Schedule 2
FORM ECSRC - SA

Semi-Annual Report
For the period ended June 30th 2005

Issuer Registration Number: DOMLEC30041975DM

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

COMMONWEALTH OF DOMINICA
(Territory or jurisdiction of incorporation)

18 CASTLE STREET ROSEAU
(Address of principal executive Offices)

Reporting issuer's:

Telephone number (including area code): (767) 255 6000

Fax number: (767) 448 5397

Email address: domlec@domleconlinecom

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

SIGNATURES

Name of Chief Executive Officer:	Name of Director:
JOEL HUGGINS	STEVEN MAYERS
Signature	Signature
Date	Date

1. Financial Statements

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED BALANCE SHEET
AS AT JUNE 30, 2005
(expressed in Eastern Caribbean Dollars)

	June 2005 $	June 2004 $	December 2004 $
Assets			
Current assets			
Cash and cash equivalents	381,934	1,320,979	2,346,272
Receivables and prepayments (note 4)	12,761,413	15,009,350	11,378,397
Inventories	7,552,532	7,064,023	7,083,860
	20,695,879	23,394,352	20,808,529
Capital work in progress	4,284,674	2,486,338	710,199
Property, plant and equipment (note 6)	71,784,254	73,489,032	75,251,613
	96,764,807	99,369,722	96,770,341
Liabilities			
Current liabilities			
Borrowings	3,248,608	5,705,109	5,867,321
Accounts payable and accruals	4,754,618	6,260,700	3,668,383
Due to related party	0	0	59,533
Income tax Payable	342,681	321,612	905,441
	8,345,907	12,287,421	10,500,678
Borrowings	30,541,823	30,387,322	29,791,823
Deferred tax liability	14,736,181	14,998,774	14,623,501
Other liabilities	4,557,565	6,316,706	5,143,091
Capital grants	2,833,310	3,465,134	3,149,210
	61,014,785	67,455,357	63,208,303
Shareholders' Equity			
Share capital	10,417,328	10,417,328	10,417,328
Retained earnings	25,332,694	21,497,037	23,144,710
	35,750,022	31,914,365	33,562,038
	96,764,807	99,369,722	96,770,341

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF INCOME
FOR THE SIX-MONTHS ENDED JUNE 30, 2005
(expressed in Eastern Caribbean Dollars)

	June 2005 $	June 2004 $	December 2004 $
Revenue			
Energy sales	23,178,139	21,512,790	44,837,450
Fuel surcharge	8,277,013	5,813,437	13,320,556
Other revenue	129,484	249,209	643,637
	31,584,637	27,575,435	58,801,642
Direct expenses			
Operating	5,371,795	5,383,026	11,157,963
Maintenance	2,421,678	1,805,947	3,324,465
Depreciation	3,465,323	3,380,760	6,388,135
Fuel	10,721,531	7,927,965	17,697,755
	21,980,328	18,497,697	38,568,318
Gross profit	9,604,310	9,077,738	20,233,325
Administrative expenses	4,430,204	5,065,420	11,940,428
Net operating income	5,174,105	4,012,319	8,292,897
Other expenses/(income)			
Amortization of capital grants	(315,900)	(315,900)	(631,824)
Amortization of deferred	0	0	0
Foreign exchange	(113,295)	(173,777)	566,413
Loss/(Gain) on disposal of	296	(10,497)	(20,495)
	(428,899)	(500,175)	(85,907)
Net income before	5,603,004	4,512,494	8,378,804
Finance charges	(1,519,208)	(1,677,364)	(3,028,661)
Exceptional item	0	0	0
Net income before tax	4,083,796	2,835,130	5,350,142
Income tax	(1,270,775)	(884,391)	(1,751,728)
Net income/(loss) for the	2,813,022	1,950,739	3,598,414
Earnings/(loss) per share	0.27	0.19	0.35

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE SIX-MONTHS ENDED JUNE 30, 2005
(expressed in Eastern Caribbean Dollars)

