FORTIS INC.

Second Quarter Report 2003

Dear Shareholder:

Earnings for the second quarter were a record $20.8 million.

All of our operating companies reported improved results over the corresponding quarter last year with the exception of BECOL where operations were impacted by lower-than-normal rainfall levels. Our acquisitions in Ontario, coupled with higher wholesale electricity prices, were major contributors to the results this quarter. Increased investment in Caribbean Utilities also added to the growth in earnings.

We continue to expand our electric utility business in Ontario. In April 2003, FortisOntario acquired the operations of Granite Power which distributes electricity to approximately 3,800 customers primarily situated in Ganonoque, Ontario and generates electricity from 5 hydroelectric generating stations with a combined capacity of 6 megawatts.

During the quarter, redevelopment of the Bishop's Falls hydroelectric plant in central Newfoundland was completed by the Exploits River Hydro Partnership. The second component of the $65 million Partnership Project, which involves the installation of a new 30-megawatt generating unit at Abitibi-Consolidated's mill in Grand Falls-Windsor, is scheduled for completion this fall.

Also in the second quarter, construction of the Chalillo hydroelectric facility commenced in Belize. Scheduled for completion in 2005, the facility will enable BECOL to meet growing electricity demand and enhance the reliability of supply in Belize.

To support its continued growth, Fortis raised $125 million this quarter through the public issue of 5 million First Preference Shares. The net proceeds of the offering were used to reduce short-term debt.

Fortis remains committed to delivering continued earnings growth for our shareholders and enhanced service to our customers.

H. Stanley Marshall
President and Chief Executive Officer
Fortis Inc.

Fortis Inc. Financial Highlights Period Ended June 30				
($000s, except per share amounts)	**Quarter**		**Year-to-date**	
	2003	**2002**	**2003**	**2002**
Revenue	**205,582**	166,565	**441,011**	349,321
Cash flow from operations (1)	**39,036**	34,033	**77,039**	66,908
Earnings applicable to common shares	**20,796**	16,545	**40,757**	31,539
Earnings per common share ($)	**1.20**	1.05	**2.36**	2.05
	Revenue ($000s)			
	Quarter		**Year-to-date**	
	2003	2002	2003	2002
Newfoundland Power	93,861	91,440	218,439	206,864
FortisOntario (2)	37,799	13,796	79,959	22,356
Maritime Electric (3)	24,921	23,225	49,896	48,324
Belize Electricity	19,064	20,017	36,361	38,175
Belize Electric ("BECOL")	1,164	3,272	3,238	6,093
Fortis Properties	26,989	23,241	50,592	41,502
	Electricity Sales (GWh)			
	Quarter		**Year-to-date**	
	2003	2002	**2003**	2002
Newfoundland Power	**1,208**	1,190	**2,856**	2,775
FortisOntario(2)	**470**	238	**964**	393
Maritime Electric (3)	**264**	251	**532**	536
Belize Electricity	**79**	71	**147**	133
BECOL	**5**	17	**14**	29

(1) *Before working capital adjustments. Certain comparative figures have been reclassified to conform with current year's classifications.*

(2) *Fortis' utility investments in Ontario, referred to as FortisOntario, include the operations of Canadian Niagara Power, Cornwall Electric and, as of April 1, 2003, the operating subsidiaries of Granite Power Corporation ("Granite Power"). Fortis acquired the remaining 50 per cent interest in Canadian Niagara Power on July 1, 2002 and its initial 50 per cent interest is reported on a proportionate consolidation basis up to July 1, 2002. Effective May 1, 2002, FortisOntario's distribution and generation businesses were separated as required by restructuring of the Ontario electricity industry. FortisOntario's unregulated generation business now sells its production entirely into the Ontario electricity market and its regulated distribution business meets its sales requirements from power purchased from that market. Prior to May 1, 2002, FortisOntario's generation business supplied power directly to its distribution customers. Gross revenue and electricity sales are reported at 100 per cent in both years for Canadian Niagara Power and from date of acquisition for Cornwall Electric and Granite Power.*

(3) *Results of Maritime Electric include operations of FortisUS Energy.*

Note: Financial information in this release is presented in Canadian dollars unless otherwise specified.

Earnings applicable to common shares were 26 per cent higher than earnings of $16.5 million for the same period last year. Year-to-date earnings grew almost 30 per cent to $40.8 million compared to the first half of 2002. Earnings per common share were $1.20 for the second quarter compared to $1.05 for the second quarter last year. Year-to-date earnings per share increased more than 15 per cent to $2.36 from $2.05 for the same period last year.

Revenue for the second quarter was $205.6 million compared to $166.6 million for the second quarter last year. Year-to-date revenue was $441.0 million, 26.2 per cent higher than the first half of 2002.

The following table outlines Fortis' segmented results for the second quarter compared to the same period last year.

