

FORM ECSRC - Q

QUARTERLY REPORT

For the period ended September 30, 2020

Issuer Registration Number: DOMLEC30041975DM

DOMINICA ELECTRICITY SERVICES LIMITED

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

DOMINICA

(Territory or jurisdiction of incorporation)

P.O. BOX 1593, 18 CASTLE STREET, ROSEAU, DOMINICA

(Address of principal executive Offices)

(Reporting issuer's:

Telephone number (including area code): (767) 255 6000

Fax number: (767) 448 5397

Email address: domlec@domlec.dm

1. Financial Statements

Dominica Electricity Services Limited

UN-AUDITED BALANCE SHEET

AS AT SEPTEMBER 30, 2020

(expressed in Eastern Caribbean Dollars)

	September 2020	September 2019	December 2019
Assets			
Non-current assets			
Property, plant and equipment	179,411,538	177,148,599	178,903,445
Operating Lease	269,557	429,254	390,057
	179,681,095	177,577,853	179,293,502
Current assets			
Cash and cash equivalents	7,840,132	10,717,445	14,347,250
Trade and other receivables	14,808,778	15,534,901	15,653,504
Inventories	21,353,937	21,768,968	20,084,493
Corporate tax recovery	1,233,056	1,233,055	1,233,056
	45,235,904	49,254,369	51,318,303
	224,916,999	226,832,222	230,611,806
Equity			
Share capital	10,417,328	10,417,328	10,417,328
Retained earnings	82,224,650	79,804,744	79,700,778
	92,641,978	90,222,072	90,118,106
Non-current liabilities			
Borrowings	70,851,067	80,763,339	76,908,883
Customers' deposit	3,658,491	3,805,367	3,662,094
Lease liability	104,993	272,857	232,601
Deferred credit	13,725,497	13,373,536	13,373,248
Deferred tax liability	16,863,264	16,033,265	16,021,974
	105,203,312	114,248,363	110,198,799
Current liabilities			
Trade and other payables	13,357,002	16,016,478	17,587,807
Lease liability	167,865	156,097	158,057
Due to related party	5,447,469	4,297,423	4,753,198
Current portion of borrowings	8,099,373	1,891,788	7,795,840
	27,071,708	22,361,787	30,294,902
	224,916,999	226,832,222	230,611,806

Dominica Electricity Services Limited

UN-AUDITED STATEMENT OF INCOME

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

(expressed in Eastern Caribbean dollars)

	September 2020 \$	September 2019 \$	December 2019 \$
Revenue			
Operating Revenue	60,761,158	62,171,979	85,333,639
Operating Expenses			
Fuel	22,138,236	26,041,003	35,778,491
Generation	5,034,392	4,986,481	7,676,388
General	8,457,506	7,808,431	11,941,881
Distribution	6,310,899	5,574,935	7,895,047
Insurance	3,298,789	2,659,674	3,376,938
Depreciation	9,903,319	10,233,451	13,313,035
	55,143,140	57,303,975	79,981,780
Operating income	5,618,018	4,868,004	5,351,859
Finance and other income	452,703	396,771	838,217
Finance and other costs	(2,705,558)	(2,908,868)	(3,949,425)
Income before taxation	3,365,163	2,355,908	2,240,651
Taxation	(841,291)	(588,977)	(577,685)
Net income being comprehensive income for the year	2,523,872	1,766,932	1,662,966
Basic and diluted earnings per share (cents)	0.24	0.17	0.16

DOMINICA ELECTRICITY SERVICES LIMITED

UN-AUDITED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

(expressed in Eastern Caribbean Dollars)

Share capital	September 2020	September 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	2,523,872	1,766,932	1,662,966
Ordinary dividends (declared)			
At end of period	82,224,650	79,804,744	79,700,778
Shareholders' equity, end of period	92,641,978	90,222,072	90,118,106

Dominica Electricity Services Limited

UN-AUDITED STATEMENT OF CASH FLOW

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

(expressed in Eastern Caribbean Dollars)

	September 2020	September 2019	December 2019
	\$	\$	\$
Cash flows from operating activities			
Net income/(loss) before tax	3,365,163	2,355,909	2,240,651
Adjustments for:			
Depreciation	9,903,319	10,233,451	13,313,035
Loss/(Gain) on foreign exchange	11,756	12,383	(32,247)
Loss/(Gain) on disposal of property, plant and	(37,459)	(24,402)	55,100
Provision for inventory obsolescence	172,500	(117,939)	226,177
Finance costs	2,743,016	2,933,269	3,894,325
Amortization of deferred revenue	(440,947)	(384,388)	(805,971)
Net change in provision for other liabilities and charges	(298,365)	(1,982,990)	(769,295)
Operating income before working capital changes	15,418,985	13,025,294	18,121,775
Decrease/(increase) in receivables and prepayments	732,269	1,312,906	2,817,103
Decrease/(increase) in inventories	(1,441,944)	(461,580)	878,779
Increase/(decrease) in accounts payable and accruals	(3,831,740)	(934,596)	(2,418,791)
Increase in due from related party	694,270	754,596	1,007,646
Cash generated from operations	11,571,840	13,696,619	20,406,512
Finance cost paid	(2,743,016)	(2,933,269)	(3,427,944)
Income tax paid	-	-	-
Net cash from operating activities	8,828,824	10,763,350	16,978,568
Cash flows from investing activities			
Purchase of property, plant and equipment	(10,290,916)	(11,938,005)	(16,830,481)
Increase in right of use assets	-	(543,990)	(543,990)
Proceeds on disposal of property, plant and equipment	37,464	92,832	110,574
Net cash used in investing activities	(10,253,452)	(12,389,163)	(17,263,897)
Cash flows from financing activities			
Proceeds from borrowings	-	13,409,830	17,337,950
Dividends paid	-	-	-
Repayment of borrowings	(5,754,282)	(8,261,565)	(10,140,090)
Increase in lease liability	(117,800)	428,954	390,658
Customers' contribution	793,196	2,324,050	2,745,344
Customers' deposits	(3,603)	56,789	(86,483)
Net cash generated from/(used in) financing activities	(5,082,490)	7,958,058	10,247,379
Net increase/(decrease) in cash and cash equivalents	(6,507,119)	6,332,245	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	7,840,132	10,717,445	14,347,250

Notes to the Financial Statement for the Quarter ending September 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.