

**Schedule 2
FORM ECSRC – OR**

(Select One)

QUARTERLY FINANCIAL REPORT for the period ended September 30, 2018
Pursuant to Section 98(2) of the Securities Act, 2001

OR

TRANSITION REPORT
for the transition period from _____ to _____
Pursuant to Section 98(2) of the Securities Act, 2001
(Applicable where there is a change in reporting issuer's financial year)

Issuer Registration Number: LUCELEC09091964SL

St. Lucia Electricity Services Limited
(Exact name of reporting issuer as specified in its charter)

Saint Lucia
(Territory or jurisdiction of incorporation)

John Compton Highway, Sans Souci, Castries, Saint Lucia
(Address of principal executive Offices)

(Reporting issuer's:

Telephone number (including area code): 758-457-4400

Fax number: 758-457-4409

Email address: Lucelec@candw.lc

(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report. _____

CLASS	NUMBER
Ordinary Shares	22,400,000
Non-voting Ordinary Shares	520,000

SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

Trevor Louisy

SIGNED AND CERTIFIED

26 - 10 - 2018

Date

Name of Director:

LESLIE PROSPELLE

SIGNED AND CERTIFIED

Signature

26 - 10 - 2018

Date

Name of Chief Financial Officer:

Ian Peter

SIGNED AND CERTIFIED

Signature

26 - 10 - 2018

Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-OR

1. Financial Statements

Provide Financial Statements for the period being reported in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

- (a) Condensed Balance Sheet as of the end of the most recent financial year and just concluded reporting period.
- (b) Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with interim three, six and nine months of the current financial year and corresponding period in the previous financial year.
- (c) Condensed Statement of Cash Flows for the just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

2. Management's Discussion and Analysis of Financial Condition and Results of Operation

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures

taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

General Discussion and Analysis of Financial Condition

The main revenue source of the Company continued to be from the sale of electricity to customers in Saint Lucia.

Sales growth is anticipated in the near future based on planned housing activity, hotel construction and commercial projects.

Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.
- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.

- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

(1) Liquidity

The Company continued to operate under debt covenants stipulated in Security Sharing Agreements (SSA) with its lenders which, among other provisions set the maximum level of debt that the Company is allowed to undertake.

During the third quarter of 2018, the Company received the final draw down of \$15M out of a \$20M loan to fund the 3MW Solar Farm.

(2) Capital Resources

Capital expenditure for the first 9 months of 2018 totaled EC24.7M, which was primarily on the solar farm and upgrades to the T&D network.

The installation of the solar farm was completed during the quarter and officially opened in August.

Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

N/A

Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls.

Overview of Results of Operations

The analysis following is based on the consolidated results of St. Lucia Electricity Services Limited and its subsidiaries - LUCELEC Cap-Ins. Inc., LUCELEC Trust Company Inc. and Energyze Holdings Inc.

Unit sales of 271.3M kWhs for the first nine months increased by 1.3% (3.4M kWhs) over 2017's total of 267.9M kWhs. An increase was realized in the Hotel (10.9%) sector largely due to the opening of two new hotels earlier in the year. There were decreases in sales to the Domestic, Commercial and Industrial sectors of 0.4%, 1.7% and 5.8% respectively. There was no significant change in street light sales compared to the prior year.

Total revenue for the first three quarters of 2018 of EC\$230.7M was greater than the corresponding period of 2017 of EC\$209.6M by 10.1% (EC\$21.1M) primarily as a result of the increase in electricity sales.

Fuel costs for the current period of EC\$114.6M were 21.0% (EC\$19.9M) greater than 2017's total of EC\$94.7M, due to rising fuel prices.

Transmission and distribution costs for the year to date of EC\$30.4M were greater than the same period last year of EC\$29.0M by 4.9% (EC\$1.4M). This variance was due to the increase in T&D network maintenance costs (EC\$1.0M) and payroll costs (EC\$0.4M).

Generation costs for the year to date of EC\$17.7M were greater than the same period in the previous year of EC\$16.0M by 10.6% (EC\$1.7M) driven by increases in engine maintenance costs (EC\$0.2M), depreciation (EC\$0.8M), payroll costs (EC\$0.6M) and building maintenance (EC\$0.1M).

Administrative expenditure for the first 9 months of 2018 of EC\$23.5M were greater than the same period last year of EC\$22.4M by 4.9% (EC\$1.1M) due mainly to increases in payroll and other employee costs.

The Company's year to date performance does not take into account the impact of applying IFRS9 to its financial assets. Any adjustments to the reported financial assets will be reflected in the year end audited accounts.

