

1. Financial Statements

Dominica Electricity Services Limited

UN-AUDITED BALANCE SHEET

AS AT JUNE 30, 2020

(expressed in Eastern Caribbean Dollars)

	June 2020	June 2019	December 2019
Assets			
Non-current assets			
Property, plant and equipment	179,323,851	175,728,593	178,903,445
Operating Lease	310,214	482,512	390,057
	179,634,065	176,211,105	179,293,502
Current assets			
Cash and cash equivalents	5,332,932	16,383,033	14,347,250
Trade and other receivables	18,167,220	15,566,543	15,653,504
Inventories	21,416,890	21,297,075	20,084,493
Corporate tax recovery	1,233,056	1,233,055	1,233,056
	46,150,099	54,479,706	51,318,303
	225,784,164	230,690,811	230,611,806
Equity			
Share capital	10,417,328	10,417,328	10,417,328
Retained earnings	81,067,175	79,241,123	79,700,778
	91,484,503	89,658,451	90,118,106
Non-current liabilities			
Borrowings	72,893,135	80,755,403	76,908,883
Customers' deposit	3,662,637	3,789,725	3,662,094
Lease liability	149,063	319,946	232,601
Deferred credit	13,522,453	12,627,577	13,373,248
Deferred tax liability	16,477,439	15,845,391	16,021,974
	106,704,727	113,338,044	110,198,799
Current liabilities			
Trade and other payables	14,262,371	16,763,412	17,587,807
Lease liability	163,553	162,566	158,057
Due to related party	5,170,860	4,297,423	4,753,198
Demand promissory note	-	2,716,900	-
Current portion of borrowings	7,998,150	3,754,015	7,795,840
	27,594,933	27,694,316	30,294,902
	225,784,164	230,690,811	230,611,806

Dominica Electricity Services Limited

UN-AUDITED STATEMENT OF INCOME

FOR THE QUARTER ENDED JUNE 30, 2020

(expressed in Eastern Caribbean dollars)

	June 2020 \$	June 2019 \$	December 2019 \$
Revenue			
Operating Revenue	40,086,783	39,705,773	85,333,639
Operating Expenses			
Fuel	15,192,687	16,761,010	35,778,491
Generation	3,189,361	2,817,062	7,676,388
General	5,420,265	4,675,479	11,941,881
Distribution	4,053,490	3,570,140	7,895,047
Insurance	2,166,667	1,811,839	3,376,938
Depreciation	6,676,163	6,916,009	13,313,035
	36,698,633	36,551,539	79,981,780
Operating income	3,388,150	3,154,234	5,351,859
Finance and other income	295,982	280,606	838,217
Finance and other costs	(1,862,268)	(1,830,426)	(3,949,425)
Income before taxation	1,821,863	1,604,414	2,240,651
Taxation	(455,466)	(401,103)	(577,685)
Net income being comprehensive income for the year	1,366,397	1,203,311	1,662,966
Basic and diluted earnings per share (cents)	0.13	0.12	0.16

DOMINICA ELECTRICITY SERVICES LIMITED

UN-AUDITED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE QUARTER ENDED JUNE 30, 2020

(expressed in Eastern Caribbean Dollars)

Share capital	June 2020	June 2019	December 2019
Ordinary shares, beginning and end of period	10,417,328	10,417,328	10,417,328
Retained earnings			
At beginning of period	79,700,778	78,037,812	78,037,812
Net income/(loss) for the period	1,366,397	1,203,311	1,662,966
Ordinary dividends (declared)			
At end of period	81,067,175	79,241,123	79,700,778
Shareholders' equity, end of period	91,484,503	89,658,451	90,118,106

Dominica Electricity Services Limited

UN-AUDITED STATEMENT OF CASH FLOW

FOR THE QUARTER ENDED JUNE 30, 2020

(expressed in Eastern Caribbean Dollars)

	June 2020 \$	June 2019 \$	December 2019 \$
Cash flows from operating activities			
Net income/(loss) before tax	1,821,863	1,604,414	2,240,651
Adjustments for:			
Depreciation	6,676,163	6,916,009	13,313,035
Loss/(Gain) on foreign exchange	7,062	715	(32,247)
Loss/(Gain) on disposal of property, plant and	(7,964)	(95,087)	55,100
Provision for inventory obsolescence	120,000	(148,477)	226,177
Finance costs	1,834,442	1,925,513	3,894,325
Amortization of deferred revenue	(288,920)	(255,548)	(805,971)
Net change in provision for other liabilities and charges	160,451	(1,264,270)	(769,295)
Operating income before working capital changes	10,323,097	8,683,269	18,121,775
Decrease/(increase) in receivables and prepayments	(2,626,172)	1,281,265	2,817,103
Decrease/(increase) in inventories	(1,452,398)	40,851	878,779
Increase/(decrease) in accounts payable and accruals	(3,380,493)	(691,991)	(2,418,791)
Increase in due from related party	417,662	551,871	1,007,646
Cash generated from operations	3,281,697	9,865,265	20,406,512
Finance cost paid	(1,834,442)	(1,925,513)	(3,427,944)
Income tax paid	-	-	-
Net cash from operating activities	1,447,255	7,939,752	16,978,568
Cash flows from investing activities			
Purchase of property, plant and equipment	(7,016,726)	(7,174,598)	(16,830,481)
Increase in right of use assets	-	(560,804)	(543,990)
Proceeds on disposal of property, plant and equipment	7,964	101,115	110,574
Net cash used in investing activities	(7,008,762)	(7,634,287)	(17,263,897)
Cash flows from financing activities			
Proceeds from borrowings	-	13,409,830	17,337,950
Dividends paid	-	-	-
Repayment of borrowings	(3,813,437)	(3,690,373)	(10,140,090)
Increase in lease liability	(78,043)	482,512	390,658
Customers' contribution	438,125	1,449,251	2,745,344
Customers' deposits	544	41,148	(86,483)
Net cash generated from/(used in) financing activities	(3,452,811)	11,692,368	10,247,379
Net increase/(decrease) in cash and cash equivalents	(9,014,318)	11,997,833	9,962,050
Cash and cash equivalents, beginning of period	14,347,250	4,385,200	4,385,200
Cash and cash equivalents, end of period	5,332,932	16,383,033	14,347,250

Notes to the Financial Statement for the Quarter ending June 30, 2020

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 (the commission) is vested with broad regulatory oversight over all aspects of the energy sector. The Company's operations are regulated by the Commission. The principle activity of the Company includes the generation, distribution and transmission of electricity.

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

Dominica Power Holding 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 financial statements of the Company 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 disclosed in Note 4 of the Financial Statement as at and for the year ended December 31, 2019.