SECURITIES ACT 2001
SECURITIES (ACCOUNTING AND FINANCIAL REPORTS) RULES NO. 1 OF 2002

IN EXERCISE of the powers conferred on it by sections 98, 161 (a) and 162 of the Securities Act 2001, the Commission makes the following procedural rules and specifies the form of annual reports and periodic reports to be filed by reporting issuers.

CITATION AND COMMENCEMENT

1. These Rules may be cited as the Securities (Accounting and Financial Reports) Rules No.1 of 2002 and shall come into force on the date issued by the Commission.

ANNUAL REPORTS

2. Quarterly Reports to be submitted to the Commission

(1) The Commission may require a reporting issuer to submit a quarterly financial report within thirty days of the end of each of the first three quarters of the financial year. Included in this report shall be the financial statement schedules, exhibits and all other papers and documents.

(2) At the request of the reporting issuer the Commission may extend, from time to time, the period within which such reporting issuer is, in accordance with the provisions of the Securities Act 2001, obliged to furnish any document or information.

(3) This report shall be in form ECSRC – Q as specified in Schedule 3. It must contain the information specified in paragraphs 1-8 of Schedule 3.

Schedule 3
FORM ECSRC - Q

(Select One)

Quarterly Report
For the period ended: 30 June, 2015

Or

TRANSITION REPORT

N/A

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

For the transition period from _____ to _____

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 Soucis. Castries. Saint Lucia
(Address of principal executive Offices)

Reporting issuer's:

Telephone number 1-758-457 4400

Fax number: 1-758-457-4409

Email address: lucelec@candw.lc

N/A (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 Quarterly 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 M LOWRY

Signature

Date 24/7/15

Name of Director:

MATTHEW L MATTHEWS

X

Signature

Date 24/7/15

Name of Chief Financial Officer:

ZIVA PHILLIPS

Signature

Date 24/7/15

INFORMATION TO BE INCLUDED IN THE REPORT

1. Financial Statements

a) Condensed Consolidated Statement of Financial Position as at June 30, 2015 is attached;

b) Condensed Consolidated Statement of Comprehensive Income for the Six Months Ended June 30, 2015 and the corresponding period in the previous financial year are attached; and

c) Condensed Consolidated Statement of Cash Flows for the Six Months Ended June 30, 2015 and the corresponding period in the previous financial year are attached.

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

a) Liquidity

Effective May 1, 2015, the minimum deposit rate, as set by the Eastern Caribbean Central Bank Monetary Council, was reduced from 3.0% to 2.0%. This was in an effort to encourage banks to lend more to the private sector by offering lower interest rates. The Company is hopeful that the expected boost to economic activity will generate increased electricity sales.

During the 2015/2016 Estimates of Revenue and Expenditure the Prime Minister proposed an increase in the levy charged on fuel purchased by the Company from $0.50 to $1.00 per imperial gallon. This follows a $0.30 increase imposed in June 2014. This proposal was advanced as an alternative to an imposition of 15% VAT on electricity. The effective date has not been announced; however, the additional cost will be a pass through cost to the customer via the fuel surcharge mechanism established under the Electricity Supply Act. It is expected that the increase in the levy will result in an increase in the fuel surcharge by 0.03 cents per Kwh and additional payments to the fuel supplier estimated at EC$9.7M per annum.

Tourist arrivals to April 2015 increased by 5.2% over the same period in 2014. Increases were registered in the major markets of the USA (10.6%), Caribbean (12.2%) and Canada (10.2%), while the island experienced a decline in the UK market of 7.5%. The overall increase in arrivals continues to positively impact electricity sales as is evidenced by a 6.7% increase in sales to the hotel sector for the corresponding period.

b) Capital Resources

Updates on the capital projects being undertaken by the Company are as follows:

- The construction of additional space to house the Company's IT server was completed during the quarter at a cost of $0.1 Million.

- A wind anemometer was installed on the east coast of the island to collect data to determine the feasibility of constructing a wind farm in the area. This is a joint project of the Company, Wind Tex Energy and the Ministry of Sustainable Development, Energy, Science and Technology.

- The bids for the supply of solar panels to be installed at the Cul-de-sac Compound have been evaluated and the orders are being finalised. It is expected that the contract for the installation of the panels will be awarded in the upcoming quarter.

- The refurbishment of the main administrative building is scheduled to begin in the next quarter and is expected to be completed by year end.

