Schedule 2

FORM ECSRC - SA

(Select One)

Semi-Annual Report
For the period ended June 3oth 2003.

or

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

For the transition period from __________ to ________________

Issuer Registration Number: _DOMLEC30041975DM

_Dominica Electricity Services Limited

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

Dominica

(Territory or jurisdiction of incorporation)

18 Castle Street, P.O.Box 1593, Roseau, Dominica

(Address of principal executive Offices)

Reporting issuer's:

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

Fax number: (767) 448-5397

Email address: domlec@domleconline.com

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	10,417,328

SIGNATURES

Name of Chief Executive Officer: Name of Director:

Signature Signature

Date Date

INFORMATION TO BE INCLUDED IN THE REPORT

DOMINICA ELECTRICITY SERVICES LIMITED

UN-AUDITED BALANCE SHEET

AS AT JUNE 30, 2003

(expressed in Eastern Caribbean Dollars)

	June 2003 $	June 2002 $	December 2002 $
Assets			
Current assets			
Cash and cash equivalents	**711,807**	2,001,192	5,330,895
Receivables and prepayments	**12,753,762**	13,572,942	11,201,354
Inventories	**6,745,954**	6,425,686	6,503,608
Taxation recoverable	**120,388**	120,388	120,388
	20,331,910	22,120,208	23,156,245
Deferred expenses	**(0)**	78,897	(0)
Capital work in progress	**4,670,642**	4,965,158	1,682,965
Property, plant and equipment	**72,222,808**	69,979,295	75,567,887
	97,225,359	97,143,557	100,407,097
Liabilities			
Current liabilities			
Borrowings	**2,909,123**	19,104,963	4,922,504
Accounts payable and accruals	**6,643,249**	9,322,549	8,966,925
Due to related party	**2,406,966**	1,931,537	2,423,725
Income tax Payable	**0**	-	-
Dividend payable	**0**	1,427,047	-
	11,959,338	31,786,095	16,313,155
Borrowings	**32,458,574**	18,174,729	32,458,574
Deferred tax liability	**14,471,962**	12,223,678	13,622,227
Other liabilities	**4,476,502**	4,799,234	4,385,461
Capital grants	**4,101,482**	4,758,786	4,412,858
	67,467,857	71,742,522	71,192,275
Shareholders' Equity			
Share capital	**10,416,400**	10,416,400	10,416,400
Retained earnings	**19,341,102**	14,984,635	18,798,422
	29,757,502	25,401,035	29,214,822
	97,225,359	97,143,557	100,407,097

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF INCOME
FOR THE SIX-MONTHS ENDED JUNE 30, 2003
(expressed in Eastern Caribbean Dollars)

	June 2003 $	June 2002 $	December 2002 $
Revenue			
Energy sales	**20,934,825**	20,189,744	42,255,023
Fuel surcharge	**3,672,036**	1,495,294	4,211,447
Other revenue	**200,740**	186,912	434,407
	24,807,603	21,871,950	46,900,876
Direct expenses			
Operating	**5,926,405**	5,914,079	12,558,445
Maintenance	**1,133,370**	805,435	1,673,607
Depreciation	**3,380,760**	3,293,702	6,366,600
Fuel	**5,828,585**	3,158,797	7,875,449
	16,269,120	13,172,013	28,474,102
Gross profit	**8,538,482**	8,699,937	18,426,775
Administrative expenses	**4,459,634**	4,102,215	9,346,353
Net operating income	**4,078,849**	4,597,722	9,080,422
Other expenses/(income)			
Amortization of capital grants	**(311,377)**	(315,147)	(630,295)
Amortization of deferred expenses	**0**	78,897	157,793
Foreign exchange losses/(gains)	**460,559**	206,413	1,119,861
Gain on disposal of plant and equipment	**(4,647)**	16,090	(50,002)
	144,535	(13,748)	597,357
Net income before finance charges and tax	**3,934,314**	4,611,471	8,483,066
Finance charges	**(1,916,839)**	(1,626,002)	(3,493,002)
Exceptional item	**0**	0	1,780,694
Net income/(loss) before tax	**2,017,475**	2,985,470	6,770,758
Income tax	**(849,735)**	(492,873)	(1,891,422)
Net income/(loss) for the year	**1,167,740**	2,492,597	4,879,336
Earnings/(loss) per share	**0.11**	0.24	0.47

