14,222,982	13,736,384

20 Fuel cost

	2011 $	2010 $
Fuel cost at base price	**6,365,307**	7,503,833
Fuel surcharge	**36,562,517**	30,041,766
Total fuel cost (Note 18)	**42,927,824**	37,545,599
Fuel surcharge recovery	**(36,660,982)**	(30,108,305)
Net fuel cost	**6,266,842**	7,437,294

21 Other expenses, net

	2011 $	2010 $
Loss on disposal of plant and equipment	**(1,267,548)**	(1,696,487)
Amortisation of capital grants (Note 15)	**187,268**	220,684
Amortisation of deferred revenue	**304,819**	245,373
Foreign exchange gains/(losses) - net	**90,375**	(79,003)
	(685,086)	(1,309,433)

22 Finance costs

Finance costs comprise the following:

	2011 $	2010 $
Loan interest charges (Note 10)	**2,990,714**	2,884,799
Other interest charges (Note 14)	**101,801**	97,980
Overdraft charges (Note 10)	**21,082**	25,479
	3,113,597	3,008,258

23 Taxation

	2011 $	2010 $
Taxation		
Current	**2,649,036**	1,976,693
Under-accrual of prior year's income tax	**–**	6,163,846
Deferred charge (Note 13)	**693,630**	609,348
	3,342,666	8,749,887

Tax on the Company's net income before tax differs from the theoretical amount that would arise using the statutory tax rate of 30% as follows:

	2011 $	2010 $
Profit before income tax	**11,089,691**	8,478,585
Tax calculated at the rate of 30%	**3,326,907**	2,543,576
Income not subject to taxation	**(83,292)**	(66,205)
Expenses not deductible for tax purposes	**99,225**	108,670
Adjustment on deferred income tax	**(174)**	–
Under-accrual of prior year's income tax	**–**	6,163,846
Tax charge	**3,342,666**	8,749,887

Under-accrual of prior years income tax noted above represents amounts paid to the Inland Revenue Division relating to reassessment of income tax filed for the financial periods 2001 to 2004. Profit for the 2010 financial year was reduced by this charge. In the prior year the Company had objected to the Notices of Reassessment in accordance with provision of the Income Tax Act. As the final outcome of this reassessment could not have been fully determined at year end a contingent liability disclosure was included in the financial statements.

DECEMBER 31, 2011
(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

24 Earnings per share

	2011 $	2010 $
Net income/(loss)for year	**7,747,025**	(271,302)
Weighted average number of ordinary shares issued	**10,417,328**	10,417,328
Basic and fully diluted (loss)/earnings per share	**0.74**	(0.03)

Earnings/(loss) per share have been computed by dividing profit for the year by the average number of issued ordinary shares.

25 Commitments

The Company has committed to purchase products and services in the amount of $1,497,904 and $5,065,934 from a number of companies as at December 31, 2011 and 2010, respectively.

26 Contingent liabilities

The Company is contingently liable in respect of various claims arising in the ordinary course of business. The amounts are considered negligible and are usually covered by insurance.

OPERATING STATISTICS

CAPACITY & DEMAND (kW)	**2011**	**2010**	**2009**	**2008**	**2007**
Generating Plant Installed Capacity					
- Hydro	**6,640**	6,640	4,760	4,760	7,600
- Diesel	**20,100**	20,060	19,460	16,570	17,170
Total	**26,740**	26,700	24,220	21,330	24,770
Firm* Capacity					
- Hydro (Dry Season)	**3,200**	3,200	2,300	2,300	3,200
- Diesel	**14,860**	14,860	15,500	12,330	12,930
Total	**18,060**	18,060	17,800	14,630	16,130

*Capacity available during normal operation in a very dry month, assuming the two largest thermal units are unavailable

Peak Demand (kW)	**17,170**	16,583	15,623	14,663	14,501
Growth (%)	**3.5**	6.1	6.5	1.1	0.2
Load Factor = **Average Demand** / **Maximum Demand**	**0.67**	0.68	0.68	0.68	0.68
ENERGY PRODUCED (kWh x 1000)					
Gross Generation					
- Hydro	**35,836**	23,132	23,156	20,554	21,885
- Diesel	**64,571**	76,033	69,565	66,944	64,497
Energy Purchased	**76**	16	-	-	-
Total	**100,483**	99,181	92,721	87,498	86,382
Growth (%)	**1.3**	7.0	6.0	1.3	1.1
Diesel Fuel Used in Generation					
Quantity (Imp.Gal)	**3,750,719**	4,417,799	3,942,115	3,915,979	3,850,914
Fuel Efficiency (kWh per Imp.Gal)	**17.2**	17.2	17.6	17.1	16.7

OPERATING STATISTICS (CONT'D)

