Schedule 2
FORM ECSRC - SA

(Select One)

Semi-Annual Report
For the period ended JUNE 30TH 2004

Or

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

For the transition period from __________ to ________________

Issuer Registration Number: DOM30041975DM

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 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

____
(Former name, former address and former financial year, if changed since last report)

INFORMATION TO BE INCLUDED IN THE REPORT

1. Financial Statements

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED BALANCE SHEET
AS AT JUNE 30, 2004
(expressed in Eastern Caribbean Dollars)

	June 2004 $	June 2003 $	December 2003 $
Assets			
Current assets			
Cash and cash equivalents	1,320,979	2,186,701	1,703,058
Receivables and prepayments	15,009,350	12,753,762	12,063,027
Inventories	7,064,023	6,745,954	6,679,598
Taxation recoverable	0	120,388	0
	23,394,352	21,806,805	20,445,683
Capital work in progress	2,486,338	4,670,642	467,684
Property, plant and equipment	73,489,032	72,222,808	76,883,461
	99,369,722	98,700,254	97,796,828
Liabilities			
Current liabilities			
Borrowings	5,705,109	5,384,941	8,966,864
Accounts payable and accruals	6,260,700	5,991,249	6,155,180
Due to related party	0	2,406,966	2,528,893
Income tax Payable	321,612	0	21,319
	12,287,421	13,783,155	17,672,256
Borrowings	30,387,322	31,457,651	27,104,460
Deferred tax liability	14,998,774	14,471,962	14,829,182
Other liabilities	6,316,706	5,128,502	3,821,232
Capital grants	3,465,134	4,101,482	3,781,034
	67,455,357	68,942,752	67,208,164
Shareholders' Equity			
Share capital	10,417,328	10,416,400	10,417,328
Retained earnings	21,497,037	19,341,102	20,171,336
	31,914,365	29,757,502	30,588,664
	99,369,722	98,700,254	97,796,828

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE SIX-MONTHS ENDED JUNE 30, 2004
(expressed in Eastern Caribbean Dollars)

	June 2004 $	June 2003 $	December 2003 $
Share capital			
Ordinary shares,			
	10,417,328	10,416,400	10,417,328
Retained earnings			
At beginning of year	20,171,336	18,798,423	18,798,423
Net income/(loss) for the	1,950,739	1,168,053	1,997,974
Ordinary dividends	(625,040)	(625,061)	(625,061)
At end of year	21,497,037	19,341,415	20,171,336
Shareholders' equity,	31,914,365	29,757,815	30,588,664

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF INCOME
FOR THE SIX-MONTHS ENDED JUNE 30, 2004
(expressed in Eastern Caribbean Dollars)

	June 2004 $	June 2003 $	December 2003 $
Revenue			
Energy sales	21,512,790	20,934,825	42,918,106
Fuel surcharge	5,813,437	3,672,037	8,690,626
Other revenue	249,209	200,740	682,283
	27,575,436	24,807,603	52,291,015
Direct expenses			
Operating	5,383,026	5,904,712	11,991,382
Maintenance	1,805,947	1,154,751	3,096,119
Depreciation	3,380,760	3,380,760	6,227,750
Fuel	7,927,965	5,828,585	13,470,641
	18,497,697	16,268,808	34,785,891
Gross profit	9,077,739	8,538,794	17,505,124
Administrative expenses	5,065,420	4,459,634	10,011,790
Net operating income	4,012,320	4,079,161	7,493,333
Other expenses/(income)			
Amortization of capital grants	(315,900)	(311,377)	(631,824)
Amortization of deferred	0	0	0
Foreign exchange	(173,777)	460,559	1,218,872
Gain on disposal of plant and	(10,497)	(4,647)	(11,559)
	(500,175)	144,535	575,489
Net income before	4,512,495	3,934,627	6,917,845
Finance charges	(1,677,364)	(1,916,839)	(3,571,209)
Exceptional item	0	0	0
Net income before tax	2,835,131	2,017,788	3,346,636
Income tax	(884,391)	(849,735)	(1,348,662)
Net income/(loss) for the	1,950,739	1,168,053	1,997,974
Earnings/(loss) per share	0.19	0.11	0.19