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE SIX-MONTHS ENDED JUNE 30, 2003
(expressed in Eastern Caribbean Dollars)

	June 2003 $	June 2002 $	December 2002 $
Share capital			
Ordinary shares, beginning and end of year	10,416,400	10,416,400	10,416,400
Retained earnings			
At beginning of year	18,798,423	12,492,040	12,492,040
Net income/(loss) for the year	1,167,740	2,492,597	4,879,336
Ordinary dividends rescinded (declared)	-625,061	0	1,427,047
At end of year	19,341,102	14,984,637	18,798,423
Shareholders' equity, end of year	29,757,502	25,401,035	29,214,822

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF CASH FLOW
FOR THE SIX-MONTHS ENDED JUNE 30, 2003
(expressed in Eastern Caribbean Dollars)

	June 2003 $	June 2002 $	December 2002 $
Cash flows from operating activities			
Net income/(loss) before tax	**2,017,475**	2,985,468	6,770,758
Adjustments for:			
Depreciation	**3,380,760**	3,293,702	6,366,600
Gain on disposal of property, plant and equipment	**(4,647)**	17,760	(50,002)
Exchange losses/(gains)	**466,334**	206,413	995,910
Amortization of capital grants	**(311,377)**	(315,147)	(630,295)
Amortization of deferred expenses	**0**	78,897	157,793
Discontinuation of capital works	**0**	0	(1,780,694)
Interest expense	**1,916,839**	1,626,002	3,493,002
Operating profit before working capital changes	**7,465,384**	**7,893,094**	**15,323,072**
Increase in receivables and prepayments	**(1,552,408)**	(3,406,000)	(1,107,080)
Decrease/(increase) in inventories	**(242,346)**	221,570	143,648
Increase in accounts payable and accruals	**(2,323,677)**	983,867	2,868,901
Increase in due to related party	**(16,759)**	654,453	1,146,641
Cash generated from operations	**3,330,194**	**6,346,984**	**18,375,182**
Interest paid	**(2,371,693)**	(1,523,018)	(3,300,966)
Net cash from operating activities	**958,501**	**4,823,966**	**15,074,216**
Cash flows from investing activities			
Purchase of property, plant and equipment	**(3,029,957)**	(1,766,139)	(7,215,678)
Proceeds on disposal of property, plant and equipment	**4,650**	89,028	116,539
Grants received	**0**	61,380	30,600
Net cash used in investing activities	**(3,025,307)**	**(1,615,731)**	**(7,068,539)**
Cash flows from financing activities			
Proceeds from borrowings	**35,684**	-	18,403,530
Repayment of borrowings	**(2,053,948)**	(1,573,301)	(4,445,799)
Dividends paid	**(625,060)**		
Increase in other liabilities	**91,041**	516,135	(135,865)
Net cash generated from/(used in) financing activities	**(2,552,283)**	**(1,057,166)**	**13,821,866**
Net increase/(decrease) in cash and cash equivalents	**(4,619,089)**	**2,151,069**	**21,827,543**
Cash and cash equivalents, beginning of year	**5,330,895**	(16,496,648)	(16,496,648)
Cash and cash equivalents, end of year	**711,806**	**(14,345,579)**	**5,330,895**

Corporate status

Dominica Electricity Services Limited (the Company) was incorporated as a public limited liability company, under the laws of the Commonwealth of Dominica. 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 company is a subsidiary of CDC Group Plc, a company incorporated in the United Kingdom.

The company's office is located at 18 Castle Street, Roseau, Commonwealth of Dominica.

Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Basis of preparation

The financial statements are prepared in accordance with International Accounting Standards and under the historical cost convention.

The preparation of financial statements in conformity with International Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held with banks and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivable. 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 provisions is the difference between the carrying amount and the recoverable amount. Accounts are written off when then are considered uncollectable.

Inventories

Inventories are valued at average cost and net realizable value. Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business less the cost of selling expenses. Allowance is made for obsolete, slow-moving and damaged goods.

2 Significant accounting policies …*continued*

Property, plant and equipment
Property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is provided over the estimated useful lives of depreciable assets on the straight-line basis using the following annual rates:

Buildings, headwork's 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%

No depreciation is provided on capital work-in-progress until the assets involved have been completed and are put into use.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amounts.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and included in operating profit.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset.

Borrowings
Borrowings are recognised initially at the proceeds received net of transaction costs incurred. Interest expense is recorded on an accrual basis over the period it becomes due. No borrowing costs have been capitalised in the current financial period.

Provisions
Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Deferred income tax
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on property, plant and equipment.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

2 Significant accounting policies …*continued*

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. The assets are reviewed for impairment losses 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 carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use.

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.

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 as incurred.

Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in shareholders' equity in the period in which they become a constructive obligation.

Revenue recognition

Revenue from energy sales is based on meter readings, which are carried out on a rotational basis throughout each month. The company records as unbilled electricity sales, an estimated amount representing consumption for the days unread during the final month of the year. 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. 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 sales and accrued income.

Translation of foreign currencies

Current assets and all liabilities denominated in foreign currencies are translated into Eastern Caribbean dollars at exchange rates prevailing at the balance sheet date or forward contract rates where applicable. Revenues and expenses denominated in foreign currencies are translated at exchange rates prevailing on the dates the transactions occurred. Realized and unrealized exchange gains and losses arising on translation of assets and liabilities are included in current operations.

2 Significant accounting policies …*continued*

Financial instruments
Financial instruments carried on the balance sheet include cash and bank balances, receivables and borrowings.

Credit risk
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 December 31, 2002.

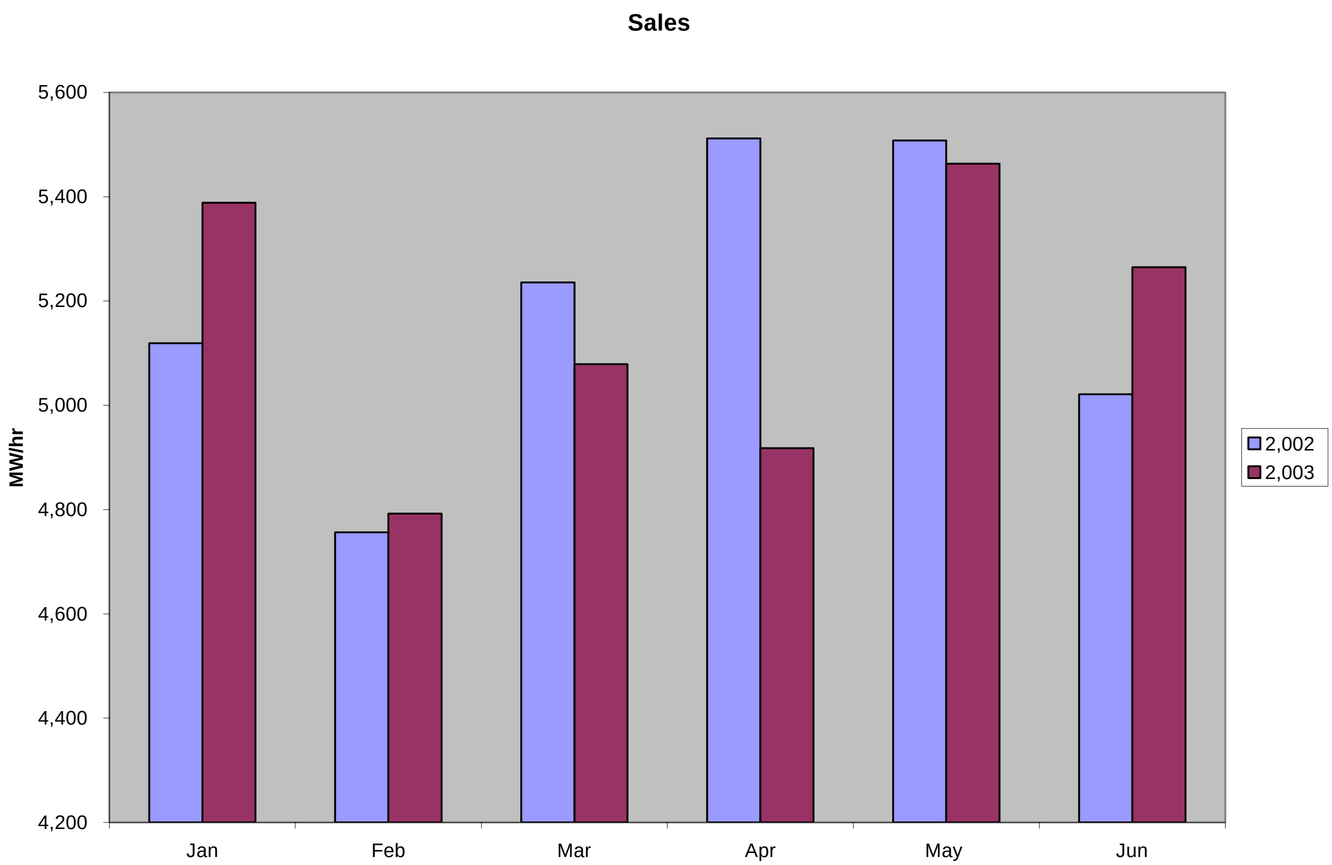
Interest rate risk
The interest rates on the advances made to the company and its borrowings are presented in Notes 3, 6 and 7.

