

SECURITIES ACT 2001

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

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

CITATION AND COMMENCEMENT

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

ANNUAL REPORTS

2. Quarterly Reports to be submitted to the Commission

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

ST LUCIA ELECTRICITY SERVICES LIMITED
STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009

	Unaudited Sept 30, 2009 EC\$000s	Unaudited Sept 30, 2008 EC\$000s	Audited Dec 31 2008 EC\$000s
Revenue			
Energy Sales	172,549	187,212	244,669
Fuel Surcharge Recovered	17	52,064	57,448
Other Revenue	644	813	1,082
	<u>173,210</u>	<u>240,089</u>	<u>303,199</u>
Operating Expenses			
Diesel Generation	16,642	15,259	21,058
Transmission and Distribution	22,032	24,181	30,591
Fuel & Lubricants	76,187	148,166	183,720
	<u>114,861</u>	<u>187,606</u>	<u>235,369</u>
Gross Income	58,349	52,483	67,830
Administrative Expenses	19,102	17,056	23,464
Operating Profit	39,247	35,427	44,366
Other (Losses)/Gains	(89)	418	462
Profit Before Finance Costs and Taxation	39,158	35,845	44,828
Finance Costs	6,846	6,931	8,997
Profit Before Taxation	32,312	28,914	35,831
Taxation	8,724	9,000	10,962
Net Profit for the Period	<u><u>23,588</u></u>	<u><u>19,914</u></u>	<u><u>24,869</u></u>
Earnings Per Share	<u><u>\$ 2.01</u></u>	<u><u>\$ 1.70</u></u>	<u><u>\$ 2.12</u></u>

ST LUCIA ELECTRICITY SERVICES LIMITED
STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009

	Unaudited	Unaudited	Audited
	Sept 30,	Sept 30,	Dec 31
	2009	2008	2008
	EC\$ 000s	EC\$ 000s	EC\$ 000s
Cash flows from Operating Activities			
Net Income Before Tax	32,313	28,913	35,831
Adjustments for			
Depreciation	23,559	21,933	28,457
Amortization of intangible assets			1,012
Finance Charges	6,450	6,761	8,997
Loss/(Gain) on Disposal of Property, Plant and Equip	7	(196)	(190)
Amortization of Consumer Contributions	(1,072)	(1,127)	(1,534)
Pension benefits			(1,079)
Adjustment to plant and equipment			(505)
Operating Income before Working Capital Changes	<u>61,257</u>	<u>56,284</u>	<u>70,989</u>
Increase in Accounts Receivable and Prepayments	(5,858)	(10,739)	4,327
Increase in Deferred Expenses	0	(1,286)	0
Increase in Inventories	(2,860)	(6,292)	(1,737)
Increase in Trade and Other Payables	(71)	8,922	472
Cash Generated from Operations	<u>52,468</u>	<u>46,889</u>	<u>74,051</u>
Interest Received	183	170	52
Interest Paid	(5,500)	(5,604)	(9,233)
Income Tax Paid	(12,193)	(12,354)	(12,354)
Net Cash from Operating Activities	<u>34,958</u>	<u>29,101</u>	<u>52,516</u>

Cash Flows from Investing Activities

Purchase of Available for Sale Financial Asset	(2,100)	(1,663)	(2,000)
Purchase of Property, Plant and Equipment	(17,386)	(14,028)	(27,626)
Proceeds on Disposal of Property, Plant and Equipment	(7)	196	196
Purchase of intangible assets			(718)
Net Cash used in Investing Activities	<u>(19,493)</u>	<u>(15,495)</u>	<u>(30,148)</u>

Cash Flows from Financing Activities

Proceeds from borrowings			20,000
Repayment of borrowings	(11,214)	(12,186)	(21,882)
Decrease in Tariff Reduction Reserve	(232)	474	474
Transfer of tariff reduction rebate			(2,427)
Dividends Paid	(8,066)	(9,012)	(16,622)
Consumer Contributions Received net of adjustments	1,058	2,536	5,415
Consumer Deposits Received net	587	724	372
Net Cash used in Financing Activities	<u>(17,867)</u>	<u>(17,464)</u>	<u>(14,670)</u>

