SECURITIES ACT 2001

SECURITIES (REGISTRATION STATEMENT) RULES N0. 2 OF 2002

ISSUER REGISTRATION STATEMENT
Section 97(2) (3) (4) of the Securities Act 2001

REGISTRATION STATEMENT RS-1

Select One: [ ] **Notice** of Sale of Securities [ ] Initial Registration [√] Annual Registration

St. Lucia Electricity Services Limited

(Exact name of Company as set forth in Certificate of Incorporation)

Place and date of incorporation: November 9, 1964. Saint Lucia.

Street and postal address of registered office: John Compton Highway, Sans Souci
Castries St. Lucia

P.O. Box 230. Castries. St. Lucia

Company telephone number: (758) 457-4400

Fax number: (758) 457-4409

Email address: lucelec@candw.lc

Financial year-end: 2014 (year) December (month) 31 (day)

Contact person(s): Trevor M. Louisy

Managing Director

Telephone number (if different from above): (758) 457-4450

Fax number: (758) 457-4409

Email address: tlouisy@lucelec.com

This Company:

[ ] Has never conducted operations
[ ] Is in the development stage
[ ] Is currently conducting operations
[√] Has shown a profit in the last financial year
[ ] Other (Specify):______________________________
(Check at least one, as appropriate)

Has the company applied for listing on the Eastern Caribbean Securities Exchange
[√] *Yes* [ ] *No*

Date of Issue of this Registration Statement: April 2015

THIS DISCLOSURE DOCUMENT CONTAINS ALL OF THE REPRESENTATIONS BY THE COMPANY CONCERNING THIS OFFERING, AND NO PERSON SHALL MAKE DIFFERENT OR BROADER STATEMENTS THAN THOSE CONTAINED HEREIN. INVESTORS ARE CAUTIONED NOT TO RELY UPON ANY INFORMATION NOT EXPRESSLY SET FORTH IN THIS DISCLOSURE DOCUMENT, OR THE PROSPECTUS PUBLISHED IN RESPECT OF THIS ISSUE. INVESTMENT IN BUSINESSES INVOLVES A CERTAIN DEGREE OF RISK, AND INVESTORS SHOULD NOT INVEST IN THIS OFFERING UNLESS THEY CAN AFFORD TO LOSE THEIR INVESTMENT IN ITS ENTIRETY. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

This Disclosure Document, together with Financial Statements and other attachments, consists of a total of pages.

PART I
OFFER STATISTICS FOR SECURITIES OFFERING

Type of securities offered:______________________________________

Maximum number of securities offered______________________________

Minimum number of securities offered_______________________________

Offer Price Per Share ____

Total proceeds: If maximum sold: $__________ If minimum sold: $____________

Offered Securities as a percentage of issued and outstanding Securities___________________

Market Capitalisation at Offer Price_______________________________

Price Earnings Ratio ____

Date of Opening of Subscription List______________________________

Date of Closing of Subscription List_______________________________

Is a commissioned selling agent selling the securities in this offering?
[ ] *Yes* [ ] *No*

If yes, what commission is charged?________________________%

Is there other compensation to selling agent(s)?
[ ] *Yes* [ ] *No*

Is there an escrow of proceeds until minimum is obtained and allocations made?

[ ] *Yes* [ ] *No*

Copies of the Prospectus in respect of which this form is issued can be obtained from:

____
(name and address)

Person(s) to contact at the company with respect to this offering:

This offering has been registered for offer and sale in the following territories:

Territory	**Effective Date**

PART II
OFFERING PRICE FACTORS

1. If the securities offered are common stock, or are exercisable for or convertible into common stock, the following factors may be relevant to the price at which the securities are being offered.

2. What were net, after-tax earnings for the last financial year? (If losses show in parenthesis.)

   ❖ Total $26,808,407 ($1.17 per share)

3. If the company had profits, show offering price as a multiple of earnings.

$$\frac{\text{Offering Price Per Share}}{\text{Net After-Tax Earnings Last Year Per Share}} = \text{(price/earnings)}$$

4. (a) What is the net tangible book value of the company? (If deficit, show in parenthesis.) For this purpose, net tangible book value means total assets (exclusive of copyrights, patents, goodwill, research and development costs and similar intangible items) minus total liabilities.

   ❖ $225,617,599 ($9.84 per share)

   (b) State the dates on which the company sold or otherwise issued securities during the last 12 months, the amount of such securities sold, the number of persons to whom they were sold, any relationship of such persons to the company at the time of sale, the price at which they were sold and, if not sold for cash, a concise description of the consideration.

5. (a) What percentage of the outstanding securities of the company will the investors in this offering have? (Assume exercise of outstanding options, warrants or rights and conversion of convertible securities, if the respective exercise or conversion prices are at or less than the offering price).

   If the maximum is sold: ____________%

   If the minimum is sold: ____________%.

(b) What post-offering value is management implicitly attributing to the entire company by establishing the price per security set forth under Part I, or exercise or conversion price if common stock is not offered? (Total outstanding securities after offering times offering price or exercise or conversion price if common stock is not offered.)

If maximum is sold: ____________%

If minimum is sold: ____________%.

PART III

DESCRIPTION OF SECURITIES

1. Description of Share Capital

a) Authorised

TYPE/CLASS	AMOUNT
Ordinary voting shares	100,000,000
5% Redeemable Preference shares	1,214,218
Ordinary non-voting shares	800,000

(c) b) Issued

TYPE/CLASS	AMOUNT
Ordinary voting shares	22,400,000
Non-voting shares	520,000

2. The securities offered hereby are:

NUMBER	TYPE
[ ]	Common Stock
[ ]	Preferred or Preference Stock
[ ]	Notes, Bonds or Debentures
[ ]	Other

3. These securities have:

Yes	No	
[ ]	[ ]	Cumulative voting rights
[ ]	[ ]	Other special voting rights
[ ]	[ ]	Pre-emptive rights to purchase in new issues of securities
[ ]	[ ]	Preference as to dividends or interest
[ ]	[ ]	Preference upon liquidation
[ ]	[ ]	Other special rights or preferences (specify):

Explain:

4. Are the securities convertible? [ ] Yes [ ] No

If so, state conversion price or formula.

Date when conversion becomes effective: ___/___/___

Date when conversion expires: ___/___/___

5. Provide details of any bonus securities or stock dividends in the last two years

None

PART IV
USE OF PROCEEDS

1. The following table sets forth the use of the proceeds from this offering:

	If Minimum Amount	%	If Maximum Amount	%
	$_______	100%	$_______	100%
Total Proceeds				
Less: Offering Expenses				
Commissions and Finders Fees	________	___	________	
Legal & Accounting	________	___	________	
Copying & Advertising	________	___	________	
Other (Specify):	________	___	________	
Net Proceeds from Offering	________	___	________	
Use of Net Proceeds	________	___	________	
	________	___	________	
	________	___	________	
	________	___	________	
	________	___	________	
	________	___	________	
	________	___	________	
	________		________	
Total Use of Net Proceeds	100%		________	
			________	
			________	
			________	
			________	
			________	
			________	
			________	
			________	
			________	
			________	
			________	
			________	
			100%	

2. (a) If funds from sources other than this offering are to be used in conjunction with the proceeds from this offering, state the amounts and sources of such other funds, and whether the funds are firm or contingent. If contingent, explain.

(b) If any material part of the proceeds is to be used to discharge indebtedness, describe the terms of such indebtedness, including interest rates. If the indebtedness to be discharged was incurred within the current or previous financial year, describe the use of the proceeds of such indebtedness.

(c) If any material amount of the proceeds is to be used to acquire assets, other than in the ordinary course of business, briefly describe and state the cost of the assets and other material terms of the acquisitions. If the assets are to be acquired from senior officers, directors, employees or principal stockholders of the company or their associates, give the names of the persons from whom the assets are to be acquired and set forth the cost to the company, the method followed in determining the cost, and any profit to such persons.

(d) If any amount of the proceeds is to be used to reimburse any senior officer, director, employee or stockholder for services already rendered, assets previously transferred, or monies loaned or advanced, or otherwise, provide the name(s) of employee(s) and stockholder(s) and the terms of the transaction.

PART V

PLAN OF DISTRIBUTION

1. Applications will be accepted for a minimum of __________ securities and thereafter in multiples of

2. If Applications for securities exceed the number being offered, indicate how the allocations will be made:

3. If application is not accepted or is accepted for a smaller number of securities than applied for, will the balance of the application money be returned with/without interest to the applicant.

4. The underwriter(s) or selling agent(s) (that is, the persons selling the securities as agent for the company for a commission or other compensation) in this offering are:

Name: ______________________________	Name: ______________________________
Address: ______________________________	Address: ______________________________
Telephone No.( )__________________	Telephone No.( ) ______________
Fax No ( )____________________	Fax No:( ) ____________________
Email Address: ______________________________	Email Address: ______________________________

5. Underwriting Details (Commissions, Over-allotment Options, Responsibility for Unsold Securities, Services Provided, etc)

6. If this offering is not being made through selling agents, the names of persons at the company through which this offering is being made:

Name: ______________________________	Name: ______________________________
Address: ______________________________	Address: ______________________________
Telephone No. ( )______________	Telephone No.( ) __________
Fax No ( )____________________	Fax No: ( )________________
Email Address:	Email Address:

7. (a) If this offering is limited to a special group, such as employees of the company, describe the limitations and any restrictions on resale that apply:

(b) Will the securities offered be held in physical form or in a book-entry dematerialised form.

(c) Will the securities (if held in physical form) or the electronic record (if held as a book entry position in dematerialised format) bear a legend notifying holders of restrictions identified in Part V (7)(a)?

[ ] Yes [ ] No

(d) Explain the nature of any resale restrictions on outstanding securities, and when those restrictions will terminate, if this can be determined:

PART VI
OFFER STATISTICS FOR REGISTRATION

8. For issues of securities within the past five years indicate the type of securities offered:

Not applicable

____

____

Is the offering still open? [ ] Yes [ ] *No*

Amount Subscribed:____________________________

Date of Opening of Subscription List_______________

Date of Closing of Subscription List _______________

Price per security: $ _______________

Total proceeds: $ _______________

Was the offering: [ ] Over-subscribed [ ] Under-subscribed

This offering was registered for offer and sale in the following territories:

Territory	Effective Date

PART VII
THE COMPANY

1. (a) Provide brief history of the company since its inception to the present time.

The Company was incorporated on November 9, 1964 pursuant to the Commercial Code of St. Lucia, as a private limited liability company with the object of carrying on the business of generating, manufacturing, producing, distributing and dealing in electricity, electromotive force and energy.

Under the provisions of the Electricity Supply Act Cap 9.02 Revised Laws of Saint Lucia the Company was granted an exclusive licence to generate, transmit, distribute and sell electricity in St. Lucia for a period of eighty years with effect from 1st July, 1965.

The Government has the power to revoke the licence, on a specified date and within certain terms and conditions, such date being June 30, 2020 and with not less than 24 months' notice.

The Registered Office of the Company is located at Sans Soucis, John Compton Highway, Castries.

The Company changed its status from a Private to a Public Company in 1994 in accordance with the Laws of Saint Lucia.

(b) Provide a description of the developments in the company's main line of business including accomplishments and future plans.

The Company continued its preparations for the new Regulatory environment. During the year a number of initiatives were pursued both independently and in collaboration with several agencies including the Ministry of Sustainable Development, the Organisation of Eastern Caribbean States (OECS) Commission in relation to the ECERA and now National Utility Regulatory Commission (NURC) initiatives, and CARILEC in relation to training.

The Company provided feedback on the various drafts of the National Utilities Regulatory Commission (NURC) Bill circulated by the Ministry of Sustainable Development and a number of the Company's recommendations were incorporated in the final draft. It is expected that the new Electricity Supply Services Bill (ESS) will make provisions for the functions and powers of the National Utility Regulatory Commission (NURC) that will be established in St. Lucia and will be responsible for regulating the local water and electricity sectors.

The Government of Saint Lucia has committed to increasing the use of renewable sources of energy to 35%. To this end, the new Electricity Supply Act will allow for the entry of independent power producers (IPPs) into the renewable energy market.

The Company continues to explore and analyze the technical, financial, operational and other aspects of renewable energy sources such as wind, solar, municipal solid waste and geothermal as well as other traditional sources like heavy fuel oil and natural gas, as part of the long term strategy to guide its expansion capacity. All these are in its efforts to provide electricity utilizing the optimal technical solution at the most economic cost, with minimal impact on the environment.

To date, there have been extensive discussions relating to Wind, Solar and Geothermal energy with the Government.

Describe in detail what business the company does and proposes to do, including what products or goods are or will be produced or services that are or will be rendered.

Under the Electricity Supply Act Cap 9.02 the Company has the exclusive licence to generate, transmit, distribute and sell electricity in St. Lucia for a period of eighty years with effect from July 1, 1965.

With the achievement of universal access to electricity achieved in Saint Lucia, the Company's future growth potential is, to a significant extent, dependent upon factors and conditions outside of its direct control.

In this regard, the Board of Directors has authorised the establishment of a Subsidiary Holding Company (SHC) to pursue other business opportunities outside of the core business area. Projects already conceptualized and for which comprehensive business cases have been developed will be considered for full implementation by the Board of the SHC in 2015.

(c) **Describe how these products or services are to be produced or rendered and how and when the company intends to carry out its activities. If the company plans to offer a new product(s), state the present stage of development, including whether or not a working prototype(s) is in existence. Indicate if completion of**

development of the product would require a material amount of the resources of the company, and the estimated amount.

As indicated in (b), any new business will be conducted by the Subsidiary Holding Company, which will be responsible for the requisite staffing and funding .

(d) Describe specifically the marketing strategies the company is employing or will employ in penetrating its market or in developing a new market. Indicate how and by whom, its product or services are or will be marketed (such as advertising, personal contact by sales representative, etc.), how its marketing structure operates or will operate and the basis of its marketing approach including any marketing studies.

The Company is a monopoly supplier of a strategic essential service, in a relatively mature market. Marketing is in the form of consumer information and education through various media, seminars, leaflets, sponsorships, exhibitions and presentations to stakeholders.

(f) **Describe generally the principal properties (such as real estate, plant and equipment, patents, etc.) that the company owns, indicating also what properties it leases and a summary of the terms under those leases, including the amount of payments, expiration dates and the terms of any renewal options. Indicate what properties the company intends to acquire in the immediate future, the cost of such acquisitions and the sources of financing it expects to use in obtaining these properties, whether by purchase, lease or otherwise.**

The Company presently operates one Power Station at Cul de Sac, and seven Sub-Stations, linked by a 66kV transmission network. The Power Station, which was commissioned in 1990, and further expanded between 1998 and 2012 , houses ten generating units (3x MAK and 7x Wartsila), with a total installed capacity of 86.2 MW. Power is supplied to Sub-Stations at Castries, Cul de Sac, Praslin, Reduit, Soufriere, Union and Vieux Fort via the 66kV transmission lines. All generating units operate on diesel fuel (light fuel oil – LFO).

During the year, the Company acquired 4.05 acres of land at Union, which was previously being leased from the Government of Saint Lucia at $100,000 per annum, together with a site at Faux a Chaud for EC$2.0M, using its working capital as the source of funding.

The Company entered into a Lease with National Development Corporation in 2013 initially for a period of five years, for a portion of land comprising an area of 111 acres at La Tourney at EC$120,000 per annum, payable in half yearly instalments. The Lease allows for the purchase of the land, either during the term of the lease or upon its termination, for the agreed price of EC$6,000,000. The utilisation of this land for future generation expansion will be determined by the national load growth and the amount of energy generated by the geothermal resource.

The Company transmits electricity at 66kV over approximately 69.65 and 3.33 miles of overhead lines and underground cable respectively. The voltage is then transformed to 11kV through the seven Sub-Stations, and distributed to its consumers via 997.32 miles of primary and secondary distribution lines.

