

Schedule 1
FORM ECSRC – K

ANNUAL REPORT PURSUANT TO SECTION 98 OF THE SECURITIES ACT OF 2001

For the financial year ended 31 December 2002

Issuer Registration number DOMLEC30041975DM

Dominica Electricity Services Ltd

(Exact name of reporting issuer as specified in its charter)
DOMINICA

(Territory of incorporation)

__18 Castle Street, P O Box 1593, Roseau, DOMINICA

(Address of principal office)

Reporting issuer's:

Telephone number (including area code): (767) 448-2681

Fax number: (767) 448 5397

Email address: domlec@domleconline.com

Indicate whether the reporting issuer has filed all reports required to be filed by Sections 98 of the Securities Act of 2001 during the preceding 12 months

Yes ___

No _____

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	10,417,328

INFORMATION TO BE INCLUDED IN THE REPORT

1. Business.

In 2002, Domlec completed a major overhaul of its largest diesel generator with a nameplate rating of 2.8MW. Also, work commenced on the acquisition and installation of 4.8MW of generation capacity, in the form of three 1.6MW diesel generators. Overall, hydro-generated energy was well above average; - 44.8% of 2002 total production, compared with 33.4% in 2001. Domlec started the first phase of a meter replacement program to replace thousands of defective meters, which is estimated to account for significant under-billing for energy consumed by customers. This initiative is expected to continue for a few years. Domlec is expected to continue significant capital investment on its transmission and distribution system as it seeks to reduce system losses and reduce customer hours lost.

2. Properties.

See attached Exhibits.

3. Legal Proceedings.

Case

DOMHCV0210
OF 2002
Dominica Electricity Co.
V Dominica Geothermal Power Co. Ltd.

Date filed: June 12th 2002

TYPE: Domlec brought a claim against Dominica Geothermal Power Co. for breach of the Power Sales Agreement and the sublicense entered into between the parties and dated 23rd February 1995. Domlec sought declarations that the Defendant had repudiated these agreements and that they should be terminated. The Claimant Domlec also sought a declaration that the Defendant's obligation under the agreement was unaffected by any Force Majeure event.

Status: Judgment in default of defence was entered against the Defendant on December 9th 2002. On January 4th 2003 the Defendant applied to the court to set aside the judgment and to obtain leave to file a defence out of time. The application was heard on April 11th 2003 and the decision of the court is pending.

Case

DOMHCV0402
OF 2002
Shirley Williams v Domlec

Date field: 23rd October 2002

Case Type: Damages claimed by Bakery owner for negligence and breach of contract to supply electricity as a result of alleged unscheduled power outage. Claim for special damages of \$4,478.87 and general damages.

Status: By Case Management Order dated 16th June 2003 the matter has been set for pre-trial review in November 2003 with a trial window in January 2004.

Case

DOMHCV0487
OF 2002
Tonge Incorporated v Domlec

Date field: 17th December 2002

Case Type: The Claimant, owner of a meat center, claims damages for negligent destruction of its compressor due to faulty electrical lines and voltage fluctuations on the Defendant's wire system. Special damages claimed of \$29,154.58 and general damages.

Status: By case management order dated 16th June 2003 the matter has been set for pre-trial review in January 2004 with a trial window in February 2004.

Case

DOMHCV0218
OF 2002
Casimir Charles v Domlec

Date field: 18th June 2003

Case Type: Claimant electrocuted while working in swimming pool. Damages for negligence claimed against Defendant. Special damages claimed of \$1,620.00 and general damages.

Status: By case management order dated 15th May 2003 the matter has been given a pre-trial window in December 2003.

Case

DOMHCV0087
OF 2002

Orlannice St. Rose v Domlec

Date field: 28th March 2002

Case Type: Fatal accident claim. Action filed by dependants of deceased for damages for negligence, nuisance and or breach of statutory duty. Deceased electrocuted while working atop a roof of a two storied building

Status: By Case Management Order dated 16th June 2003 the matter has been set for pre-trial review in January 2004 with a trial window in February 2004.

Case

DOMHCV0035
OF 2002

Adler Hamlet v Domlec

Date field: 24th February 2002

Case Type: Claimant claims order requiring the Defendants to produce the records of the Company for the year ending December 2000 and damages for violation of the Claimants statutory rights as shareholder.