Year-to-date profit before tax of EC\$41.0M was 5.8% (EC\$2.5M) less than the same period in 2017 of EC\$43.5M.

Similarly, profit after tax for the first three quarters of 2018 of EC\$29.5M was 5.5% (EC\$1.7M) less than the corresponding period last year of EC\$31.2M.

Earnings per share for the current period of EC\$1.29 was 5.2% less than the same period last year of EC\$1.36.

3. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

1. The Company had identified certain risks in the process of preparing for the new regulatory framework. To mitigate this risk, the Company established a Regulatory Reform Team to spearhead the Company's involvement in the regulatory reform process. This risk is considered stable.
2. A significant portion of the total electricity price to consumers is the cost of fuel. The Company has identified this, as well as the volatility of fuel prices on the world market, to be significant risks. The Company has therefore engaged in fuel price hedging to help mitigate volatility and rising fuel prices. In the past year we have seen a steady increase in oil prices despite assessment from experts that the market fundamentals did not support long term price increases. Although our hedge placements have led to a reduced cost of fuel the volumes and periods hedged were not sufficient to keep prices well below market. The upside and downside risk associated with fuel prices is increasing.
3. The inability to meet consumer demand for electricity is considered a major risk to the Company. This can be brought on by either an unforeseen increase in the demand for power or the loss of generators or substations. The Company employs a robust preventative maintenance programme to mitigate the risk of unplanned asset downtime. Uncertainty regarding the implementation of investment projects in the private and public sector, contributes significantly to the assessment of this risk. However, this risk materializing is low to moderate; as the existing generation assets near the end of their useful lives, the risks associated with the uncertainty of future demand.
4. The annual hurricane season between June and November remains a constant risk factor. As far as practicable the Company continues to design its systems to minimize the impact from hurricanes. The Company continues to maintain a robust disaster recovery plan in the event of extensive damage resulting from a weather system. The risk of Loss of T&D assets and resulting impact on the reliability of the power supply is increasing given the intensity of storms affecting the region. This risk is considered to be moderate.
5. Obtaining insurance coverage for the Transmission & Distribution (T&D) plant on the market at a cost-effective rate continues to be a challenge. As such, the Company established a Self- Insurance Fund as a vehicle to mitigate losses in the event of catastrophic events. As at September 30, 2018, the Fund balance was EC\$35.6M. The Company has access to a standby credit facility of EC\$10.0M to meet any emergency asset restoration costs should the need arise. The Net Book Value of the T&D assets was estimated at EC\$136.9M at the end of September 2018. Although the Company's contribution to the Self Insurance Fund is deemed to be adequate, the fund would not be sufficient to cover a total loss of its T&D infrastructure. This risk is considered high. The Company continues to explore options for mitigating against the impact of such a catastrophic event.
6. With a new regulatory framework, the threat of loss of sales due to the introduction of renewables and competition for generation is likely, however, at the current rate of growth of renewables this threat has not materialized. Although this risk is considered low, uncertain events, such as the price of fuel and reducing renewable technology, can increase the risk within a short period.

7. Receivables management remained a priority for the Company. All accounts continue to be monitored on an on-going basis to keep delinquency at its minimum. Government aged receivables continue to be of concern, given the requirements of IFRS 9. The impact of the application of the requirements of IFRS9 are currently being determined. Credit risk is considered to be low at this time.

8. The Company utilizes Return on Equity as one of the measures of its performance. As shareholders' equity increases and profit levels remain fairly constant, the Company is faced with the risk of continued diminishing Return on Equity. The Company will continue exploring cost optimization opportunities that are the output of a comprehensive process analysis, as a means of mitigating this risk. This risk is considered low.

9. System Losses, specifically due to electricity theft, continue to be a concern for the Company, given the implications for unrecognized revenues and ultimately reduced shareholder returns. This risk is stable and does not show any sign of worsening.

10. The fallout from industrial action can affect the Company's reputation and by extension that of the country, with regards to foreign direct investment. Employee engagement and staff relations continue to be a priority in the Company's annual work plan. Until all union negotiations are satisfactorily concluded, the risk of industrial action continues to be high.

4. Legal Proceedings.

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

N/A

5. Changes in Securities and Use of Proceeds.

- (a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

N/A

(b) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

- Name and address of underwriter(s)

- Amount of expenses incurred in connection with the offer _____

- Net proceeds of the issue and a schedule of its use

- Payments to associated persons and the purpose for such payments

(c) Report any working capital restrictions and other limitations upon the payment of dividends.