- The Request for Proposals (RFP) for the upgrading of the Communication System will be reviewed and sent out to tender in the upcoming quarter.

- The contract documents for the Terminal System upgrade and the Travelling Wave locator are currently being finalised and the projects are expected to start in the upcoming quarter.

- The Request For Proposals (RFP) for the 3MW solar plant is being prepared. We are awaiting the approval in principle from the Development Control Authority (DCA). It is expected that a contract will be in place by the end of the year.

The Company is covenanted to its financiers to a 2:1 debt/equity gearing. The comparable positions for the current and prior periods are indicated below.

	30 June, 2015 EC$ 000s	**30 June, 2014 EC$ 000s (Restated)**
Borrowings		
Current	7,849	7,568
Long Term	137,726	153,073
TOTAL	**145,575**	**160,641**
Shareholders' Equity		
Share Capital	80,163	80,163
Retained Earnings	136,164	128,278

Retirement Benefit Reserve	4,765	3,430
Self Insurance Reserve	26,403	22,624
TOTAL	**247,495**	**234,495**

The Company does not foresee potential violation of those covenants.

Results of Operations

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

Total revenues of $158.2M for the six months represented a 1.7% decline when compared to the corresponding period last year. This was attributable to a reduction in the price of electricity, despite the increase in units of electricity sold.

Unit sales for the first half of the year of 166.2M kWhs were 2.0% greater than the same period last year of 162.9M kWhs. Increases recorded in the Domestic (3.6%), Commercial (0.5%) and Hotels (3.7%) sectors were slightly offset by a 2.3% and 0.4% decline in the Industrial and Street Lights sectors, respectively.

Gross profit for the year to date of EC$42.0M was 3.4% greater than last year's position of EC$40.6M due to the increase in units of electricity sold.

The foregoing led to an increase in profit before tax ($22.2M) of 9.9% over the corresponding period last year ($20.2M).

System reliability performance (SAIDI) for the year to date was 5.55 hours compared to last year's performance of 3.96 hours. This deterioration was due to the island-wide power outage experienced in May 2015 due to the forced outage on one of the four (4) generators that were running at the time, resulting in cascading outages on the remaining three generators.

The year-to-date fuel efficiency achieved was 4.27 kWh/litre, which was lower than last year's performance of 4.30 kWh/litre.

System losses of 8.40% at the end of the period improved when compared to 8.24% recorded in the same period last year.

3. Disclosure of Risk Factors.

a) The Company is currently the sole authorized commercial generator, transmitter, distributor and seller of electricity in Saint Lucia. This monopoly position is expected to change in the area of generation with upcoming legislative reforms.

Plans for regulatory reform continued in the second quarter. The repeal of Electricity Supply Act (ESA) to allow for the commercial operation of independent renewable energy power producers remained a priority of the Government of St Lucia (GOSL) during the quarter under review and is expected to be finalized by the end of the year. The National Utilities Regulatory Commission (NURC) that will be established in St. Lucia will be responsible for regulating the local water and electricity sectors.

b) To mitigate the risk associated with a dilution of its monopoly privileges, a Regulatory Reform team had been established to lead this initiative; the team has developed an action plan which is currently being executed. During the first quarter, the GOSL circulated the first draft Electricity Services Supply Bill and accompanying regulations and draft licences. The Company has been given an opportunity to review, comment and consult on the provisions of these draft documents. LUCELEC's Regulatory Reform team continues to work towards ensuring full readiness of the Company to respond to the eventual reform of both the electricity and energy sectors. It is expected that the GOSL will continue with their stakeholder consultations in the upcoming quarter.

c) The Electricity Service Supply Bill seeks to promote the use of renewable energy for diversification of the fuel source within the electricity sector. This it is expected will attract independent power producers (IPP's) as well as small scale customer interconnected systems. The risk implications for the Company are reduced demand, the possibility of stranded assets and the loss of professional staff to these IPPs. In order to mitigate this risk, the Company has been proactive in identifying certain strategic initiatives in order to remain competitive.

d) With universal access to electricity being achieved in Saint Lucia, the Company's future growth potential is limited. Any new demand is largely driven by factors outside of the Company's immediate control, such as the levels of local and foreign investment, Government policies, and the level of investment in alternative energy sources, amongst others. The Company is therefore faced with the risk of a decrease in demand/sales and a reduction in Shareholders' returns. Management has commenced the process of putting in place the requisite legal, operational and structural systems that will allow the Company to explore other revenue opportunities outside its core business area.

e) The Company continued to explore and analyze the next phase of major generation capacity which it estimates will be required by 2019. A suitable location in the south of the island was identified in 2012 and is currently being leased by the Company.