Fortis Inc.
Earnings Contributions (Unaudited)
Period Ended June 30

($ millions)	**Quarter**		**Year-to-date**	
	2003	**2002**	**2003**	**2002**
Earnings (Loss)				
Newfoundland Power	**10.5**	9.1	**20.4**	19.4
FortisOntario	**3.6**	1.4 (1)	**8.8**	2.5 (1)
Maritime Electric (2)	**2.3**	1.9	**4.2**	3.6
Belize Electricity	**1.9**	1.8	**3.0**	3.0
BECOL	**(1.4)**	0.5	**(2.3)**	0.5
Caribbean Utilities	**2.4**	1.3	**4.7**	2.4
Fortis Properties	**3.0**	2.5	**4.2**	3.5
Corporate	**(1.5)**	(2.0)	**(2.2)**	(3.4)
Earnings applicable to common shares	**20.8**	16.5	**40.8**	31.5
Basic earnings per common share ($)	**1.20**	1.05	**2.36**	2.05

(1) Represents Fortis' initial 50 per cent interest in Canadian Niagara Power. The remaining 50 per cent interest was acquired in July 2002.
(2) Results of Maritime Electric include operations of FortisUS Energy.

UTILITY OPERATIONS

Newfoundland Power

Newfoundland Power Financial Highlights (Unaudited) Period Ended June 30				
	Quarter		Year-to-date	
	2003	2002	2003	2002
Electricity Sales (GWh)	**1,208**	1,190	**2,856**	2,775
($ Millions)				
Revenue	**93.9**	91.4	**218.4**	206.9
Energy Supply Costs	**51.1**	46.6	**126.0**	114.1
Operating Expenses	**12.1**	12.3	**26.7**	25.2
Amortization	**6.4**	10.5	**18.0**	21.7
Finance Charges	**7.5**	6.5	**15.0**	13.2
Corporate Taxes and Non-controlling Interest	**6.3**	6.4	**12.3**	13.3
Earnings Contribution	**10.5**	9.1	**20.4**	19.4

Earnings: Newfoundland Power's earnings for the second quarter were $10.5 million compared to $9.1 million for the same period last year. Year-to-date earnings were $20.4 million compared to $19.4 million last year. In June 2003, Newfoundland Power received a ruling on its 2003 General Rate Application ("GRA") from the Newfoundland and Labrador Board of Commissioners of Public Utilities ("PUB"). The GRA resulted in an average 0.15 per cent decrease in electricity rates effective August 1, 2003. Rates were based on an allowed return on equity of 9.75 per cent compared to 9.05 per cent previously.

Electricity sales: Electricity sales for the second quarter were 1,208 gigawatt hours ("GWh"), a 1.5 per cent increase compared to the same period last year. Year-to-date electricity sales were 2,856 GWh, 2.9 per cent higher than the same period last year. The Company's year-to-date residential electricity sales increased 3.0 per cent as a result of growth in the number of customers and average use. Year-to-date commercial electricity sales grew 2.8 per cent primarily as a result of growth in the number of customers and average use.

Revenue: Revenue for the second quarter was $93.9 million compared to $91.4 million for the same period last year. Year-to-date revenue was $218.4 million compared to $206.9 million for the same period last year. The increase was attributable to both higher electricity sales and a 3.68 per cent electricity rate increase effective September 2002 associated with a flow through of increased purchased power costs from Newfoundland and Labrador Hydro ("Newfoundland Hydro").

Newfoundland Power's 2003 electricity rates were interim in nature until the finalization of the GRA by the PUB. On June 20, 2003, the PUB issued its final decision with respect to the GRA. The final decision resulted in a $2.7 million rebate to customers, which has been reflected in the Company's results for the second quarter.

***Energy Supply Costs**:* Energy supply costs for the second quarter were $51.1 million compared to $46.6 million for the same period last year. Year-to-date energy supply costs were $126.0 million compared to $114.1 million last year. This increase was due to both higher electricity sales and a 6.5 per cent increase in the purchase power rate from Newfoundland Hydro. Energy supply costs for the second quarter also reflect amortization of $1.7 million of the balance in the Company's weather normalization account.

***Operating Expenses**:* Operating expenses for the second quarter were $12.1 million compared to $12.3 million for the same period last year. Year-to-date operating expenses were $26.7 million compared to $25.2 million last year. The decrease in operating expenses for the second quarter was primarily due to the PUB's decision to allow the Company to adopt the market-related method of determining pension expense. The year-to-date increase in operating costs was due to higher regulatory costs associated with the GRA and an increase in costs related to severe storms, partially offset by the reduction in pension expense. It is expected that annual pension expense will decrease by $1.2 million.