	June 2005 $	June 2004 $	December 2004 $
Share capital			
Ordinary shares,			
	10,417,328	10,417,328	10,417,328
Retained earnings			
At beginning of year	23,144,711	20,171,336	20,171,336
Net income/(loss) for the	2,813,022	1,950,739	3,598,414
Ordinary dividends	(625,040)	(625,040)	(625,040)
At end of year	25,332,694	21,497,035	23,144,710
Shareholders' equity,	35,750,022	31,914,363	33,562,038

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF CASH FLOW
FOR THE SIX-MONTHS ENDED JUNE 30, 2005
(expressed in Eastern Caribbean Dollars)

	June 2005 $	June 2004 $	December 2004 $
Cash flows from operating activities			
Net income/(loss) before tax	4,083,796	2,835,131	5,350,142
Adjustments for:			
Depreciation	3,465,323	3,380,760	6,388,135
Loss/(Gain) on disposal of property, plant and	296	(10,497)	(20,495)
Exchange (gains)/Loss	(124,115)	(175,358)	398,375
Amortization of capital grants	(315,900)	(315,900)	(631,824)
Increase in share capital	0	0	0
Interest expense	1,519,208	1,677,364	3,028,661
Operating profit before working capital changes	8,628,607	7,391,499	14,512,994
Increase in receivables and prepayments	(1,383,015)	(2,946,323)	684,630
Decrease/(increase) in inventories	(468,672)	(384,425)	(404,262)
Increase in accounts payable and accruals	(539,139)	269,452	(2,303,097)
Increase/(Decrease) in due to related party	(59,533)	(2,528,893)	(625,843)
Cash generated from operations	6,178,247	1,801,338	11,864,422
Interest paid	(1,112,998)	(1,520,015)	(3,212,361)
Income tax paid	(1,720,855)	0	(1,073,287)
Net cash from operating activities	3,344,394	281,323	7,578,774
Cash flows from investing activities			
Purchase of property, plant and equipment	(3,153,106)	(2,094,169)	(4,998,807)
Proceeds on disposal of property, plant and equipment	0	10,500	20,500
Net cash used in investing activities	(3,153,106)	(2,083,669)	(4,978,307)
Cash flows from financing activities			
Proceeds from borrowings	750,000	25,456,175	28,332,523
Repayment of borrowings	(2,232,221)	(24,049,305)	(26,713,429)
Dividends paid	(625,040)	(625,040)	(625,040)
Increase in other liabilities	217,486	2,495,474	(521,658)
Net cash generated from/(used in) financing activities	(1,889,775)	3,277,304	472,396
Net increase/(decrease) in cash and cash equivalents	(1,698,486)	1,474,957	3,072,863
Cash and cash equivalents, beginning of year	1,451,366	(1,621,497)	(1,621,497)
Cash and cash equivalents, end of year	(247,120)	(146,540)	1,451,366

1 General information

Dominica Electricity Services Limited (the Company) was incorporated as a public limited liability company under the Companies Act 1996 in the Commonwealth of Dominica on April 30, 1975. The company is regulated under the Electricity Supply Act, 1996 and is responsible for electricity generation, transmission and distribution in the Commonwealth of Dominica.

The registered office and principal place of business of the company is located at 18 Castle Street, Roseau, Commonwealth of Dominica.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

Basis of preparation
The financial statements of Dominica Electricity Services Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, bank overdrafts and deposits at call with banks. The bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Trade receivables
Trade receivables are carried initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

Inventories
Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made for obsolete, slow-moving and damaged goods.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. No depreciation is provided on work-in-progress until the assets involved have been completed and are put into use. Depreciation on other assets is calculated using the straight- line method to allocate their cost to their residual lives over their estimated useful lives as follows:

Buildings, headworks and pipelines	2.5 – 3 1/3%
Generator transmission and distribution	4 - 10%
Motor vehicles	14 – 33 1/3%
Furniture and fittings	12 1/2 - 33 1/3%

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions
Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Deferred taxes
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

The principal temporary difference arises from depreciation on plant and equipment.

