

SECURITIES ACT 2001
SECURITIES (ACCOUNTING AND FINANCIAL REPORTS) RULES NO. 1 OF 2002

IN EXERCISE of the powers conferred on it by sections 98, 161 (a) and 162 of the Securities Act 2001, the Commission makes the following procedural rules and specifies the form of annual reports and periodic reports to be filed by reporting issuers.

CITATION AND COMMENCEMENT

1. These Rules may be cited as the Securities (Accounting and Financial Reports) Rules No.1 of 2002 and shall come into force on the date issued by the Commission.

ANNUAL REPORTS

2. Quarterly Reports to be submitted to the Commission

- (1) The Commission may require a reporting issuer to submit a quarterly financial report within thirty days of the end of each of the first three quarters of the financial year. Included in this report shall be the financial statement schedules, exhibits and all other papers and documents.
- (2) At the request of the reporting issuer the Commission may extend, from time to time, the period within which such reporting issuer is, in accordance with the provisions of the Securities Act 2001, obliged to furnish any document or information.
- (3) This report shall be in form ECSRC – Q as specified in Schedule 3. It must contain the information specified in paragraphs 1-8 of Schedule 3.

**Schedule 3
FORM ECSRC - Q**

(Select One)

Quarterly Report
For the period ended: 31 March, 2013

Or

TRANSITION REPORT

N/A

(Applicable where there is a change in reporting issuer's financial year)

For the transition period from _____ to _____

Issuer Registration Number: LUCELEC09091964SL

St. Lucia Electricity Services Limited

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

Saint Lucia
(Territory or jurisdiction of incorporation)

John Compton Highway, Sans Soucis. Castries. Saint Lucia
(Address of principal executive Offices)

Reporting issuer's:

Telephone number 1-758-457 4400

Fax number: 1-758-457-4409

Email address: lucelec@candw.lc

N/A (Former
name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report.

CLASS	NUMBER
Ordinary Shares	22,400,000
Non-voting Ordinary Shares	520,000

SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Quarterly Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

Matthew M. Murray
9/M Murray
 Signature
30/04/2013
 Date

Name of Director:

Matthew L. Murray
[Signature]
 Signature
30th April 2013.
 Date

Name of Chief Financial Officer:

JONATHAN EDWARDS
[Signature]
 Signature
APRIL 30, 2013
 Date

INFORMATION TO BE INCLUDED IN THE REPORT

1. Financial Statements

- a) Condensed Statement of Financial Position as at March 31, 2013 is attached;
- b) Condensed Statement of Comprehensive Income for the Three Months Ended March 31, 2013 and the corresponding period in the previous financial year are attached; and
- c) Condensed Statement of Cash Flows for the Three Months Ended March 31, 2013 and the corresponding period in the previous financial year are attached.

2. Management's Discussion and Analysis of Financial Condition and Results of Operations

a) Liquidity

Under the provisions of the Electricity Supply Act (ESA) Cap 9.02 Revised Laws of Saint Lucia 2001 (as amended), the base tariffs for 2013 were re-set to reflect the new average fuel price of the previous 12 months, increasing the average tariff from EC\$0.958 to EC\$1.015, an increase of 5.2% over the prior year. However, a reduction in the actual fuel prices paid for the first quarter of 2013 resulted in an overall reduction in the final tariff charged to the customer.

During the period under review the Water and Sewerage Company Inc. (WASCO), applied to the National Water and Sewerage Commission (the "Commission") for a provisional increase in water and sewerage tariffs (66.5% and 140.3% respectively). The Commission held public consultations on the proposed increases and is expected to make a final determination during the second quarter of 2013. If the increases are granted it is likely to have positive implications for the Company, in that it should increase WASCO's ability to service their debt to LUCELEC which has been steadily increasing.

The Governments of Saint Lucia and the Republic of China on Taiwan entered into a bilateral funding agreement to fund various public sector projects across the island. One of those projects is the installation of lighting of four (4) recreational grounds. The Taiwanese have also agreed to fund other initiatives which include plans to change existing street lights to LED and the installation of solar PV systems on selected Government buildings. These are consistent with the Government's stated plans of improving public sector energy efficiency. These energy saving projects could result in a decline in unit sales from this major sector.

The impasse between the Civil Service Association and the Government Negotiating Team over wage negotiations resulted in a nearly three-week strike

which included departments such as Customs, Treasury and Inland Revenue. Although the civil servants returned to work in April, wage negotiations are still on-going. One of the effects of this strike on the Company was the inability of the VAT office to initiate the payment of the VAT refund to the Company for the period October to December 2012 totalling just over \$1 Million.

The Credit Management Section is now functional and has been entering into formal arrangements with major customers with the aim of collecting outstanding debts. It is expected that this Section will help improve cash flows to the Company, thereby improving the Company's working capital position.

At the end of the March, 75% of the 2013 estimated fuel consumption was hedged with 25% hedged for the first quarter of 2014. These hedges are expected to continue to reduce fuel price volatility during the year. The Company continues to maintain its approved twelve (12) month rolling hedge programme.

b) Capital Resources

In November 2012, the Board of Directors approved the 2013 capital budget which totalled \$37.6 Million, of which 56% will consist of strategic projects and 44% ongoing programs. Some of the major capital works earmarked for 2013 includes \$7.3 Million for network improvements which are deemed urgent and critical. These include:

1. the replacement of the interbus transformers at the Soufriere and Praslin Substations,
2. the refurbishing of the switchgear at the Castries Substation and
3. Preliminary works associated with the development of a new Sub Station in Ti Rocher, east of the city of Castries to reduce the demand on the substations in the north of the Island as well as improve reliability.

