Schedule 2
FORM ECSRC - SA

(Select One)

Semi-Annual Report
For the period ended 30th June 2007

or

TRANSITION REPORT

(Applicable where there is a change in reporting issuer's financial year)

For the transition period from __________ to ________________

Issuer Registration Number: LUCELEC 09091964SL

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

St. Lucia
(Territory or jurisdiction of incorporation)

John Compton Highway, Sans Souci, Castries
(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	11,200,000
Non-voting ordinary shares	520,000

SIGNATURES

Name of Chief Executive Officer:

____

____
Signature

____
Date

Name of Director:

____

____
Signature

____
Date

INFORMATION TO BE INCLUDED IN THE REPORT

1. Financial Statements

Provide semi-annual Financial Statements 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 December 31st 2005 and June 30th 2007 are attached.

(b) Condensed Statement of Income for the six months period ended 30th June 2007 are attached

(c) Condensed Statement of Cash Flows for the six months ended 30th June 2007 are attached.

The condensed financial data has been prepared in accordance with International Financial Reporting Standards and there are no material variations from any representations made in the Notes to the Financial Statements in respect of the Company's audited financial statements for the year ended 31st December, 2006.

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

Operating Environment

The first half of the year registered 146.6M units in electricity sales, an increase of 5.3% over the previous year. This was due to increases in residential properties, additional hotel rooms and general increase in economic activity particularly as a result of Cricket World Cup 2007. Increases were recorded across all sectors with the highest rate in the industrial sector. This was despite increases in airfares following the merger of LIAT and Caribbean Star which continued to impact visitor arrivals to St. Lucia from the Caribbean however, work is progressing to increase airlift and to generally revamp the sales, marketing and other aspects of St. Lucia's tourism product.

For the first half of the year, fuel prices were 3.8% below that of the same period last year, and 2.4% below the 2006 average. Recent trends indicate that prices will continue to increase in the immediate future.

During the period up to May, 2007 (latest available data) the total tourist arrivals increased by 26.9% largely on an increase in the Cruise sector. The important stay over sector registered a decline of 9.2% with decreases of 10.2% from the USA and 30.2% from the Caribbean.

At the end of May, 2007 inflation had increased by 0.2%. In 2006 inflation was recorded as 2.35% while it was 3.9% in 2005.

The total number of customer accounts at the end of the reporting period was 55,488 an increase of 1.8% over December, 2006 reflected primarily in the Domestic and Commercial sectors.

3. FINANCIAL RESULTS

Energy sales reflected an increase of 5.3% over the same period last year and are in line with expectations.

Year-on-year growth in unit sales have been realised in all sectors.

Total revenue of EC$113.7M, is in line with the same period for last year but does not reflect the increase in energy sales for that period. This was due primarily to the rate decreases during the period when fuel prices dipped below the average price that obtained in 2006. In keeping with this requirement the basic energy rates were reduced for three months during the period. This is in accordance with the provisions of the Electricity Supply (Amendment) Act No. 12 of 2006. This was offset by decreases in total fuel costs against the previous year and budget.

Gross income was EC$33.7M compared to EC$33.6M in 2006 as activities fell in line with that of the previous year.

Profit before tax was EC$19.9M compared to EC$20.4M in the previous year; the variance being attributable to gain on disposal of assets in the prior year.

The current year's achievement to date has exceeded budget expectations and all efforts will be concentrated on maintaining this trend to the end of the year.

In accordance with the Electricity Supply (Amendment) Acts Nos. 12 and 13 of 2006 Hotel and Industrial customers have been receiving a rebate equivalent to approximately EC$0.05 per unit from the beginning of the year, being a 50% sharing of the Company's returns in excess of the threshold Rate of Return provided for under the Act. The Minister may also designate "customers in need of protection" to receive such rebates consequent upon the issue of an Order in the Gazette, but to date no such Order has been issued.

