

FORM ECSRC - Q

QUARTERLY REPORT

For the period ended September 30, 2021

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, 2021

(expressed in Eastern Caribbean Dollars)

	September 2021	September 2020	December 2020
Assets			
Non-current assets			
Property, plant and equipment	177,241,722	179,411,538	180,346,203
Right of use asset	101,842	269,557	228,400
	177,343,564	179,681,095	180,574,603
Current assets			
Cash and cash equivalents	4,727,679	7,840,132	9,817,752
Trade and other receivables	17,879,935	14,808,778	12,969,781
Inventories	20,767,783	21,353,937	19,870,067
Corporation tax recoverable	1,233,056	1,233,056	1,233,057
	44,608,454	45,235,904	43,890,658
	221,952,018	224,916,999	224,465,260
Equity			
Share capital	10,417,328	10,417,328	10,417,328
Retained earnings	81,738,114	82,224,650	78,673,263
	92,155,442	92,641,978	89,090,591
Non-current liabilities			
Borrowings	65,217,684	70,851,067	68,775,881
Customers' deposit	3,737,542	3,658,491	3,761,442
Long-term lease liability	-	104,993	60,370
Deferred credit	15,429,179	13,725,497	13,684,847
Deferred tax liability	19,432,799	16,863,264	18,430,388
	103,817,204	105,203,312	104,712,928
Current liabilities			
Trade and other payables	14,286,924	13,357,002	13,524,067
Short-term lease liability	104,993	167,865	172,231
Due to related party	5,880,003	5,447,469	5,394,204
Current portion of borrowings	5,707,452	8,099,373	11,571,240
	25,979,372	27,071,708	30,661,742
	221,952,018	224,916,999	224,465,260

Dominica Electricity Services Limited

UN-AUDITED STATEMENT OF INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2021
(expressed in Eastern Caribbean dollars)

	September 2021 \$	September 2020 \$	December 2020 \$
Revenue			
Operating Revenue	67,192,781	60,761,158	80,381,656
Operating Expenses			
Fuel	26,873,820	22,138,236	28,442,229
Generation	4,739,707	5,034,392	8,595,421
General	9,213,800	8,457,506	12,179,531
Engineering and distribution	6,606,016	6,310,899	8,497,527
Insurance	3,630,323	3,298,789	4,459,674
Depreciation	10,292,905	9,903,319	12,884,971
	61,356,570	55,143,140	75,059,353
Operating income	5,836,211	5,618,018	5,322,303
Finance and other income	403,706	452,703	622,887
Finance and other costs	(2,172,656)	(2,705,558)	(3,522,558)
Income before taxation	4,067,262	3,365,163	2,422,632
Taxation	(1,002,411)	(841,291)	(2,408,414)
Net income being comprehensive income for the year	3,064,851	2,523,872	14,218
Basic and diluted earnings per share (cents)	0.29	0.24	0.00

DOMINICA ELECTRICITY SERVICES LIMITED

UN-AUDITED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2021
(expressed in Eastern Caribbean Dollars)

	September 2021	September 2020	December 2020
Share capital			
Ordinary shares, beginning and end of period	10,417,328	10,417,328	10,417,328
Retained earnings			
At beginning of period	78,673,263	79,700,778	79,700,778
Net income for the period	3,064,851	2,523,872	14,218
Ordinary dividends (declared)			(1,041,733)
At end of period	81,738,114	82,224,650	78,673,263
Shareholders' equity, end of period	92,155,442	92,641,978	89,090,591

Dominica Electricity Services Limited

UN-AUDITED STATEMENT OF CASH FLOW

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

(expressed in Eastern Caribbean Dollars)

	September 2021	September 2020	December 2020
	\$	\$	\$
Cash flows from operating activities			
Net income before tax	4,067,262	3,365,163	2,422,632
Adjustments for:			
Depreciation	10,292,905	9,903,319	12,884,971
Loss/(Gain) on foreign exchange	10,873	11,756	(17,485)
Loss/(Gain) on disposal of property, plant and	71,401	(37,459)	254,601
Provision for inventory obsolescence	187,497	172,500	992,357
Finance costs	2,172,656	2,743,016	3,522,558
Amortization of deferred revenue	(464,234)	(440,947)	(860,003)
Net change in provision for other liabilities and charges	(527,273)	(298,365)	342,549
Operating income before working capital changes	15,811,086	15,418,985	19,542,180
(Increase)/decrease in receivables and prepayments	(4,910,155)	732,269	2,683,723
Increase in inventories	(1,085,214)	(1,441,944)	(777,935)
Increase/(decrease) in accounts payable and accruals	1,325,906	(3,831,740)	(4,697,216)
Increase in due to related parties	485,799	694,270	641,007
Cash generated from operations	11,627,422	11,571,840	17,391,759
Finance cost paid	(2,172,656)	(2,743,016)	(3,214,147)
Income tax paid	-	-	-
Net cash from operating activities	9,454,766	8,828,824	14,177,612
Cash flows from investing activities			
Purchase of property, plant and equipment	(7,196,816)	(10,290,916)	(14,468,510)
Proceeds on disposal of property, plant and equipment	16,902	37,464	47,841
Net cash used in investing activities	(7,179,914)	(10,253,452)	(14,420,669)
Cash flows from financing activities			
Dividends paid	-	-	(1,041,733)
Repayment of borrowings	(6,052,870)	(5,754,282)	(7,726,715)
Payment of principal portion of lease liability	(127,608)	(117,800)	(158,057)
Customers' contribution	2,208,566	793,196	1,171,602
Customers' deposits (net)	(23,900)	(3,603)	99,348
Net cash used in financing activities	(3,995,812)	(5,082,490)	(7,655,555)
Net decrease in cash and cash equivalents	(1,720,960)	(6,507,119)	(7,898,612)
Cash and cash equivalents, beginning of period	6,448,638	14,347,250	14,347,250
Cash and cash equivalents, end of period	4,727,679	7,840,132	6,448,638

Notes to the Financial Statement for the Quarter ending September 30, 2021

General Information

Dominica Electricity Services Limited (the “Company”), was incorporated as a public limited liability company on 30 April 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 principal 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, 2020.