In December 2014, the Board of Directors approved the 2015 capital budget which totalled $40 Million. Some of the major capital works identified for 2015 are:

- upgrading the SCADA and Communications system ($3.5 Million),
- the installation of smart meters ($2.1 Million),
- generator overhauls ($7.6 Million) and
- renewable energy initiatives such as waste-to-heat and solar ($5.4 Million).

The Company will be utilising its working capital to finance its planned capital expenditure.

(g) Description of the industry in which the company sells its products or services. (Where applicable, include any recognised trends within that industry. Describe that part of the industry and the territory in which the business competes).

The Company sells a single product solely to the local market comprising of domestic, commercial, industrial and hotel consumers and street lighting sectors. There has been a downward trend in the growth of electricity sales over the past five years, from 5.0% in 2010 to negative growth of 0.8% in 2014. This is attributable to the general decline in economic activity in the country over the same period.

There is an increase in the demand for renewable energy solutions. Interest in grid tied solar photovoltaic (PV) systems continues to grow. Although a planned major installation by the Government of Saint Lucia of a PV system did not materialise during the year, it is anticipated this will occur in 2015. The GOSL has also started introducing LED's into its street lightning programme. This could have a negative impact on electricity sales.

(h) Indicate current and future forms of competition, (whether by price, service or otherwise). Name the company's main actual and/or potential competitors. Indicate the relative size, financial and market strengths of the company's competitors and/or its anticipated competitors. State bases on which the company can effectively compete with these and other companies within the industry.

The Company is a monopoly provider of electricity services. This monopoly position is expected to change with the upcoming legislative reforms planned for 2015.

The World Bank through The Eastern Caribbean Energy Regulatory Authority (ECERA) continued to provide financial and other assistance for the introduction of a new regulatory regime in the OECS. With only Saint Lucia and Grenada demonstrating strong commitment, the emphasis has now shifted to developing the local regulatory authorities in these two countries.

The National Utilities Regulatory Commission (NURC) that will be established in St. Lucia will be responsible for regulating the local water and electricity sectors.

With the impending enactment of the new Electricity Supply Services Bill, the Company will face possible competition from independent power producers (IPP's) in the generation of electricity from renewable energy sources. There may be a delay in the immediate entry of potential IPP's, as the set-up and operating costs of producing energy using these renewable sources may be prohibitive. We therefore expect the Company to maintain its monopoly position in the short term,

(i) Indicate the extent to which the company's operations have depended or are expected to depend upon patents, copyrights, trade secrets, know-how or other proprietary information. Describe the steps taken to secure and protect the company's intellectual property. (Include use of confidentiality agreements, covenants-not-to-compete and the like).

The Company's operations are not dependent on proprietary information. There is no immediate major risk to the transfer of the Company's intellectual property with the liberalisation of the generation sector as the Company currently uses fuel to generate electricity while the IPP's focus on renewable energy. However, as the Company also plans to diversify into the renewable energy sector, there is the potential for transfer of knowledge in that area if and when IPP's start to operate.

(j) State whether the company's business, products or properties have been subject to material regulation (including environmental regulation). Indicate the nature and extent of regulation and its effect or potential effects upon the company and its operations.

The Company operates under an exclusive licence granted by the Electricity Supply Act, Cap 9.02. This Act also regulates the exercise and performance relating to the supply of electricity including the calculation of charges for the supply of electricity, the independent review of such charges and matters connected therewith. As indicated earlier, a new Electricity Supply Services Bill has been drafted. The new bill also includes sections on Licensing, Licensee rights and obligations, Customer rights and obligations, Tariffs, Breaches, Offences and Penalties.

(k) State names of the company's subsidiaries. Outline their business purposes. Give names of primary owners. (Indicate whether this information is included in the Financial Statements attached hereto).

The LUCELEC Trust Company Inc was formally established on October 14, 2005 as a non-profit company, funded through a Deed of Covenant between LUCELEC as the donor and the Trust. The Fund was set up for the purpose of providing financial assistance or purchasing items and or/property to aid any legitimate non-political entity, charitable, educational and sporting body by way of donation. LUCELEC provided initial funding of two million dollars to the Trust and under the Deed of Covenant (which was amended in 2011) is committed to provide additional sums to the Trust annually. This information is included in Notes 1 and 34 of the audited Financial Statements for 2014 (attached).

On December 29, 2014, LUCELEC Cap-Ins. Inc. was set up to manage the self-insurance fund. The Company found this action to be necessary due to the difficulty experienced in obtaining adequate and reasonably- priced commercial insurance coverage on its Transmission and Distribution assets. This information is included in Notes 1, 30 and 34 of the audited Financial Statements for 2014 (attached).

(l) State whether the company is a subsidiary. If so, describe the business of the parent company. Indicate what percentage of the company is owned by the parent.

N/A

(m) Summarise the material events in the development of the company including any material acquisitions or mergers during the past five years.

- The phased installation of Automated Metering Infrastructure (AMI) technology that will generate cost savings and efficiencies provided by real time meter reading, automatic disconnections and reconnections and greater amount of customer information on usage patterns and installation of more efficient and accurate meters.

- The phased installation of line fault isolating equipment (auto reclosers) that will reduce customers' outage time and enable the system to be managed more efficiently.

- Upgrade of the communications system between the main Administration Office at Sans Souci and the Cul De Sac Power Station facility to improve I.T. network reliability.

- The implementation of a Self Insurance Fund to provide coverage of the Company's assets in the event of natural disasters or similar catastrophic events. In the first instance the Transmission & Distribution system will be covered due to their vulnerability and over time coverage will be extended to other Company assets, .

- Board gave the authority for the company to engage in a fuel price hedging programme. This programme has the strategic aim to improve price stability by reducing the volatility in the monthly tariffs caused by purchases of fuel at spot prices. The full-fledged programme was approved for commencement in 2010 which was very successful in meeting its objective and additional approval was given for the continuation of the programme on a twelve month rolling basis for 75% of estimated volumes utilising Fixed Price Swaps.

- Establishment of a formal Risk Management structure reporting to the Board on a regular basis on all risks facing the Company in line with the Risk Management Policy.

- The island suffered severe physical damage to its infrastructure, environment, commercial and other sectors from the ravages of Hurricane Thomas during the last quarter of 2010. The Company suffered from flooding at various properties and damage to its Transmission and Distribution system. With the commitment of staff, power was restored to the majority of the country within one week of the disaster. A section of the 66kV network on the South-eastern part of the island was also destroyed as a result of land slippages. The reconstruction effort continued until the end of the year and all areas declared safe by the authorities have access to electricity. The restoration costs to the Company amounted to EC$5.0 Million and was covered by its Self-Insurance Fund.

- The acquisition of properties in the north of the island which has been reserved for the construction of substations.

- The implementation of a new Customer Information System (CIS) that will facilitate the delivery of the Company's customer care strategy through new and improved services, improved efficiencies and availability of complete customer information on a real time basis. The system went live in 2012. Further enhancements took place in 2013.

- The Company acquired and successfully commissioned two (2) high speed Caterpillar units during 2011. These units have a combined installed capacity of 2.4MW and will assist in providing the required capacity for any short term demand spikes that may occur from time to time.

- The Company acquired and successfully commissioned a tenth generating unit at the main generating facility in 2012. The addition of this unit increased the installed capacity from 76MW to 86.2MW.

- The Company continues to explore and analyse the technical, financial, operational and other aspects of renewable or lower cost energy sources including wind, solar, geothermal, waste, heavy fuel oil and natural gas.

- The Company has incorporated fifteen Photo Voltaic (PV) Systems into the distribution grid under private ownership arrangements with the respective customers. There continues to be interest in this initiative which essentially provides 'green' power to the premises at which the installation was done.

- The Board approved a Procurement Policy for the Company which, among other impacts centralised the purchasing function and established a transparent process for obtaining goods and services.

- In 2011 the shareholders of the Company approved an increase of the Company's authorized ordinary share capital from 15 million to 100 million shares.

- In 2011 approval was also given by the shareholders for a stock split in respect of its ordinary voting shares in the ratio of 2 new shares for each existing issued share. The issued ordinary share capital of the Company is now 22,400,000 shares.

- In 2011 the board approved the amending of the Security Sharing Agreement with lenders to increase the limit of the Company's borrowing from an amount equal to its equity to two times its equity.

- In 2011 the Company secured long term financing in the amount of EC$100 million to fund its short term and medium term generation strategy and on-going capital works.

- The country experienced heavy rains and severe lightning on Christmas Eve in 2013 which led to massive flooding and landslides in many areas. This resulted in widespread damage to homes, businesses and infrastructure, including the Company's transmission and distribution network. Notwithstanding flood damage to the Union Power Station and damage to poles, fuses and communication system failures, within two days all of the island's power was restored with the exception of a few individuals due to road access issues.

- At the Board of Directors meeting held on December 6, 2013 the Board approved the establishment of a Subsidiary Holding Company to allow LUCELEC to engage in potentially profitable new lines of business activity unrelated to its current business.

2. **List in order of importance the factors, which are the most substantial risks to an investor (i.e., those factors which constitute the greatest threat that the investment will be lost in whole or in part, or will not provide an adequate return).**

1) Continued downturn in local economic activity caused or exacerbated by the financial and economic crisis in Regional and International economies.

2) Aggressive national policy towards renewable energy and energy efficiency resulting in reduced sales and stranded assets

3) Significantly reduced demand due to rising electricity prices, unfavourable economic conditions, energy efficient initiatives by large customers and own-use generation by existing customers

4) Introduction of inappropriate utility regulation

5) Substantial loss of assets due to natural disasters or other catastrophic events

6) Loss of capacity to conduct its operations due to natural disaster(s)

7) Reduction in Shareholders' return due to increases in retained earnings and reduction in profits

Attach Additional Sheets if needed

Indicate whether the company is having or anticipates having within the next 12 months any cash flow or liquidity problems and whether or not it is in default or in breach of any note, loan, lease or other indebtedness or financing arrangement requiring the company to make payments.

N/A

3. **Indicate whether proceeds from this offering will satisfy the company's cash requirements for the next 12 months, and whether it will be necessary to raise additional funds. State the source of additional funds, if known.**

N/A

PART VIII
CAPITALIZATION

5. Indicate the capitalisation of the company as of the most recent balance sheet date (adjusted to reflect any subsequent stock splits, stock dividends, recapitalisations or refinancing) and as adjusted to reflect the sale of the minimum and maximum amount of securities in this offering and the use of the net proceeds therefrom:

	Amount Outstanding As of: 31/ 12/2014	As Adjusted Minimum	As Adjusted Maximum
Debt:			
Short-term debt (average interest rate 7.7%)	$15,465,453	$__________	$__________
Long-term debt (average interest rate 7.7%)	$137,725,516	$__________	$__________
Total debt	$153,190,969	$__________	$__________
Stockholders' equity (deficit):			
Preferred stock - par or stated value (by class of preferred in order of preferences)			
	$__________	$__________	$__________
	$__________	$__________	$__________
	$__________	$__________	$__________
Common stock-stated value	$80,162,792	$__________	$__________
Reserves	$29,459,822	$__________	$__________
Retained earnings	$130,137,264	$__________	$__________
Total stockholders' equity (deficit)	$239,759,878	$__________	$__________
Total Capitalisation	$392,950,847	$__________	$__________

6. Capital Commitments and Contingent Liabilities

a Unfunded Pension Liabilities - None
b Letters of Credit - None
c Performance bonds - None
d Guarantees and Warranties - None
e Undrawn commitments – None

f Letters of Comfort - None
g Capital Commitment – EC$0.8 million
h Others – (i) NIL

PART IX
DIVIDEND POLICY

7. If the company has within the last five years paid dividends, provide the following:

YEAR	AMOUNT EC$	% OF NET INCOME	DIVIDEND PER SHARE IN EC$
2010	18,665,800	64%	1.59
2011	18,106,800	69%	0.79*
2012	17,648,400	61%	0.77*
2013	16,044,000	63%**	0.70*

* Dividend Per Share for 2011, 2012 and 2013 reflects the implementation of a 2 for 1 stock split on October 1, 2011.
** In 2014 certain adjustments were made to the prior years' net income. The % of net income for 2013 has been restated. The performance for the years prior to 2013 has not been restated.

8. Outline any projections or plans for payment of dividends over the next two years?

Dividend payments are made twice yearly, a final payment in respect of the previous year approved by shareholders at the Annual Meeting of Shareholders and an interim payment based on the current year's performance approved by the Directors.

The Board approved a change to the dividend policy, whereby dividends declared would be dependent on the capital requirements in the foreseeable future but at the same time restricting it to a range of 60% - 70% of the Adjusted Net Profits of the Company for each financial year. The adjustment factor relates to the portion of profits that are shared with certain customers ('Excess Returns') under the provisions of the Electricity Supply Act (as amended) as well as the annual allocation to the self-insurance reserve.

EXECUTIVE OFFICERS

Position: Managing Director

Name: Trevor Louisy Age: 52 years

Mailing Address: P.O. Box 230, Castries. St. Lucia

Telephone No.: (758) 457-4400

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

St. Lucia Electricity Services Limited - Managing Director 2004 to present

Responsible of the management business operations and strategic positioning of LUCELEC

St. Lucia Electricity Services Ltd. - Chief Engineer - 1997- December 31, 2003

Responsible for all engineering functions.

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

B. Sc. Electrical Engineering, University of the West Indies

Also a Director of the Company [X] Yes [ ] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters: N/A

Position : Financial Controller

Name: Jonothan Edwards   Age: 45 years

Mailing Address: P.O. Box 230. Castries. St. Lucia

Telephone No.: (758) 457-4400

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

February 2013 to Present – Financial Controller St. Lucia Electricity Services Limited

Consultant – Snr. Finance Manager, Comcel Haiti – Financial Management & Reporting to Parent Company in the USA

VP Finance – Carrier Service, Lime (C&W) – Financial Management of the Carrier Services Division

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

Fellow, Association of Chartered Certified Accountants (FCCA)
Member, Certified General Accountants (CGA)

Also a Director of the company   [ ] Yes   [X] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Position: Business Development Manager

Name: Victor E. Emmanuel   Age: 53 years

Mailing Address: P.O. Box 230, Castries. St. Lucia

Telephone No.: (758) 457-4400

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

St. Lucia Electricity Services Limited – Business Development Manager – September 2008 to present
Responsible for the identification and development of new business ventures for the Company

St. Lucia Electricity Services Limited - Chief Engineer – January 2004 to August 2008
Responsible for all engineering functions

St. Lucia Electricity Services Limited - Generation Engineer - 1994 – 2003 - Responsible for the generation of electricity within the Company

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

B. Eng Electrical Engineering, Mc Gill University – 1981-1985

M.Sc. Information System Engineering – UMIST – 1994-1995

Also a Director of the Company   [ ] Yes   [X] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Position: Chief Engineer

Name: Goodwin d' Auvergne   Age: 55 years

Mailing Address: P.O. Box 230
Castries
St. Lucia

Telephone No.:   (758) 457-4400

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

St. Lucia Electricity Services Limited: Chief Engineer 2008 - Present Responsible for coordinating the activities of the Engineering Division.

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

Education (degrees, or other qualifications, schools attended and dates):
Qualifications
Bachelor of Science - Electrical Engineering - University of Hartford (1984-1988)

Associates in Applied Science - Electronic Technology - University of Hartford (1982-1984)

Also a Director of the Company   [ ] Yes   [X] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

DIRECTORS OF THE COMPANY

Information concerning Non-executive Directors:

Position: Director   Age: 63 years

Name: Stephen David Rupert McNamara

Mailing Address: P. O. Box 189
Castries. Saint Lucia

Telephone No.: (758) 452-2662

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

Partner in the law firm of – McNamara & Company
Generally the responsibility of the Senior Partner

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

Lincoln's Inn – Inn's of Court School of Law, England – 1969 to 1972 Barrister-at-law

Information concerning Non-executive Directors:

Name: Matthew Lincoln Mathurin Age: 52 years

Position: Director

Mailing Address: C/o National Insurance Corporation

Francis Compton Building, Waterfront

Castries St. Lucia

Telephone No.: (758) 452-2808

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

2007 – Present: Director/Chief Executive Officer – National Insurance Corporation – leading organization- Planning and ensuring realisation of organization's goals, performing role of member of NIC's Board, guiding the Board in matters of policy, managing 120 staff members.