Capital work in progress
Capital work in progress is recorded at cost less impairment losses. The cost of completed work is transferred to property, plant and equipment upon completion.

Consumer contributions
In certain specified circumstances, consumers requiring line extensions are required to contribute the estimated capital cost of the extension. These contributions are offset against the actual cost incurred. Contributions in excess of the applicable capital cost of line extensions are recorded as other revenue in the period in which they are completed; shortfalls are recorded as increases in property, plant and equipment. The capital costs of consumer line extensions are excluded from property, plant and equipment.

Consumer deposits
Given the long-term nature of the customer relationship, customer deposits are shown in the balance sheet as non-current liabilities (i.e. not likely to be repaid within twelve months of the balance sheet date).

Leases

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Capital grants

Capital grants represent the fair value of fixed assets donated to the company. The amount is amortized over the estimated useful lives of the respective assets.

Share capital

Ordinary shares are classified as equity. Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are declared.

Dividends

Dividends on ordinary shares are recorded in the company's financial statements in the period in which they are approved by the Board.

Revenue recognition

Sale of energy

Revenue from energy sales is based on meter readings which are carried out on a rotational basis throughout each month. A provision equal to 50% of the current month's billings, excluding the fuel surcharge is made to record unbilled energy sales at the end of each month. The provision for unbilled sales is included in accrued income.

In addition to the normal tariff rates charged for energy sales, a fuel surcharge is calculated which is based on the difference between the actual cost of fuel per unit used to generate energy sales in the current month and the established base price of fuel per unit as at July 1, 1973. The surcharge is recovered by applying the month's surcharge rate to units billed in the following month. The provision for unbilled fuel surcharge is included in accrued income.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

Pension

The company contributes to a defined contribution plan for all employees subscribing to the Plan. The assets of the Plan are held separately. The pension plan is funded by payments from participating employees and the company. The company contributes 3% of each of the individual employee's monthly salary while the employee contributes a minimum of 3% of his/her monthly salary.

2 Summary of significant accounting policies…*continued*

Foreign currency translation

Functional and presentation currency

Items in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Eastern Caribbean dollars, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3 Financial risk management

The Company's activities expose it to a variety of financial risk: foreign exchange risk, liquidity risk and interest rate risk.

Foreign exchange risk

The Company trades internationally. Such transactions are primarily in United States dollars. The exchange rate of the Eastern Caribbean dollar (EC$) to the United States dollar (US$) has been formally pegged at EC$2.70 = US$1.00 since July 1976.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Management does not believe significant liquidity risk exists at June 30, 2005.

3 Financial risk management…*continued*

Credit risk

Financial assets, which potentially subject the Company to concentrations of credit risk, consist principally of bank deposits, available-for-sale financial assets and trade receivables. The Company's bank deposits and available-for-sale financial assets are placed with high credit quality financial institutions. Trade receivables are presented net of the provision for impairment of 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. Management performs periodic credit evaluations of its customers' financial condition and does not believe significant credit risk exists at June 30, 2005.

With respect to the currency swap transaction, the Company has contracted with a major international bank as the counterparty. The Company's exposure in respect of the transaction is to the extent that the Company incurs losses as a result of non-performance by this counterparty. The Company has no expectation of any losses in respect of this transaction.

Interest rate risk

Differences in contractual repricing or maturity dates and changes in interest rates may expose the Company to interest rate risk. The Company's exposure and interest rates on its financial assets and liabilities are disclosed in Notes 5, 9, 10, 11 and 12.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability of funding through an adequate amount of committed credit facilities. Management does not believe significant liquidity risk exists at June 30, 2005.

Fair value estimation

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists.

