

ST LUCIA ELECTRICITY SERVICES LIMITED
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2009

	Unaudited June 30th 2009 EC\$ 000s	Audited Dec. 31st 2008 EC\$ 000s
Cash flows from Operating Activities		
Net Income Before Tax	20,634	19,410
Adjustments for:		
Depreciation	15,144	14,152
Amortization of intangible assets	535	503
Finance Charges	4,358	4,554
Loss/(Gain) on Disposal of Property, Plant and Equipment	7	(184)
Amortization of Consumer Contributions	(710)	(750)
Operating Income before Working Capital Change	39,968	37,685
Increase in Accounts Receivable and Prepayments	(1,305)	(12,694)
Increase in Inventories	(4,173)	(5,754)
Increase in Trade and Other Payables	435	8,947
Cash Generated from Operations	34,925	28,184
Interest Received	132	96
Interest Paid	(4,579)	(4,708)
Income Tax Paid	(8,515)	(7,442)
Net Cash from Operating Activities	21,963	16,130
Cash Flows from Investing Activities		
Purchase of Available for Sale Financial Asset	(1,600)	(44)
Purchase of Property, Plant and Equipment	(9,242)	(7,664)
Proceeds on Disposal of Property, Plant and Equipment	(7)	184
Purchase of intangible assets	0	(256)
Net Cash used in Investing Activities	(10,849)	(7,780)
Cash Flows from Financing Activities		
Repayment of Borrowings	(9,550)	(9,798)
Decrease in Tariff Reduction Reserve	(231)	474
Dividends Paid	(8,087)	(9,018)
Consumer Contributions Received net of adjustments	357	1,789
Consumer Deposits Received net	418	498
Net Cash used in Financing Activities	(17,093)	(16,055)
Decrease in Cash and Cash Equivalents	(5,979)	(7,705)
Cash and Cash Equivalents, Beginning of Period	10,843	767
Cash and Cash Equivalents, End of Period	4,864	(6,938)

ST LUCIA ELECTRICITY SERVICES LIMITED
STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2009

	Unaudited June 30th 2009 EC\$ 000s	Audited Dec. 31st 2008 EC\$ 000s
Revenue		
Energy Sales	108,354	122,861
Fuel Surcharge Recovered	17	28,021
Other Revenue	352	585
	<u>108,723</u>	<u>151,466</u>
Operating Expenses		
Diesel Generation	10,793	10,288
Transmission and Distribution	14,271	15,122
Fuel & Lubricants	45,648	90,763
	<u>70,712</u>	<u>116,173</u>
Gross Income	38,011	35,293
Administrative Expenses	12,633	11,612
Operating Profit	25,378	23,681
Other (Losses)/Gains	(100)	378
Profit Before Finance Costs and Taxation	25,278	24,059
Finance Costs	4,644	4,649
Profit Before Taxation	20,634	19,410
Taxation	5,571	4,828
Net Profit for the Period	<u>15,063</u>	<u>14,581</u>
Earnings Per Share	<u>\$ 1.29</u>	<u>\$ 1.24</u>

ST. LUCIA ELECTRICITY SERVICES LIMITED



LUCELEC'S Mission Statement

We will provide affordable energy and services that are safe, reliable, and environmentally responsible.

We will meet the expectations of our shareholders and employees while being a catalyst for social and economic development in St. Lucia.



LUCELEC
ST. LUCIA ELECTRICITY SERVICES LIMITED
The Power of Caring

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Interim Report

to our Shareholders
for the half year
ended June 30, 2009

The Directors are pleased to report on the unaudited results of the Company for the half year ended 30th June, 2009 in the context of a very challenging operating environment.

Results of Operations

Unit sales for the period were 154.3 MWh, an increase of 3.5% over the same period in 2008. There was growth in all sectors of the customer base with the highest being 6.5% in the Commercial sector and 1.5% in the Domestic sector at the lowest extreme. Growth was fuelled by a higher customer base in the various sectors and a relatively good Hotel sector performance due to advertising, sales efforts and re-opening of refurbished properties.

Total revenue was EC\$108.7M, a decline of 28.3% reflecting the increase in unit sales growth being offset by a significant reduction in fuel prices. The overall average tariff was 30% lower than the same period last year and is broadly in line with that which obtained in 2004.

Under the provisions of the Electricity Supply Act (as amended), customer tariffs are reduced where current fuel prices are lower than the average price paid in the previous year.

At the end of the period the average price paid for fuel was EC\$5.23 per gallon compared to EC\$9.91 for 2008, a reduction of 47.2%. While prices remain relatively low, a slight upward movement in prices is being observed on expectations of economic stabilisation in the developed economies, primarily the United States.

Gross income was EC\$38.0M, an improvement of EC\$2.7M (7.6%) over the previous year. This was a reflection of unit sales growth, lower Transmission & Distribution costs due to reduced levels of maintenance activities for the period which offset an increase in Generation costs arising from higher depreciation charges.

Profit before tax was EC\$20.6M, increased by EC\$1.2M (6.2%) with the higher Gross income being reduced by higher administration costs due to a timing change in accounting for self insurance costs.