Deputy Director NIC with responsibility for Finance Investment and Operations

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

2001-2002 MBA –Specialization in Finance (with Distinction) Edinburgh Business School of Heriott Watt University

1983-1985 FCCA Emile Woolf College of Accountancy

Information concerning Non-executive Directors:

Name: Larry Roger Nath[1] Age: 48 years

Position: Director

Mailing Address: First Citizens Bank Limited,
9 Queens Park East, Port of Spain, Trinidad, W.I.

Telephone No.: (868) 621-5333 (Direct): (868) 624-3178 ext. 3018:
(868) 686-0888 (cell)

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

2012 to Present – CEO – First Citizens Bank Limited

2010 to 2012 – Deputy CEO – Banking Operations – First Citizens Bank Limited

January 2008-April 2010: FirstCaribbean International Bank (Trinidad & Tobago) Limited

Managing Director & Head of Corporate Banking: Responsible for conceptualizing and execution of business development initiatives, with key stakeholders, along with employee engagement.

June 2006 – December 2007: FirstCaribbean International Bank (Trinidad & Tobago) Limited

Head of Corporate & Deputy Managing Director: Developing inroads in corporate market segment with particular focus on identifying new business opportunities in the oil and gas industry.

Education (degrees or other academic qualifications, schools attended, and dates:
The Wharton School, University of Pennsylvania – February 2009: *Executive Leadership Program*

Krannert Graduate School of Management, Purdue University – June 1998: *Master of Science in Industrial Administration:* PLUS (Preparing Leaders and Stewards) Recipient
University of Miami, Florida – May 1988: *Bachelor of Business Administration :* Magna Cum Laude

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[1] Resigned 4th December 2014

Information concerning Non-executive Directors:

Name: Dr. Trevor Byer Age: 73 years

Position: Chairman

Mailing address: Townhouse #5
Rockley New Road
Christ Church
Barbados

Telephone No.: 1-758-285-0377 (C) / 1-246-266-4385

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

Director/Partner – Association of Caribbean Energy Specialists (ACES) Energy Consultant

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

B.A. (Physics Tripos II (Upper Second) Cambridge University U. K

M.A . (Nuclear Physics) Cambridge University U.K

Ph. D (Nuclear Physics) Cambridge University U.K

Information concerning non-Executive Directors:

Name: Sarah McDonald Age: 45 years

Position: Director

Mailing Address: P.O. Box F-40888
Pioneers Way & The Mall
Freeport, Grand Bahama, Bahamas
Telephone No: (242) 350-8911/8905

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

January 2013 - President, Emera Caribbean Limited: Management oversight of all Emera's Caribbean Assets and business development

June 2011 President and CEO of Grand Bahama Power Company and ICD Utilities Limited

September 2010 CEO Emera Utility Services

September 2006 President & COO Emera Utility Services

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

M.B.A. St. Mary's, Halifax 2002
LL.B. Dalhousie Law School 1992
B.A. University of Kings College, Halifax

Information concerning non-Executive Directors:

Name: Sharon L Christopher Age: 58 years

Position: Deputy Chief Executive Officer/ Group Corporate Secretary

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

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

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

First Citizens Bank Limited – Deputy Chief Executive Officer / Group Corporate Secretary. Holds Executive Management responsibility for the following areas:
Legal, Group Operational Risk & Compliance, Human Resources, Group Facilities Management Services, Security Services, Marketing and Information & Communication Technology.

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

London School of Economics & Political Science, University of London – 1980-1981.

Masters of Laws (LLM) Corporate Law

Hugh Wooding Law School – 1978 – 1980, Legal Education of Certificate (LEC)

University of the West Indies, Faculty of Law, Cave Hill, Barbados – 1975-1978,

Bachelors of Law (LL.B) Upper Second Class Honours

Information concerning non-Executive Directors:

Name: Andre Chastanet

Position: Director Age: 56 years

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

Telephone No: (758)285-2400

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

2004 - 2013
Managing Director Consolidated Foods Limited
Reports to the Board of Directors for operational and strategic direction of Company

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

Chartered Accountant - 1988

Information concerning non-Executive Directors:

Name: Mkabi Onika Walcott

Position: Director

Age: 43 years

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

Telephone No: (758) 720-4533

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

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

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

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

DVM – Doctor of Veterinary Medicine
PMP – Project Management Professional
1999-2005 University of Havana – Veterinary Medicine
2007 – Project Management (PMI)
Lead Auditor – Quality Management SystemsLead Auditor – Food Safety Management Systems

Information concerning Non-executive Directors:

Name: Peter W. B. Williams

Position: Director

Age: 59 years

Mailing address: No. 1 Brighton, St. George, Barbados

Telephone No.: (246) 430 4200 (W) (246)436- 4345 (H)

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

Managing Director – The Barbados Light & Power Co. Ltd. Responsible to the Board of Directors for all aspects of the operations of the Company

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

BSc. – Mechanical Engineering – Manchester University U.K. 1977
MSc. – Power Systems - University of the West Indies 1982
MBA – University of Western Ontario, Canada 1990

Information concerning non-Executive Directors:

Name: Reginald Darius (Dr)

Position: Director

Age: 44

Mailing Address: BW 331, Rodney Bay

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

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

Permanent Secretary – Ministry of Finance – Government of Saint Lucia (2009 to present)
International Monetary Fund: Sr. Economist (2009-2012) Economist (2005-09)

European Department, Desk Economist Croatia (2010-2012)

- Monitor, analyze and draft policy documents on external, real and monetary sector developments strategic Policy and Review Department (SPR), Advanced and Multilateral Issues Division, 2008-2010)

- Monitor developments, review and comment on country documents on a wide range of countries including; Japan, Philippines, United Kingdom, Portugal, Estonia, Latvia and the GCC

- Maintained modules on global liquidity and monetary policy conditions as input in the vulnerability Exercise for Advanced Economies

- Co-authored SPR policy review note entitled "Oil Price Risk and Outlook"

- Issues Note on Japan- provides background research and analysis of key economic issues.

- SPR Economist: Armenia (2008-2009) and Estonia (2009-2010)

- Participated in the negotiations of SBA program with Armenia with responsibility for the external sector African Department, Desk Economist on Rwanda, (2005-2007)

• Participated in program negotiations with responsibility for external sector (debt sustainability) and the real sector
Education (degrees or other qualifications, schools attended, and dates):

PhD Economics University of Warwick (2006)
Macroeconomics of Open Economies (Exchange Rate Regime and Welfare)
M Phil Economics University of Cambridge (1995)
International Macroeconomics, Applied Econometrics
B.Sc. Economics (first class hons.) University of the West Indies (1993)

2. Number of Directors:

If Directors are not elected annually, or are elected under a voting trust or other arrangement, explain:

Extract of Company's By-law No. 1 – Section 54:

Appointment of Non-Executive Directors

(A) Subject to the provisions of the Articles and this By-law, including without limitation those of Sub-section 54 (B) and 70 (B), the Company may by Ordinary Resolution appoint any person who is willing to act to be a Non-Executive Director, either to fill a vacancy or as an additional Non-Executive Director, but so that the total number of Non-Executive Directors shall not exceed any maximum number fixed by or in accordance with the Articles. No person (other than a Non-Executive Director retiring by rotation or otherwise) shall be appointed or re-appointed a Non-Executive Director at any Special Shareholders Meeting or the Annual Shareholders Meeting unless:-

(a) he is recommended by the Board; or

(b) not less than seven nor more than forty-two clear days before the date appointed for the meeting, there has been lodged at the Office notice in writing signed by 25 shareholders (not including the person to be proposed) entitled to vote at the meeting, stating their intention to propose a resolution for the appointment of that person, and a notice signed by that person of his willingness to be appointed.

Not less than seven nor more than thirty clear days before the date appointed for holding a Special Shareholders Meeting or the Annual Shareholders Meeting, the Company shall give to all who are entitled to receive notice of the meeting, notice of any resolution to be proposed at the meeting to appoint as a Director any person other than a Director retiring at the meeting. The notice shall give the particulars of that person.

(B) A holder of Ordinary Shares shall appoint one Non-Executive Director to the Board in respect of each holding of such Ordinary Shares equal to 10 per cent of the issued Ordinary Shares. The provisions of this Sub-section 54 (B) shall not be capable of variation without the approval of the Company in Special Shareholders Meeting or the Annual Shareholders Meeting such approval to be given by way of Special Resolution.

(C) To the extent that any holder of Ordinary Shares has exercised his rights pursuant to Sub-section 54 (B), such holder shall thereafter only be entitled to vote on an Ordinary Resolution to appoint one Non-Executive Director in accordance with Sub-section 54 (A) in respect of the number of Ordinary Shares (if any) which he holds in excess of the Ordinary Shares used to appoint one or more Directors in accordance with Sub-section 54 (B).

1. Summarise Articles of Association or Bylaws which are relevant to Directors:

Extract of Company's By-law No. 1:

Vacation of Office of Director

The office of a Director shall be vacated in any of the following events, namely:

(a) If he shall become prohibited by law from acting as a Director;

(b) If he shall resign by writing under his hand left at the Office or if he shall in writing offer to resign and the Directors shall resolve to accept such offer;

(c) If he shall have a receiving order made against him or shall compound with his creditors generally;

(d) If in Saint Lucia or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs;

(e) If he is removed from office under this By-law.

(f) In the case of any Non-Executive Director, if he shall be appointed to executive office in accordance with Section 70.

(g) In the case of any Ex-Officio Director, if he ceases to be employed by the Company as Executive Chairman, Chief Executive or Managing Director.

PROVIDED THAT, if the Director so vacating office was appointed under Sub-section 54 (B), the foregoing provisions of this Section shall not affect the provisions of Section 53 (B) and accordingly the appointor shall be entitled to appoint another person in that Director's place in accordance with Sub-section 54 (B).

Retirement by Rotation of Directors

(a) At every Annual Shareholders Meeting one third of the Non-Executive Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to one third, shall retire from office by rotation.

(b) The Non-Executive Directors to retire by rotation in every year shall be those who have been longest in office since their last election, but as between persons who became Non-Executive Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(c) The Company at the meeting at which a Non-Executive Director retires in the manner aforesaid may fill the vacated office by electing a person thereto and, in default, the retiring Non-Executive Director shall, if offering himself for re-election, be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such Non-Executive Director shall have been put to the meeting and lost.

(d) No person other than a Non-Executive Director retiring by rotation at the meeting shall be eligible for election to the office of Director at any Annual Shareholders Meeting unless recommended by the Directors or otherwise proposed in accordance with the provisions of Section 54.

(e) Subject as aforesaid, a Director who retires at an Annual Shareholders Meeting may, if willing to act, be re-appointed. If he is not re-appointed, he shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.

Removal of Directors

The Company may, in accordance with and subject to the provisions of the Statutes, by Ordinary Resolution of which special notice has been given, remove any Director from office (notwithstanding any agreement between the Company and such Director, but without prejudice to any claim he may have for damages for breach of any such agreement) and appoint another person in place of a Director so removed from office. Provided that, if the Director so removed was appointed under Sub-section 54 (B), the foregoing provisions of this Section shall not affect the provisions of Sub-section 54 (B) and accordingly the appointor shall be entitled to appoint another person in that Director's place in accordance with Sub-section 54 (B). In default of such appointment by Ordinary Resolution or under Sub-section 54 (B) (as the case may be), the vacancy arising upon the removal of a Director from office may be filled as a casual vacancy under this By-law.

Casual Vacancies amongst Directors and Additional Directors

Without prejudice to the provisions of Section 54 and 70, the Directors shall have power at any time to appoint any person who is willing to act to be a Non-Executive Director, either to fill a casual vacancy or as an additional Non-Executive Director, provided that all the Directors unanimously concur therein. The total number of Non-Executive Directors must not, as a result of such appointment, exceed the maximum number (if any) fixed by or in accordance with the Articles. Any person so appointed by the Directors shall hold office only until the next Annual Shareholders Meeting and shall then be eligible for re-election.

Directors' Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in Special Shareholders Meeting or at the Annual Shareholders Meeting. The Directors shall also be entitled, in their absolute discretion and without the sanction of a Special Shareholders Meeting or the Annual Shareholders Meeting to repay to any Director any travelling and hotel expenses and other expenses reasonably incurred by him in or about the performance of his duties as Director, including any such expenses incurred in connection with his attendance at Board Meetings and Special Shareholders Meetings or the Annual Shareholders Meeting. If by arrangement with the other Directors any Director shall perform or render any special duties or services outside his ordinary duties as a Director, the Directors may pay him special remuneration, in addition to his ordinary remuneration, and such special remuneration may be by way of salary, commission, participation in profits or otherwise as may be arranged.

Pension Benefits for Directors

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation death or disability benefits to (or to any person in respect of) any Director or ex-Director and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

Alternate Directors

(A) Any Director nominated under Sub-section 54 (B) of this By-law may at any time by writing under his hand and deposited at the Office, or delivered at a meeting of the Board, appoint any person (including another Director) to be his alternate Director and may in like manner at any time terminate such appointment.

(B) The appointment of any alternate Director shall terminate on the happening of any event which, if he were a Director, would cause him to vacate such office or if the Director for whom he is the alternate ceases to be a Director.

(C) An alternate Director shall be entitled to receive notices of all meetings of the Board and of all meetings of Committees of the Board of which the Director for whom he is the alternate is a member, to attend and vote and be counted in the quorum at any such meeting at which the Director for whom he is the alternate is not personally present and generally to perform all the functions of the Director for whom he is the alternate in his absence and the provisions of this By-law shall apply as if he were a Director. If he shall be himself a Director or shall attend any such meeting as an alternate for more than one Director, his voting rights shall be cumulative.

(D) If the Director for whom he is the alternate is for the time being absent or temporarily unable to act through ill health or disability, the alternate's signature to any resolution in writing of the Board shall be as effective as the signature of the Director for whom he is the alternate. To such extent as the Board may from time to time determine in relation to any Committee, the provisions of this By-law shall also apply mutatis mutandis to any meeting of any such committee for which the Director for whom he is the alternate is a member. Save as specified in this Section, an alternate Director shall not have the power to act as a Director, nor shall he be deemed to be a Director for the purposes of this By-law.

(E) An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to the Director for whom he is the alternate as such Director may by notice in writing to the Company from time to time direct.

Directors' Contracts

(A) A Director may contract with and be interested in any way, whether directly or indirectly, in any actual or proposed contract or arrangement with the Company either as vendor, purchaser or otherwise, and shall not be liable to account to the Company by way of payment in respect of any profit made by him by reason of any such contract or arrangement, provided that the nature of the interest of the Director in such contract or arrangement be declared to the meeting of Directors at which the question is first taken under consideration, if his interest then exists, or in any other case at the next meeting of Directors held after he became interested, and it shall be the duty of the Director so to declare his interest in writing. No Director shall vote as a Director in respect of any contract or arrangement, in which he shall be interested, and if he does so his vote shall not be counted; he may be required by the majority of the other Directors to withdraw during the discussion of such contracts or arrangements. A Director shall be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. Provided that and notwithstanding the foregoing, these prohibitions shall not apply to:-

(a) The giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

(b) The giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security.

(c) Any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;

(d) Any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme or Employees' Share Scheme under which he may benefit;

(e) Any contract or dealing in which the Director is interested by reason only of his being a director or other officer, employee or nominee of the Government or CDC or the Council or The National Insurance Corporation (as the case may be) which, being a shareholder of the Company or holding shares in a corporation which is a shareholder of the Company, is interested in such contract or dealing, whether directly or indirectly, and this exception shall not cease to have effect merely by reason of the fact that the Director is also a shareholder or creditor of any of the Government or CDC or the Council or The National Insurance Corporation or any corporation in which it is interested (as the case may be).