Status: Judgment in favor of the Defendant was entered. The matter is currently on appeal.

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

29th August, 2002 – 28th Annual General Meeting

Election of Directors:

The following Directors were elected to office for the period shown

Murray Rogers	– Three years	– show of hands
Robert Watson	– Two years	- show of hands
Joseph E Nassief	– Three years	– show of hands
Grayson Stedman	– Three years	– Poll

Appointment of Auditors:

A resolution was tabled for the appointment of Pricewaterhouse Coopers as Auditors of the Company for the year ending 31stDecember, 2002. The resolution was carried unanimously.

3. Market for Reporting issuer's Common Equity and Related Stockholder Matters.

NONE

4. Financial Statements and Selected Financial Data.

See the attached Financial Statements.

7. Disclosure about Risk Factors.

Financial assets, which potentially subject the company to concentrations of credit risk, consist principally of cash, term deposits and trade receivables. The company's cash and term deposits are placed with high credit quality financial institutions. Trade receivables are presented net of the provision for doubtful receivables. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the company's customer base and their dispersion across different economic sectors. Accordingly, the company has no significant concentration of credit risk at 31stDecember, 2002.

The company is also exposed to currency risks, which result from loans and advances denominated in foreign currencies. Particulars are detailed in note 10(iii) below.

8. Changes in Securities and Use of Proceeds.

NONE

9. Defaults upon Senior Securities.

The Company was advised by its Solicitors that the Directors' Meeting of August 29th 2001 was not properly convened and as such the resolution passed at that meeting for the payment of dividends was invalid. The Board therefore decided not to pay the dividend declared for the year ending December 31st, 2001

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

- (i) The last three months of 2002 were critical in effecting a turn around of Domlec's financial and supply capacity problems. Refinancing of a \$16.5 million overdraft at NCB was completed giving Domlec a new \$15 million ten year loan and a \$3 million working overdraft. A new \$3.3 million loan was obtained from First Caribbean International Bank to facilitate purchase of three 1.6 Mw high-speed caterpillar gen-sets. These will be installed on Domlec's system in the first quarter of 2003 and will allow Domlec to discontinue leasing units from Plantrac. This is a giant step towards improving Domlec's cash flow situation.
- (ii) As part of Domlec's longer-term supply plan, progress was made on the Ormrod Power Purchase Agreement. Government approval of the project was obtained subject only to an Environmental Impact Assessment. This EIA will be completed by February 2003. Initial indications from the EIA consultant are that there is no significant problem that would prevent the project from proceeding. Domlec anticipates this project coming on line by December of 2003.

A new pension plan was chosen and implemented as of 1st January, 2003. Coincident with that a plan to wind down the old Domlec Staff Provident Fund was completed. A new three year union contract for 1st January, 2003 to 31st December, 2005 was also negotiated.

(iii) Sales

Total revenue increased over that of 2001 financial year by EC\$0.617 million. Sales revenue increased by EC\$2.716 million or 6% over the 2001 financial year despite an approximate 7.4% increase in electricity rates in 2002. There were significant variances in the following sectors:

The Domestic sector increased by EC\$1.913 million or 9% over the 2001 financial year. The Industrial sector increased by EC\$0.552 million or 22% over the 2001 financial year. Fuel cost net of fuel surcharge was EC\$0.594 million or 14% lower than the 2001 financial year. This was as a result of two factors:

Hydro generation was 30% or 8.893 million kWh greater in 2002 than 2001. This was as a result of rainfall being greater in 2002 than in 2001. Average fuel prices in 2002 was below that of 2001 by EC\$0.27 per gallon and 513,648 less fuel was consumed during the year.

Operating cost

Operating cost excluding fuel cost was EC\$1.622 million or 10% below that of 2001. This was as a result of primarily production cost which had a 43% or EC\$2.091 million decline in expenditure over that of 2001.

Central overheads

Central overheads recorded a positive variance over the 2001 figure by EC\$0.848 million or 9%. The main factors affecting this were EC\$0.522 million decline in professional and management fees. There were no significant activities during the year that required any consultancy services. Insurance cost increased significantly, EC\$0.424 million to reflect the risk in the market.

