

St. Lucia Electricity Services Limited

Statement of Cash Flows

For the Six months ended June 30, 2006

With comparative figures for 2005

(Expressed in Eastern Caribbean Dollars)

	Unaudited	Unaudited
	June 30	June 30
	2006	2005
	\$000's	\$000's
Cash flows from Operating Activities		
Profit Before Tax	20,374	20,821
Adjustments for:		
Depreciation	12,304	11,305
(Gain)/Loss on Foreign Exchange	(8)	48
Finance Charges	3,732	2,943
(Gain) on Disposal of Property, Plant and Equipment	(527)	(13)
Amortization of Consumer Contributions	(819)	(844)
Dividend Adjustment	-	9
Operating Income before Working Capital Changes	<u>35,056</u>	<u>34,269</u>
Decrease/(Increase) in Accounts Receivable and Prepayments	894	(7,542)
(Increase)in Inventories	(3,074)	(1,262)
(Decrease)/Increase in Trade and Other Payables	<u>(1,629)</u>	<u>3,674</u>
Cash Generated from Operations	31,247	29,139
Interest Paid	(3,718)	(3,662)
Income Tax Paid	<u>(11,162)</u>	<u>(4,831)</u>
Net Cash Inflow from Operating Activities	<u>16,367</u>	<u>20,646</u>
Cash Flows from Investing Activities		
Purchase of Available for Sale Financial Asset	(24)	(626)
Purchase of Property, Plant and Equipment	(11,117)	(12,942)
Proceeds on Disposal of Property, Plant and Equipment	<u>527</u>	<u>13</u>
Net Cash used in Investing Activities	<u>(10,614)</u>	<u>(13,555)</u>
Cash Flows from Financing Activities		
Proceeds from Borrowings	16,712	9,909
Repayment of Borrowings	(6,872)	(7,438)
Decrease in Tariff Reduction Reserve	(4,100)	-
Dividends Paid	(12,956)	(11,407)
Consumer Contributions Received	1,525	448
Consumer Deposits Received	<u>(78)</u>	<u>(2,549)</u>
Net Cash used in Financing Activities	<u>(5,769)</u>	<u>(11,037)</u>
Net (Decrease) in Cash and Cash Equivalents	<u>(16)</u>	<u>(3,946)</u>
Cash and Cash Equivalents at beginning of Period	<u>24</u>	<u>4,333</u>
Cash and Cash Equivalents at end of Period	<u>8</u>	<u>387</u>

UNAUDITED STATEMENT OF CHANGES IN EQUITY
For the Six Months ended June 30
(Expressed in Eastern Caribbean Dollars)

2005

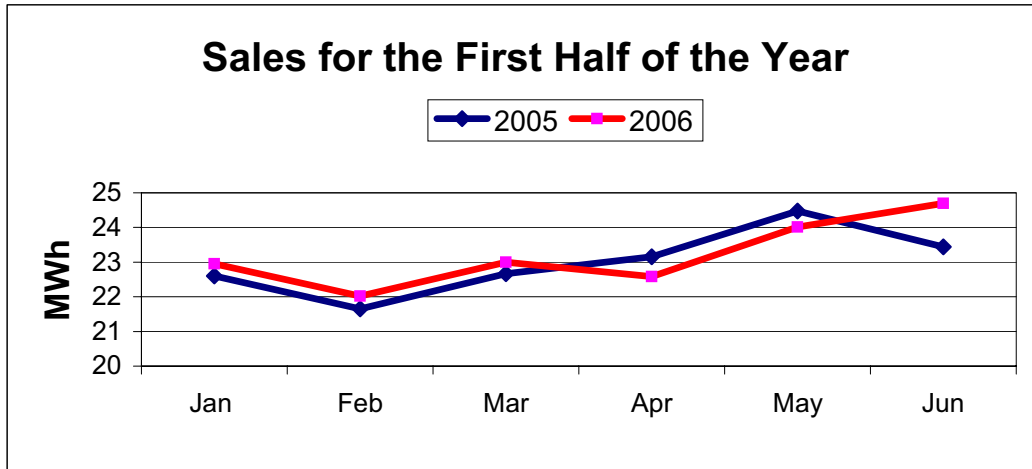
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
	Stated Capital	Retirement Benefit Reserve	Tariff Reduction Reserve	Retained Earnings	Total
Balance at December 31, 2004	80,163	2,395	-	49,081	131,639
Profit for the period	-	-	-	16,290	16,290
Balance at June 30, 2005	80,163	2,395	-	65,371	147,929