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF CASH FLOW
FOR THE SIX-MONTHS ENDED JUNE 30, 2004
(expressed in Eastern Caribbean Dollars)

	2004	2003	2003
	$	$	$
Cash flows from operating activities			
Net income/(loss) before tax	2,835,131	2,017,788	3,346,636
Adjustments for:			
Depreciation	3,380,760	3,380,760	6,227,750
Gain on disposal of property, plant and equipment	(10,497)	(4,647)	(11,559)
Exchange losses/(gains)	(175,358)	466,334	1,107,747
Amortization of capital grants	(315,900)	(311,377)	(631,824)
Increase in share capital	0	0	928
Interest expense	1,677,364	1,916,839	3,571,209
Operating profit before working capital changes	7,391,499	7,465,697	13,610,886
Increase in receivables and prepayments	(2,946,323)	(1,552,408)	(861,673)
Decrease/(increase) in inventories	(384,425)	(242,346)	(175,990)
Increase in accounts payable and accruals	269,452	(2,982,584)	(2,323,230)
Increase in due to related party	(2,528,893)	(16,759)	105,168
Cash generated from operations	1,801,338	2,671,600	10,355,188
Interest paid	(1,520,015)	(2,371,693)	(4,059,750)
Income tax paid	0	0	0
Net cash from operating activities	281,322	299,907	6,295,437
Cash flows from investing activities			
Purchase of property, plant and equipment	(2,094,169)	(3,023,361)	(6,360,134)
Proceeds on disposal of property, plant and equipment	10,500	4,650	43,650
Net cash used in investing activities	(2,083,669)	(3,018,711)	(6,316,484)
Cash flows from financing activities			
Proceeds from borrowings	25,456,175	35,684	–
Repayment of borrowings	(24,049,305)	(2,053,948)	(5,742,055)
Dividends paid	(625,040)	(625,061)	(625,061)
Increase in other liabilities	2,495,474	743,041	(564,229)
Net cash generated from/(used in) financing activities	3,277,304	(1,900,284)	(6,931,345)
Net increase/(decrease) in cash and cash equivalents	1,474,957	(4,619,088)	(6,952,392)
Cash and cash equivalents, beginning of year	(1,621,497)	5,330,895	5,330,895
Cash and cash equivalents, end of year	(146,540)	711,807	(1,621,497)

NOTES TO FINANCIALS

1 Corporate status

Dominica Electricity Services Limited (the Company) was incorporated as a public limited liability company, under Companies Act of 1996 in 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 Dominica Private Power Ltd. (DPP) incorporated in the Turks & Caicos Island.

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

2 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 Financial Reporting Standards and under the historical cost convention.

The preparation of financial statements in conformity with generally accepted accounting standards requires the use of 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. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may 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 at call 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 receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount. Accounts are written off when then are considered uncollectibable.

Inventories

Inventories are valued at the lower of average cost or 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. An 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.

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

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%

No depreciation is provided on capital work-in-progress until the assets involved have been completed and are put into use. Land is not depreciated.

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

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

Interest cost 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.

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.

Impairment of long -lived assets
Property, plant and equipment and other non-current 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows.

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.

Currently enacted tax rates are used in the determination of 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.

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.

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.

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 with discretionary dividends are classified as equity.

Dividends

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

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.

Pension

The company contributes to a defined benefit plan for all monthly paid employees. The assets of the plan are held separately. The pension plan is funded by payments from employees and the company, taking account of the recommendations of independent qualified actuaries.

Pension costs are assessed using the projected unit credit method. Under this method the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of the qualified actuaries, who value the plan once every three years. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities, which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses are recognized over the average remaining service lives of employees.

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.

Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, receivables, payables 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 June 30th 2004.

Interest rate risk

Differences in contractual repricing or maturity dates and changes in interest rates may expose the company to interest rate risk.