Fair values
At December 31, 2002, the carrying amounts of cash and term deposits, accounts receivable, accounts payable and accrued liabilities and short-term borrowings approximated their fair values due to the short-term maturities of these assets and liabilities. The fair values of long-term borrowings are not materially different from the carrying amounts.

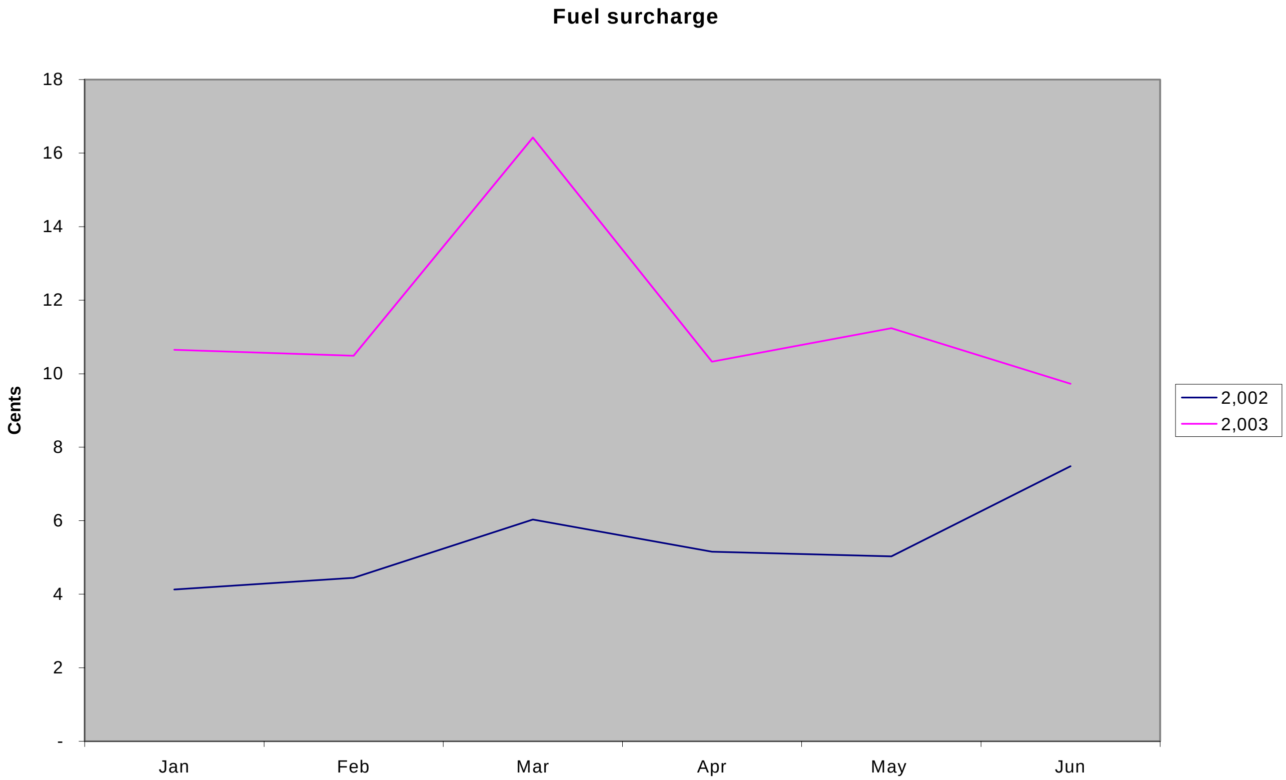
Comparatives
Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