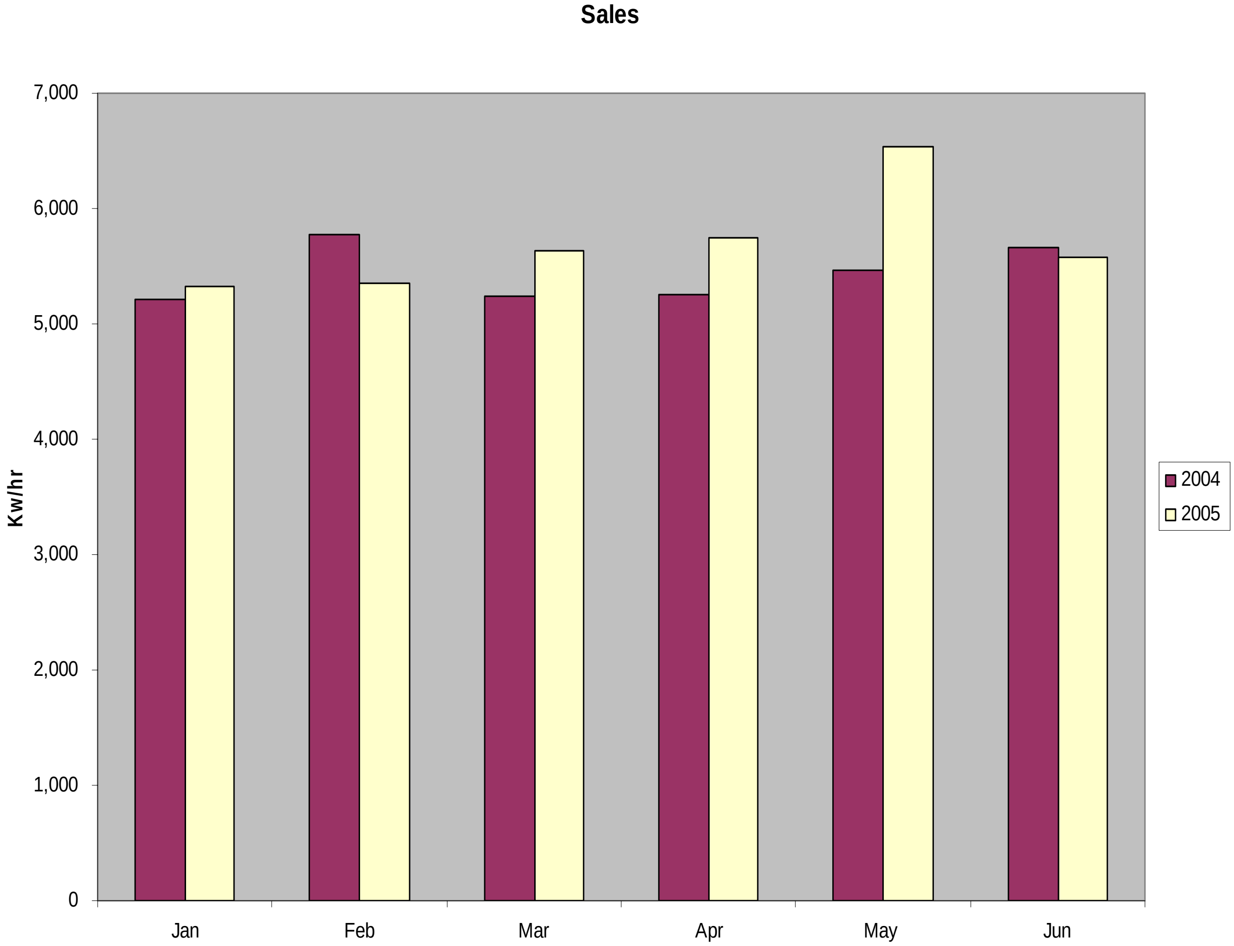
4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