N/A

6. Defaults upon Senior Securities.

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

N/A

- (b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

N/A

7. Submission of Matters to a Vote of Security Holders.

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.

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- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

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- (c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

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- (d) A description of the terms of any settlement between the registrant and any other participant.

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- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

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8. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC – OR report.

N/A

ST. LUCIA ELECTRICITY SERVICES LIMITED

Unaudited Consolidated Financial Statements
For the Nine Months Ended September 30, 2018
(Expressed in Eastern Caribbean Dollars)

ST. LUCIA ELECTRICITY SERVICES LIMITED


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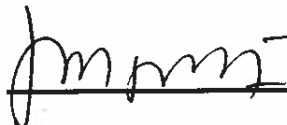
ST. LUCIA ELECTRICITY SERVICES LIMITED
Unaudited Consolidated Statement of Financial Position

(Expressed In Eastern Caribbean Dollars)

	Note	As at September 30, 2018 \$'000s	As at December 31, 2017 \$'000s
Assets			
Non-current			
Property, plant and equipment		345,678	348,357
Intangible assets		12,801	12,436
Retirement benefit Asset		1,955	-
Total non-current assets		360,434	360,794
Current			
Inventories		13,656	13,720
Trade, other receivables and prepayments		61,708	49,598
Other financial assets		33,378	40,672
Derivative financial instruments	4	2,104	4,288
Income tax recoverable		1,844	429
Cash and cash equivalents		22,712	22,644
Total current assets		135,402	131,351
Total assets		495,836	492,145
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital		80,163	80,163
Retained earnings		174,664	159,186
Fair value reserve		(1,075)	331
Revaluation reserve		15,351	15,351
Self-insurance reserve		36,582	33,972
Total shareholders' equity		305,685	289,003
Liabilities			
Non-current			
Borrowings		94,317	82,203
Consumer deposits		18,065	17,761
Deferred tax liabilities		32,651	33,596
Post-employment medical benefit liabilities		2,036	2,036
Total non-current liabilities		147,069	135,596
Current			
Borrowings		10,737	18,563
Trade and other payables		30,391	47,058
Provision for other liabilities		1,485	1,485
Dividends payable		469	440
Total current liabilities		43,082	67,546
Total liabilities		190,151	203,142
Total shareholders' equity and liabilities		495,836	492,145

Approved on behalf of the Board of Directors:


 _____ Director


 _____ Director

ST. LUCIA ELECTRICITY SERVICES LIMITED
Unaudited Consolidated Statement of Comprehensive Income

(Expressed In Eastern Caribbean Dollars)

	For the 3 months ended September 30, 2018 \$'000s	For the 3 months ended September 30, 2017 \$'000s	For the 9 months ended September 30, 2018 \$'000s	For the 9 months ended September 30, 2017 \$'000s
Revenue				
Energy sales	81,276	71,758	228,848	208,021
Other revenue	673	590	1,835	1,585
	<u>81,949</u>	<u>72,348</u>	<u>230,683</u>	<u>209,605</u>
Operating expenses				
Fuel costs	42,146	32,599	114,648	94,697
Transmission and distribution	10,664	9,688	30,423	29,025
Generation	6,082	5,220	17,731	15,951
	<u>58,892</u>	<u>47,507</u>	<u>162,802</u>	<u>139,673</u>
Gross income	<u>23,057</u>	<u>24,841</u>	<u>67,881</u>	<u>69,932</u>
Administrative expenses	<u>(8,748)</u>	<u>(7,818)</u>	<u>(23,460)</u>	<u>(22,372)</u>
Operating profit	<u>14,309</u>	<u>17,023</u>	<u>44,421</u>	<u>47,560</u>
Interest income	171	176	486	535
Other gains/(losses), net	5	61	55	63
Profit before finance costs and taxation	<u>14,485</u>	<u>17,260</u>	<u>44,962</u>	<u>48,158</u>
Finance costs	<u>(1,286)</u>	<u>(1,458)</u>	<u>(3,932)</u>	<u>(4,606)</u>
Profit before taxation	<u>13,199</u>	<u>15,802</u>	<u>41,030</u>	<u>43,552</u>
Taxation	<u>(3,696)</u>	<u>(4,427)</u>	<u>(11,482)</u>	<u>(12,290)</u>
Net profit for the period	<u>9,503</u>	<u>11,375</u>	<u>29,548</u>	<u>31,262</u>
Other comprehensive income:				
Items that may be reclassified to profit or loss:				
Fair value (loss)/gain on other financial assets	<u>(164)</u>	<u>201</u>	<u>(1,406)</u>	<u>820</u>
Items that will not be reclassified to profit or loss:				
Re-measurements of defined benefit pension plans, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other comprehensive income	<u>(164)</u>	<u>201</u>	<u>(1,406)</u>	<u>820</u>
Total comprehensive income for the period	<u>9,339</u>	<u>11,576</u>	<u>28,142</u>	<u>32,082</u>
Basic and diluted earnings per share	<u>\$ 0.41</u>	<u>0.50</u>	<u>1.29</u>	<u>1.36</u>