Finance cost

Finance cost was above the 2001 figure by EC\$2.045 million or 48%. This was partially due to the recognition of foreign exchange gain of EC\$0.293 million in 2001 compared to a loss in 2002 of EC\$1.120 million. Foreign exchange gains and losses are recognised on transactions denominated in foreign currencies and are based on the rate of exchange on the transaction date and the year-end date. As at December 31, 2002 the company held loans denominated in foreign currencies of EC\$12,702,694, comprising of the following foreign currency loans: 122,182 Pound Sterling, CA\$664,750, XDR\$720,000, ECU\$274,227 US\$1,857,589 and EU\$932,952

Overdraft interest increased by EC\$0.335 million over the 2001 figure. This was due to the fact that expenditure on the Tarou Cliffs Project was financed through the Operating Account. There were 2 additional loans received during the financial year, with interest amounting to EC\$0.281 million. Interest on the advance from a large customer (Details as stated in Note 8 of the Audited Report) and CDC current account amounted to EC\$0.235 million was also included in the total this year.

Operating Profit

The company recorded a profit before taxes and extraordinary items for the financial year 2002 of EC\$4.990 million compared to an operating profit of EC\$1.766 million in 2001 positive variances of EC\$3.224 million. This was achieved through greater efficiencies in 2002.

11. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure.

At an Annual general meeting held on June 18th 2001 it was agreed that Domlec should invite offers from internationally recognized professional accounting firms for the provision of the annual statutory audit. This decision was based on the fact that it was recommended good practice to review auditors after three years. (Ernst and Young had served as the Company's auditors from 1995.) Domlec invited Pricewaterhouse Coopers, KPMG Chartered Accountants and Ernst and Young to tender. All three accounting firms submitted tender proposals. Pricewaterhouse Coopers received the highest rating and was put forth as the preferred choice. KPMG and Ernst and Young both ranked second.

The tenders were reviewed and evaluated using the following criteria:

- Work Plan Methodology
- Relevant Experience
- Qualification and Experienced Personnel
- Fees and Expenses

At the 28th Annual General Meeting, a resolution was tabled for the appointment of Pricewaterhouse Coopers as Auditors of the Company for the year ending 31st December, 2002. The resolution was carried unanimously.

12. Directors and Executive Officers of the Reporting Issuer.

OFFICERS AND KEY PERSONNEL OF THE COMPANY

A. EXECUTIVE OFFICERS

Position: General Manager

Name: Murray D. Rogers

Age: 52

Mailing Address: P O Box 1593

Roseau

Dominica

Telephone No.: (767) 449 9917

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

GM Domlec – 2000, 2001 – September 2002

Consultant – Barker Dunn & Rossi – 1998, 1999

Manager Energy Trading – Enmax - 1997

Education (degrees, schools, and dates):

BSc. Electrical Engineering

Also a Director of the Company Yes No

Position: Administration Manager/
Company Secretary

Name: Eustace Bellevue

Age: 58

Mailing Address:

Telephone No.: (767) 448 2681

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Domlec – Administration Manager/Company Secretary – 1995 to 2000 – Responsible for

IR –HR/Legal/Company Secretary/Administration

Domlec – Administration Manager/Company Secretary – 2001 to present –
Administration/

Company Secretary

Education (degrees, schools, and dates):

B.A (Hons) Business Studies

Post Graduate Diploma in Personnel Management & Ind. Relation

Also a Director of the Company

Yes

No

Position: Chief Commercial Officer /
Deputy General Manager

Name: Robert William Watson

Age: 55

Mailing Address: P.O. Box 1593, Roseau
Dominica

Telephone No.: (767) 448 2681

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

September 2002 to March 2003 – General Manager

January 2001 to September 2002 – Chief Commercial Officer/Deputy General Manager, Domlec

Responsible for customer relations, I.T & Business Planning

January 1998 to December 2000 – Vice President, Customer Relations, Ontario Hydro

Education (degrees, schools, and dates):

B.A. Sc (Electrical Engineering) – 1970 University of British Columbia, Canada

Also a Director of the Company Yes No

Position: Customer Service Manager

Name: Gareth Doctrove

Age: 31

Mailing Address: 10th Street

Canefield

Dominica

Telephone No.: (767) 449 3245

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Domlec: Customer Service Manager 2001 – March 2003