Fair values

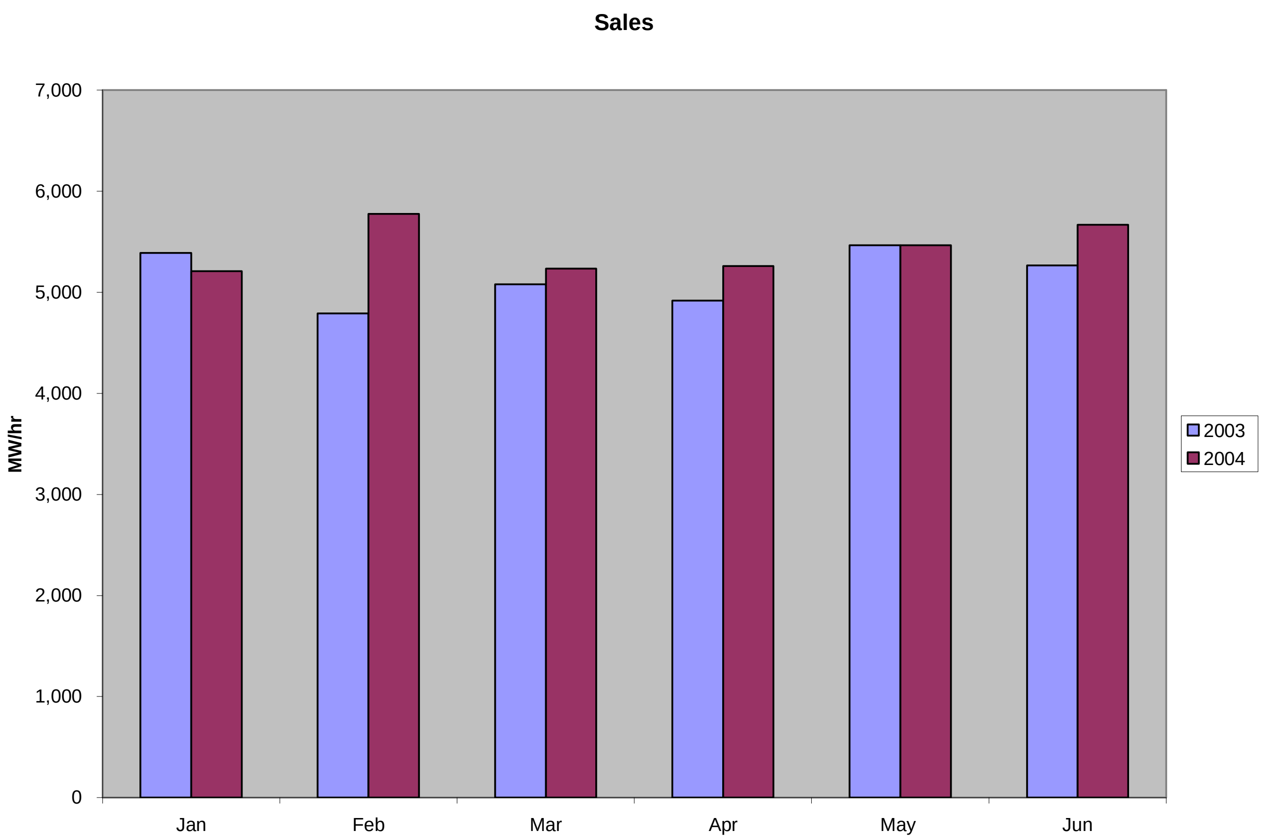
At June 30th 2004, the carrying amounts of cash and term deposits, accounts receivable, accounts payable and accrued liabilities and short-term borrowings approximated their fair values due to the short-term maturities of these assets and liabilities. The fair values of long-term borrowings are not materially different from the carrying amounts.