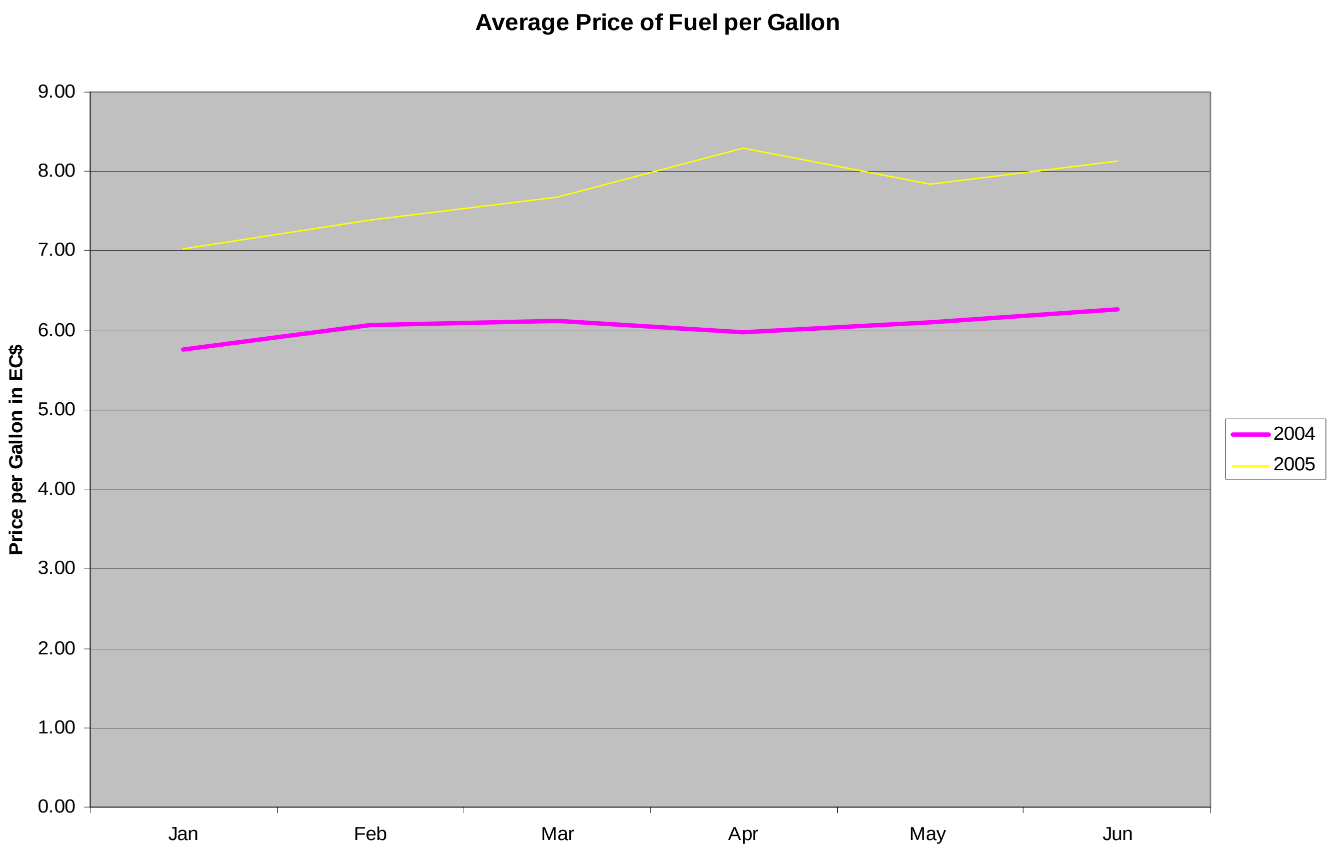
The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management do not consider that there are estimates and assumptions that will have a significant risk, causing a material adjustment to the carrying amounts of assets and liability within the next financial year.