Provisions were also made for the following:

1. Automatic Metering,
2. The new Customer Information Systems,
3. Distribution automation and Generation overhauls of \$6.6 Million,
4. Improvements to the Distribution network such as general system refurbishment of \$5.5 Million and
5. Renewable energy initiatives such as geothermal and solar of \$2.8 Million.

With the new Wartsila engine installed at the Cul-de-Sac plant now fully operational, the focus is now on the use of renewable energy in the short and medium term. Discussions on the revised Term Sheet continued during the quarter with a potential developer and the Government of St. Lucia regarding the development of the geothermal resource.

Although the new Customer Information System was deployed in December 2012, enhancements to the software continued during the first quarter of 2013.

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3. Disclosure of Risk Factors.

- a) The LUCELEC Management team met during the quarter to review and update the Company's Strategic Business plan and the Risk Register. Some of the initiatives which have been identified to mitigate the high risks areas are also being addressed under the Strategic Business Plan in 2013 such as Network Improvement, Renewable Energy, Corporate Diversification and Regulatory Reform.
- b) The Company continues to experience a reduction in demand for electricity. Factors affecting this decline include stagnant economic activity which is negatively impacting sectors of the economy. In addition, organizations continued to move towards implementing energy saving mechanisms which will reduce their demand for fuel-based electricity.
- c) A statement from the Ministry of Energy has confirmed that the Government of Saint Lucia (GOSL) has agreed to operationalize the Petro Caribe Agreement which was signed in 2005. The GOSL believes that this will give it greater flexibility to manage and stabilize the prices of petroleum products on the market. However, discussions on the specifics of the Agreement have not yet begun between the governments of Saint Lucia and Venezuela. Further, there may be uncertainties regarding the future of the Agreement given the death of President Hugo Chavez. It is also unclear as to whether the GOSL expects LUCELEC to purchase its fuel product under the Agreement bearing in mind that LUCELEC has a five (5) year fuel supply agreement with Hess Oil St. Lucia Ltd.
- d) Hess Oil St. Lucia Ltd, which is the sole provider of diesel to the Company, has been placed on the open market for sale. The Company is monitoring this situation carefully to ensure that the new owner is aware of the existing fuel supply arrangement. As part of contingency plans the Company has engaged SOL and there are plans to also engage Rubis in discussions on the possibility of supplying fuel to LUCELEC.
- e) With the launch of the Eastern Caribbean Energy Regulatory Authority (ECERA) now set for March 2014, the Company has been preparing for the new regulatory environment. The team that was selected to lead this initiative has developed an action plan which will be accelerated during the financial year.
- f) The hurricane season is due to start on June 1, 2013, with early predictions of a highly active season. As is customary, the Company has begun its preparatory work in order to ensure that damage which could interrupt service delivery is minimized in the event of any adverse weather conditions.

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NOT APPLICABLE

6. Defaults Upon Senior Securities

- a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

NONE

- b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

NONE

ST LUCIA ELECTRICITY SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2013

	Unaudited March 31, 2013 EC\$ 000s	Unaudited March 31, 2012 EC\$ 000s	Audited Dec 31, 2012 EC\$ 000s
Assets			
Non-Current	367,646	307,971	375,130
Current	142,322	142,762	142,479
TOTAL ASSETS	509,968	450,733	517,609
 Equity and liabilities			
Shareholders' equity			
Stated capital	80,163	80,163	80,163
Retained earnings	95,973	89,663	91,335
Total equity attributable to equity holders	176,136	169,826	171,498
Retirement benefit reserve	9,354	9,135	9,354
Total shareholders' equity	185,490	178,961	180,852
 Liabilities			
Non-Current	246,337	203,376	246,196
Current	78,141	68,396	90,561
TOTAL LIABILITIES	324,478	271,772	336,757
TOTAL EQUITY & LIABILITIES	509,968	450,733	517,609

Director

Director

ST LUCIA ELECTRICITY SERVICES LIMITED
STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2013

	Unaudited March 31, 2013 EC\$ 000s	Unaudited March 31, 2012 EC\$ 000s	Audited Dec 31, 2012 EC\$ 000s
Net Cash from Operating Activities	(463)	16,578	72,708
Net Cash used In Investing Activities	(1,379)	(5,378)	(97,194)
Net Cash used In Financing Activities	(2,298)	9,634	33,136
Increase In Cash and Cash Equivalents	(4,140)	20,834	8,650
Cash and Cash Equivalents, Beginning of Period	36,685	28,035	28,035
Cash and Cash Equivalents, End of Period	32,545	48,869	36,685

ST LUCIA ELECTRICITY SERVICES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2013

	Unaudited March 31, 2013	Unaudited March 31, 2012	Audited Dec 31, 2012
Revenue	81,011	83,145	341,834
Operating Expenses	64,327	67,043	270,390
Gross Income	16,685	16,102	71,443
Administrative Expenses	(7,061)	(6,535)	(28,062)
Operating Profit	9,624	9,567	43,381
Net Finance Costs	(3,363)	(2,222)	(9,388)
Other (Losses)/Gains	6	1	67
Profit Before Taxation	6,267	7,346	34,060
Taxation	(1,630)	(2,057)	(8,809)
Net Profit for the Period from continuing operations	4,638	5,289	25,251
Other comprehensive income:			
Actuarial (losses)/gains on defined benefit plans	0	0	(315)
Other comprehensive income for the year	0	0	(315)
Total comprehensive income for the year	4,638	5,289	24,936
Earnings Per Share	\$ 0.20	\$ 0.23	\$ 1.10