FORM ECSRC - Q

QUARTERLY REPORT
For the period ended March 31^{st,} 2015

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 MARCH 31, 2015
(expressed in Eastern Caribbean Dollars)

	March 2015 $	March 2014 $	December 2014 $
Assets			
Current assets			
Cash and cash equivalents	15,144,864	6,427,917	13,066,410
Receivables and prepayments	14,702,169	16,830,278	17,139,207
Inventories	10,513,281	10,256,398	10,571,694
	40,360,314	33,514,593	40,777,311
Capital work in progress	3,804,028	1,480,658	1,327,876
Property, plant and equipment	123,085,223	124,990,979	125,741,576
	167,249,565	159,986,230	167,846,763
Liabilities			
Current liabilities			
Borrowings	3,624,884	3,421,426	4,807,897
Accounts payable and accruals	11,358,713	11,911,934	12,609,942
Due to related party	0	0	38,889
Income tax Payable	95,732	(218,525)	1,664,232
	15,079,329	15,114,835	19,120,960
Borrowings	31,678,123	36,485,707	31,678,123
Deferred tax liability	21,455,969	19,498,118	20,692,823
Other Non-current liabilities	12,621,136	12,287,127	12,653,723
Capital grants	354,451	488,252	387,901
	81,189,008	83,874,039	84,533,530
Shareholders' Equity			
Share capital	10,417,328	10,417,328	10,417,328
Retained earnings	75,643,229	65,694,865	72,895,905
	86,060,557	76,112,193	83,313,233
	167,249,565	159,986,230	167,846,763

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF INCOME
FOR THE QUARTER ENDED MARCH 31, 2015
(expressed in Eastern Caribbean Dollars)

	March 2015 $	March 2014 $	December 2014 $
Revenue			
Energy sales	15,089,483	14,273,138	62,119,547
Fuel surcharge	6,219,542	7,824,875	38,084,651
Other revenue	210,275	168,846	1,706,465
	21,519,300	22,266,859	101,910,663
Direct expenses			
Operating	3,769,009	4,353,897	13,754,245
Maintenance	1,216,700	1,900,804	6,969,628
Depreciation	2,399,805	2,413,383	8,842,281
Fuel	7,815,696	9,283,867	45,062,560
	15,201,211	17,951,951	74,628,714
Gross profit	6,318,089	4,314,908	27,281,949
Administrative expenses (schedule)	1,839,558	2,275,138	7,979,442
Net operating income	4,478,531	2,039,769	19,302,507
Other expenses/(income)			
Amortization of capital grants/deferred revenue	(139,906)	(136,038)	(632,710)
Foreign exchange losses/(gains)	(2,738)	5,315	(21,787)
Loss/(Gain) on disposal of plant and equipment	265,746	0	1,094,020
	123,102	(130,723)	439,523
Net income before finance charges,	4,355,429	2,170,493	18,862,984
Finance charges	(539,701)	(604,810)	(2,343,722)
Net income before tax	3,815,729	1,565,683	16,519,262
Income tax	(1,068,405)	(472,789)	(4,995,954)
Net income/(loss) for the period	2,747,324	1,092,894	11,523,308
Earnings/(loss) per share	0.26	0.10	1.11

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE QUARTER ENDED MARCH 31, 2015
(expressed in Eastern Caribbean Dollars)

	March 2015 $	March 2014 $	December 2014 $
Share capital			
Ordinary shares, beginning and end of period	10,417,328	10,417,328	10,417,328
Retained earnings			
At beginning of period	72,895,905	64,601,969	64,601,969
Net income/(loss) for the period	2,747,324	1,092,894	11,523,308
Ordinary dividends (declared)		0	(3,229,372)
At end of period	75,643,229	65,694,865	72,895,905
Shareholders' equity, end of period	86,060,557	76,112,193	83,313,233

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED MARCH 31, 2015
(expressed in Eastern Caribbean Dollars)