(B) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred otherwise from voting under this By-law) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

(C) If any question shall arise at any time as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interests of such Director has not been fairly disclosed.

(D) The Company may by Ordinary Resolution suspend or relax the provisions of this Section to any extent or ratify any transaction not duly authorised by reason of a contravention of this Section.

(E) A Director may hold office as a director or manager of or be otherwise interested in any other company which is a subsidiary or holding company of the Company or in any other corporation in which the Company is in any way interested, and shall not (unless it is otherwise agreed) be liable to account to the Company by way of payment in respect of any remuneration or other benefits receivable by him from such other company or corporation.

(F) A Director may hold any other office or place of profit under the Company (except that of Auditor) in conjunction with his office of Director, and on such terms as to remuneration and otherwise as the Directors shall arrange.

(G) A Director may act by himself or his firm in a professional capacity for the Company (except as Auditor to the Company) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

(H) For the purpose of this Section, a general notice given to the Directors by a Director at any meeting of the Directors to the effect that he is a member of a specified corporation or firm and is to be regarded as interested in any contract which may, after the date of the notice, be made with that corporation or firm shall be deemed to be a sufficient declaration of his interest in relation to any contract so made.

Business Managed by Directors

The business and affairs of the Company shall be managed by the Directors, who may pay all such expenses of and preliminary and incidental to the promotion, formation, establishment and registration of the Company as they think fit, and may exercise all such powers of the Company, and do on behalf of the Company all such acts as may be exercised and done by the Company, and as are not by the Act, the Articles or by this By-law required to be exercised or done by the Company in Shareholders Meeting. In so acting the Directors shall in all cases conform to the provisions of the Act, the Articles, this By-law, and such regulations as may from time to time be prescribed by the Company in Special Shareholders Meeting or the Annual Shareholders Meeting, but no regulation made by the Company in Shareholders Meeting shall operate retrospectively to invalidate any previous act of the Directors. The Directors may from time to time provide for the management of the affairs of the Company in Saint Lucia or elsewhere in such manner as they shall think fit.Information concerning non-Executive Directors:

PART XI

SUBSTANTIAL STOCKHOLDERS

1. (a) Principal owners of the company (those who beneficially own more than 5% of the common and preferred stock presently outstanding whether directly or indirectly) starting with the largest common stockholder. Indicate by endnote any transaction where the consideration was not cash. State the nature of any such consideration.

SECURITIES NOW HELD:

Name: Address:	Class of Securities:	No. of Securities:	% of Total
Emera Saint Lucia Ltd. c/o Appleby Corporate Services (Cayman) Limited Clifton House 75 Fort Street PO Box 1350 GT Grand Cayman CAYMAN ISLANDS	**Ordinary**	**4,480,000**	**19.5%**
First Citizens Bank Limited 9 Queens Park East Port of Spain Trinidad	**Ordinary**	**4,480,000**	**19.5%**
National Insurance Corporation Waterfront Castries	**Ordinary**	**3,760,720**	**16.4%**
Castries City Council Peynier Street P O Box 268 Castries, St. Lucia	**Ordinary**	**3,656,818**	**16.0%**
Government of Saint Lucia Treasury Chambers Laborie Street Castries	**Ordinary Non-voting**	**2,785,684 520,000**	**12.2% 2.3%**

(b) Include all common stock issuable upon conversion of convertible securities and show conversion rate per share as if conversion has occurred.

UPON CONVERSION:

Name: Address:	**Class of Securities:**	**Conversion Rate:**	**No. of Securities upon Conversion**	**% of Total***

* Current holding of securities if conversion option were exercised.

PART XII

LITIGATION

1. Describe any past litigation or administrative action which has had a material effect upon the company's business, financial condition, or operations, including any litigation or action involving the company's Officers, Directors or other key personnel. State the names of the principal parties, the judgement and amounts involved.

   The Company was the defendant in various minor legal actions. In the opinion of Management, after taking appropriate legal advice, the results of such actions will not have a material effect on the Company's financial position.

PART XIII

MISCELLANEOUS FACTORS

1. Provide any additional information considered necessary to clarify any potentially misleading or incomplete information in this Registration Statement.

   Not applicable.

PART XIV

FINANCIAL STATEMENTS

(Not Applicable for Annual Registration Statement Updates)

1. Attach Auditor's Report. Attach current audited financial statements, audited financial statements for the last three financial years and the most recent unaudited financial statement if next audited statement is due in less than six months; or the most recent unaudited quarterly statement if the next audited statement is due in more than six months, or pro-forma financial statements, whichever is applicable. If the company has acquired another business since the beginning of the last financial year the assets or net income of which were in excess of 20% of those for the company, show pro-forma combined financial statements as if the acquisition had occurred at the beginning of the company's last financial year.

PART XV
SIGNATURES

A Director, the Chief Executive and Financial Officers of the company shall sign this Registration Statement 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. By submitting this Registration Statement to the ECSRC, each Director, the Chief Executive Officer and the Chief Financial Officer of the company agree to make himself available to each investor prior to the time of investment, and to respond to questions and otherwise confirm the information contained herein. The Directors, the Chief Executive Officer and the Chief Financial Officer hereby undertake to make the exhibits to this Registration Statement, or as is provided by law, available to each investor, prior to the making of any investment by such investor.

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

Name of Chief Executive Officer:

Trevor M. Lowery

Signature

6th May 2015

Date

Name of Director:

Matthew L. Mathurin

Signature

29th April 2015

Date

Name of Chief Financial Officer:

ZIVA PHILLIPS

Signature

April 29, 2015

Date

ST. LUCIA ELECTRICITY SERVICES LIMITED

Consolidated Financial Statements
December 31, 2014
(Expressed in Eastern Caribbean Dollars)

PKF
Accountants & business advisers

PKF Professional Services

Tel. (758) 453 - 2340
Tel. (758) 450 - 7777
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of St. Lucia Electricity Services Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of St. Lucia Electricity Services Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of changes in equity, consolidated statement of comprehensive income, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

P.O. Box Choc 8245, Meridian Place, Choc Estate, Castries, St. Lucia
PKF International is a network of Legally Independent Member Firms

PKF

Accountants &
business advisers

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of St. Lucia Electricity Services Limited

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the financial position of the Group as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF

Chartered Accountants
Castries, Saint Lucia
March 26, 2015

ST. LUCIA ELECTRICITY SERVICES LIMITED
Consolidated Statement of Financial Position
As at December 31, 2014

(Expressed In Eastern Caribbean Dollars)

	Notes		2014	2013 Restated	2012 Restated
Assets					
Non-current					
Property, plant and equipment	6	$	**337,840,026**	341,886,290	346,867,858
Intangible assets	7		**14,142,279**	15,588,719	15,053,991
Retirement benefit assets	8		**4,765,000**	2,448,000	3,650,000
Available-for-sale financial assets	9		**171,532**	169,741	167,969
Total non-current assets			**356,918,837**	360,092,750	365,739,818
Current					
Inventories	10		**10,464,809**	12,015,942	19,168,529
Trade, other receivables and prepayments	11		**129,656,309**	82,197,373	77,580,781
Cash and cash equivalents	12		**21,561,880**	30,819,257	38,159,940
Derivative financial assets	23		**-**	5,525,392	2,722,062
Income tax receivable			**-**	-	4,720,905
Total current assets			**161,682,998**	130,557,964	142,353,217
Total assets		$	**518,601,835**	490,650,714	508,092,035
Shareholders' equity and liabilities					
Shareholders' equity					
Share capital	13	$	**80,162,792**	80,162,792	80,162,792
Retained earnings			**130,137,264**	123,613,483	109,374,610
Retirement benefit reserve	8		**4,765,000**	2,448,000	3,650,000
Self insurance reserve	30		**24,694,822**	21,155,667	17,771,529
Total shareholders' equity			**239,759,878**	227,379,942	210,958,931
Liabilities					
Non-current					
Borrowings	14		**137,725,516**	153,072,557	167,797,100
Consumer deposits	15		**16,135,158**	15,544,985	14,770,880
Deferred tax liabilities	16		**38,278,917**	37,448,796	37,151,943
Post-employment medical benefit liabilities	17		**1,848,959**	1,785,970	1,878,198
Total non-current liabilities			**193,988,550**	207,852,308	221,598,121
Current					
Borrowings	14		**15,465,453**	14,878,339	15,263,474
Trade and other payables	18		**28,423,890**	36,015,196	49,173,209
Derivative financial liabilities	23		**39,745,776**	-	-
Dividends payable			**340,182**	331,967	11,098,300
Income tax payable			**878,106**	4,192,962	-
Total current liabilities			**84,853,407**	55,418,464	75,534,983
Total liabilities			**278,841,957**	263,270,772	297,133,104
Total shareholders' equity and liabilities		$	**518,601,835**	490,650,714	508,092,035

Approved on behalf of the Board of Directors:

Director

Director

The notes on pages 7 to 64 are an integral part of these financial statements.

ST. LUCIA ELECTRICITY SERVICES LIMITED

Table of Contents	Pages

ST. LUCIA ELECTRICITY SERVICES LIMITED
Consolidated Statement of Comprehensive Income
For the Year Ended December 31, 2014

(Expressed In Eastern Caribbean Dollars)

	Notes		2014	2013 Restated
Revenues				
Energy sales		$	**324,622,263**	328,734,649
Fuel surcharge			**599,081**	1,172,026
Other revenue			**3,661,302**	3,206,669
			328,882,646	333,113,344
Operating expenses				
Fuel costs			**191,557,546**	195,797,881
Transmission and distribution			**34,609,145**	34,606,502
Generation			**21,060,780**	22,653,127
	26		**247,227,471**	253,057,510
Gross income			**81,655,175**	80,055,834
Administrative expenses	26		**(33,354,720)**	(32,059,772)
Operating profit			**48,300,455**	47,996,062
Interest income			**1,589,465**	927,595
Other gains, net	21		**67,121**	65,857
Profit before finance costs and taxation			**49,957,041**	48,989,514
Finance costs			**(12,956,548)**	(14,090,776)
Profit before taxation			**37,000,493**	34,898,738
Taxation	22		**(10,192,086)**	(9,584,222)
Net profit for the year			**26,808,407**	25,314,516
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Re-measurements of defined benefit pension plans, net of tax	22		**1,615,529**	(871,505)
Total comprehensive income for the year		$	**28,423,936**	24,443,011
Earnings per share	24	$	**1.17**	1.10

The notes on pages 7 to 64 are an integral part of these financial statements.

ST. LUCIA ELECTRICITY SERVICES LIMITED
Consolidated Statement of Changes in Equity
For the Year Ended December 31, 2014

(Expressed In Eastern Caribbean Dollars)

	Notes	Share Capital	Retained Earnings	Retirement Benefit Reserve	Self Insurance Reserve	Total
Balance at January 1, 2013		$ 80,162,792	109,080,010	4,632,000	17,771,529	211,646,331
Prior periods' adjustments-application of accounting standards	33	-	294,600	(982,000)	-	(687,400)
Balance at January 1, 2013 as restated		80,162,792	109,374,610	3,650,000	17,771,529	210,958,931
Total comprehensive income for the year as previously reported		-	24,749,100	-	-	24,749,100
Prior period's adjustments-application of accounting standards	33	-	(306,089)	-	-	(306,089)
Total comprehensive income for the year as restated		-	24,443,011	-	-	24,443,011
Transfer from retirement benefit reserve		-	1,202,000	(1,202,000)	-	-
Transfer to self insurance reserve	30	-	(3,384,138)	-	3,384,138	-
Ordinary dividends	20	-	(8,022,000)	-	-	(8,022,000)
Balance at December 31, 2013 as restated		$ 80,162,792	123,613,483	2,448,000	21,155,667	227,379,942
Balance at January 1, 2014		**80,162,792**	**123,613,483**	**2,448,000**	**21,155,667**	**227,379,942**
Total comprehensive income for the year		-	**28,423,936**	-	-	**28,423,936**
Transfer to retirement benefit reserve		-	**(2,317,000)**	**2,317,000**	-	-
Transfer to self insurance reserve	30	-	**(3,539,155)**	-	**3,539,155**	-
Ordinary dividends	20	-	**(16,044,000)**	-	-	**(16,044,000)**
Balance at December 31, 2014		**$ 80,162,792**	**130,137,264**	**4,765,000**	**24,694,822**	**239,759,878**

The notes on pages 7 to 64 are an integral part of these financial statements.

ST. LUCIA ELECTRICITY SERVICES LIMITED
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2014

(Expressed In Eastern Caribbean Dollars)

	Notes		2014	2013 Restated
Cash flows from operating activities				
Profit before taxation		$	**37,000,493**	34,898,738
Adjustments for:				
Depreciation	6		**30,970,042**	30,679,938
Amortisation of intangible assets	7		**2,180,034**	1,975,969
Finance costs expensed			**12,956,548**	14,090,776
Interest income			**(1,589,465)**	(927,595)
Movement in allowance for impairment			**2,885,884**	1,205,035
Gain on disposal of property, plant and equipment	21		**(28,039)**	(13,480)
Post-retirement benefits			**53,887**	(135,235)
Operating profit before working capital changes			**84,429,384**	81,774,146
Decrease in inventories			**1,551,133**	7,152,587
Increase in trade, other receivables and prepayments			**(11,035,411)**	(5,821,627)
Decrease in trade and other payables			**(1,628,644)**	(15,961,342)
Cash generated from operations			**73,316,462**	67,143,764
Interest income received			**1,586,770**	925,823
Finance costs paid			**(12,829,710)**	(13,921,229)
Income tax paid			**(13,369,190)**	-
Net cash from operating activities			**48,704,332**	54,148,358
Cash flows from investing activities				
Acquisition of property, plant and equipment	6		**(26,571,380)**	(25,760,347)
Proceeds from disposal of property, plant and equipment			**28,444**	15,000
Acquisition of intangible assets	7		**(1,086,397)**	(2,450,240)
Net cash used in investing activities			**(27,629,333)**	(28,195,587)
Cash flows from financing activities				
Repayment of borrowings			**(14,724,543)**	(15,052,914)
Dividends paid			**(16,035,784)**	(18,788,333)
Consumer deposits received (net)			**427,951**	547,793
Net cash used in financing activities			**(30,332,376)**	(33,293,454)
Net decrease in cash and cash equivalents			**(9,257,377)**	(7,340,683)
Cash and cash equivalents at beginning of year	12		**30,819,257**	38,159,940
Cash and cash equivalents at end of year	12	$	**21,561,880**	30,819,257

The notes on pages 7 to 64 are an integral part of these financial statements.

1. Incorporation and Principal Activity

St. Lucia Electricity Services Limited (the "Company") was incorporated under the laws of Saint Lucia on November 9, 1964 and re-registered as a public company on August 11, 1994. The Company was continued under the Companies Act 1996 of Saint Lucia on October 22, 1997 and is listed on the Eastern Caribbean Securities Exchange. The Company operates under the Electricity Supply Act, 1994 (as amended) (ESA). The principal activities of the Company and its subsidiaries (the "Group") include the generation, transmission, distribution and sale of electricity, the operation of a self insurance fund and the operation of a trust.

The Group's registered office and principal place of business is situated at Sans Soucis, John Compton Highway, Castries, Saint Lucia.

2. Basis of Preparation

(a) *Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

An additional statement of financial position at December 31, 2012 is presented in these consolidated financial statements due to the retrospective restatement arising from the correct application of accounting standards as disclosed in Note 33.

The financial statements were approved for issue by the Board of Directors on March 26, 2015.

(b) *Basis of measurement*

The consolidated financial statements have been prepared using the historical cost basis except for available-for-sale financial assets and derivative financial instruments that are measured at fair value. The methods used to measure fair value are discussed further in Note 4.

(c) *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company as disclosed in Note 34. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its return.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2. Basis of Preparation (Cont'd)

(c) Basis of consolidation (Cont'd)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of financial position and statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

(d) Functional and presentation currency

These consolidated financial statements are presented in Eastern Caribbean dollars, which is the Group's functional currency. All financial information has been rounded to the nearest dollar.