ENERGY SOLD (kWh x 1000)	**2011**	**2010**	**2009**	**2008**	**2007**
- Domestic	**40,419**	39,473	36,369	34,051	33,732
- Commercial	**37,858**	35,537	32,280	30,278	28,788
- Industrial	**7,560**	7,449	7,877	6,004	5,600
- Hotel	**1,654**	2,769	2,339	2,028	2,002
- Lighting		0	0	0	1
- Street Lighting	**1,621**	1,547	1,443	1,325	1,298
Total	**88,842**	86,775	80,308	73,686	71,421
Growth (%)	**2.4**	8.1	9.0	3.2	2.7
OWN USE & LOSSES (kWh x 1000)					
Power Station Use	**2,714**	2,938	2,642	2,630	2,696
Office Use	**541**	540	522	559	451
Losses	**8,383**	8,928	9,249	10,623	11,814
Losses (% of Gross Generation)	**8.3**	9.0	10.0	12.1	13.7
Losses (% of Net Generation)	**8.6**	9.3	10.3	12.5	14.1
NUMBER OF CUSTOMERS AT YEAR END					
- Domestic	**29,838**	28,984	25,904	29,183	28,388
- Commercial	**4,027**	3,907	3,567	4,287	4,132
- Industrial	**29**	28	30	30	27
- Hotel	**28**	571	477	429	392
- Lighting		0	0	2	2
- Street Lighting	**469**	496	571	430	364
Total	**34,391**	33,986	30,549	34,361	33,305
Growth (%)	**1.2**	11.3	(11.1)	3.2	4.1
Number of Full-Time Equivalent Employees	**218**	226	222	225	208
Number of Customers per Employee	**157**	150	138	153	160

5 YEAR FINANCIAL STATISTICS

	2011	2010	2009	2008	2007
UNITS SOLD (kWh x 1000)	**88,842**	86,775	80,308	73,686	71,421
REVENUE/UNIT SOLD (EC cents)	**109.77**	102.66	93.77	123.32	109.25
SUMMARIZED BALANCE SHEET (EC$ 000)					
SHARE CAPITAL	**10,417**	10,417	10,417	10,417	10,417
RETAINED EARNINGS	**51,724**	45,800	47,634	43,045	37,003
DEFERRED CREDITS	**17,386**	16,880	16,491	15,986	16,471
LONG TERM LIABILITIES	**56,308**	54,157	48,761	50,598	34,890
	135,835	127,254	123,303	120,046	98,781
FIXED ASSETS (NET)	**122,880**	118,355	111,849	90,356	88,511
CAPITAL WIP	**931**	3,315	7,056	21,384	636
CURRENT ASSETS	**32,930**	25,933	24,982	32,107	23,863
CURRENT LIABILITIES	**(20,906)**	(20,349)	(20,584)	(23,801)	(14,229)
	135,835	127,254	123,303	120,046	98,781
SUMMARIZED STATEMENT OF INCOME					
EXPENSES					
FUEL	**42,928**	37,546	27,697	47,255	35,095
OPERATING EXPENSES	**14,595**	14,616	13,111	13,601	12,261
ADMINISTRATION	**9,846**	9,717	10,123	9,213	7,424
DEPRECIATION	**10,335**	9,488	8,813	7,295	6,628
MAINTENANCE	**5,724**	6,656	5,596	4,788	6,043
	83,428	78,023	65,340	82,152	67,451
OPERATING REVENUE					
ELECTRICITY SALES	**60,856**	58,977	54,911	50,265	49,397
FUEL SURCHARGE	**36,661**	30,108	20,393	40,601	28,627
OTHER	**799**	1,734	1,506	659	698
	98,317	90,819	76,810	91,525	78,722
OPERATING INCOME	**14,888**	12,796	11,470	9,373	11,271
INTEREST CHARGES	**(3,114)**	(3,008)	(2,956)	(2,435)	(2,240)
OTHER CHARGES & CREDITS	**(1,268)**	(1,696)	3	1,934	(716)
AMORTISATION OF CAPITAL GRANTS/DEFERRED REVENUE	**492**	466	475	439	527
REALISED EXCHANGE GAIN (LOSS)	**90**	(79)	(12)	8	(39)
UNREALISED EXCHANGE GAIN (LOSS)	**0**	0	(5)	59	(108)
TAXATION	**(3,343)**	(8,750)	(2,824)	(1,774)	(2,616)
NET INCOME	**7,747**	(271)	6,151	7,604	6,078
DIVIDEND	**1,823**	1,563	1,563	1,563	1,563
REINVESTED EARNINGS	**5,924**	(1,834)	4,588	6,041	4,515
RATE BASE (AVERAGE FIXED ASSETS)	**120,618**	115,102	101,102	89,433	85,819
RETURN ON AVERAGE FIXED ASSETS	**12.34%**	11.12%	11.34%	10.48%	13.13%
DEBT/EQUITY RATIO	**1.51**	1.61	1.46	1.66	1.35
CURRENT RATIO	**1.58**	1.27	1.21	1.35	1.68
COLLECTION PERIOD (DAYS)	**44**	37	49	57	57

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