Decrease in Cash and Cash Equivalents

(2,402) (3,858) 7,698

Cash and Cash Equivalents, Beginning of Period

10,843 767 3,149

Cash and Cash Equivalents, End of Period

8,441 (3,091) 10,847

ST LUCIA ELECTRICITY SERVICES LIMITED
BALANCE SHEET
AS AT SEPTEMBER 30, 2009

	Unaudited Sept 30 2009 EC\$ 000s	Unaudited Sept 30 2008 EC\$ 000s	Audited Dec 31 2008 EC\$ 000s
Assets			
Non-Current			
Property, plant and equipment	290,821	291,891	298,775
Intangible Assets	5,504	2,753	3,724
Retirement benefit asset	8,847	3,274	8,847
Available-for-sale financial asset	7,956	5,115	5,642
Total non-current assets	313,128	303,033	316,988
Current			
Inventories	18,600	20,295	15,740
Income tax refundable	1,728	2,106	0
Trade and other receivables	47,797	58,868	41,940
Cash and cash equivalents	8,441	168	10,847
Total current assets	76,566	81,437	68,527
TOTAL ASSETS	389,694	384,470	385,515
Equity and liabilities			
Shareholders' equity			
Stated capital	80,163	80,163	80,163
Retained earnings	80,201	80,065	64,462
Other components of equity	(702)	0	0
Total equity attributable to equity holders	159,662	160,228	144,625
Retirement benefit reserve	8,847	3,274	8,847
Total shareholders' equity	168,509	163,502	153,472
Liabilities			
Non-Current			
Borrowings	109,622	107,288	110,754
Consumer deposits	12,419	12,034	11,682
Deferred tax liabilities	28,695	29,232	28,695
Consumer contributions	28,432	25,956	28,428
Total non-current liabilities	179,168	174,510	179,559
Current			
Borrowings	7,834	12,103	16,743
Trade and other payables	26,380	34,198	25,749
Income tax payable	0	0	1,741
Dividends payable	7,803	157	8,251
Total current liabilities	42,017	46,458	52,484
Total liabilities	221,185	220,968	232,043
TOTAL EQUITY & LIABILITIES	389,694	384,470	385,515

Director

Director

**Schedule 3
FORM ECSRC - Q**

(Select One)

Quarterly Report

For the period ended:

30th September, 2009

or

TRANSITION REPORT

N/A

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

For the transition period from _____ to _____

Issuer Registration Number: LUCELEC09091964SL

St. Lucia Electricity Services Limited

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

Saint Lucia
(Territory or jurisdiction of incorporation)

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

Reporting issuer's:

Telephone number 1-758-457 4400

Fax number: 1-758-457-4409

Email address: lucelec@candw.lc

N/A

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

(Provide information stipulated in paragraphs 1 to 8 hereunder)

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

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

SIGNATURES

Name of Chief Executive Officer:

Name of Director:

Trevor M. Louisy

Signature

Signature

Date

Date

INFORMATION TO BE INCLUDED IN THE REPORT

1. Financial Statements

Condensed Balance Sheet as at 30th September, 2009 is attached

- (a) Condensed Statement of Income for the Nine Months Ended 30th September, 2009 and the corresponding period in the previous financial year are attached.
- (b) Condensed Statement of Cash Flows for the Nine Months Ended 30th September, 2009 and the corresponding period in the previous financial year are attached.

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

(a) Liquidity

Customers continued to benefit from lower electricity rates as a result of significantly reduced fuel costs compared to last year. The Company also continued its efforts to provide customers with a level of rate stability through the recent implementation of a fuel price hedging pilot programme, which in addition to the financial, legal and operational aspects included stakeholder sensitisation activities.

Despite the lower rates, management of accounts receivable proved to be more challenging during this period due to reduced economic activity. However the company continued to educate consumers on efficient electricity use and conservation. After much accommodation on the Company's part, the matter of WASCO's increasing debt will be escalated to the highest level possible to obtain a meaningful payment commitment that will address this long outstanding issue.

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

(b) **Capital Resources**

Contract negotiations for the new Customer Information System (CIS) have been completed. An external Project Manager is currently being recruited and the final budget is awaiting approval.

The feasibility study aimed at identifying land suitable for the proposed generating power plant in the south of the island has been completed and a draft report has been sent to Saint Lucia Air & Seaports Authority (SLASPA) and LUCELEC. The report concluded that neither the emissions nor the physical plant structure would affect the navigation of aircraft in the area; finalisation is subject to ICAO review and approval, which is expected in the near future.

Progress on the Automated Metering Infrastructure (AMI) project will be accelerated now that some initial teething problems have been addressed. Development work also continued on the operability of the interface between the AMI and the existing CIS. This is expected to become operational in 2010.

Discussions continued with the Government on the required amendment of the existing legislation that will place the operations of the Self Insurance Fund within the required legal framework to support the operations of the fund in accordance with prudent governance principles.

Following many operational, financial, logistics hurdles, industry developments, and strategic considerations the Board has deferred consideration of the project to convert 6 of its existing generators to use Heavy Fuel Oil (HFO). The Board's focus will be directed to the optimal solution for new generation capacity which it estimates will be required in 2013 and for which HFO will be an option.

Having obtained legal rights to access lands in the south eastern part of the island, the company has entered into contractual arrangements for the provision of technical assistance for the development of a wind farm. Data gathering equipment for this project should be installed during the fourth quarter and collection will take place over a period of at least 12 months, so that a proper analysis and review can take place such that it will guide the Company with a view to establishing the most effective and efficient solution. Preliminary discussions have commenced with financial institutions which offer concessionary interest rates for green energy project and which provide assistance with related matters such as the utilisation of carbon credits for renewable energy undertakings.