(e) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 3(c)(iii): Estimated useful lives of property, plant and equipment
- Note 3(d)(iii): Estimated useful lives of intangible assets
- Note 3(h): Measurement of defined benefit obligations
- Note 3(i): Estimation of unbilled sales and fuel surcharge
- Note 4: Determination of fair values
- Note 28: Valuation of financial instruments

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

(a) *Foreign currency*

Transactions in foreign currencies are translated to the Group's functional currency at the foreign exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss respectively).

(b) *Financial instruments*

(i) *Non-derivative financial instruments*

Non-derivative financial instruments comprise available-for-sale financial assets, trade and other receivables, cash and cash equivalents, borrowings, trade and other payables and consumer deposits.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Available-for-sale financial assets

The Group's investment in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see Note 3(f)), and foreign exchange gains and losses on available-for-sale equity instruments (see Note 3(a)), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expense is discussed in Note 3 (j).

3. Significant Accounting Policies (Cont'd)

(b) Financial instruments (Cont'd)
(i) *Non-derivative financial instruments (Cont'd)*
Trade and other receivables
Trade and other receivables are carried initially at fair value and subsequently measured at amortized cost less a provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is recognised in profit or loss. Trade and other receivables, being short term, are not discounted.

Trade and other payables
Liabilities for trade and other payables which are normally settled on 30 – 90 day terms and conditions are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Group.

Borrowings
Borrowings are recognised initially at fair value, being their issue proceeds, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve (12) months after the date of the statement of financial position.

Consumer deposits
Given the long-term nature of the customer relationship in accordance with the provisions of the Electricity Supply Act, 1994 (as amended), customer deposits are shown in the statement of financial position as non-current liabilities (i.e. not likely to be repaid within twelve months of the date of the statement of financial position).

(ii) *Share capital*
Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment

(i) *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on the disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item and is recognised net within "other gains" in profit or loss.

(ii) *Subsequent expenditure*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(iii) *Depreciation*

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land and way leave rights are not depreciated. No depreciation is provided on work-in-progress until the assets involved have been completed and are available for use.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The annual rates of depreciation for the current and comparative periods are as follows:

	2014	2013
▪ Building	**$2^1/_2$% - $12^1/_2$% per annum**	$2^1/_2$% - $12^1/_2$% per annum
▪ Plant and machinery	**4% - 10% per annum**	4% - 10% per annum
▪ Generator overhauls	**$33^1/_3$% per annum**	$33^1/_3$% per annum
▪ Motor vehicles	**20% - $33^1/_3$% per annum**	20% - $33^1/_3$% per annum
▪ Furniture and fittings	**10% per annum**	10% per annum
▪ Computer hardware	**20% per annum**	20% per annum

(d) Intangible assets

(i) *Recognition and measurement*

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

(ii) *Subsequent expenditure*

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) *Amortization*

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than way leave rights, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the assets (computer software) that are amortized range from five (5) years and eight (8) years.

Amortisation methods, useful lives and residual values are reviewed at each financial year- end and adjusted if appropriate.

3. Significant Accounting Policies (Cont'd)

(e) Inventories

Inventories are measured at the lower of cost and replacement value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Allowance is made for slow-moving and damaged goods. Goods in transit are stated at their invoice cost.

(f) Impairment

(i) *Financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount rate. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

3. Significant Accounting Policies (Cont'd)

(f) Impairment (Cont'd)
(ii) *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Derivative financial instruments

The Group holds derivative instruments to manage the volatility of its fuel costs. Further details of derivative financial instruments are disclosed in Note 23.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period.

Management has developed an accounting policy to reflect the economic substance of the effects of engaging in the hedging programme as these costs are passed on to the customer. In developing this policy, management has considered the accounting standards of other standard-setting bodies and accepted industry practice.

3. Significant Accounting Policies (Cont'd)

(g) Derivative financial instruments (Cont'd)

Changes in the fair value of the derivative financial instruments held by the Group at the reporting date give rise to the recognition of deferred fuel costs. Deferred fuel costs recoverable represent future revenues and/or receivables associated with the hedging costs incurred that will be, or are expected to be, recovered from customers in future periods through the rate-setting process. Deferred fuel costs payable represent future reductions in revenue associated with amounts that will be, or are expected to be refunded to customers through the rate-setting process. The resulting gain or loss is reported in trade and other payables or trade, other receivables and prepayments respectively.

(h) Employee benefits

(i) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on government securities that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the Projected Unit Credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in other comprehensive income in the period in which they occur.

3. Significant Accounting Policies (Cont'd)

(h) Employee benefits (Cont'd)

(ii) Pension benefits assumptions

The present value of the pension obligations depends on a number of factors that are determined by independent qualified actuaries using a number of assumptions. The assumptions used in determining the net cost (income) for pension include the expected long-term rate of return on the relevant plans assets and the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of the estimated future cash outflows expected to be required to settle the pension obligations and also to determine the expected return on plan assets. In determining the appropriate discount rate, the Group considers the interest rates of the Government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions.

Additional information is disclosed in Note 8.

(iii) Defined contribution plans

For its defined contribution plan, the Group pays contributions to a privately administered pension insurance plan on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Termination benefits

Termination benefits are recognised as an expense when the entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the entity has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

If benefits are payable more than twelve months after the reporting period, then they are discounted to their present value.

3. Significant Accounting Policies (Cont'd)

(i) Revenue recognition

Sale of energy

Revenue from energy sales is based on meter readings, which are carried out on a rotational basis throughout each month. A provision for the current month's billings, excluding the fuel surcharge, is made to record unbilled energy sales at the end of each month. This estimate is based upon actual information for the preceding months and is reviewed periodically to assess reasonableness and adjusted where required. The provision 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 cost of fuel used to generate energy sales in the current month and the average fuel price for the 12 months preceding January of the current year. The surcharge is recovered by applying the month's surcharge rate to units billed in the following month. Management has developed an accounting policy to reflect the economic substance of the effects of the deferred recovery of these fuel costs from customers. In developing this policy, management has considered the accounting standards of other standard-setting bodies and accepted industry practice. The fuel surcharge adjustment is included in deferred fuel costs until its recovery/rebate in the following month.

Consumer contributions

In certain specified circumstances, consumers requiring line extensions for electricity supply are required to contribute the capital cost of the extensions. These contributions are recognised in income in the same period in which the costs are incurred. Contributions in excess of the applicable capital cost of line extensions, where the excess is greater than 5% of the estimated cost of the job, arising mainly as a result of changes to job specifications during the implementation stage, are refundable to the customers upon finalization of the total cost of the job. The capital costs of consumer line extensions are included in property, plant and equipment.

(j) Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets, and changes in the fair value of financial assets at fair value through profit or loss that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings and consumer deposits, and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

3. Significant Accounting Policies (Cont'd)

(k) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(l) Earnings per share

The Group presents basic Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

3. Significant Accounting Policies (Cont'd)

(m) New standards, amendments to standards and interpretations

(i) New standards, amendments and interpretations effective in the 2014 financial year are as follows:

A number of new standards, amendments to standards and interpretations effective for annual periods beginning on or after January 1, 2014 have been adopted in these consolidated financial statements. Note: those new standards, amendments and interpretations effective for annual periods beginning on or after January 1, 2014 which do not affect the Group's consolidated financial statements have not been disclosed below.

- *IFRS 10, Consolidated Financial Statements and IFRS 12 Disclosures of Interests in Other Entitles have* been applied for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements. Consequential amendments have been made to IFRS 12 to introduce new disclosure requirements for investment entities. As neither the Company nor its subsidiaries are investment entities (assessed based on the criteria set out in IFRS 10), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

- *IAS 32, Financial Statements: Presentation* has been amended to clarify the requirements relating to the offset of financial asset and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off: and "simultaneous realisation and settlement". The application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

- *IAS 36, Impairment of Assets* has been amended to remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques which are in line with the disclosures required by *IFRS 13 Fair Value Measurements*. The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

3. Significant Accounting Policies (Cont'd)

(m) New standards, amendments to standards and interpretations (Cont'd)

(i) New standards, amendments and interpretations effective in the 2014 financial year are as follows: (Cont'd)

- *IFRIC 21, Levies* addresses the issue of when to recognize a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. The application of this interpretation has had no material impact on the Group's consolidated financial statements.

(ii) Standards, amendments and interpretations that are issued but not effective and have not been early adopted are as follows:

- *IFRS 9, Financial Instruments* issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for de-recognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 to mainly include the impairment requirements for financial assets and limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

3. Significant Accounting Policies (Cont'd)

(m) New standards, amendments to standards and interpretations (Cont'd)

(ii) Standards, amendments and interpretations that are issued but not effective and have not been early adopted are as follows: (Cont'd)

- *IFRS 9, Financial Instruments: (Cont'd)*

  Key requirements of IFRS 9 (Cont'd)

  - All recognised financial assets that are within the scope of *IAS 39 Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest, are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and those contractual cash flows are solely payments of principal and interest, are measured at FVTOCI. All other debt instruments and equity instruments are measured at their fair value at the end of the subsequent accounting periods. In addition, entities may make an irrevocable election to present subsequent changes in the fair value of an equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

  - With regard to the measurement of financial liabilities designated at fair value through profit or loss, IFRS 9 requires that the amount of the change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of the changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

  - In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words it is no longer necessary for a credit event to have occurred before credit losses are recognised.

3. Significant Accounting Policies (Cont'd)

(m) New standards, amendments to standards and interpretations (Cont'd)

(ii) Standards, amendments and interpretations that are issued but not effective and have not been early adopted are as follows: (Cont'd)

- *IFRS 9, Financial Instruments: (Cont'd)*

Key requirements of IFRS 9 (Cont'd)

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

It is anticipated that the application of IFRS 9 in the future may have a material impact on amounts reported in respect to the Group's financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review is undertaken.

- *IFRS 15, Revenue from Contracts with Customers* was issued in May 2014 and establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including *IAS 18 Revenue*, *IAS 11 Construction Contracts* and the related interpretations when it becomes effective for annual periods beginning on or after January 1, 2017. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, an entity recognises revenue when or as a performance obligation is satisfied, that is, when control of the goods or services underlying the particular performance obligation is transferred to the customer.

It is anticipated that the application of IFRS 15 in the future may have a material impact on amounts reported in respect to the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review is undertaken.

3. Significant Accounting Policies (Cont'd)

(m) New standards, amendments to standards and interpretations (Cont'd)

(ii) Standards, amendments and interpretations that are issued but not effective and have not been early adopted are as follows: (Cont'd)

- *IAS 16 Property, Plant and Equipment* and *IAS 38 Intangible Assets* have been amended to reflect clarifications of acceptable methods of depreciation and amortization. The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

  (a) When the intangible asset is expressed as a measure of revenue; or
  (b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

  The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Currently, the Group uses the straight-line method for depreciation and amortization for its property, plant and equipment and intangible assets, respectively. It is not anticipated that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Group's consolidated financial statements.

- *IAS 19 Employee Benefits* was amended to clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. This amendment is applicable for annual periods beginning on or after July 1, 2014.

  It is not anticipated that the application of these amendments will have a significant impact on the Group's consolidated financial statements.

3. Significant Accounting Policies (Cont'd)

(m) New standards, amendments to standards and interpretations (Cont'd)

(ii) Standards, amendments and interpretations that are issued but not effective and have not been early adopted are as follows: (Cont'd)

- *IAS 24, Related Party Disclosures* was amended to clarify that a management entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the services paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of compensation to the management personnel that is paid through another entity is not required. This amendment is applicable for annual periods beginning on or after July 1, 2014.

  It is not anticipated that the application of these amendments will have a material impact on the disclosures in the Group's consolidated financial statements.

4. Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value measurements are categorised into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The carrying values of cash and cash equivalents, trade and other receivables and trade and other payables are assumed to approximate their fair values at the reporting date due to their short-term nature. The fair value of non-derivative financial liabilities for disclosure purposes (Note 28) is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

4. Determination of Fair Values (Cont'd)

The following table presents the level, valuation techniques and key inputs of the Group's assets and liabilities that are measured at fair value at the reporting date:

		As at December 31, 2014	As at December 31, 2013	Level	Valuation Techniques and key inputs
Financial Assets					
Available-for-sale	$	**171,532**	169,741	2	Quoted prices in an inactive market.
Derivative financial asset	$	**-**	5,525,392	2	Discounted cash flow. Future cash flows are estimated based on futures prices and discount rates (swap prices and LIBOR) rates.
Financial Liability					
Derivative financial liability	$	**39,745,776**	-	2	Discounted cash flow. Future cash flows are estimated based on futures prices and discount rates (swap prices and LIBOR) rates.

5. Financial Risk Management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including currency risk, interest rate risk and commodity price risk)
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an Audit Committee, which oversees how management monitors compliance with the Group's risk management policies and procedures, and which also reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Committee is assisted in its oversight role by the Internal Audit Department, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

5. Financial Risk Management (Cont'd)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry in which customers operate, have less of an influence on credit risk.

The Board of Directors has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and service terms and conditions are offered.

These payment terms are stipulated under the provisions of the Electricity Supply Act, 1994 (as amended) and include providing discretion to the Group to require a deposit not exceeding an estimated two month's supply of electricity from any consumer as security for sums due from time to time, and which is refundable with interest upon permanent termination of services . Customers that fail to meet the Group's benchmark creditworthiness may have their electricity supply withdrawn or terminated in accordance with the provisions of the Act.

More than 85 percent of the Group's customers have been transacting with the Group for over four years, and losses have occurred infrequently. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Investments
The Group limits its exposure to credit risk by only investing in liquid securities. Credit risk is minimised by placing investments with reputable financial institutions.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Credit risk is minimised by placing cash and cash equivalents with reputable financial institutions.

Derivative financial assets
The Group limits its exposure to credit risk on derivative financial assets by entering into contracts with high credit-quality counterparties and the Group does not expect any counterparties to fail to meet their obligations.

5. Financial Risk Management (Cont'd)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains the following lines of credit:

- An overdraft facility of EC$10 Million which is secured. Interest is payable at the rate of 8% per annum.
- A standby credit facility in the amount of EC$10 Million which will be utilised to restore transmission and distribution assets damaged by hurricane and other natural disasters, should it become necessary. This facility is convertible into a 12-year term instalment loan subject to the necessary approvals. The interest rate is 7.41% on the credit facility and 6.5% if converted into a demand loan.

Liquidity risk of derivative financial instruments is minimised as the Group is required to post collateral when the mark-to-market exposures have surpassed the credit limits agreed with the relevant counterparties.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, equity prices and commodity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is exposed to currency risk on purchases and borrowings denominated in currencies other than its functional currency. The Group's exposure to currency risk is minimal since most of its obligations are denominated in United States Dollars and the United States dollar has been formally pegged to the Eastern Caribbean Dollar at EC$2.70 = US$1.00 since 1976.

There is no significant interest rate risk arising on the Group's available-for-sale financial assets as at December 31, 2014. The Group's only interest-bearing financial liabilities are its borrowings which have fixed rates of interest as disclosed in Note 14.

The Group is not exposed to equity price risk.

5. Financial Risk Management (Cont'd)

Market risk (Cont'd)

Commodity price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in commodity prices. Prices for these commodities are impacted by world economic events that dictate the levels of supply and demand. The Group is not exposed to commodity price risk on its derivative financial instruments as, although these instruments are affected by changes in the price of fuel, the changes in the value of these instruments are recoverable from customers as disclosed in Note 3(g).

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Board of Directors and the senior management. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

5. Financial Risk Management (Cont'd)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net profit after tax divided by average shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. Under the terms of the mortgage debenture agreement, the Company's total debt shall not exceed two times its tangible net worth which currently comprises its share capital and retained earnings. The Company was in compliance with this requirement at year-end.

There were no changes in the Group's approach to capital management during the year.