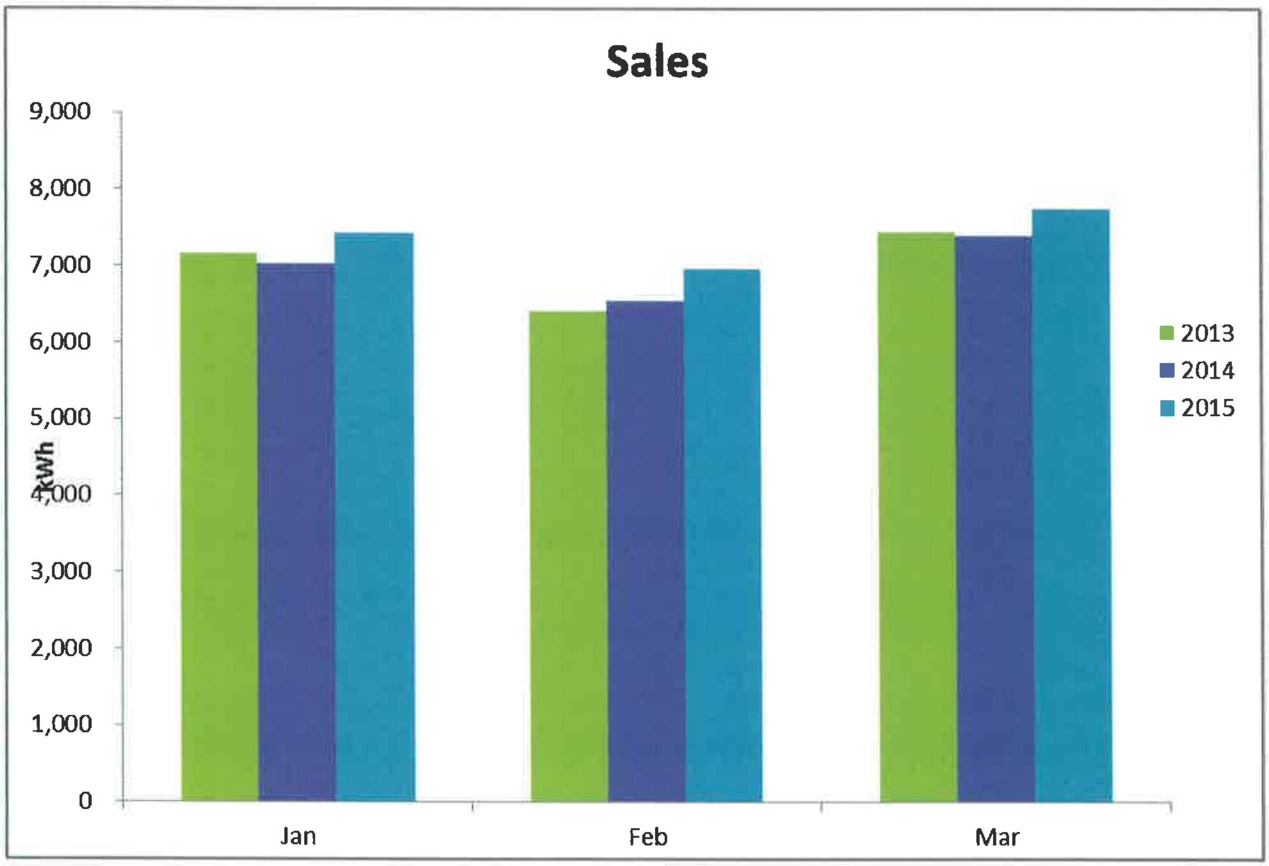
	March 2015 $	March 2014 $	December 2014 $
Cash flows from operating activities			
Net income/(loss) before tax	3,815,729	1,565,683	16,519,262
Adjustments for:			
Depreciation	2,399,805	2,413,383	8,842,281
Loss/(Gain) on disposal of property, plant and equipment	265,746	0	1,094,020
Foreign exchange (gains)/Loss	0	0	(17,022)
Provision for inventory obsolescence	37,500	(120,760)	140,000
Amortization of deferred revenue	(106,456)	(102,585)	(498,909)
Amortization of capital grants	(33,450)	(33,450)	(133,801)
Interest expense	539,701	604,810	2,343,722
Operating profit before working capital changes	6,918,574	4,327,081	28,289,553
Decrease (Increase) in receivables and prepayments	2,437,038	(246,773)	(555,704)
Decrease/(increase) in inventories	20,912	678,243	102,187
Increase/(decrease) in accounts payable and accruals	(1,251,229)	(259,034)	455,995
Increase/(decrease) in due to related party	(38,889)	0	38,889
Cash generated from operations	8,086,407	4,499,515	28,330,920
Interest paid	(539,701)	(604,810)	(2,343,722)
Income tax paid	(1,873,759)	(1,348,244)	(2,793,949)
Net cash from operating activities	5,672,947	2,546,461	23,193,248
Cash flows from investing activities			
Purchase of property, plant and equipment	(2,490,350)	(1,894,301)	(10,044,535)
Proceeds on disposal of property, plant and equipment	5,000	0	29,500
Net cash used in investing activities	(2,485,350)	(1,894,301)	(10,015,035)
Cash flows from financing activities			
Proceeds from borrowings	0	0	0
Repayment of borrowings	(1,183,013)	(1,118,241)	(4,539,355)
Dividends paid	0	0	(3,229,372)
Increase in other liabilities	73,869	314,051	1,076,976
Net cash generated from/(used in) financing activities	(1,109,144)	(804,190)	(6,691,751)
Net increase/(decrease) in cash and cash equivalents	2,078,453	(152,031)	6,486,463
Cash and cash equivalents, beginning of period	13,066,410	6,579,947	6,579,947
Cash and cash equivalents, end of period	15,144,864	6,427,917	13,066,410