Capital Programme

The new 10.2 MW generator has been installed and final tests were being carried out by the manufacturer at the end of the reporting period. It is anticipated that the unit will be commissioned and formally handed over to the Company in July 2007. This is earlier than the previously scheduled date of November 2007; it is expected to have positive effects on our Specific Fuel Consumption. This is most likely the last unit that will be installed at the Cul De Sac facility and brings the installed capacity to 77.2MW, sufficient to meet reliability criteria until the year 2011.

Transformer upgrades at Union and Vieux Fort substations were commissioned in late June and formal hand over to the Company is expected to be in early July. The completion of these works will ensure that reliability at these two substations will be maintained for the next 10 to 15 years.

Other capital programmes are continuing in line with Company schedules.

4. OPERATIONAL RESULTS

Line losses were 10.24% which is higher than the target. Notwithstanding the Company still expects that it will meet its target of 10% by the end of the year.

The year-to-date fuel efficiency is 19.43 kWh per gallon. This was partly attributable to an overhaul on one of the more efficient engines during the period. With the commissioning of the new generating unit in early July and full use of all the other engines the Company also expects to meet the end of year target of 19.47 kWh per gallon.

System reliability continues to be very good although our performance to date is slightly worse than for the same period last year. At the end of June the System Average Interruption Duration Index (SAIDI) was 5.30 hours compared to 4.01 hours for the same period last year. It is anticipated that the end of year target of 10.25 hours will be achieved.

5. LIQUIDITY AND CAPITAL RESOURCES

As at the end of the reporting period the Company had fully drawn its loan facility of US$30M with the First Citizens Bank of Trinidad & Tobago and also contracted for a new loan in the amount of EC$23M from FCIB to finance capital works programmes for 2007. The FCIB loan carries an interest rate of 7.5% and is repayable over 10 years with one year's grace on principal repayments.

The Company has entered into an agreement for a standby credit facility of EC$10M which will be utilised to restore Transmission and Distribution lines and related assets damaged by hurricane and other natural disasters, should it become necessary. This facility is convertible into a 12-year term demand instalment loan subject to the necessary approvals. It carries an interest rate of 7.41% per annum on the credit facility and 6.5% per annum if converted to a demand loan.

The Company is covenanted to its financiers to a 1:1 debt/equity gearing. As at 30th June 2007 the position compared with June 2006 was as follows:-

	30th June, 2007 EC$ 000s	30th June, 2006 EC$ 000s
Borrowings		
Current	9,456	6,790
Long Term	120,523	95,624
TOTAL	**129,979**	**102,414**
Shareholders' Equity		
Share Capital	80,163	80,163
Retained Earnings	68,813	68,592
TOTAL	**148,976**	**148,755**

There are no potential violations of those covenants.

6. DISCLOSURE OF RISK FACTORS

a) Customers remained concerned about the high energy bills caused by the increases in fuel prices and in this regard the Company has continued its education programme on energy conservation.

b) There has been no further movement on deregulation activities.

c) Natural disasters and specifically hurricanes, pose a constant threat to the Company's infrastructure. The Company has taken out insurance as it considers adequate, taking into consideration the limited availability of cover and prohibitive costs. The standby credit arrangement and the establishment of the offshore income earning account will help to mitigate loss in the event of a disaster.

d) The Company is also seeking to have the required legal and tax framework in place to establish a formal self insurance programme. The Government has pledged its support in this exercise and the Company has also held discussions with its insurance brokers among others for technical advice.

e) Discussions are continuing with the Government on obtaining a suitable site for the development of a wind farm in the south of the island. Some technical data has already been collected although additional work is required to complete this aspect of the evaluation.

f) The Heavy Fuel Oil study has been completed and is under review by the Board and Management.

g) Certain of the Company's Grade I employees undertook strike action from mid-June. The Company was able to maintain its operations to the extent that customers were not adversely affected and on the whole, operations remained close to normal. There were some isolated acts of sabotage on the network but the redundancy and resilience of the system and support of the other staff ensured that customer inconvenience was minimal. A Government appointed tribunal met in early July and an award was issued on Friday 13th July, by that time Staff had returned to work, having done so as of Tuesday 10th July.