Customer Service Works Superintendent

Stores Supervisor

Education (degrees, schools, and dates):

University of the West Indies/IOB – Certificate in Supervisory Management,
1996

Diploma in Computer Programming – Distance Learning with ICS, 1991

7 ‘O’ level passes and 2 ‘A’ level passes – 1984 - 1989

Also a Director of the Company Yes No

Position: Manager Power Production

Name: Rawlins Bruney

Age: 46

Mailing Address: P O Box 534

Morne Daniel

Dominica

Telephone No.: (767) 448 2014

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Domlec – Manager Power Production, August 2001 to present

Engineering Manager, Dec 1997 to August 2001

Transmission & Distribution Manager, January 1995 to December 1997

Education (degrees, schools, and dates):

B.Sc Electrical Engineering, UWI – August 1976

Certificate in Energy Management, UWI – January 1986

Also a Director of the Company

Yes

No

Position: Human Resources Manager

Name: Bertilia Le Blanc McKenzie

Age: 39

Mailing Address: P O Box 514

Roseau, Dominica

Telephone No.: (767) 448 2681/ 440 0488

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

National Development Foundation of Dominica – Training Officer (Feb 1990 – Oct 1997)

Responsible for managing the training function at this institution. This function included providing training and technical assistance (organisational development interventions) to micro, small and medium sized enterprises.

Domlec – Human Resources Officer (Oct 1997 – April 2001) Assisting the Administration Manager in managing the Human Resources function of the organisation.

Domlec – Human Resources Manager (April 2001 to present) Managing the HR function of the organisation. This includes recruitment and selection, manpower planning, human resource development, compensation management, employee relations and occupational health and safety management.

Education (degrees, schools, and dates):

Bachelor of Arts (Hon) Major in Economics and Minor in Psychology – City University of New York – June 1988

Masters in Business Administration (Distinction) – Specialisation in General Management and Human Resources Management – University of the West Indies – October 1998

Also a Director of the Company Yes No

Position: Network Services Manager

Name: Wenham W. Dorsett

Age: 47

Mailing Address: P O Box 1593

Roseau Dominica

Telephone No.: (767) 448 2681/ 440 0167

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Domlec – Network Services Manager (Jan 2001 to present) Responsible for keeping the transmission system operational, this includes supervision of trouble call, vegetation management, load dispatching, and maintenance and service restoration

Domlec – Network Service Engineer (Jan 1997 to Dec 2000) Responsible for construction, maintenance and servicing

Domlec – Transmission & Distribution Engineer (up to Dec 1996) Responsibility as Network Service Engineer

Education (degrees, schools, and dates):

Higher National Diploma – Middlesex University, London 1982

Also a Director of the Company Yes No

Position: Engineering Services Manager

Name: Mark Riddle

Age: 36

Mailing Address: 18 Castle Street

Roseau, Dominica

Telephone No.: (767) 448 – 2681 Ext. 168

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

(1) Guyana Electricity Services – 1997 –1999 – Senior T & D Engineer (responsible for network design and maintenance)

(2) Domlec – 1999-2000 – Planning & Projects Engineer (responsible for planning and execution of Generation & Network expansion and improvement)

(3) Domlec – 2000-2001 – Planning & Design Engineer

(4) Domlec – 2001 – present – Engineering Manager (responsible for all network expansion, design, improvement and development)

Education (degrees, schools, and dates):

BSc Electrical Engineering 1991 – University of Guyana

Diploma of Electrical Technology, 1987 – University of Guyana

Also a Director of the Company Yes No

Position: Financial Controller

Name: Marvelin Etienne

Age: 39

Mailing Address: 18 Castle Street

Roseau

Dominica

Telephone No.: (767) 448 2681

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities. Financial Controller - Domlec - 1 Feb 2002 to current

Financial Controller (Ag) – Domlec – 12 Feb 2001 to 31 Jan 2002

Financial Accountant – Domlec – 1 Jan 1999 to 11 Feb 2001

Management Accountant – Domlec – 2 Mar 1998 to 31 Dec 1998

Senior Audit Clerk – Coopers & Lybrand – Jan 1995 to Feb 1998

Education (degrees, schools, and dates):