2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Net profit after tax for the first quarter ending March 31st 2015 was EC$2.75 million compared with EC$1.09 million for the same period of 2014, an increase of EC$1.66 million.

Total revenue for the quarter was EC$21.52 million; decreasing by 3% from 2014. Similarly, revenue from fuel surcharge declined from EC$7.82 million in 2014 to EC$6.23 million this quarter. However, revenue from electricity sales increased by 5.7% or EC$0.82 million to EC$15.09 million.

The increase in revenue from electricity sales has been driven by an overall growth in unit sales. Unit sales totalled 22.13 GWh compared to 20.98 GWh in 2014, an increase of 5.5%. Electricity sales from industrial, commercial and consumers grew by 7.9%, 6.3% and 4.3% respectively. Sales to hotel consumers however recorded decline of 1.4%.



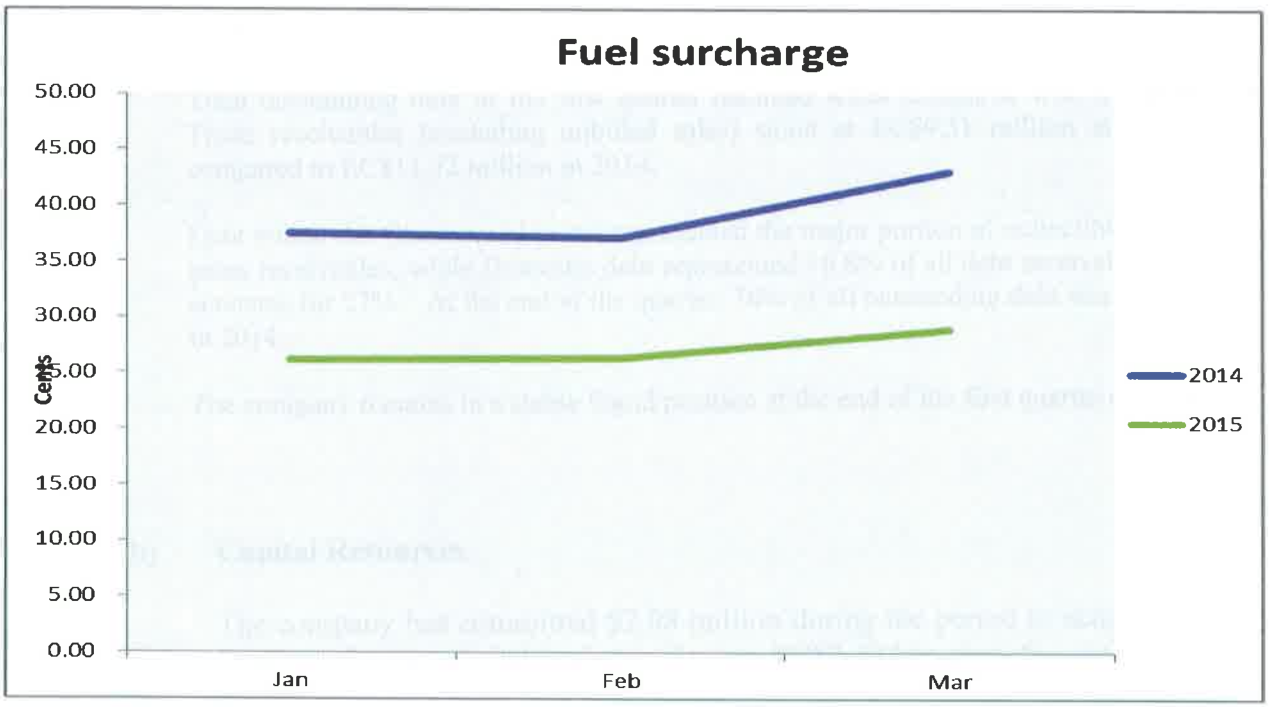
Total energy generated in the first quarter increased by 4.9% to 24.98 GWh. There was greater production from diesel generation, which accounted for 71% of total energy generated compared to 63.8% in 2014.

However, energy produced from hydro decreased by 15.8% to 7.25 GWh. Output from hydro generation accounted for 29% of total generation at the end of this quarter.

Fuel costs for the quarter totalled EC$7.82 million, a decline of EC$1.47 million (15.8%) from the comparable period of 2014. The average price paid per imperial gallon of diesel moved from EC$11.44 in the first quarter of 2014 to EC$8.25 this quarter. Similarly, fuel consumption increased by 120,211 imperial gallons. This increase in diesel used for the generation of electricity was mainly attributed to lower level of rainfall during this quarter and unavailability of unit NT1 for the most part of the quarter. The unit was returned to operation in March.