Comparatives

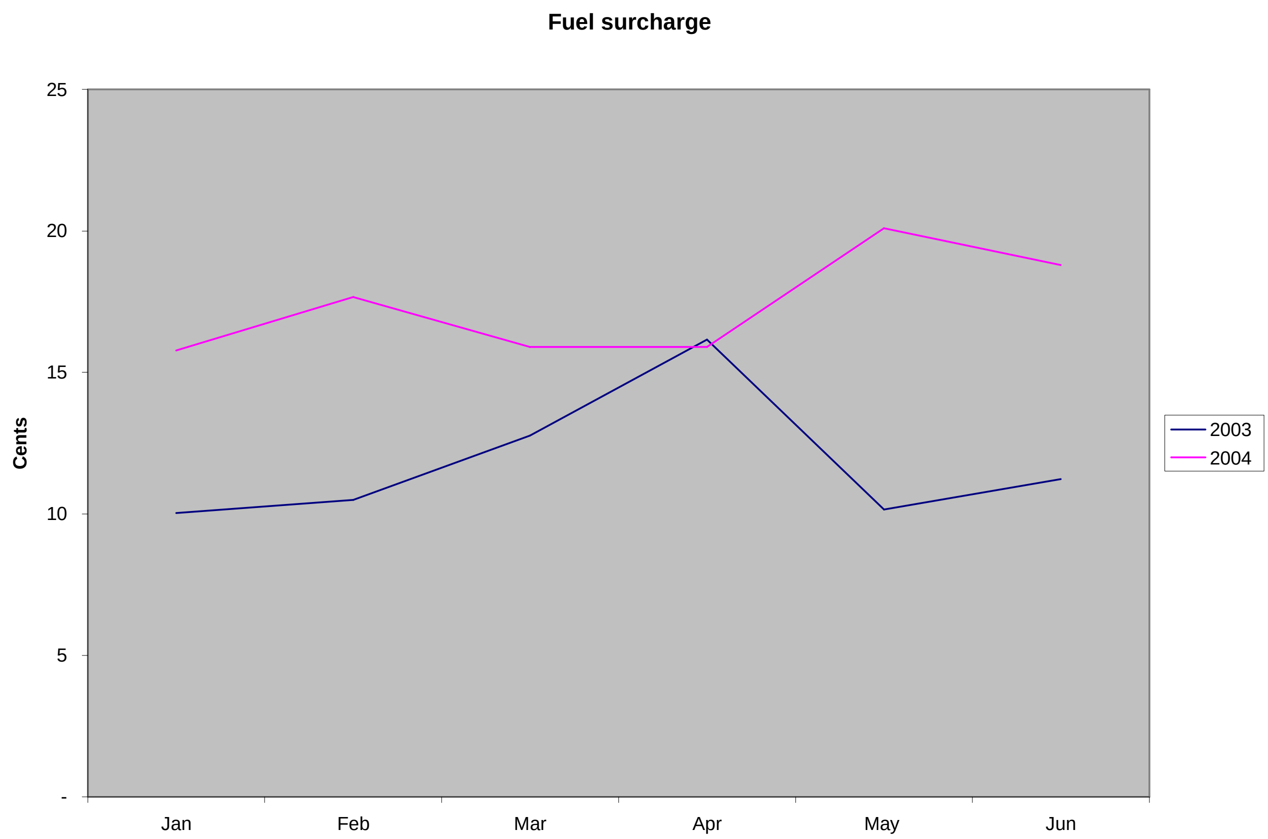
Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