The Company is covenanted to its financiers to a 1:1 debt/equity gearing for which there are no potential violations. The comparable positions for this year and last year are indicated below.

	30 th September, 2009 EC\$ 000s	30 September, 2008 EC\$ 000s
Borrowings		
Current	7,834	12,103
Long Term	109,622	107,288
TOTAL	117,456	119391
Shareholders' Equity		
Share Capital	80,163	80,163
Retained Earnings	79,499	80,065
TOTAL	159,662	160,228

At the Company's 151st Board of Directors meeting held on 7th August, 2009 management was authorized to engage in discussions with all lenders so as to conclude arrangements for amendments to certain sections of the Security Sharing Agreement (SSA). This is in order to enable an increase in the Company's borrowing limit to allow the Company to access new financing primarily in anticipation of the capital expenditure required for the new generation expansion required in 2013.

Results of Operations

At the 151st Board Meeting held on August 7th 2009, approval was given for the company to hedge up to 75% of its monthly fuel requirements for the fourth quarter of the year. A hedge was placed in respect of the remainder of Q4 at an average price of US\$1.748/ gallon, the equivalent of EC\$6.14 local price.

Tenders have also been sent out to companies involved in the oil industry and financial institutions for the provision of hedging services under an expanded and more comprehensive programme for the year 2010 and beyond, which includes the use of a variety of hedging tools. A Fuel Hedging Strategy document and a Board paper will be prepared for formal approval on or before the next Board meeting in December, 2009.

There was a decline in total revenues of 27.9% when compared to the achievement during the same period last year (total revenues to date were EC\$173.2M compared to EC\$240.1M for the same period last year). This was attributable to the significantly reduced tariffs due to lower fuel prices which offset the gains from volume increases.

Driven in large part by the significantly lower average tariffs, which were 29.5% lower than the previous year, unit sales of 234.1MWh recorded a 3.0% improvement compared to the corresponding period last year of 227.2MWh. Customers were apparently taking advantage of these lower tariffs.

Growth in sales of 4.5% in the Commercial sector also reflected customer growth and there was also an improvement of 2.8% in the Industrial sector as a result of increased activity. The Hotel sector registered growth of 1.5% due to marketing and promotional efforts geared at the local and regional markets and the additional stock from properties that were reopened after refurbishment. The Domestic sector improved by 2.5% reflecting customer growth.

Gross profit of EC\$58.3M, recorded an increase of 11.2% over last year's position of EC\$52.5M. Profit before tax was EC\$32.3M, an increase of 11.8% over the corresponding period last year (\$28.9M) and this was as a direct result of the increased sales and lower non-fuel operating costs.

Overall results are ahead of expectations and the Company continued its vigilance as the possibility of weak economic activity loomed overhead.

System reliability performance of 4.55 hours compared slightly unfavorably to the same period in 2008 (4.22 hours). There is optimism though that the position will improve by year end.

A new peak demand of 55.9 MWh was recorded on August 17th, 2009 at 1401 hours.

Year to date fuel efficiency was 19.93 kWh per gallon up from 19.59 kWh per gallon over the same period last year and is currently ahead of target. The gains realised thus far are attributable to improved operating efficiencies.

System losses were recorded at 9.31% at the end of the period compared very favourably to 10.18% in the same period last year. Despite the positive trend, the Loss Reduction Working Group will be recommending initiatives to

achieve further sustainable reductions.

3. Disclosure of Risk Factors.

Local, regional and international economic conditions continue to be monitored for potential negative effects on the operations of the Company and where considered necessary, appropriate mitigation activities will be implemented.

Formal risk management activities and processes are in place. A Risk Register has been created identifying various risks facing the Company and these have been classified as either High, Medium or Low based on Management's view of the likelihood and severity of the impact. Risk management falls under the purview of the Financial Controller and status reports are provided to the Board through the Audit sub committee.

The Company has formulated as part of its disaster recovery plan, procedures to deal with the Swine Flu epidemic. To date the Company's operations have not been adversely affected.

To date the new Fund Managers for the Company's Grade II pension plan are performing satisfactorily and the Company continues to receive repayments from the previous fund managers in accordance with the existing agreement.

This year's Atlantic Hurricane Season has been quiet so far. The Company continues to place funds into the self insurance fund account in accordance with policy.

4. Legal Proceedings

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

5. Changes in Securities and Use of Proceeds

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

NOT APPLICABLE

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

- Offer opening date (provide explanation if different from date disclosed in the registration statement)
- Offer closing date (provide explanation if different from date disclosed in the registration statement)
- Name and address of underwriter(s)
- Amount of expenses incurred in connection with the offer
- Net proceeds of the issue and a schedule of its use
- Payments to associated persons and the purpose for such payments

NOT APPLICABLE

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

NOT APPLICABLE

6. Defaults Upon Senior Securities

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

NONE

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

NONE