Revenue Base

With the achievement of universal access, the revenue base of the Company is approaching maturity and is therefore largely dependant upon overall economic expansion. This is largely beyond the Company's control and therefore to mitigate this, the Company is reviewing all options, with the goal of widening and deepening its revenue base sufficient to achieve consistent growth into the future. It is anticipated that the scale, scope and form that this will take will be determined in the very near future.

7. Legal Proceedings.

The company was a defendant in a number of legal matters. In the opinion of Management, after taking appropriate legal advice, the result of such actions will not have a material effect on the Company's financial position.

8. 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.

NOT APPLICABLE

(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

NOT APPLICABLE

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

NONE

9. 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 percent 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.

NONE

(b) If any material arrears in the payment of dividends has 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

NONE

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

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

(a) Annual General Meeting was held on 4th May 2007

(b) The following Directors retired by rotation and were re-elected to the Board of Directors:

- Marius St. Rose
- Isaac Anthony
- Christopher Huskilson

The following were elected to the Board of Directors:

None

The following persons continued as Directors of the Board of Directors:

- Marius St. Rose
- Emma Hippolyte
- Irving John
- Isaac Anthony
- Christopher Huskilson
- Raymond Robinson
- Trevor Louisy

- Joel Huggins
- Stephen Mc Namara
- Larry Howai
- Michal Andrews

(c) The re-appointment of Auditors

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

NONE

(e) Relevant details of any matter where decision was taken otherwise than at a meeting of such security holders- None

11. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC - MC report (related to disclosure of material information), with respect to which information is not otherwise called for by this form. 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 - SA report. **–**

NONE

ST. LUCIA ELECTRICITY SERVICES LTD

UNAUDITED STATEMENT OF INCOME

For the Six Months ended June 30, 2007

(Expressed in Eastern Caribbean Dollars)

	Unaudited June 30 2007 $000's	Unaudited June 30 2006 $000's
Revenue		
Energy Sales	113,394	85,407
Fuel Surcharge Recovered	(222)	27,787
Other Revenue	519	641
	113,691	113,836
Operating Expenses		
Diesel Generation	9,671	9,059
Transmission and Distribution	14,436	14,441
Fuel Costs	55,884	56,734
	79,991	80,234
Gross Income	33,700	33,602
Administrative Expenses	(10,530)	(10,030)
Operating Profit	23,170	23,571
Other Gains	(2)	535
Profit Before Finance Costs and Taxation	23,168	24,106
Finance Costs	(3,324)	(3,732)
Profit Before Taxation	19,844	20,375
Taxation	(4,964)	(8,199)
Net Profit for the Period	**14,880**	**12,175**
	$	**$**
Earnings Per Share	**1.27**	**1.03**

UNAUDITED STATEMENT OF RETAINED EARNINGS

For the Six Months ended June 30, 2007

(Expressed in Eastern Caribbean Dollars)

	Unaudited June 30 2007 $000's	Unaudited June 30 2006 $000's
Balance at Beginning of Period	53,932	55,567
Transfer from Tariff Reduction Reserve	-	457
Under provision of Dividends	-	392
Net Income for the Period	14,880	12,175
Balance at End of Period	**68,812**	**68,591**

UNAUDITED STATEMENT OF CHANGES IN EQUITY

For the Six Months ended June 30, 2007

(Expressed in Eastern Caribbean Dollars)

	Stated Capital $ 000's	Retirement Benefit Reserve $ 000's	Tariff Reduction Reserve $ 000's	Retained Earnings $ 000's	Total $ 000's
2006					
Balance at December 31, 2005	80,163	2,637	4,557	55,567	142,924
Profit for the period	-	-	(4,557)	13,024	8,467
Balance at June 30, 2006	80,163	2,637	-	68,591	151,391
2007					
Balance at December 31, 2006	80,163	2,850	-	53,932	136,945
Profit for the period			-	14,880	14,880
Balance at June 30, 2007	80,163	2,850	-	68,812	151,825