

**Schedule 3
FORM ECSRC - Q**

(Select One)

Quarterly Report

For the period ended: 31st March 2011

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	11,200,000
Non-voting Ordinary Shares	520,000

SIGNATURES

Name of Chief Executive Officer:

Name of Director:

Trevor M. Louisy

Signature

Signature

Date

Date

INFORMATION TO BE INCLUDED IN THE REPORT

1. Financial Statements

Condensed Balance Sheet as at 31st March, 2011 is attached

- (a) Condensed Statement of Income for the Three Months Ended 31st March, 2011 and the corresponding period in the previous financial year are attached.

- (b) Condensed Statement of Cash Flows for the Three Months Ended 31st March, 2011 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 2011 were increased by \$0.092 per kWh. This annual adjustment is made so as to reflect the new average fuel price of the previous 12 months, in the tariffs applied in 2011. The increase reflected the increase in fuel prices in 2010 over 2009. The monthly Fuel Surcharge Cost Adjustment Factor of EC\$0.025 and EC\$0.021 per unit was applied to bills in February and March 2011, respectively.

Being a "pass-through" cost to its customers, managing fuel price risk is not only an essential strategic aspect of LUCELEC's operations but critical to maintaining customer confidence and loyalty as well as ensuring that electricity prices have as low an impact on inflation as possible. The Fuel price hedging programme commenced in 2009 received further approval for its continuation in 2011. This strategic initiative was implemented to achieve reductions in tariff volatility caused by the purchase of fuel at spot prices. For 2010 and the first quarter of the New Year this objective has been achieved.

The Company's sales were negatively impacted by the effects which Hurricane Tomas had on economic activity and the cooler temperatures this quarter compared to that of the previous year.

The decline in economic activity has posed challenges to many customers making the management of accounts receivable a high priority.

There has been no material shift in the Company's liquidity.

(b) **Capital Resources**

Work on a new Customer Information System (CIS) commenced in January, 2011 following vendor selection, finalisation of project plans and the execution of all relevant contracts. This is being undertaken by a dedicated project team comprising staff and contracted external resources. Project duration is expected to be 18 months.

During the first quarter of 2011, the Board approved a short, medium and long term strategies for meeting statutory obligations with respect to generating capacity..

Approval was given for the purchase of two small High Speed Units to meet short term requirements and the purchase of a new 10MW generating set for medium term requirements.

Additional studies and works are being undertaken with respect to a long term solution for electricity generation, which the Company estimates will be required by 2015. The issue is a complex one and the Company is exploring all available options in order to establish the optimal generation.

Deployment of the electronic Automatic Meter reading Infrastructure (AMI) meters continued during the first quarter of the year. It is expected that on completion the AMI project will cause:-

1. significant costs savings,
2. reduction in system losses,
3. enhanced customer care and
4. set the platform for new services and more sophisticated tariff structures.

Efforts continued towards securing long leases of properties on the island's North-East coast for conducting tests for the possible development of a wind farm. Valuable information regarding the wind resource on two properties has been received and further studies continue, geared at finalizing suitability and possible placement of equipment on the selected properties. The Company is exploring options for securing funding at concessionary rates which are available for undertakings of this nature.

The Company is covenanted to its financiers to a 1:1 debt/equity gearing for which there are no potential violations. The comparable positions for the current and prior years are indicated below.

	31 st March 2011 EC\$ 000s	31 st March 2010 EC\$ 000s
Borrowings		
Current	13,358	12,584
Long Term	94,709	107,848
TOTAL	108,067	120,432
Shareholders' Equity		
Share Capital	80,163	80,163
Retained Earnings	82,070	79,678
TOTAL	162,233	159,841

Towards the latter part of 2010 approval in principle was obtained from lenders, to increase the debt/ gearing from 1:1 to 2:1 and finalization is expected to be completed in the second quarter of this year.

Results of Operations

As a result of its fuel price hedging programme the Company for the most part was able to achieve its strategic objective of reduced volatility and price stability; this against a backdrop of increasing prices uncertainty in the global arena. Hedging contracts were concluded in respect of the maximum allowed volumes for the second and third quarters in full and partial placements for the fourth quarter of the year.

There was an increase of 10.4% in total revenues from EC\$65.8M in the first quarter of 2010 to EC\$72.7M for the current quarter. This was attributable to the increase in fuel component in the base tariff.