Profit after tax amounted at EC\$15.1M compared to EC\$14.6M for the same period last year, an increase of EC\$0.5M (3.4%).

At the end of the period, earnings per share increased by 3.9% to \$1.29 compared to \$1.24 in 2008, reflecting the increase in net profit.

In accordance with the provisions of the Electricity Supply Act (as amended) Hotel and Industrial customers are receiving a rebate of EC\$0.03 per unit, being the distribution of 50% of the Company's profits in excess of the threshold Rate of Return for the year ended 31st December, 2008.

Technical Operations

The year to date System Average Interruption Duration index (SAIDI) measure was 2.96 hours compared to 2.54 hours in the same period last year. The slight worsening in performance was primarily due to generation related outages. As a key measure of system reliability this is receiving attention and the Company anticipates that improvements will be realised in the second half of the year.

DIRECTORS REPORT TO THE SHAREHOLDERS FOR THE HALF YEAR ENDED 30TH JUNE, 2009

Fuel efficiency was 20.01kWh/gallon compared to 19.66kWh/gallon in the same period last year, a reflection of the efficient use of generating capacity.

Line losses when recorded on a moving annual total was 8.94%, compares favourably with the end of year target of 9.97% and 10.12% in the previous year.

Alternative Energy Sources

The progress with the HFO conversion project has not been satisfactory. Whereas discussions and negotiations with the Engine manufacturer are virtually complete, technical and financial issues related to storage and delivery of the product are proving difficult and the preliminary benefits associated with this initiative are being severely eroded.

The Company has, after many years of effort, obtained preliminary access to a property on the south east of the island for the location of a potential wind farm. Test equipment will be installed in the third quarter to commence collection of the required wind measurement data which is necessary for optimal technical design specifications of the proposed 12MW wind farm.

A pilot project is also underway for small photovoltaic systems and results have been encouraging.

Discussions continued with the holders of the rights to the Geothermal resource in Soufriere as well as the Government, to allow the Company to be at a stage that will allow a greater level of certainty about the availability of this energy source.

Strategic Initiatives

Following the rapid escalation in fuel prices in 2008, the Board approved a pilot fuel price hedging programme as a precursor to a more formalised and structured undertaking in 2010. The objective of the hedge programme is to reduce the price fluctuations caused by spot price purchases thereby providing a greater level of price stability and certainty to customers.

The Company has embarked on a project to replace its legacy Customer Information System with one which will improve the delivery of customer service, improve operational efficiency, reduce costs and enable a better understanding of and relationship with its customers.

Outlook

We will continue to monitor economic and financial trends during the second half of the year in order to take any corrective actions deemed necessary to ensure the continued provision of a safe, reliable and affordable service to the country.

Based on current information and trends the Company expects to meet its major objectives by the end of the year.



Mr. Marius St. Rose
Chairman

ST LUCIA ELECTRICITY SERVICES LIMITED BALANCE SHEET AS AT JUNE 30, 2009

	Unaudited June 30th, 2009 EC\$000s	Audited Dec. 31st, 2008 EC\$000s
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5,423	10,847
Trade and other receivables	43,246	41,940
Income tax receivable	1,204	
Inventories	19,912	15,740
	69,785	68,527
Available for sale financial asset	7,396	5,643
Retirement benefit asset	8,847	8,847
Property, Plant and equipment (NBV)	296,061	302,498
	382,089	385,515
LIABILITIES		
CURRENT LIABILITIES		
Bank borrowings	8,276	16,739
Bank overdraft	559	4
Total borrowings	8,835	16,743
Trade and other payables	26,183	25,750
Income tax payable	-	1,740
Dividend payable	164	8,251
	35,182	52,484
NON-CURRENT		
Borrowings	109,622	110,754
Consumer deposits	12,191	11,682
Deferred tax liabilities	28,696	28,695
Consumer contributions	28,094	28,428
	213,785	232,043
SHAREHOLDERS' EQUITY		
Stated Capital	80,163	80,163
Retained earnings	79,294	64,462
Total equity attributable to shareholders	159,457	144,625
Total shareholders' equity	8,847	8,847
	168,304	153,472
Total equity and liabilities	382,089	385,515

Total equity and liabilities



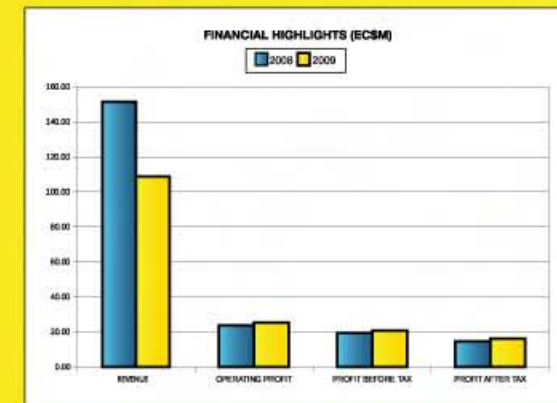
Director



Director



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Interests of Directors, Chief Executive and their Associates.

Name	Ordinary Voting Shares
Mr. Marius St. Rose	34,100 shares
Mr. Trevor Louisy	2,514 shares
Mr. Stephen Mc Namara	1,000 shares