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

Sales revenue year to date has grown by 4% as compared to the same period of 2002, despite a decline in the number of megawatts of electricity sold. With the exception of the domestic sector, all other sectors reflected negative sales as a consequence of the continued decline and uncertainty in the local economy. This trend seems set to continue as a result of the additional austerity measures, which was imposed by government in other to rectify the public sector fiscal imbalance. Output also fell as a result of the lower demand. As at June 30th 2002 the company had generated 38,966.67 MW/h compared to generated output of 37,343 MW/h and purchased 1,320 MW/h in 2003.



Fuel prices continued to rise in the first part of the year as evident by the 146% increase in fuel surcharge recovery over that of 2002. Fuel surcharge recovery rose from EC$0.0538 per kilo watt hour in 2002 to EC$0.1148 per kilowatt hour in 2003 due jointly to an increase in the fuel prices as a result of world situation on the greater reliance on diesel generation as compared to hydro. Hydro generation in 2002 was 49% or 19,274 MW/h as compared to 31% or 12,013 MW/h in 2003.



Operations continued to be maintained at a high level. There was greater maintenance in the first half of the year as compared to the same period of 2002 as a result of a deferral of some 2002 maintenance due to cash flow and other operational constraints. The company have completed the installation of two high-speed diesel-generating units for a total additional capacity of 3.6 MW. This will allow the company to return another lease set this year thus relieving its cash flow squeeze. Line losses continue to be a major issue for the company. Loses, as at the end of June 2003 was 18.7% as compared to 18.3% in 2002.

Debt collection continues to be a significant issue that the company is facing and this has met mixed success. The government debt continues to be the most significant portion of current carrying debt. There is currently an agreement that is being serviced by government on a monthly basis. Various means are in the pipeline including the installation of prepaid meters. This should significantly reduce the level of arrears as soon as it comes on-stream later in the year.

The company is installing an additional high-speed generating unit at its plant in Portsmouth, which will produce an additional 1.8 MW of power.

DOMLEC IN THE FIRST HALF OF 2003

	Un-audited June 2003	June 2002
Operating High Lights		
Number of Customers	27,252	27,564
Units Generated Diesel (kWh x 1000)	25,330	19,693
Units Generated Hydro (kWh x 1000)	12,013	19,274
Units Sold (kWh x 1000)	30,906	31,152
Fuel Efficiency (kWh imp. Hal)	16.33	16.98

(a) Liquidity

The company have improved on its liquidity position as compared to the same period of 2002. The company's current ratio increased to 1.70:1 as compared to 0.70:1 in 2002 as a result of the conversion of EC$16.5 million of overdraft to an EC$15 million long-term loan.