Sales of 79.3 MWh for the quarter were lower by 1.9% when compared to 80.8 MWh sold for the same period last year. Declines were recorded in the Domestic, Hotel and Industrial sectors of 3.2%, 3.3% and 5.8%, respectively. Increases of 0.49% and 2.8% were recorded in the small Commercial and Street Lighting sectors, respectively.

Gross profit of EC\$15.2M, recorded a decline of 18.9% over last year's achievement of EC\$18.7M. Profit before tax was EC\$7.1M, a decrease of 29.8% over the corresponding period last year (EC\$10.1M) all as a direct result of the decreased sales.

Despite results being below budget, expectations are that there will be increased levels of economic activity and thus increased sales as a result of increased airlift capacity from the United Kingdom and Puerto Rico, the reopening of the hotel properties affected by Hurricane Tomas, international cricket and the 20th anniversary Jazz Festival all in the second quarter.

System reliability performance of 2.86 hours is below expectations compared to the same period in 2010 (1.18 hours) and the target of 1.48 hours for the quarter.

Year to date fuel efficiency was 4.31 kWh per litre a reduction when compared to 4.33 kWh per litre over the same period last year but compared favorably to the target of 4.29. The decrease was due to the unavailability of one of the more efficient plants for the entire period under review.

System losses of 9.76% at the end of the period, compared adversely to 9.58% recorded in the same period last year and a target of 9.00% for the year.

3. Disclosure of Risk Factors.

The slowdown of economic activity on the island has made it increasingly difficult for customers to service their debts in a timely manner, thus the Company will continue to monitor its level of receivables, and work with customers on a case by case basis in order to enhance a mutually beneficial relationship.

Various initiatives are being advanced at ensuring that the Company has sufficient generating capacity in order to meet future demand as well as ensuring adherence to the legal requirements established under the ESA and also the National Energy Policy which was adopted in 2010.

The 2011 hurricane season will start on June 1st and the Company continues its preparatory work at ensuring that all infrastructure is designed to minimize any adverse impacts which may result as a result of the passage of an adverse weather system. The Company is concerned

that the rather slow on-going repair work to the road network since the passage of Hurricane Tomas may contribute to further damages in heavy showers and will make access to the Transmission & Distribution network difficult.

Contributions to the Self Insurance Fund continued to be made in accordance with the Board directive that a minimum contribution of EC\$3M be made annually. A formal application has been made to the Registrar of Insurances for its registration under the Insurance Act Cap 12.08(as amended).

The Government of Saint Lucia has made certain pronouncements recently in relation to proposed amendments to the Electricity Supply Act. They have indicated that the changes are necessary order to achieve harmonisation with the National Energy Policy which was approved by the Cabinet of Ministers.

The final report on the Waste to energy study was received during the quarter and copies have been forwarded to all relevant stakeholders.

4. Legal Proceedings

There were no legal proceedings during the quarter under review that would have had a material effect on the Company's financial position.

5. Changes in Securities and Use of Proceeds

- (a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

NOT APPLICABLE

- (b) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)
- Offer closing date (provide explanation if different from date disclosed in the registration statement)

- Name and address of underwriter(s)
- Amount of expenses incurred in connection with the offer
- Net proceeds of the issue and a schedule of its use
- Payments to associated persons and the purpose for such payments

NOT APPLICABLE

- (c) Report any working capital restrictions and other limitations upon the payment of dividends.

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 percent 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, 2011

	Unaudited March 31, 2011 EC\$ 000s	Unaudited March 31, 2010 EC\$ 000s	Audited Dec 31, 2010 EC\$ 000s
Assets			
Non-Current			
Property, plant and equipment		291,492	285,904
Intangible Assets	5,370	5,681	3,973
Retirement benefit asset	9,017	8,828	9,017
Investments	164	11,553	163
Total non-current assets	296,619	317,554	299,058
Current			
Inventories	18,758	19,241	19,985
Income tax refundable	1,914	607	0
Trade, other receivables and prepayments			59,783
Cash and cash equivalents	19,062	14,403	19,882
Total current assets	102,501	90,195	99,650
TOTAL ASSETS	399,121	407,749	398,708
Equity and liabilities			
Shareholders' equity			
Stated capital	80,163	80,163	80,163
Retained earnings	82,070	79,678	76,970
Total equity attributable to equity holders			157,133
Retirement benefit reserve	9,017	8,828	9,017
Total shareholders' equity	171,250	168,669	166,150
Liabilities			
Non-Current			
Borrowings	94,709	107,848	94,709
Consumer deposits	13,551	12,861	13,402
Deferred tax liabilities	24,619	27,704	24,619
Consumer contributions	30,004	29,288	29,876
Retirement benefit liability	1,156	1,081	1,156
Total non-current liabilities	164,039	178,782	163,762
Current			
Borrowings	13,358	12,584	13,635
Trade and other payables	39,252	37,940	41,717
Income tax payable	0	0	2,224
Dividends payable	11,222	9,774	11,219
Total current liabilities	63,832	60,298	68,796
Total liabilities	227,871	239,080	232,558
TOTAL EQUITY & LIABILITIES		407,749	398,708