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

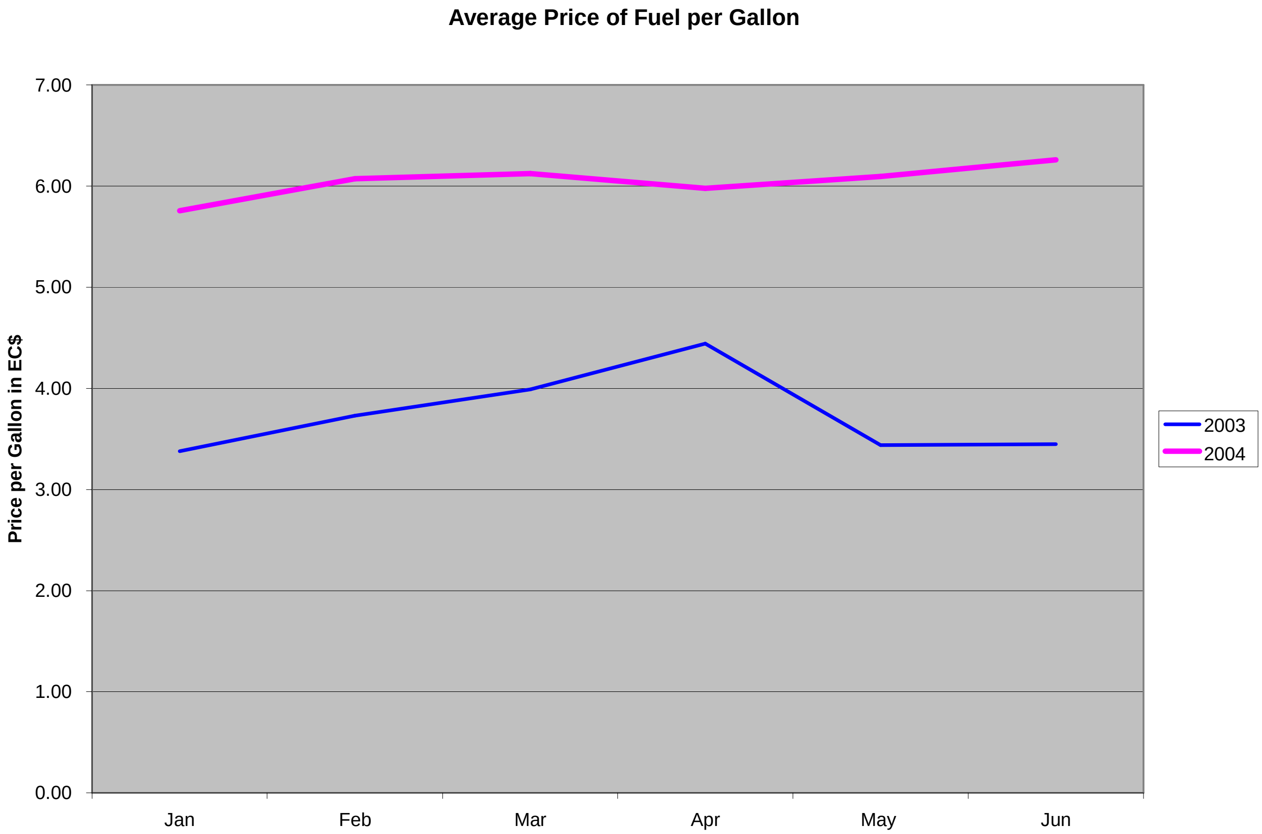
Total revenue increased by EC$2,767, 834 or 11% over the comparative period of 2003 mainly due to increases in fuel surcharge revenue. Sales volume for the period to June 30th 2004 has increased by 5.5% over that of 2003. With the exception of the domestic sector, all other sectors recorded positive growth. The increased growth is as a result of work being done under a loss reduction programme of meter replacements. Generating output did not reflect the increased consumption. Output grew by 0.03% over the same period of 2003, 38.675 MWh in 2004 as compared to 38.664 MWh in 2003. This resulted in system loses of 14% in 2004 as compared to 18.7% in 2003. Revenue from energy sales increased by EC$577,964 or 2.76% over that of the same period of 2003.



Fuel prices have increased significantly over that for the period January to June 2003 by an average of 62%. This is as a result of the removal of duty free concessions by government and an escalation in the price of fuel on the world market. This is reflected in an increase in fuel surcharge revenue by EC$2,141,399 or 58% over that of 2003.



As a result of changes made to the Electricity Supply Act in December 2003 which took effect in January 2004, the company has to absorb 2.5% of the cost of fuel that it purchases for its generation activities. For the period to June 30th 2004 the company has absorbed a total of EC$204,266. Total diesel utilized declined by 223,175 gallons over that of the same period in 2003 as a result of an increase in hydro generation by 23% or 3,613,815 kWh.



Total direct expenses increased by EC$2,228,889 over that of 2003 mainly due to the increase in fuel cost in 2004. Administrative expenses increased by EC$605,786 or 14% over that of 2003. Total debt inclusive of unbilled sales and net of provision for doubtful accounts increased to EC$10.648 million as at the end of June 2004 as compared to the comparable period of 2003 of EC$9.157 million, an increase of EC$1.491 million or 16%. Debtors' days increased from 76 to 81 days in that period.