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

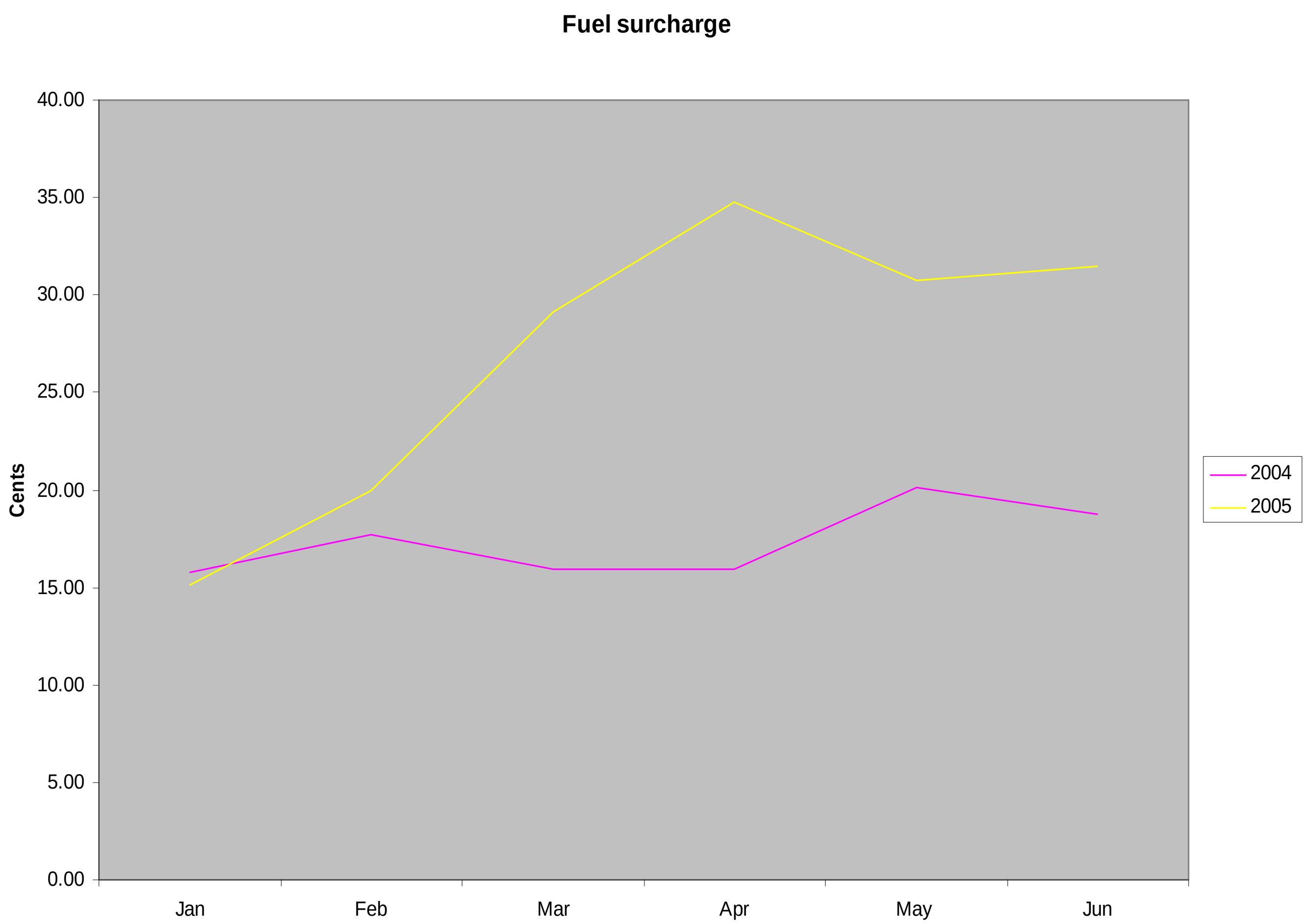
The volume of electricity sales increased by 4.8% over the same period last year while the value of electricity sales increased by 7.74% compared with the same period last year. There was positive growth in all sectors except the hotel sector which declined by 10.6%.



Fuel cost increased by 35% because of increases in world oil market prices and because of increased diesel production relative to hydro.



As a result of the increased fuel prices and increase in the consumption of diesel fuel the fuel surcharge recovered increased by EC$2.464 million or 42.40% over the corresponding period in 2004. Fuel cost net of fuel surcharge recovery was EC$329,990 over the corresponding period of 2004.