(b) Capital Resources

As at the end of June 2003 the company had committed to capital expenditure under its generation expansion project, in particular the installation of a 1.8 MW diesel generating unit at the plant at sugarloaf. Funding for the expansion was secured by a loan with the First Caribbean International Bank in the previous financial year.

3. Disclosure of Risk Factors.

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 period end date. As at June 30, 2003 the company held loans denominated in foreign currencies of EC$11,789,634, 101,447 pounds, CA$591,416, XDR$640,000, ECU$274,227 US$1,681,439 and EU$832,707

Credit risk

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 30, 2003.

Changes in Tariff Regime

The Government of Dominica in its June 2003 Budget announced that it had taken a decision to remove the concession on the consumption tax on diesel fuel heretofore enjoyed by Domlec. The impact of this decision has been an increase in the price of fuel with a resultant increase in the fuel surcharge passed on to the customer. The increase in the fuel surcharge has been estimated at a rate of 17% over the rate for the month of June. Government has requested of Domlec that it absorbs the increase, estimated by Domlec to be about $6.4 million per year. Domlec has indicated that it would not be able to do so as that level of absorption would result in certain financial hardships for the company. Domlec indicated its position to Government but Government insisted on its position. The Government announced that it will proceed to Parliament to make amendments to the Electricity Supply Act to effect changes to the tariff mechanism, more particularly the calculation of the fuel surcharge and the base price among others.

Since then the Chairman of the Board and Domlec personnel have engaged in talks with Government officials with a view to arriving at a resolution to the impasse created thereby. After three weeks of negotiations Domlec and the Government were able to come to an interim agreement to resolve the impasse. The memorandum of understanding that embodies this interim agreement is attached. The substance of the agreement anticipates that Domlec would absorb EC$700,000 of the tariff increase over the next three months with the provision that this amount would be worked in as an operating expense in the calculation of the tariffs for 2004. Both parties have also agreed to a review of the tariff regime in the Act and expect to meet before year's end with some World Bank officials to effect whatever changes may be deemed necessary to the tariff regime. Until the Electricity Supply Act has been confirmed by Parliament in whatever amended form if at all then there is not expected to be any further lending available to the company to meet its much required capital expenditure and the sale by CDC the majority shareholder has been put on hold.

4. Legal Proceedings.

DOMHCV 0161 OF 2003 — CLAYTON CHRISTIAN AND GOLDIE HARRIGAN V. DOMLEC

CLAIM: Damages for negligence in the maintenance of electrical wires. The claimants claim the sum of $136,000 as damages for the destruction of their home and its contents allegedly caused by an electrical fire alleged to have originated from the Defendant's electrical pole.

STATUS: A defence has been filed in the matter and the matter is awaiting a case management conference on a date to be fixed by the Court office.

DOMHCV0023 OF 2003 DOMLEC V. GARRAWAY APARTEL COMPANY LIMITED

CLAIM: A claim by Domlec for the sum of $171,516.09 representing amounts owed by the defendants in respect of electricity supplied to its premises as at December 28th 2002.

STATUS: Judgement in default of defence was entered against the defendants for the amounts claimed on the 5th day of June 2003 together with interest at the rate of 5% per annum until satisfaction.

PRIVATE CRIMINAL COMPLAINT DOMLEC V. DERECK GARRAWAY AND THE GARRAWAY APARTEL CO. LTD.

CLAIM: Domlec brought a magisterial criminal complaint against the defendants pursuant to the Electricity Supply Act claiming that they were in violation of the Act by generating electricity without the required license to do so as required by the Act.

STATUS: On the 19th day of June 2003 both defendants were found guilty and fined $2,500 to be paid by 30th June 2003; in default the defendants are to be committed to prison for one month. The defendants were further ordered to dismantle their equipment by 31st October 2003.