DOMLEC IN THE FIRST HALF OF 2004

	2004	2003
Operating Highlights		
Number of Customers	27,252	27,252
Units Generated Hydro (1000 kWh)	15,627	12,013
Units Generated Diesel (1000 kWh)	23,049	26,651
Units sold (1000 kWh)	32,611	30,906
Fuel Efficiency	17.4%	17.4%
System Losses	14%	18.7%

(a) Liquidity

In an effort to improve its liquidity position the company has consolidated the majority of its outstanding loans with one lender, the First Caribbean International Bank (Barbados) Ltd (FCIB), at a more attractive interest rate than that which was previously obtained from the previous lenders. This has resulted in an increase in the funding available for other activities.

(b) Capital Resources

The company proposes to install a 2.8 Mw generating engine in the north of the island. To accompany this expansion the relevant switchgear and lines will be installed in the north. Funding for this project will come from already approved funding from a lending institution supplemented by additional borrowing or equity.

(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 2004 the company held loans denominated in foreign currencies amounting to EC$9,090,004 comprised as follows: CAD518, 083, XDR480, 000, ECU84, 227, Euro733, 382, USD1, 329,139.

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 30th 2004.

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.

Case
DOMHCV0161
OF 2003

Clayton Christian and Goldie Harrigan v. Dominica Electricity Services Limited

Date field: 7th May 2003

Case Type: Claimant claims against the Defendants damages for negligence in the maintenance of electrical lines for the alleged destruction by fire of the claimants' residence. Specific damages of $136,310 are being claimed.

Status: By Case Management Order dated 4th December 2003 the matter was given a trial window in July 2004. On the 7th day of May 2004 the matter was set for pre-trial review in September 2004.

Case
DOMHCV0323
OF 2003
Gertrude Giddings v. Dominica Electricity Services Limited

Date field: 31st July 2003

Case Type: The Claimant, owner of a portion of land adjacent to the defendants' power station at Fond Cole, claims damages for trespass on the claimant's said land by the defendant and for an injunction requiring the defendant to remove the fence which allegedly encroaches on the claimant's land.

Status: Consent judgment for trespass was entered in the matter on the 16th day of October 2003 in favour of the claimant. On the 28th day of May 2004 by a consent order, damages in the matter were assessed as follows:

Damages including mesne profits	$33,000.00
Disbursements	$1,650.00
Costs	$6,000.00

Case
DOMHCV0326
OF 2004

Hayden Luke v. Dominica Electricity Services Limited

Date field: 6th July 2004

Case Type: Claimant claims against the Defendants $22,400.00 as damages for loss of use of his tyre breaker due to an alleged unscheduled power outage by the defendant company.

Status: The defence in the matter has been filed and the matter is currently awaiting case-management conference.

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 upon senior securities.

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

JUNE 25TH 2004 - 30th ANNUAL GENERAL MEETING
The Company's Articles were amended to read as follows:

. 5. Number (or minimum and maximum number) of Directors
Minimum Number of Directors- Three
Maximum Number of Directors- Eight

Of the 114 ballots collected, 112 persons voted in favour of the resolution and none voted against. There were two spoilt ballots.
The resolution was thus carried on a special majority as is required under the Companies Act.

Article 4.2 of the Company's By - Laws was amended to read as follows:

4.2 Number: There shall be a maximum of eight and a minimum of three directors.

The resolution was carried on a simple majority by a show of hands.

Article 5.3 of the Company's By – Laws was amended to read as follows:

8.3 Quorum: Five Directors shall form a quorum for the transaction of business and, notwithstanding any vacancy among the Directors a quorum may exercise all the powers of the Directors. No business shall be transacted at a meeting of Directors unless a quorum is present.

The resolution was also carried on a simple majority by a show of hands

The following directors were elected on a majority poll to serve for the periods indicated:

G. Robert Blanchard Jr.	Three years	8, 755,025 votes
Nigel Wardle	Three Years	8,748,850 votes
Malcolm Harris	Three Years	8,753,378 votes
Joel Huggins	Three Years	8,732,360 votes
Steven Mayers	Three Years	8,500,577 votes
Lambert Lewis	Three Years	8,482,096 votes
Joseph Nassief	Three Years	535,641 votes

The current Directors of the Company are as follows:

G. Robert Blanchard Jr.
Nigel Wardle
Malcolm Harris
Joel Huggins
Steven Mayers
Lambert Lewis
Joseph Nassief
Grayson Stedman

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:

Signature

Date

Name of Director:

Signature

Date