

1. Financial Statements

Dominica Electricity Services Limited

UN-AUDITED BALANCE SHEET

AS AT MARCH 31, 2016

(expressed in Eastern Caribbean Dollars)

	March 2016	March 2015	December 2015
Assets			
Non-current assets			
Property, plant and equipment	130,216,183	126,889,251	129,399,055
	130,216,183	126,889,251	129,399,055
Current assets			
Cash and cash equivalents	11,733,758	15,144,864	14,275,264
Trade and other receivables	16,913,313	14,702,169	16,725,947
Inventories	10,430,116	10,513,281	9,895,106
	39,077,187	40,360,314	40,896,317
	169,293,370	167,249,565	170,295,372
Equity			
Share capital	10,417,328	10,417,328	10,417,328
Retained earnings	86,898,437	78,941,476	84,313,836
	97,315,765	89,358,804	94,731,164
Non-current liabilities			
Borrowings	25,031,690	31,678,123	26,591,893
Customers' deposit	3,659,012	3,691,843	3,655,778
Deferred credit	9,084,153	8,924,356	9,127,816
Deferred tax liability	19,107,954	18,157,722	18,866,726
Capital Grant	220,651	354,451	254,100
	57,103,461	62,806,495	58,496,313
Current liabilities			
Trade and other payables	9,297,769	10,976,594	9,731,759
Due to related party	74,734	387,056	328,127
Corporation tax	120,081	95,732	1,921,552
Current portion of borrowings	5,381,561	3,624,884	5,086,457
	14,874,144	15,084,266	17,067,895
	169,293,370	167,249,565	170,295,372

Dominica Electricity Services Limited

UN-AUDITED STATEMENT OF INCOME

FOR THE QUARTER ENDED MARCH 31, 2016

(expressed in Eastern Caribbean dollars)

	March 2016 \$	March 2015 \$	December 2015 \$
Revenue			
Energy sales	20,321,008	21,519,300	93,536,745
Operating Expenses			
Fuel	6,027,132	7,815,696	35,733,967
Generation	2,091,026	1,803,886	10,526,807
General	2,703,071	2,209,989	11,986,857
Distribution	2,083,489	1,886,412	7,391,540
Insurance	973,670	924,979	1,572,547
Depreciation	2,698,672	2,399,805	9,409,452
	16,577,060	17,040,769	76,621,170
Operating income	3,743,948	4,478,531	16,915,575
Finance and other income	136,483	139,906	2,052,497
Finance and other costs	(434,297)	(802,709)	(2,127,482)
Income before taxation	3,446,134	3,815,729	16,840,590
Taxation	(861,533)	(1,068,405)	(4,553,975)
Net income being comprehensive income for the year	2,584,601	2,747,324	12,286,615
Basic and diluted earnings per share (cents)	0.25	0.26	1.18

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE QUARTER ENDED MARCH 31, 2016
(expressed in Eastern Caribbean Dollars)

Share capital	March 2016	March 2015	December 2015
Ordinary shares, beginning and end of period	10,417,328	10,417,328	10,417,328
Retained earnings			
At beginning of period	84,313,836	76,194,152	76,194,152
Net income/(loss) for the period	2,584,601	2,747,324	12,286,615
Ordinary dividends (declared)			(4,166,931)
At end of period	86,898,437	78,941,476	84,313,836
Shareholders' equity, end of period	97,315,765	89,358,804	94,731,164

Dominica Electricity Services Limited

UN-AUDITED STATEMENT OF CASH FLOW FOR THE QUARTER ENDED MARCH 31, 2016

(expressed in Eastern Caribbean Dollars)

	March 2016	March 2015	December 2015
	\$		
Cash flows from operating activities			
Net income/(loss) before tax	3,446,134	3,815,729	16,840,590
Adjustments for:			
Depreciation	2,698,672	2,399,805	9,409,452
Loss/(Gain) on foreign exchange	(17,410)	(2,736)	12,616
Loss/(Gain) on disposal of property, plant and	(5,641)	265,746	74,702
Provision for inventory obsolescence	37,500	37,500	374,479
Finance costs	457,348	539,701	2,040,164
Amortization of deferred revenue	(103,033)	(106,456)	(495,649)
Amortization of capital grants	(33,450)	(33,450)	(133,801)
Net change in provision for other liabilities and charges	483,363	505,471	(118,584)
Operating income before working capital changes	6,963,483	7,421,310	28,003,969
Decrease/(increase) in receivables and prepayments	(187,365)	2,398,149	374,371
Decrease/(increase) in inventories	(572,510)	20,912	302,110
Increase/(decrease) in accounts payable and accruals	(899,940)	(2,102,129)	(2,738,262)
Increase in due from related party	(253,394)	348,167	289,238
Cash generated from operations	5,050,275	8,086,411	26,231,425
Finance cost paid	(457,348)	(539,701)	(2,040,164)
Income tax paid	(2,421,775)	(1,873,759)	(2,824,505)
Net cash from operating activities	2,171,151	5,672,951	21,366,757
Cash flows from investing activities			
Purchase of property, plant and equipment	(3,515,804)	(2,490,350)	(11,818,757)
Proceeds on disposal of property, plant and equipment	5,643	5,000	5,000
Net cash used in investing activities	(3,510,161)	(2,485,350)	(11,813,757)
Cash flows from financing activities			
Proceeds from borrowings	-	-	-
Dividends paid	-	-	(4,166,931)
Repayment of borrowings	(1,265,100)	(1,183,013)	(4,807,669)
Customers' contribution	59,370	76,556	669,211
Customers' deposits	3,234	(2,691)	(38,756)
Net cash generated from/(used in) financing activities	(1,202,495)	(1,109,147)	(8,344,145)
Net increase/(decrease) in cash and cash equivalents	(2,541,506)	2,078,453	1,208,854
Cash and cash equivalents, beginning of period	14,275,264	13,066,410	13,066,410
Cash and cash equivalents, end of period	11,733,758	15,144,864	14,275,264

Notes to the Financial Statement for the Quarter ending March 31, 2016

General Information

Dominica Electricity Services Limited (the Company) was incorporated as a public limited liability company on April 30, 1975 and is domiciled in the Commonwealth of Dominica. The Company operates in a fully liberalised sector under the Electricity Supply Act of 2006. Under the Act an Independent Regulatory Commission is vested with broad regulatory oversight over all aspects of the energy sector. The Company's operations are regulated by this Commission. The principal activity of the Company includes the generation, distribution and transmission of electricity.

The Company is listed on the Eastern Caribbean Securities Exchange and falls under the jurisdiction of the Eastern Caribbean Regulatory Commission.

Dominica Power Holdings Limited a subsidiary of Emera (Caribbean) Incorporated owns 52% of the ordinary share capital of the Company. The Ultimate parent of the Company is Emera Inc., an energy and services company registered in Canada.

The Dominica Social Security owns 21% of the ordinary share capital while 27% is held by the general public.

The registered office and principal place of business of the Company is located at 18 Castle Street, Roseau, Commonwealth of Dominica.

Basis of preparation

The Interim financial statements of Dominica Electricity Services Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are the same as those disclosed in Note 4 of the Financial Statement as at and for the year ended December 31, 2015