Direct expenses net of fuel cost increased by EC$689,065 over the corresponding period in 2004 mainly as a result of an increase in the volume of diesel plant maintenance compared to last year. Administrative expenses declined by EC$635,216 or 12.54% over the corresponding period in 2004. The company recorded an earnings per share of EC$0.27 an EC$0.08 increase over the corresponding period in 2004.

DOMLEC IN THE FIRST HALF OF 2005

Operating Highlights	**2005**	**2004**
Number of customers	27,723	27,252
Hydro generation (1,000 kWh)	15,332	15,627
diesel generation (1,000 kWh)	26,046	23,049
units sold (1,000 kWh)	34,177	32,611
Fuel efficiency	17.48%	17.4%
System losses	15.5%	14%

(a) Liquidity

The company is looking to further consolidate the majority of its outstanding loans with one lender and as such has gone to market to find the most attractive interest rate and other terms and conditions of borrowings. Negotiations in this regarded have been progressing satisfactorily and management expects to close a deal that will see the current interest rates decline by approximately 16% from what currently exist. This would also make available some more additional funds for investment in fixed plant.

(b) Capital Resources

The company has committed to the purchase of two, 1.4 Mw engines which are required to meet increasing demand and provide a stable load. Funding for the project is to come from already committed funds from a local financial institution.

(c) Results of Operation.

There were no unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations. There are no known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on net sales or revenues or income from continuing operations. There are no events of which we aware that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials)

3. Disclosure of Risk Factors.

Foreign exchange gains and losses are recognised on transactions denominated in foreign currencies and is based on the rate of exchange on the transaction date and the period end date. As at June 30th 2005 the company held loans denominated in foreign currencies amounting to EC$9,311,527 comprised as follows: CAD371, 416, XDR320, 000, ECU84, 227, Euro498, 925, USD2, 014,934.

<u>Credit risk</u>

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 June 30th 2005.

Review of the Electricity Supply Act

The review of the Electricity Supply Act by the government of Dominica in collaboration with the World Bank is ongoing. The company continues to be part of the consultative process and has met with the Government and World Bank officials on a number of occasions in that regard. The review will encompass the tariff structure, regulatory arrangements, and the licensing arrangements.

4. Legal Proceedings.

DOM HCV 0087 of 2002

Orlannice St. Rose v. Dominica Electricity Services Ltd and Others

On May 19th 2005, judgment in this matter was handed down by the Court in favour of the Claimant with damages to be assessed if not agreed. Domlec was found liable in negligence and for breach of the provisions of the Electricity Supply Act. Judgement was also entered in favour of Domlec on its ancillary claim for negligence against the homeowner and the Estate of the deceased. The court found that the deceased by his actions contributed to the fatal accident through contributory negligence. The homeowner was found liable in negligence for his breach of his duty of care as an occupier of premises and also as the deceased's employer. Each of these ancillary defendants were ordered by the Court to contribute to and or indemnify Domlec to the extent of 20% of the damages to which the Claimants are entitled together with 20% of the prescribed costs of defending the claim. A date has not been set for assessment.

5. Changes in Securities and Use of Proceeds.

There were no changes in securities for the period reported and no capital restrictions or other Limitations upon the payment of dividends.

6. Defaults upon Senior Securities.

There were no defaults on senior securities during the period.

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

MAY 10^{TH} 2005 ANNUAL GENERAL MEETING OF SHAREHOLDERS

Election of Directors

The following Directors were nominated and duly elected unopposed:

Grayson Stedman
Norman Rolle

To date the members of the Board of Directors are:

Robert Blanchard Jr.
Nigel Wardle
Joel Huggins
Malcolm Harris
Steven Mayers
Norman Rolle
Grayson Stedman
Lambert Lewis

Auditors

PricewaterHouse Coopers were re-appointed as the company's auditors for the year ended December 31^{st} 2005 by a majority vote on a show of hands.

Director Remuneration

The following resolution was carried by a majority vote on a show of hands:

BE IT RESOLVED THAT the fee of $4,200.00 be paid quarterly to the Chairman of the Board of Directors and that the fee of $300.00 be paid to each member of the committee of directors as per meeting attended.