The primary factors related to generation expansion include:-

- Identifying a relatively cheap and reliable fuel source;
- Identifying the most efficient and effective technology taking into consideration the environmental effects, reliability and security of

supply, price and the latest sustainable technological developments in the industry;

- Cost of the various options and the likely impact on the financial operations of the Company;
- Access to the required capital at sufficiently generous terms;
- The nature and extent of renewable power to be included in the energy portfolio, their costs and likely tariff impact;
- Support and cooperation of other stakeholders such as the GOSL requirements;
- General economic and operating conditions.

Timely decisions on the factors identified above will be critical in order to establish a competitive advantage, bearing in mind that the development period can take up to two years.

f) Fuel prices dropped during the last quarter of 2014 and the trend continued early in 2015. Although the prices have been on the upswing during this quarter, the rate of increase has not been very significant. While the Company's fuel price hedging strategy was successful in reducing price volatility, customers have had to pay more for electricity than they would have had the Company not hedged. This may have unfavourable implications for the Company such as customer satisfaction and reputational damage. The Company has been proactive in managing these risks by engaging various stakeholders on the impact of the fall in world oil prices on the fuel surcharge and LUCELEC's fuel price hedging programme. The Company is also considering alternative hedging tools.

g) System Losses, continue to be a concern for the Company, given the implications for the cost of electricity, unrecognized revenues and ultimately reduced shareholder returns. The Company has been in discussions with the Royal St. Lucia Police Force in order to obtain additional resources so that disconnections of identified instances of electricity theft can be done on a timely basis.

h) In December 2014, LUCELEC Cap-Ins. Inc., a subsidiary company, was set up to manage the self-insurance fund. The Company deemed this action necessary due to the difficulty experienced in obtaining adequate and reasonably priced commercial insurance coverage on its Transmission and Distribution assets. The Fund comprises cash resources of $26.3 Million. The Company also has access to a line of credit of $10 Million. Periodic risk assessments are conducted to ascertain and mitigate against the most likely potential damage from a natural disaster, a critical risk in this hurricane-prone region.

i) Credit management continued to be a priority for the Company given the local economic climate. LUCELEC continued to actively pursue its debtors by a number of measures including negotiating repayment arrangements.

j) The Company's rate of return in 2014 of 10.02% was within the legislated

allowable rate of return bandwidth (10%-14.5%) that does not require the Company to either increase the tariff or provide a rebate for distribution. As average contributed capital increases through an increase in retained profits and profits dwindle, the result is a diminishing rate of return. Management will be focusing on cost management through increased efficiencies as a means of mitigating this risk.

4. Legal Proceedings

There were no legal proceedings during the quarter under review that would have a material effect on the Company's financial position

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.

NOT APPLICABLE

5. 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.

NONE

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.

NONE

ST LUCIA ELECTRICITY SERVICES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2015

	Unaudited June 30, 2015 EC$ 000s	Unaudited June 30, 2014 EC$ 000s	Audited December 31, 2014 EC$ 000s
Assets			
Non-Current			
Property, plant and equipment	329,824	338,049	337,840
Intangible assets	13,053	14,616	14,142
Retirement benefit asset	4,765	3,430	4,765
Investments	172	171	172
Total non-current assets	**347,814**	**356,266**	**356,919**
Current			
Inventories	12,607	11,734	10,465
Income tax refundable	313	-	-
Trade, other receivables and prepayments	89,310	78,351	129,656
Cash and cash equivalents	42,707	33,688	21,562
Total current assets	**144,937**	**123,773**	**161,683**
TOTAL ASSETS	**492,751**	**480,039**	**518,602**
Equity and liabilities			
Shareholders' equity			
Stated capital	80,163	80,163	80,163
Retained earnings	136,164	128,278	130,137
Retirement benefit reserve	4,765	3,430	4,765
Self insurance reserve	26,403	22,624	24,695
Total shareholders' equity	**247,495**	**234,495**	**239,760**
Liabilities			
Non-Current			
Borrowings	137,726	153,073	137,725
Consumer deposits	15,595	15,839	16,135
Deferred tax liabilities	38,279	37,743	38,279
Retirement benefit liability	1,849	1,786	1,849
Total non-current liabilities	**193,449**	**208,441**	**193,989**
Current			
Borrowings	7,849	7,568	15,465
Trade and other payables	29,533	26,827	28,424
Derivative financial liabilities	14,012	-	39,746
Dividends payable	413	1,671	340
Income tax payable	-	1,037	878
Total current liabilities	**51,807**	**37,103**	**84,853**
Total liabilities	**245,256**	**245,544**	**278,842**
TOTAL EQUITY & LIABILITIES	**492,751**	**480,039**	**518,602**