2006

Balance at December 31, 2005	80,163	2,637	4,557	55,567	142,924
Profit for the period			-	12,175	12,175
Transfer to current liabilities			(4,100)	-	(4,100)
Transfer of excess Tariff Reduction Reserve			(457)	457	-
Over provision of Dividends			-	392	392
Balance at June 30, 2006	80,163	2,637	-	68,591	151,391

LUCELEC IN THE FIRST HALF OF 2006

Operating Highlights	Unaudited June 30 2006	Unaudited June 30 2005
Number of Customers	53,884	52,374
Peak Demand (kW)	49,400	49,200
Installed Capacity (kW)	67,200	67,000
Units Generated (kWh x 1000)	161,481	159,801
Losses & Own Use (kWh x 1000)	22,225	21,817
Units Sold (kWh x 1000)	139,256	137,983
Average Fuel Efficiency (kWh/Imp.Gall.)	19.51	19.30



Interests of Chairman and other Directors:

Name	Ordinary Voting Shares
Mr. Marius St. Rose	34,100 shares
Mr. Trevor Louisy	2,214 shares
Ms. Emma Hippolyte	650 shares
Mr. Stephen McNamara	1,000 shares

Sales for the first half of the year

Month	2005	2006
Jan	22.6024	22.95063
Feb	21.6474	22.0162
Mar	22.6659	23.00109

ST. LUCIA ELECTRICITY SERVICES LTD

UNAUDITED STATEMENT OF INCOME

For the Six Months ended June 30, 2006

(Expressed in Eastern Caribbean Dollars)

	Unaudited June 30 2006 \$000's	Unaudited June 30 2005 \$000's
Revenue		
Energy Sales	85,407	56,701
Fuel Surcharge Recovered	27,787	39,872
Other Revenue	641	401
	<u>113,836</u>	<u>96,974</u>
Operating Expenses		
Diesel Generation	38,247	10,369
Transmission and Distribution	14,441	13,177
Fuel Surcharge	27,547	39,482
	<u>80,234</u>	<u>63,028</u>
Gross Income	33,602	33,947
Administrative Expenses	<u>10,030</u>	<u>10,137</u>
Operating Profit	23,571	23,810
Other Gains	535	13
	<u>24,106</u>	<u>23,823</u>
Profit Before Finance Costs and Taxation	24,106	23,823
Finance Costs	(3,732)	(2,943)
Other Charges	-	(58)
	<u>20,375</u>	<u>20,822</u>
Profit Before Taxation	20,375	20,822
Taxation	(8,199)	(4,531)
	<u>12,175</u>	<u>16,291</u>
Net Profit for the Period	<u>12,175</u>	<u>16,291</u>
	\$	\$
Earnings Per Share (Annualised)	<u>2.08</u>	<u>2.78</u>

UNAUDITED STATEMENT OF RETAINED EARNINGS

For the Six Months ended June 30, 2006

(Expressed in Eastern Caribbean Dollars)

	Unaudited June 30 2006 \$000's	Unaudited June 30 2005 \$000's
Balance at Beginning of Period	55,567	49,081
Transfer from Tariff Reduction Reserve	457	-
Over provision of Dividends	392	-
Net Income for the Period	12,175	16,290

Balance at End of Period

68,591

65,371