System losses (Moving Annual Total) stood at 7.8% compared to 8.5% in 2014. The company remains committed to the reduction of system losses.

Revenue from fuel surcharge totalled EC$6.21 million. Fuel surcharge rate moved from 26.17 cents per kWh in January to 28.97 cents per kWh in March. In the same period of 2014, there was a steady increase in the rate from 37.52 cents to 43.12 cents.



Direct expenses totalled EC$15.20 million; a decrease of EC$2.75 million or 15%. The decrease was primarily attributed to a reduction in maintenance and operation expenses and fuel costs of 35.9%, 13.4% and 15.8% respectively. The decrease in fuel costs was due to a decline in the price of fuel; 27.8% reduction in the average price paid from EC$11.44 to EC$8.25 per gallon.

expects continued profitability in the next quarter and anticipates an EPS of at least EC 72 cents for this fiscal year.

3. DISCLOSURE OF RISK FACTORS

Financial Risks

The Company's activities expose it to a variety of financial risks: market risks, credit risk, liquidity risk and underinsured risks. The Company's overall risk management policy is to minimise potential adverse effects on its financial performance and to optimise shareholders' value within an acceptable level of risk. There exists a Risk Management Plan in which all risks are identified and categorized according to level of impact and probability of occurrence. Actions to be taken to mitigate these risks are also contained within the Plan.