Approved on behalf of the Board of Directors on _____ July, 2015

Director

Director

ST LUCIA ELECTRICITY SERVICES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2015

	Unaudited June 30, 2015 EC$ 000s	Unaudited June 30, 2014 EC$ 000s	Audited December 31, 2014 EC$ 000s
Cash flows from Operating Activities			
Net Income Before Tax	22,164	20,234	37,000
Adjustments for			
Depreciation	15,841	15,247	30,970
Amortization of intangible assets	1,157	1,084	2,180
Interest income	(518)	(706)	(1,589)
Finance charges	6,083	6,433	12,957
Movement in allowance for impairment	-	700	2,886
Gain on Disposal of property, plant and equipment	(11)	-	(28)
Post-retirement benefits	-	-	54
Operating Income before Working Capital Changes	44,716	42,992	84,430
Decrease in inventories	(2,143)	281	1,551
(Increase)/decrease in trade and other receivables	14,612	3,146	(11,035)
Decrease in trade and other payables	1,089	(3,224)	(1,629)
Cash Generated from Operations	58,274	43,195	73,317
Interest received	518	705	1,587
Finance costs paid	(6,432)	(6,375)	(12,830)
Income tax paid	(7,347)	(9,377)	(13,369)
Net Cash Generated from Operating Activities	45,013	28,148	48,705
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	(7,824)	(11,410)	(26,571)
Proceeds on disposal of property, plant and equipment	11	-	28
Acquisition of intangible assets	(67)	(111)	(1,086)
Net Cash Used in Investing Activities	(7,880)	(11,521)	(27,629)
Cash Flows from Financing Activities			
Repayment of borrowings	(7,597)	(7,290)	(14,725)
Dividends paid	(8,179)	(6,683)	(16,036)
Consumer deposits received, net	(212)	215	428
Net Cash Used in Financing Activities	(15,988)	(13,758)	(30,333)
Increase/(Decrease) in Cash and Cash Equivalents	21,145	2,869	(9,257)
Cash and Cash Equivalents - Beginning of Period	**21,562**	**30,819**	**30,819**
Cash and Cash Equivalents - End of Period	**42,707**	**33,688**	**21,562**

ST LUCIA ELECTRICITY SERVICES LIMITED
CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2015

	Unaudited June 30, 2015 EC$ 000s	Unaudited June 30, 2014 EC$ 000s	Audited December 31, 2014 EC$ 000s
Revenue			
Energy Sales	156,672	159,446	324,622
Fuel Surcharge Recovered	-	-	599
Other Revenue	1,560	1,450	3,661
	158,232	160,896	329,882
Operating Expenses			
Diesel Generation	98,754	102,903	212,618
Transmission and Distribution	17,488	17,355	34,609
	116,242	120,258	247,227
Gross Income	41,990	40,638	81,655
Administrative Expenses	(14,339)	(14,697)	(33,355)
Operating Profit	27,651	25,941	48,300
Interest Income	518	706	1,589
Other Gains	78	19	67
Profit Before Finance Costs and Taxation	28,247	26,666	49,956
Finance Costs, Net	(6,083)	(6,433)	(12,956)
Profit Before Taxation	22,164	20,233	37,000
Taxation	6,156	6,090	10,192
Net Profit for the Period from Continuing Operations	**16,008**	**14,143**	**26,808**
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss:			
Re-measurements of defined benefit pension plans, net of tax	-	-	1,616
Other Comprehensive Income for the Year	-	-	1,616
Total Comprehensive income for the Year	**16,008**	**14,143**	**28,424**
Earnings Per Share	**$ 0.70**	**$ 0.62**	**$ 1.17**