6. Property, Plant and Equipment

		Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture and Fittings	Work in Progress	Total
Cost							
Balance at January 1, 2013	$	89,082,731	646,079,117	3,331,576	13,707,033	32,757,782	784,958,239
Additions		491,960	8,067,540	400,680	893,695	15,906,472	25,760,347
Transfers		328,925	27,398,274	-	4,212	(27,731,411)	-
Reclassifications to intangible assets		(930,338)	-	-	947,603	(69,090)	(51,825)
Disposals		-	-	(47,000)	(214,408)	-	(261,408)
Balance at December 31, 2013		88,973,278	681,544,931	3,685,256	15,338,135	20,863,753	810,405,353
Balance at January 1, 2014		**88,973,278**	**681,544,931**	**3,685,256**	**15,338,135**	**20,863,753**	**810,405,353**
Additions		**1,797,139**	**1,563,538**	**122,416**	**460,945**	**22,627,342**	**26,571,380**
Transfers		**601,265**	**25,164,632**	-	**602,885**	**(26,368,782)**	-
Reclassifications from intangible assets		-	-	-	-	**352,803**	**352,803**
Disposals		-	-	**(159,281)**	**(8,033)**	-	**(167,314)**
Balance at December 31, 2014	$	**91,371,682**	**708,273,101**	**3,648,391**	**16,393,932**	**17,475,116**	**837,162,222**
Accumulated Depreciation							
Balance at January 1, 2013	$	35,083,401	389,543,810	2,852,360	10,610,810	-	438,090,381
Charge for the year		2,047,588	27,616,587	225,810	789,953	-	30,679,938
Reclassifications to intangible assets		(86,532)	-	-	95,164	-	8,632
Eliminated on disposals		-	-	(47,000)	(212,888)	-	(259,888)
Balance at December 31, 2013		37,044,457	417,160,397	3,031,170	11,283,039	-	468,519,063
Balance at January 1, 2014		**37,044,457**	**417,160,397**	**3,031,170**	**11,283,039**	-	**468,519,063**
Charge for the year		**2,052,824**	**27,781,168**	**311,925**	**824,125**	-	**30,970,042**
Eliminated on disposals		-	-	**(159,281)**	**(7,628)**	-	**(166,909)**
Balance at December 31, 2014	$	**39,097,281**	**444,941,565**	**3,183,814**	**12,099,536**	-	**499,322,196**
Carrying Amounts							
At January 1, 2013	$	53,999,330	256,535,307	479,216	3,096,223	32,757,782	346,867,858
At December 31, 2013	$	51,928,821	264,384,534	654,086	4,055,096	20,863,753	341,886,290
At January 1, 2014	$	**51,928,821**	**264,384,534**	**654,086**	**4,055,096**	**20,863,753**	**341,886,290**
At December 31, 2014	$	**52,274,401**	**263,331,536**	**464,577**	**4,294,396**	**17,475,116**	**337,840,026**

6. Property, Plant and Equipment (Cont'd)

As stated in Note 14, borrowings are secured by hypothecary obligations and mortgage debentures creating fixed charges over all immovable properties and floating charges over all other assets, all ranking pari passu pursuant to a security sharing agreement, and assignment of insurance policies.

7. Intangible Assets

		Information Systems	Way Leave Rights	Work In Progress	Total
Cost					
Balance at January 1, 2013	$	17,845,697	2,473,018	133,000	20,451,715
Additions		346,325	187,945	1,915,970	2,450,240
Transfers		1,832,679	-	(1,832,679)	-
Reclassifications from property, plant and equipment		27,501	24,324	-	51,825
Balance at December 31, 2014		20,052,202	2,685,287	216,291	22,953,780
Balance at January 1, 2014		**20,052,202**	**2,685,287**	**216,291**	**22,953,780**
Additions		**504,970**	**537,185**	**44,242**	**1,086,397**
Transfers		**141,855**	**-**	**(141,855)**	**-**
Reclassifications to property, plant and equipment		**-**	**(352,803)**	**-**	**(352,803)**
Balance at December 31, 2014	$	**20,699,027**	**2,869,669**	**118,678**	**23,687,374**
Accumulated Amortisation					
Balance at January 1, 2013	$	5,397,724	-	-	5,397,724
Amortised for the year		1,975,969	-	-	1,975,969
Reclassifications to property, plant and equipment		(8,632)	-	-	(8,632)
Balance at December 31, 2013		7,365,061	-	-	7,365,061
Balance at January 1, 2014		**7,365,061**	**-**	**-**	**7,365,061**
Amortised for the year		**2,180,034**	**-**	**-**	**2,180,034**
Balance at December 31, 2014	$	**9,545,095**	**-**	**-**	**9,545,095**
Carrying Amounts					
At January 1, 2013	$	12,447,973	2,473,018	133,000	15,053,991
At December 31, 2013	$	12,687,141	2,685,287	216,291	15,588,719
At January 1, 2014	$	**12,687,141**	**2,685,287**	**216,291**	**15,588,719**
At December 31, 2014	$	**11,153,932**	**2,869,669**	**118,678**	**14,142,279**

Way leave rights, which have an indefinite life period, allow the Group access to properties owned by third parties for the purpose of installing and maintaining the Group's transmission and distribution network.

8. Retirement Benefit Assets

Grade I Employees

The Group contributes to a defined benefit pension scheme with Sagicor Life Inc. for Grade I employees who were employed prior to January 1, 2008.

Grade II Employees

The Group contributes to a defined benefit pension scheme for Grade II employees who were employed prior to January 1, 2008 which, up to December 31, 2008, was held with CLICO International Life Insurance Company Limited ("CLICO"). Subsequent fundings to the plan are currently being managed by RBC Investments Management (Caribbean) Limited (Note 31).

The most recent actuarial valuation of these two schemes is dated December 31, 2012. The plans were valued using the "Projected Unit Credit" method of valuation.

Grade III Employees

For its senior employees who were employed prior to January 1, 2008, the Group contributes to the regional CDC Caribbean Pension Scheme administered by Sagicor Life Inc.

The most recent actuarial valuation of the plan was completed December 31, 2012.

The plan was valued using the "Projected Unit Credit" method of valuation.

The principal actuarial assumptions used for all schemes were as follows:

	Grade III		**Grades I and II**	
	2014	**2013**	**2014**	**2013**
	%	%	**%**	%
Discount rates	**7.5**	7.0	**7.0**	7.0
Future salary increases	**4.0**	3.5	**5.5**	5.5
Future pension increases	**3.0**	3.0	**0.0**	0.0
Future promotional increases	**2.0**	2.0	**0.0**	0.0

8. Retirement Benefit Assets (Cont'd)

The amounts recognised in the Consolidated Statement of Financial Position for the year are determined as follows:

	Grade III		Grade II		Grade I		Total	
	2014	2013 Restated	2014	2013	2014	2013	2014	2013 Restated
Present value of defined benefit obligations	$ (22,312,000)	(22,662,000)	(14,583,000)	(13,887,000)	(14,107,000)	(13,395,000)	(51,002,000)	(49,944,000)
Fair value of plans' assets	23,690,000	21,757,000	16,774,000	15,705,000	15,303,000	14,930,000	55,767,000	52,392,000
Defined benefit assets/(liabilities)	$ 1,378,000	(905,000)	2,191,000	1,818,000	1,196,000	1,535,000	4,765,000	2,448,000

The amount of $4,765,000 (2013 - $2,448,000) is recognised as a defined benefit asset as it will be available to the Group to fund a contribution reduction in the future.

The Trustees of the pension schemes are precluded from paying out any part of this amount to the Group. The Group has set up a retirement benefit reserve for the same amount which is not available for distribution to shareholders.

8. Retirement Benefit Assets (Cont'd)

The movements in the defined benefit obligations for the year were as follows:

		Grade III		Grade II		Grade I		Total	
		2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Defined benefit obligations as at January 1,	$	**22,662,000**	20,483,000	**13,887,000**	13,872,000	**13,395,000**	12,788,000	**49,944,000**	47,143,000
Service costs		**1,066,000**	1,032,000	**521,000**	537,000	**190,000**	191,000	**1,777,000**	1,760,000
Interest costs		**1,643,000**	1,498,000	**939,000**	946,000	**924,000**	888,000	**3,506,000**	3,332,000
Members' contributions		**-**	-	**218,000**	221,000	**184,000**	195,000	**402,000**	416,000
Benefits paid		**(523,000)**	(214,000)	**(963,000)**	(728,000)	**(465,000)**	(290,000)	**(1,951,000)**	(1,232,000)
Re-measurements: experience adjustments		**(2,536,000)**	(137,000)	**(19,000)**	(961,000)	**(121,000)**	(377,000)	**(2,676,000)**	(1,475,000)
Defined benefit obligations as at December 31,	$	**22,312,000**	22,662,000	**14,583,000**	13,887,000	**14,107,000**	13,395,000	**51,002,000**	49,944,000

The movements in the plans' assets for the year were as follows:

		Grade III		Grade II		Grade I		Total	
		2014	**2013 Restated**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013 Restated**
Fair value of plan's assets at January 1,	$	**21,757,000**	19,145,000	**15,705,000**	17,228,000	**14,930,000**	14,420,000	**52,392,000**	50,793,000
Contributions paid - employer		**1,190,000**	1,222,000	**453,000**	458,000	**228,000**	243,000	**1,871,000**	1,923,000
Contributions paid - members		**-**	-	**218,000**	221,000	**184,000**	195,000	**402,000**	416,000
Interest income		**1,611,000**	1,444,000	**1,087,000**	1,202,000	**1,041,000**	1,012,000	**3,739,000**	3,658,000
Return on plans' assets, excluding interest income		**(238,000)**	232,000	**338,000**	(2,610,000)	**(557,000)**	(589,000)	**(457,000)**	(2,967,000)
Benefits paid		**(523,000)**	(214,000)	**(963,000)**	(728,000)	**(465,000)**	(290,000)	**(1,951,000)**	(1,232,000)
Expense allowance		**(107,000)**	(72,000)	**(64,000)**	(66,000)	**(58,000)**	(61,000)	**(229,000)**	(199,000)
Fair value of plans' assets at December 31,	$	**23,690,000**	21,757,000	**16,774,000**	15,705,000	**15,303,000**	14,930,000	**55,767,000**	52,392,000

8. Retirement Benefit Assets (Cont'd)

The fair values of the Plans' assets consist of the following:

		Grade III		Grade II		Grade I	
		2014	2013 Restated	2014	2013	2014	2013
Overseas equities	$	6,466,710	9,095,973	-	-	-	-
Government issued nominal bonds		6,224,174	5,998,259	7,367,000	7,699,000	-	-
Corporate bonds		2,984,940	3,220,036	-	-	-	-
Cash/money market		2,496,848	2,145,133	1,602,000	471,000	-	-
Other		5,517,328	1,297,599	1,553,000	1,571,000	-	-
Deposit administration account		-	-	6,252,000	5,964,000	15,303,000	14,930,000
	$	23,690,000	21,757,000	16,774,000	15,705,000	15,303,000	14,430,000

Grade I
The value of the Grade I plan assets was estimated using the face value of the deposit administration contract as at September 30, 2014 provided by the Investment Manager, Sagicor Life Inc. The value of this policy is not quoted and is reliant on Sagicor's financial strength.

Grade II
The Grade II plan assets values as at December 31, 2014 were estimated using the asset value as at September 30, 2014 provided by the Plan's Investment Manager, RBC, the residual value of the deposit administrative contract with CLICO as at December 31, 2013 as shown in the Scheme's audited accounts and an estimate of the Plan's immediate annuity policies which was calculated using the same assumptions used to calculate the defined benefit obligations. The Investment Manager calculates the fair value of government bonds by discounting expected future proceeds using a constructed yield curve. All of the Plan's government bonds were issued by the governments of countries within Caricom.

The plan assets for the Grades I and II Pension Schemes are invested in a strategy agreed with the Plans' Trustees which is largely driven by statutory constraints and asset availability. There are no asset-liability matching strategies used by the Plans.

Grade III
The Grade III plan assets values as at December 31, 2014 were estimated using the asset value as at September 30, 2014 provided by the Plan's Investment Managers, Deutsche Bank and Sagicor Life Inc. The assets held by Deutsche Bank are all quoted in a formal market. There are no asset-liability matching strategies employed by the Plan.

8. Retirement Benefit Assets (Cont'd)

The actual return on plans' assets for the year was as follows:

	Grade III		Grade II		Grade I		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Return on plans' assets	$ 1,373,000	1,676,000	1,425,000	(1,408,000)	484,000	423,000	3,282,000	691,000

The amounts recognised in the Consolidated Statement of Comprehensive Income for the year were as follows:

	Grade III		Grade II		Grade I		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Current service costs	$ 1,066,000	1,032,000	521,000	537,000	190,000	191,000	1,777,000	1,760,000
Administrative expenses	107,000	72,000	64,000	66,000	58,000	61,000	229,000	199,000
Net interest on defined benefit assets	32,000	54,000	(148,000)	(256,000)	(117,000)	(124,000)	(233,000)	(326,000)
Net pension costs	$ 1,205,000	1,158,000	437,000	347,000	131,000	128,000	1,773,000	1,633,000

Re-measurements recognised in Other Comprehensive Income:

	Grade III		Grade II		Grade I		Total	
	2014	2013	2014	2014	2014	2013	2014	2013
Experience (gains)/losses	$ (2,298,000)	(369,000)	(357,000)	1,649,000	436,000	212,000	(2,219,000)	1,492,000
Total amount recognised in Other Comprehensive Income	$ (2,298,000)	(369,000)	(357,000)	1,649,000	436,000	212,000	(2,219,000)	1,492,000

8. Retirement Benefit Assets (Cont'd)

Reconciliation of opening and closing defined benefit assets/(liabilities):

		Grade III		Grade II		Grade I		Total	
		2014	2013 Restated	2014	2013	2014	2013	2014	2013 Restated
Opening defined benefit assets /(liabilities)	$	(905,000)	(1,338,000)	1,818,000	3,356,000	1,535,000	1,632,000	2,448,000	3,650,000
Net pension costs		(1,205,000)	(1,158,000)	(437,000)	(347,000)	(131,000)	(128,000)	(1,773,000)	(1,633,000)
Re-measurements recognised in Other Comprehensive Income		2,298,000	369,000	357,000	(1,649,000)	(436,000)	(212,000)	2,219,000	(1,492,000)
Employer contributions paid		1,190,000	1,222,000	453,000	458,000	228,000	243,000	1,871,000	1,923,000
Closing defined benefit assets/(liabilities)	$	1,378,000	(905,000)	2,191,000	1,818,000	1,196,000	1,535,000	4,765,000	2,448,000

8. Retirement Benefit Assets (Cont'd)

Sensitivity Analysis

The calculation of the defined benefit obligations for Grades I to III is sensitive to the assumptions used. The following tables summarise how the defined benefit obligations as at December 31, 2014 would have changed as a result of a change in the assumptions used.

Grade III

		1% p.a. increase	**1% p.a. decrease**
Discount rate	$	**(3,671,000)**	**4,732,000**
		0.5% p.a. increase	**0.5% p.a. decrease**
Future salary increases	$	**805,000**	**(763,000)**

An increase of one year in the assumed life expectancies would increase the defined benefit obligations at December 31, 2014 by $38,000.

Grade II

		1% p.a. increase	**1% p.a. decrease**
Discount rate	$	**(1,770,000)**	**2,184,000**
Future salary increases	$	**767,000**	**(689,000)**

An increase of one year in the assumed life expectancies would increase the defined benefit obligations at December 31, 2014 by $295,000.

Grade I

		1% p.a. increase	**1% p.a. decrease**
Discount rate	$	**(1,525,000)**	**1,975,000**
Future salary increases	$	**1,292,000**	**(1,093,000)**

An increase of one year in the assumed life expectancies would increase the defined benefit obligations at December 31, 2014 by $189,000.