ST. LUCIA ELECTRICITY SERVICES LIMITED**Unaudited Consolidated Statement of Cash Flows***(Expressed In Eastern Caribbean Dollars)*

	For the 3 months ended September 30, 2018 \$'000s	For the 3 months ended September 30, 2017 \$'000s	For the 9 months ended September 30, 2018 \$'000s	For the 9 months ended September 30, 2017 \$'000s
Cash flows from operating activities				
Profit before taxation	13,199	15,802	41,030	43,552
Adjustments for:				
Depreciation	8,548	8,279	25,536	24,964
Amortisation of intangible assets	533	471	1,493	1
Interest income	(171)	(176)	(486)	(535)
Finance costs expensed	1,286	1,458	3,932	4,606
Gain on Disposal of property, plant and Loss on disposal of other financial assets	1 -	(52) -	24 -	(52) 8
Operating profit before working capital (Increase) /decrease in inventories	23,396 (612)	25,782 (1,532)	71,529 64	73,977 (3,413)
Increase in trade, other receivables and prepayments (Decrease)/increase in trade and other payables	(8,102) (3,159)	(3,490) 3,838	(12,110) (14,484)	(6,892) 706
Cash generated from operations	11,523	24,598	44,999	64,378
Interest received	157	147	487	454
Finance costs paid	(1,270)	(1,199)	(3,876)	(4,316)
Income tax paid	(4,468)	(4,906)	(13,842)	(17,199)
Net cash from operating activities	5,942	18,640	27,768	43,317
Cash flows from investing activities				
Acquisition of property, plant and equipment	(4,644)	(9,772)	(22,881)	(26,227)
Proceeds from disposal of property, plant and equipment	-	52	1	52
Acquisition of intangible assets	(862)	(368)	(1,858)	(609)
Acquisition of other financial assets	(2,209)	(1,317)	(4,276)	(2,197)
Acquisition of pension plan assets	(1,955)	-	(1,955)	-
Proceeds from disposal of other financial assets	1,620	248	10,163	653
Net cash used in investing activities	(8,050)	(11,157)	(20,806)	(28,328)
Cash flows from financing activities				
Proceeds from borrowings	15,000	-	20,000	-
Repayment of borrowings	(2,530)	(2,720)	(15,677)	(12,415)
Dividends paid	(1)	(292)	(11,432)	(12,838)
Consumer deposits, net	(57)	144	215	758
Net cash from/ (used in) financing activities	12,412	(2,868)	(6,894)	(24,495)
Net increase/ (decrease) in cash and cash equivalents	10,304	4,615	68	(9,506)
Cash and cash equivalents at beginning of period	12,408	15,479	22,644	29,600
Cash and cash equivalents at end of period	22,712	20,094	22,712	20,094

ST. LUCIA ELECTRICITY SERVICES LIMITED
Notes to Unaudited Consolidated Financial Statements
For the Nine Months Ended September 30, 2018
(Expressed In Eastern Caribbean Dollars)

Accompanying Notes

1. These unaudited consolidated financial statements present the results of the St. Lucia Electricity Services Limited and its subsidiaries-LUCELEC Cap-Ins. Inc., LUCELEC Trust Company Inc. and Energyze Holdings Inc.
2. The principal accounting policies adopted and methods of computation have been consistently applied to the periods presented in these unaudited consolidated financial statements.
3. There were no unusual assets, liabilities, income or expenses recorded during the quarter.
4. As part of the company's hedging strategy, swaps contracts were entered into during the period. The fair value of these contracts at the end of the period as disclosed on the Unaudited Consolidated Statement of Financial Position as Derivative Financial Asset was \$2.1M.
5. The fair value reserve represents the unrealized loss on investments held by the subsidiary, LUCELEC Cap Ins. Inc.
6. There were no issuances, repurchases and repayments of equity securities during the quarter.
7. Loan principal and interest repayments during the quarter totaled \$3.8M.
8. There were no material events subsequent to the end of the quarter that have not been reflected in the unaudited consolidated financial statements.
9. There were no changes in contingent liabilities since the end of the prior financial year.