Certified General Accountant – Certified General Accountants Association of Canada

Associate Degree – Accounting – Tri-County Technical College, South Carolina, USA

Certificate in Micro-computer Applications – Tri-County Technical College, South Carolina, USA

Also a Director of the Company Yes No

B. DIRECTORS OF THE COMPANY

Information concerning non Executive Directors:

Name: Hutson Best Title: Director
Age: 49

Mailing Address: C/o Barbados Light & Power Company Limited
Garrison Hill
St. Michael
Barbados

Telephone No.: (246) 430 4220

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

The Barbados Light & Power Company Limited – Finance Manager, 1994. Responsible for all financial matters in the company and reporting on these matters to senior management and the Board of Directors. Responsible for preparation of financial statements, annual report, reporting to Barbados Securities exchange, the utility regulators and tax authorities. Negotiation of long-term loans for the company’s capital program. Assisting with the general management of the company as part of the senior management team.

Education (degrees, schools, and dates):

MBA – UWI, Cave Hill – 1994

FCCA – UK 1973

Name: Trevor Burton

Title: Director

Age:

Mailing Address: P.O. Box 32

Roseau
Dominica

Telephone No.: (767) 448 2815

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Burton & Co. Ltd. Managing Director

L.A. Dupigny & Co. Ltd. – Managing Director

Education (degrees, schools, and dates):

Name: _____David West Griffin_____ Title ____Chairman,
Domlec_____

Age: ____42_____

Mailing Address: _____One Voss Park_____
____Houston, Texas 77024_____

Telephone No.: (713) 819-1792

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Energy Asset Management, LLC President April 2002-Current Advise companies on turn-around

InterGen North America, Inc. Chief Financial Officer March, 1999-April, 2002

InterGen VP, Finance March 1996-March 1999

Education (degrees, schools, and dates):

1985 Amos Tuck School of Business, MBA

1985 Thayer School of Engineering, BE

1983 Dartmouth College, BA

Name: Joseph. E. Nassief

Title
Director_____

Age: 75_____

Mailing Address: P.O. Box 76 CNR Cork Street and Bay Front
Roseau Dominica. _____

Telephone No.: (767) 448-2851/2 448-3125 448-2043

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Managing Proprietor – J.E. Nassief

Education (degrees, schools, and dates):

Position: Director

Name: Grayson J. Stedman

Age: 61

Mailing Address: Banana Industry Trust

P.O. Box 1116,
Charles Avenue
Goodwill, Dominica

Telephone No.: (767) 440-2070

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Executive Officer – Banana Industry Trust

Executive Officer with responsibility for the operations of the Trust funded by the EU. Report to a Board of Trustees – from April 2002.

Director – Caribiss Incorporated with responsibility for financial operations of the Company, a private Information Technology Company from 1998 – 2002.

Education (degrees, schools, and dates):

1980 - Diploma in Accounting
1982 - Diploma in Accounting & Finance
1987 - Certificate in Business Administration
1986 - Completed a course of study for the Certified Management Accountants of Canada

George Brown College of Applied Arts & Technology, Canada

Seneca College of Applied Arts & Technology, Canada

University of Ottawa

Society of Management Accountants of Canada.

13. Security Ownership of Certain Beneficial Owners and Management.

Commonwealth Development Corporation-71.9%
Dominica Social Security-7.5%

14. Other Information.

NONE

15. List of Exhibits

List all exhibits, financial statements, and all other papers and documentation filed with this report.

- (i) Auditor's report;
- (ii) A balance sheet as of the end of each of the two most recent financial years.
- (iii) Consolidated statements of income, statements of cash flows, and statements of other stockholders' equity for each of the two financial years preceding the date of the most recent audited balance sheet being filed.
- (iv) Financial statements for the most recent financial year.
- (v) Notes to Financial Statements.
- (vi) Financial Statements, Statement of Revenue Reserves, and Changes in Financial Position for the year ended.
- (vii) List of Properties.
- (viii) Production capacity of generators.

SIGNATURES

Chairman

Director:

West Griffin

Grayson Stedman

Signature

Signature

Date

Date