Director

Director

ST LUCIA ELECTRICITY SERVICES LIMITED			
STATEMENT OF INCOME			
FOR THE THREE MONTHS ENDED MARCH 31, 2011			
	Unaudited March 31, 2011 EC\$000s	Unaudited March 31, 2010 EC\$000s	Audited Dec 31, 2010 EC\$000s
Revenue			
Energy Sales	66,223	61,776	247,945
Fuel Surcharge Recovered	6,089	3,731	26,908
Other Revenue	371	319	1,417
	72,683	65,826	276,270
Operating Expenses			
Diesel Generation	43,908	35,009	140,639
Transmission and Distribution	8,953	8,181	33,721
Fuel Surcharge	4,617	3,889	27,742
	57,478	47,079	202,102
Gross Income	15,205	18,747	74,168
Administrative Expenses	6,192	6,598	(26,488)
Operating Profit	9,013	12,149	47,680
Other Gains	4	80	296
Profit Before Finance Costs and Taxation	9,017	12,229	47,975
Finance Income	113	101	0
Finance Costs	(2,046)	(2,242)	(7,618)
Profit Before Taxation	7,084	10,088	40,357
Taxation	1,983	3,027	11,138
Net Profit for the Period from continuing operations	5,100	7,061	29,219
Other comprehensive income:			
Actuarial losses on defined benefit plans	0	0	(178)
Other comprehensive income for the year	0	0	(178)
Total comprehensive income for the year	5,100	7,061	29,041
Earnings Per Share	\$ 0.44	\$ 0.60	\$ 2.49

ST LUCIA ELECTRICITY SERVICES LIMITED
STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2011

	Unaudited March 31, 2011 EC\$ 000s	Unaudited March 31, 2010 EC\$ 000s	Audited Dec 31, 2010 EC\$ 000s
Cash flows from Operating Activities			
Net Income Before Tax	7,084	10,089	40,358
Adjustments for			
Depreciation	8,700	8,180	33,197
Amortization of intangible assets	0	274	1,118
Finance Charges	1,933	2,141	7,594
Gain on Disposal of Property, Plant and Equipment	(10)	(72)	(219)
Amortization of Consumer Contributions	(264)	(299)	(1,328)
Post-retirement benefits	0	0	(293)
Gain on cash flow hedge	0	519	0
Operating Income before Working Capital Changes	17,443	20,832	80,427
Increase in Trade and Other Receivables	(2,984)	(2,010)	(8,848)
Decrease/(increase) in Inventories	1,227	(1,522)	(2,266)
Increase in Trade and Other Payables	(2,463)	(3,781)	(335)
Cash Generated from Operations	13,223	13,519	68,979
Interest Received	112	52	260
Finance costs paid	(1,212)	(1,049)	(7,585)
Income Tax Paid	(6,122)	(4,917)	(12,712)
Net Cash from Operating Activities	6,001	7,605	48,942
Cash Flows from Investing Activities			
Acquisition of Available for Sale Financial Asset	0	(3,000)	(13)
Acquisition of Property, Plant and Equipment	(6,263)	(3,690)	(20,982)
Sale of Available for Sale Financial Asset	0	72	8,494
Proceeds on Disposal of Property, Plant and Equipment	12	0	227
Acquisition of intangible assets	0	0	(1,280)
Net Cash used in Investing Activities	(6,251)	(6,618)	(13,554)
Cash Flows from Financing Activities			
Proceeds from borrowings	0	0	0
Repayment of borrowings	(1,060)	(666)	(11,832)
Dividends paid	0	0	(17,220)
Transfer of tariff reduction rebate	0	0	(2,555)
Consumer Contributions Received	392	502	2,118
Consumer Deposits Received net	97	136	539
Net Cash used in Financing Activities	(571)	(28)	(28,950)
Decrease in Cash and Cash Equivalents	(821)	959	6,438
Cash and Cash Equivalents, Beginning of Period	19,881	13,444	13,444
Cash and Cash Equivalents, End of Period	19,062	14,403	19,881