9. Available-for-sale Financial Assets

		2014	2013
At beginning of year	$	**169,741**	167,969
Additions for year		**1,791**	1,772
At end of year	$	**171,532**	169,741

The available-for-sale financial assets as at December 31, 2014 had a stated interest rate of 0.8% (2013 - 1.52% to 2%). The above investment is not available for the day-to-day operations of the Group (Note 30).

The Group's exposure to credit, currency and interest rate risks related to the available-for-sale financial assets are disclosed in Note 28.

10. Inventories

		2014	2013
Fuel inventories	$	**2,231,951**	2,821,066
Generation spare parts		**3,737,367**	4,485,446
Transmission, distribution and other spares		**6,715,797**	6,929,839
		12,685,115	14,236,351
Less: provision for inventory obsolescence		**(2,220,306)**	(2,220,409)
	$	**10,464,809**	12,015,942

11. Trade, Other Receivables and Prepayments

		2014	2013
Trade receivables due from related parties (Note 25)	$	**12,837,688**	10,518,742
Other trade receivables		**53,815,431**	56,178,023
Less: provision for impairment of trade receivables		**(11,107,101)**	(8,445,654)
Trade receivables, net		**55,546,018**	58,251,111
Other receivables due from related parties (Note 25)		**1,214,008**	235,654
Other receivables		**18,561,055**	5,123,046
Less: provision for impairment of other receivables		**(563,522)**	(339,085)
Other receivables, net		**19,211,541**	5,019,615
Accrued income		**15,595,196**	15,570,075
		90,352,755	78,840,801
Deferred fuel costs		**38,423,790**	-
Prepayments		**879,764**	3,356,572
	$	**129,656,309**	82,197,373

Included in other receivables is collateral paid in the amount of $15,093,334 (2013 - Nil) to cover hedge exposures. This collateral is interest-bearing and refundable when exposures fall below the combined value of the credit limit and the amount paid.

Deferred fuel costs relate to the fair value adjustments of derivative financial instruments as disclosed in Note 3(g) and fuel surcharge adjustments as disclosed in Note 3(i).

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 28.

12. Cash and Cash Equivalents

Cash and cash equivalents comprise:

		2014	2013
Cash at bank and in hand	$	**1,498,819**	4,351,512
Bank overdraft		**(5,510,661)**	-
Term deposits-restricted		**24,565,672**	21,160,397
Term deposits-unrestricted		**1,008,050**	5,307,348
	$	**21,561,880**	30,819,257

The bank overdraft incurred interest at a rate of 8% per annum.

The term deposits earn interest at rates ranging from 1.50% to 3.50% per annum (2013 - 1.00% to 3.75% per annum) and mature between 1 to 3 months after year end (2013 - 1 to 10 months).

Term deposits totalling $24,565,672 (2013 - $21,160,397) are not available for the day-to-day operations of the Group (Note 30).

The Group's exposure to credit and currency risk related to cash and cash equivalents are disclosed in Note 28.

13. Share Capital

	2014	2013
Authorised:		
Voting ordinary shares of no par value	**100,000,000**	100,000,000
Ordinary non-voting shares of no par value	**800,000**	800,000
Preference shares of no par value	**1,214,128**	1,214,128

		2014	2013
Issued and fully paid			
22,400,000 voting ordinary shares	$	**77,562,792**	77,562,792
520,000 non-voting ordinary shares		**2,600,000**	2,600,000
	$	**80,162,792**	80,162,792

14. Borrowings

		2014	2013
Current			
Bank borrowings	$	**4,120,893**	3,822,932
Related parties		**11,344,560**	11,055,407
		15,465,453	14,878,339
Non-current			
Bank borrowings		**30,735,913**	34,856,806
Related parties		**106,989,603**	118,215,751
		137,725,516	153,072,557
Total borrowings			
Bank borrowings		**34,856,806**	38,679,738
Related parties (Note 25)		**118,334,163**	129,271,158
	$	**153,190,969**	167,950,896

Borrowings include loans amounting to $91,115,751 (2013 - $95,248,143) that are guaranteed by the Government of Saint Lucia and other bank loans that are secured by hypothecary obligations and mortgage debentures creating fixed charges over all immovable properties and floating charges over all other assets, all ranking pari passu pursuant to a security sharing agreement, and assignment of insurance policies.

14. Borrowings (Cont'd)

The weighted average effective rates at the date of the statement of financial position were as follows:

	2014 %	2013 %
Bank borrowings	**8.15**	8.13
Related parties	**7.61**	7.60

Maturity of non-current borrowings:

	2014	2013
Between 1 and 2 years	$ **16,012,844**	15,347,041
Between 2 and 5 years	**40,377,022**	48,342,383
Over 5 years	**81,335,650**	89,383,133
	$ **137,725,516**	153,072,557

The Group's exposure to interest rate, foreign currency, and liquidity risks related to borrowings is disclosed in Note 28.

15. Consumer Deposits

Consumers requesting energy connections are required to pay a deposit that is refundable when the service is terminated. Interest is accrued on these deposits at the rate of 3% (2013 - 3%) per annum.

	2014	2013
Consumer deposits	$ **12,081,685**	11,653,734
Interest accrual	**4,053,473**	3,891,251
	$ **16,135,158**	15,544,985

16. Deferred Tax Liabilities

Deferred tax liability is calculated in full on temporary differences under the balance sheet liability method using a principal tax rate of 30% (2013 - 30%). The movement on the deferred tax liability account is as follows:

	2014	2013 Restated
At beginning of year	$ **37,448,796**	37,151,943
Recognised in profit and loss (Note 22)	**137,752**	670,355
Recognised in other comprehensive income (Note 22)	**692,369**	(373,502)
At end of year	$ **38,278,917**	37,448,796

Deferred tax liabilities are attributed to the following items:

	2014	2013 Restated
Property, plant and equipment	$ **37,404,105**	37,250,187
Retirement benefit assets and liabilities	**874,812**	198,609
	$ **38,278,917**	37,448,796

17. Post-employment Medical Benefit Liabilities

The Group contributes to a post retirement medical scheme with The Beacon Insurance Co. Limited for all its current employees and retirees.

The principal actuarial assumptions used for all schemes were as follows:

	Grade III		Grades I and II	
	2014	**2013**	**2014**	**2013**
	%	**%**	**%**	**%**
Discount rates	**7.5**	7.0	**7.0**	7.0
Medical expense increase	**5.0**	4.5	**5.0**	5.0

The amounts recognised in the Consolidated Statement of Financial Position at December 31, 2014 are determined as follows:

	Grade III		Grade II & I		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Present value of defined benefit obligations	$ **483,959**	420,970	**1,365,000**	1,365,000	**1,848,959**	1,785,970
Fair value of plans' assets	-	-	-	-	-	-
Post retirement liabilities	$ **483,959**	420,970	**1,365,000**	1,365,000	**1,848,959**	1,785,970

17. Post-employment Medical Benefit Liabilities (Cont'd)

The movements in the post retirement benefit obligations for the year were as follows:

		Grade III		Grades II & I		Total	
		2014	**2013**	**2014**	**2013**	**2014**	**2013**
Defined benefit obligations as at January 1,	$	**420,970**	393,198	**1,365,000**	1,485,000	**1,785,970**	1,878,198
Current service costs		**26,778**	24,487	**40,000**	36,000	**66,778**	60,487
Interest costs		**31,166**	29,071	**94,000**	103,000	**125,166**	132,071
Benefits paid		**(5,056)**	(4,793)	**(35,000)**	(33,000)	**(40,056)**	(37,793)
Re-measurements: experience adjustments		**10,101**	(20,993)	**(99,000)**	(226,000)	**(88,899)**	(246,993)
Defined benefit obligations as at December 31,	$	**483,959**	420,970	**1,365,000**	1,365,000	**1,848,959**	1,785,970

The amounts recognised in the Consolidated Statement of Comprehensive Income for the year were as follows:

		Grade III		Grades II & I		Total	
		2014	**2013**	**2014**	**2013**	**2014**	**2013**
Current service costs	$	**26,778**	24,487	**40,000**	36,000	**66,778**	60,487
Interest on defined benefit obligations		**31,166**	29,071	**94,000**	103,000	**125,166**	132,071
Net pension costs	$	**57,943**	53,558	**134,000**	139,000	**191,943**	192,558

Re-measurements recognised in Other Comprehensive Income:

		Grade III		Grades II & I		Total	
		2014	**2013**	**2014**	**2013**	**2014**	**2013**
Experience losses/(gains)	$	**10,101**	(20,993)	**(99,000)**	(226,000)	**(88,899)**	(246,993)
Total amount recognised in Other Comprehensive Income	$	**10,101**	(20,993)	**(99,000)**	(226,000)	**(88,899)**	(246,993)

17. Post-employment Medical Benefit Liabilities (Cont'd)

Reconciliation of opening and closing defined benefit liabilities:

	Grade III		Grades II & I		Total	
	2014	2013	2014	2013	2014	2013
Opening defined benefit liabilities	$ 420,970	393,198	(1,365,000)	1,485,000	1,785,970	1,878,198
Net pension costs	57,943	53,558	134,000	139,000	191,943	192,558
Re-measurements recognised in Other Comprehensive Income	10,101	(20,993)	(99,000)	(226,000)	(88,899)	(246,993)
Benefits paid	(5,056)	(4,793)	(35,000)	(33,000)	(40,056)	(37,793)
Closing defined benefit liabilities	$ 483,959	420,970	(1,365,000)	(1,365,000)	1,848,959	1,785,970

Sensitivity Analysis:

The calculation of the defined benefit obligations for Grades I to III is sensitive to the assumptions used. The following tables summarise how the defined benefit obligations as at December 31, 2014 would have changed as a result of a change in the assumptions used.

Grade III

		1% p.a. increase	1% p.a. decrease
Discount rate	$	(86,000)	113,000
Medical expense increases	$	112,000	(87,000)

An increase of 1 year in the assumed life expectancies would increase the defined benefit obligations at December 31, 2014 by $1,000.

Grades I & II

		1% p.a. increase	1% p.a. decrease
Discount rate	$	(208,000)	269,000
Medical expense increases	$	272,000	(213,000)

An increase of 1 year in the assumed life expectancies would increase the defined benefit obligations at December 31, 2014 by $48,000.

18. Trade and Other Payables

	2014	2013 Restated
Trade payables	$ 14,939,668	19,687,729
Accrued expenses	6,347,487	3,877,214
Other payables	7,136,735	6,487,591
	28,423,890	30,052,534
Deferred fuel costs	-	5,962,662
	$ 28,423,890	36,015,196

Deferred fuel costs represents the fair values of derivative financial instruments as disclosed in Note 3(g) and fuel surcharge adjustments as disclosed in Note 3(i).

The Group's exposure to foreign currency and liquidity risks related to trade and other payables is disclosed in Note 28.

19. Tariff Reduction

In accordance with the provisions of the Electricity Supply Amendment Act Nos. 12 of 2006 and 13 of 2006, a mechanism was put into effect for the computation of the Allowable Rate of Return, based on a predetermined range of Return on Average Contributed Capital.

The Allowable Rate of Return is between 2% and 7% above the cost of the most recent long-term bonds issued by the Government of St. Lucia on the Regional Government Securities Market. This was equal to a range of 9.5% to 14.5% in respect of 2014 (2013 – 9.5% to 14.5%). This return is subject to a minimum rate of 10%.

In the event that the actual Rate of Return exceeds the Allowable Rate of Return, 50% of the amount in excess of the maximum of the range will be distributed proportionately to hotel and industrial consumers as a decrease in the basic energy rate based on the total kilowatt hours consumed in the preceding calendar year. The Minister may also, by Order, apply the decrease in the basic energy rate to consumers or groups of consumers in need of special protection.

In the event that the actual Rate of Return falls below the minimum of 10%, provision is also made for the upward adjustment of the basic energy rate.

As the actual Rate of Return fell below the Allowable Rate of Return for the year ended December 31, 2014, no appropriation will be made.

20. Ordinary Dividends

	2014	2013
Interim 2014 - $0.35 (2013 - $0.35) per share	$ 8,022,000	8,022,000
Final 2013 - $0.35 per share	8,022,000	-
	$ 16,044,000	8,022,000

The final dividend for the year 2014 had not been declared as at December 31, 2014.

21. Other Gains, Net

		2014	2013
Gain on disposal of property, plant and equipment	$	28,039	13,480
Foreign exchange gain		39,082	52,377
	$	67,121	65,857

22. Taxation

		2014	2013 Restated
Current tax	$	10,054,334	8,913,867
Deferred tax (Note 16)		137,752	670,355
	$	10,192,086	9,584,222

Reconciliation of the applicable tax charge to the effective tax charges:

		2014	2013 Restated
Profit before taxation	$	37,000,493	34,898,738
Tax at the statutory rate of 30% (2013 - 30%)		11,100,148	10,469,622
Tax effect of non-deductible expense		101,344	182,183
Tax effect of self insurance appropriation		(1,009,406)	(1,067,583)
Actual tax charge	$	10,192,086	9,584,222

Deferred tax on each component of other comprehensive income is as follows:

	2014			2013		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Re-measurement of defined benefit pension plans	$ 2,307,898	(692,369)	1,615,529	(1,245,007)	373,502	(871,505)
Total other comprehensive income	$ 2,307,898	(692,369)	1,615,529	(1,245,007)	373,502	(871,505)

23. Fuel Price Hedging

The underlying strategy and imperative related to the Group's objective is to reduce, in some measure, the price volatility to its customers caused by the existing arrangements whereby fuel is purchased on a regular basis at market prices. The Group has only been authorised to use Fixed Price Swaps in its programme during the period to cover the related contracts.

The Board of Directors, as part of the hedging strategy, approved a rolling 12 month hedging program that commenced in January 2012 utilising Fixed Price Swaps covering 75% of estimated monthly volumes.

Under the provisions of the Electricity Supply Act (as amended) 1994, fuel prices are passed through to customers at cost.

The fair value of these fixed price swaps at year end as disclosed on the Consolidated Statement of Financial Position as Derivative Financial (Liabilities)/Assets are as follow:

		2014	2013
Derivative financial instruments			
Fixed Price Swaps	$	(39,745,776)	5,525,392

24. Earnings Per Share

Earnings per share of $1.17 (2013 - $1.10) have been calculated by dividing the profit for the year of $26,808,407 (2013 - $25,314,516) by the weighted average number of shares outstanding during the year of 22,920,000 (2013 - 22,920,000).

25. Related Parties

(a) Identification of related party
A party is related to the Group if:

(i) Directly or indirectly the party:
- Controls, is controlled by, or is under common control with the Group
- Has an interest in the Group that gives it significant influence over the Group or
- Has joint control over the Group,

(ii) The party is a member of the key management personnel of the Group,
(iii) The party is a close member of the family of any individual referred to in (i) or (ii),
(iv) The party is a post-employment benefit plan for the benefit of employees of the Group or any Group that is a related party of the Group.

(b) Related party transactions and balances
A number of transactions have been entered into with related parties in the normal course of business. These transactions were conducted at market rates, or commercial terms and conditions.

25. Related Parties (Cont'd)

Transactions with key management personnel

In addition to their salaries, the Group also provides non-cash benefits to executive officers and contributions to a post-employment defined benefit plan on their behalf. The key management personnel compensations are as follows:

		2014	2013
Short-term employee benefits	$	**3,855,367**	3,563,783
Post-employment benefits		**724,035**	625,332
Directors' remuneration		**340,022**	316,140
	$	**4,919,424**	4,505,255

A few key management personnel hold positions in other entities that result in them having significant influence over the financial or operating policies of those entities.

The aggregate value of transactions and outstanding balances relating to those entities were as follows:

Director/Shareholder	Company	Transactions		Transaction Value 2014	2013
Stephen McNamara	McNamara & Co.	Legal fees	$	**37,386**	62,862
		Payments on behalf of third parties	$	**75,948**	406,904

The Group is controlled by the following entities:

	2014 %	2013 %
Emera St. Lucia Ltd.	**20.00**	20.00
First Citizens Bank Limited	**20.00**	20.00
National Insurance Corporation	**16.79**	16.79
Castries City Council	**16.33**	16.33
Government of Saint Lucia	**12.44**	12.44
	85.56	85.56

The remaining 14.44% (2013 - 14.44%) of the shares are widely held.