Market risk
(i) Foreign exchange risk - This is the potential adverse impact on the Company's earnings and economic value due to movements in exchange rates. Management has established a policy requiring the Company to manage its foreign exchange risk against their functional currency. To manage its foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Company attempts to enter into transactions that are based largely in United States dollars.

(ii) Cash flow interest rate risk - As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest rate risk arises from long-term borrowings and consumer deposits. Borrowings and deposits issued at variable rates expose the Company to cash flow interest rate risk. Similarly, such facilities issued at fixed rates expose the Company to fair value interest rate risk.

iii) Price risk - Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity (copper, aluminum). Prices for these commodities are impacted by world economic events that dictate the levels of supply and demand. Management perceives that the risk is low as fluctuations in the past have been rare.

Credit Risk
Financial assets, which potentially subject the Company to concentrations of credit risk, consist principally of bank deposits, available-for-sale financial assets and trade receivables. The Company's bank deposits are placed with high credit quality financial institutions. Trade receivables are presented net of provision for impairment of receivables. Credit risk with respect to trade receivables is limited due to the large customer base and their dispersion across different economic sectors. Management performs periodic credit evaluations of its customers' financial condition and does not believe that significant credit risk exists at March 2015.

Liquidity Risk
The Company currently settles its financial obligations out of cash and cash equivalents. The ability to do this relies on the Company collecting its accounts receivable in a timely manner and

maintaining sufficient cash and cash equivalents in excess of anticipated financial obligations. To support the cash flow position, the Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating and capital requirements. Management monitors the Company's liquidity reserve which comprises undrawn borrowing facility to meet operational needs so that the Company does not break covenants (where applicable) on its borrowing facilities. Management monitors cash and cash equivalents, on the basis of expected cash flows and is of the view that the Company holds adequate cash and credit facilities to meet its short-term obligations.

Competition from Geothermal Production

The Government of Dominica has commenced exploration of the island's geothermal resource and has identified a French Consortium to build a geothermal power plant in the Roseau Valley. Discussions on the pertinent technical specifications and the development of a Power Purchase Agreement are currently ongoing. Geothermal is expected to replace energy provided by the diesel power plants. To be able to accept this geothermal energy onto the grid, a 33kV transmission line must be constructed. As per its exclusive transmission, distribution and supply licence, DOMLEC is making the necessary preparations in that regard. Additionally, the company is amenable to exploring partnerships with other stakeholders in the geothermal sector to ensure that Domlec and its customers benefit from the project.

Regulatory Environment

The company is currently engaged in a tariff review process which will determine the electricity rates for the next three years. The final decision on the company's proposal by the Independent Regulatory Commission may impact the company's level of profitability and shareholders return.

Operating Environment

The T&D assets remain uninsured. The company continues to explore options for self-insurance of its T & D assets against hurricane and other damage caused by natural disasters. The company has proposed a self-insurance scheme to the government which enables it to set up a fund from which capital would be readily available for financing restoration after a catastrophic event. The details of the self-insurance scheme have been finalised with the government. However, parliament has not yet enacted into law the regulation that will enable the company to set up the self-insurance as a tax free entity. Meanwhile a standby facility was arranged with a financial institution to cover any catastrophic events on the Transmission and Distribution assets.

4. **LEGAL PROCEEDINGS**

None

5. **CHANGES IN SECURITIES AND USE OF PROCEEDS.**

None

6. **DEFAULTS UPON SENIOR SECURITIES.**

There have been no defaults on the payment of securities during the period under review.

7. **SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.**

None

CLASS	NUMBER
Common	10,417,328

SIGNATURES

Name of Chief Executive Officer:

Bertilia LeBlanc McKenzie

Signature

May 11, 2015

Date

Name of Director:

Grayson Stedman

Signature

May 11th 2015

Date