25. Related Parties (Cont'd)

Transactions with related parties

Transactions with shareholders during the year were as follows:

Supply of services

		2014	2013
National Insurance Corporation	$	**3,204,231**	3,200,563
Castries City Council		**1,837,302**	1,880,280
Government of Saint Lucia		**28,274,607**	29,265,527
	$	**33,316,140**	34,346,370

The Government of Saint Lucia receives a 10% discount on electricity charges in respect of all accounts other than Street lighting, except where the minimum charges apply.

Balances at the year end arising from supply of electricity services to related parties during the year (Note 11) were as follows:

		2014	2013
National Insurance Corporation	$	**265,351**	292,973
Castries City Council		**859,715**	155,318
Government of Saint Lucia		**11,712,622**	10,070,451
	$	**12,837,688**	10,518,742

Other Services

Balances at the year end arising from supply of other services to related parties during the year (Note 11) were as follows:

		2014	2013
Government of Saint Lucia	$	**1,214,008**	235,654

25. Related Parties (Cont'd)

Transactions with related parties (Cont'd)

Loans from shareholders

Movements in loans from shareholders for the year and their balances at December 31, 2013 were as follows:

	2014	2013
National Insurance Corporation		
At beginning of year	$ **95,248,143**	100,017,120
Repayments during year	**(11,161,578)**	(12,112,418)
	84,086,565	87,904,702
Interest expense	**7,029,186**	7,343,441
At end of year	$ **91,115,751**	95,248,143

	2014	2013
First Citizens Bank Limited		
At beginning of year	$ **34,023,015**	40,827,618
Repayments during year	**(9,457,016)**	(9,591,451)
	24,565,999	31,236,167
Interest expense	**2,652,413**	2,786,848
At end of year	$ **27,218,412**	34,023,015

The above loans are fully secured (Note 14).

Finance costs
Details of the related finance costs are as follows:

	2014	2013
National Insurance Corporation	$ **7,029,186**	7,343,441
First Citizens Bank Limited	**2,652,413**	2,786,848
	$ **9,681,599**	10,130,289

These charges are included in the finance costs of $12,956,548 (2013 - $14,090,776) disclosed in the Statement of Comprehensive Income.

	2014	2013
Lease Charges		
Government of Saint Lucia	$ **33,334**	100,000

26. Expenses by Nature

	2014	2013 Restated
Fuel costs	$ **191,557,546**	195,797,881
Depreciation on property, plant and equipment	**30,970,042**	30,679,938
Amortisation of intangible assets	**2,180,034**	1,975,969
Repairs and maintenance	**9,672,517**	11,184,466
Employee benefit expenses (Note 27)	**27,769,624**	28,137,916
Other operating expenses	**18,432,428**	17,341,112
	$ **280,582,191**	285,117,282
Operating expenses	$ **247,227,471**	253,057,510
Administrative expenses	**33,354,720**	32,059,772
	$ **280,582,191**	285,117,282

27. Employee Benefit Expenses

	2014	2013
Wages and salaries	$ **20,765,606**	21,436,966
Pension contributions	**2,153,304**	2,151,776
Medical contributions	**576,376**	503,803
Other employee benefits	**4,274,338**	4,045,371
	$ **27,769,624**	28,137,916

The number of permanent employees at December 31, 2014 was 249 (2013 - 247).

28. Financial Instruments

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	Carrying Amounts 2014	2013
Available-for-sale financial assets	9	$ 171,532	169,741
Trade and other receivables	11	90,352,755	78,840,801
Cash and cash equivalents	12	21,561,880	30,819,257
Derivative financial assets		-	5,525,392
		$ 112,086,167	115,355,191

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Carrying Amounts 2014	2013
Business, before deducting provision	$ 50,849,032	51,419,256
Residential, before deducting provision	15,804,087	15,277,509
	$ 66,653,119	66,696,765

Impairment losses:

The aging of trade receivables at the reporting date was:

	Gross 2014	Impairment 2014	Gross 2013	Impairment 2013
Not past due	$ 24,037,290	-	24,879,042	-
Past due 30-60 days	13,087,862	-	13,326,826	-
Past due 60-90 days	5,513,162	-	5,731,870	-
Over 90 days	24,014,805	11,107,101	22,759,027	8,445,654
	$ 66,653,119	11,107,101	66,696,765	8,445,654

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2014	2013
Balance at January 1,	$ 8,445,654	7,154,293
Impairment loss recognised	2,661,447	1,291,361
Balance at December 31,	$ 11,107,101	8,445,654

The allowance accounts in respect of trade and other receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written-off against the financial asset directly.

(Expressed In Eastern Caribbean Dollars)

28. Financial Instruments (Cont'd)

Liquidity risk

The following are the contractual maturities of financial liabilities including estimated interest payments:

December 31, 2014

		Carrying amounts	Contractual cash flows	Under 1 year	1-2 years	2-5 years	>5 years
Non-derivative financial liabilities							
Secured loans	$	(153,190,969)	(222,870,562)	(26,494,550)	(26,007,447)	(63,224,223)	(107,144,342)
Trade and other payables		(28,423,890)	(28,423,890)	(28,423,890)	-	-	-
	$	(181,614,859)	(251,294,452)	(54,918,440)	(26,007,447)	(63,224,223)	(107,144,342)
Derivative financial liabilities							
Derivative financial liabilities	$	(39,745,776)	(39,745,776)	(39,745,776)	-	-	-

December 31, 2013

		Carrying amounts	Contractual cash flows	Under 1 year	1-2 years	2-5 years	>5 years
Non-derivative financial liabilities							
Secured loans	$	(167,950,896)	(249,856,253)	(26,985,691)	(26,494,550)	(74,629,740)	(121,746,272)
Trade and other payables		(30,052,534)	(30,052,534)	(30,052,534)	-	-	-
	$	(198,003,430)	(279,908,787)	(57,038,225)	(26,494,550)	(74,629,740)	(121,746,272)

28. Financial Instruments (Cont'd)

Fair values
Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

		Carrying amounts as at December 31, 2014	Fair values as at December 31, 2014	Carrying amounts as at December 31, 2013	Fair values as at December 31, 2013
Available-for- sale financial assets	$	**171,532**	**171,532**	169,741	169,741
Trade and other receivables		**90,352,755**	**90,352,755**	78,840,801	78,840,801
Cash and cash equivalents		**21,561,880**	**21,561,880**	30,819,257	30,819,257
Derivative financial (liabilities)/assets		**(39,745,776)**	**(39,745,776)**	5,525,392	5,525,392
Secured borrowings		**(153,190,969)**	**(153,531,414)**	(167,950,896)	(168,344,654)
Trade and other payables		**(28,423,890)**	**(28,423,890)**	(30,052,534)	(30,052,534)
	$	**(109,274,468)**	**(109,614,913)**	(82,648,239)	(83,041,997)

The basis of determining fair values is disclosed in Note 4.

Interest rates used for determining fair values
The interest rates used to discount estimated cash flow are based on the market interest rates at the reporting date.

29. Commitments

Capital commitments

Group had capital commitments at December 31, 2014 of $843,511 (2013 - $2,449,853).

Operating lease commitment

(i) Union premises

The future aggregate minimum lease payments on the operating lease is as follows:

		2014	2013
Not later than 1 year	$	-	100,000
Later than 1 year and not later than 5 years		-	400,000
More than 5 years		-	200,000
	$	-	700,000

The operating lease, which commenced in 2001 for a term of twenty years, was terminated April 30, 2014.

(ii) Motor vehicles and property

The Group entered into lease agreements for company vehicles for management staff and into property agreements for office premises.

The future aggregate minimum lease payments on the leases are as follows:

		2014	2013
Not later than 1 year	$	**678,909**	716,004
Later than 1 year and not later than 5 years		**1,385,206**	1,398,366
	$	**2,064,115**	2,114,370

Fuel hedging

On December 31, 2014, the Group received a request for collateral by one of its counterparties of EC$7,317,000, payment of which was made in the subsequent period.

30. Self Insurance Reserve

Because of the difficulty experienced by the Group in obtaining adequate and reasonably priced commercial insurance coverage primarily on its Transmission and Distribution (T&D) assets, the Board of Directors gave approval for the establishment of a Self Insurance Fund to provide coverage for its T&D assets in the first instance, in the event of natural disasters or similar catastrophic events. From 2008, the Group therefore ceased commercial insurance cover of its T&D assets and undertook on an annual basis, to provide for insurance cover and to place amounts into the fund which will be independently managed under the terms of a registered Trust Deed.

During 2011 the Company received formal notification from the Registrar of Insurances of approval in principle, subject to certain conditions, for the establishment of the fund in accordance with the Insurance Act of Saint Lucia. Payments into the fund are exempted from income tax under authority of Statutory Instrument No. 172 of 2007. LUCELEC Cap-Ins. Inc. was incorporated on December 31, 2014 to manage the Self Insurance Fund. This subsidiary company has established a reserve which is not available for distribution to the shareholders.

The Group also obtained, and the Board of Directors approved, an independent report on a fund investment policy to ensure its long term sustainability.

The fund balance as at December 31, 2014 is $24,737,204 (2013 - $21,330,139), of which $24,565,672 (2013 - $21,160,397) (Note 12) included in cash and cash equivalents have been invested in local financial institutions in short-term liquid financial instruments. The balance of $171,532 (2013 - $169,741) (Note 9) disclosed as available-for-sale financial assets represents fund amounts invested in the Unit Trust Corporation of Trinidad and Tobago.

The Group also has access to a line of credit in the amount of $10 Million which will be used, if required, in the event of damage to the T&D assets as disclosed in Note 5 (Liquidity Risk) to these financial statements.

The movements in the Self Insurance Reserve were as follows:

		2014	2013
Balance at January 1,	$	**21,155,667**	17,771,529
Transferred from retained earnings		**3,539,155**	3,384,138
Balance at December 31,	$	**24,694,822**	21,155,667

31. CLICO Investment-Grade II Pension Scheme

The Group contributes to a Defined Benefit pension scheme for Grade II employees who were employed prior to January 1, 2008. Up to December 31, 2008, this scheme was invested in a deposit administration contract with CLICO International Life Insurance Limited ("CLICO"). In addition, the scheme had purchased individual annuity policies from CLICO to secure pensions in payment.

On January 30, 2009, in accordance with the terms of the deposit administration contract between the CLICO and the scheme's trustees, the trustees with the consent of the Group served notice on CLICO to terminate the contract. Under the terms of the contract, CLICO is required to repay the value of the deposit administration contract in monthly instalments of $250,000, and interest is accrued on the residual balance at a rate of 5% per annum. These monthly instalments were paid to the scheme's new investment manager (RBC Investment Management (Caribbean) Limited) up until October 2010 when payments stopped. The estimated residual balance of the fund held with CLICO at December 31, 2014 was $6.252 Million (2013 - $5.964 Million). In addition, the estimated value of the immediate annuity policies that the scheme holds with CLICO was $1.553 Million as at December 31, 2014 (2013 - $1.571 Million). The total value of the scheme's investment in CLICO was therefore $7.805 Million as at December 31, 2014 (2013 - $7.535 Million).

Contributions remitted to the scheme since 2008 have been paid to the scheme's new investment manager, RBC Investment Management (Caribbean) Limited.

During 2011, the trustees also initiated legal action and obtained judgment against CLICO from the High Court of Justice (Saint Lucia) of the Eastern Caribbean Supreme Court in respect of the fund balance due to the Scheme. Subsequent to the judgment, the operations of CLICO in Barbados and the Eastern Caribbean were placed under Judicial Management and this may affect CLICO's ability to honour its financial obligations to the Grade II pension scheme.

As at December 31, 2014, the computation of the present value of the pension obligations as required by IAS 19 are reliant on the value placed on the Scheme's investments with CLICO. The Judicial Manager of CLICO has received sanction from the High Court of Barbados to pursue a restructuring plan for the company. The proposed plan will result in a write down in value of all policyholders' liabilities to match the estimated value of the company's net available assets. The restructured policyholder liabilities and all the assets of the company will be transferred to a new company which will be separately governed and managed. Currently, the quantitative effects of this proposed plan is uncertain. To date, a 25% impairment loss has been taken into consideration in the computation of the Group's asset on the Consolidated Statement of Financial Position for the pension plans and its annual net pension cost as required by IAS 19.

32. Contingent Liability

The Group has been named a defendant to a number of claims as at December 31, 2014. While it is impossible to be certain of the outcome of any particular case or of the amount of any possible adverse verdict, the Group believes that their defenses to all these various claims are meritorious on both the law and the facts. Having regard to the foregoing, the Group (i) does not consider it appropriate to make any provision in respect of any pending litigation and (ii) does not believe that the ultimate outcome of this litigation will significantly impair the Group's financial condition. Payments if any, arising from these claims will be recorded in the period that the payment is made.

33. Prior Periods' Adjustments

Application of Accounting Standards

Retirement Benefit Assets

In 2012, the investment income recorded for the Grade III Pension Scheme was overstated. The financial statements of 2012 and 2013 have been restated to correct this error. The effect of this restatement is summarized below:

		Effect on 2013	Effect on 2012
Statement of Financial Position			
Decrease in retirement benefit assets	$	(982,000)	(982,000)
Decrease in deferred tax liabilities		294,600	294,600
Decrease in net assets	$	(687,400)	(687,400)
Increase in retained earnings	$	(294,600)	(294,600)
Decrease in retirement benefit reserve		982,000	982,000
Decrease in shareholders' equity	$	687,400	687,400

There was no effect on earnings per share at December 31, 2013.

33. Prior Periods' Adjustments (Cont'd)

Application of Accounting Standards (Cont'd)

Deferred fuel costs

In the prior periods, the fair values of the fixed price hedging contracts were not recorded in the financial statements. In addition, fuel surcharge cost adjustments were not deferred until recovery from customers. The financial statements of 2012 and 2013 have been restated to correct these errors. The effect of this restatement is summarized below:

		Effect on 2013
Statement of Comprehensive Income		
Increase in fuel costs	$	(437,270)
Decrease in current tax		131,181
Decrease in net income and total comprehensive income	$	(306,089)

		Effect on 2013	Effect on 2012
Statement of Financial Position			
Increase in derivative financial assets	$	5,525,392	2,722,062
Increase in trade and other payables		(5,962,662)	(2,722,062)
Decrease in income tax payable		131,181	-
Decrease in net assets	$	(306,089)	-
Decrease in retained earnings		306,089	
Decrease in shareholders' equity	$	306,089	

There was a decrease in earnings per share at December 31, 2013 of $0.02.

33. Prior Periods' Adjustments (Cont'd)

Application of Accounting Standards (Cont'd)

The net effect of the above restatements is summarized below:

		Effect on 2013
Statement of Comprehensive Income		
Increase in fuel costs	$	(437,270)
Decrease in current tax		131,181
Decrease in net income and total comprehensive income	$	(306,089)

		Effect on 2013	Effect on 2012
Statement of Financial Position			
Decrease in retirement benefit assets	$	(982,000)	(982,000)
Increase in derivative financial assets		5,525,392	2,722,062
Decrease in deferred tax liabilities		294,600	294,600
Increase in trade and other payables		(5,962,662)	(2,722,062)
Decrease in income tax payable		131,181	-
Decrease in net assets	$	(993,489)	(687,400)
Decrease/(increase) in retained earnings	$	11,489	(294,600)
Decrease in retirement benefit reserve		982,000	982,000
Decrease in shareholders' equity	$	993,489	687,400

There was a decrease in earnings per share at December 31, 2013 of $0.02.

34. Subsidiary Companies

	Country of incorporation	Equity %
LUCELEC Cap-Ins. Inc.	Saint Lucia	100
LUCELEC Trust Company Inc.	Saint Lucia	100

35. Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in the presentation in the current year.