***Amortization Expense**:* Amortization expense decreased $4.1 million in the second quarter compared to the same period last year. Year-to-date amortization expense decreased $3.7 million compared to the same period last year. The decrease was the result of the PUB's decision to approve the Company's proposal to reduce depreciation rates to reflect longer asset lives and to amortize, over a 3-year period, approximately $17.0 million in excess accumulated amortization.

***Finance Charges**:* Finance charges for the second quarter were $7.5 million, a $1.0 million increase compared to the same period last year. Year-to-date finance charges increased $1.8 million compared to last year. In the fourth quarter of 2002, Newfoundland Power raised $75 million through the issue of a new series of 30-year, 7.52 per cent Second Mortgage Sinking Fund Bonds. The funds were used to repay lower rate short-term borrowings, resulting in an increase in finance charges.

FortisOntario

FortisOntario includes the operations of Canadian Niagara Power, Cornwall Electric and, as of April 1, 2003, the operating subsidiaries of Granite Power. Fortis acquired the remaining 50 per cent interest in Canadian Niagara Power in July 2002 and, on October 17, 2002, the Corporation acquired a 100 per cent interest in Cornwall Electric. Fortis' initial 50 per cent interest in Canadian Niagara Power is reported on a proportionate consolidation basis up to July 1, 2002. Fortis' utility investments in Ontario were reorganized during the quarter and operations continue under FortisOntario Inc., a wholly owned subsidiary of Fortis Inc.

The Ontario electricity industry was restructured in 2002. On May 1, 2002, FortisOntario's distribution and generation businesses were separated as required by the regulation. The Company's unregulated generation business now sells its entire production into the Ontario electricity market and its regulated distribution business meets its sales requirements with power purchased from that market. Prior to May 1, 2002, FortisOntario's generation business supplied power directly to its distribution customers. Its remaining generation was then sold into the wholesale electricity market in New York. As a result of the acquisitions completed in 2002, increases in wholesale electricity prices and the industry restructuring, electricity sales, revenue and energy supply costs are significantly higher this year compared to last year.

The following table summarizes FortisOntario's electricity sales and earnings for the second quarter. To enhance comparability, electricity sales, revenue, expenses and earnings for 2002 are reported at 100 per cent for Canadian Niagara Power while information for Cornwall Electric and Granite Power are provided from the date of acquisition only.

FortisOntario
Financial Highlights (Unaudited)
Period Ended June 30

	Electricity Sales (GWh)				Revenue/Earnings ($ millions)			
	Quarter		Year-to-date		Quarter		Year-to-date	
	2003	2002	2003	2002	2003	2002	2003	2002
Wholesale	**163**	139	**324**	224	**7.8**	4.8	**20.0**	7.8
Distribution	**307**	99	**640**	169	**28.4**	8.1	**55.3**	13.5
Transmission(1)	**-**	-	**-**	-	**1.2**	0.8	**2.5**	0.8
Other Revenue (2)	**-**	-	**-**	-	**0.4**	0.1	**2.1**	0.3
Total Sales/Revenue (Gross)	**470**	238	**964**	393	**37.8**	13.8	**79.9**	22.4
Energy Supply	**(298)**	(77)	**(629)**	(77)	**(22.4)**	(4.1)	**(44.5)**	(4.1)
Total Sales/Revenue (Net)	**172**	161	**335**	316	**15.4**	9.7	**35.4**	18.3
Operating Expenses					**4.5**	3.4	**11.2**	7.3
Amortization					**2.7**	0.8	**5.1**	1.6
Finance Charges					**2.3**	0.9	**4.6**	1.3
Corporate Taxes					**2.3**	1.8	**5.7**	3.1
Earnings					**3.6**	2.8(3)	**8.8**	5.0 (3)

(1) *Effective May 1, 2002, FortisOntario derives revenue from its portion of total transmission assets in the Province.*
(2) *Includes interest on investments, gains/losses on disposals, foreign exchange, heating and miscellaneous electricity sales.*
(3) *The earnings contribution reported by Fortis in 2002 was 50 per cent of this amount.*

Earnings: FortisOntario's contribution to earnings was $3.6 million for the second quarter compared to $1.4 million for the same period last year. Year-to-date, FortisOntario contributed $8.8 million compared to $2.5 million for the same period last year. The growth in earnings results from the acquisition of the remaining 50 per cent interest in Canadian Niagara Power, increased wholesale electricity prices in Ontario and the acquisition of Cornwall Electric and Granite Power. Earnings were partially offset by the amortization of water rights which commenced upon the acquisition of the remaining 50 per cent interest in Canadian Niagara Power.

Electricity Sales: Electricity sales for the second quarter were 470 GWh compared to 238 GWh for the same period last year. Year-to-date electricity sales were 964 GWh compared to 393 GWh last year. The increase in wholesale electricity sales arises from the establishment of a wholesale electricity market in Ontario as a result of industry restructuring there. The increase in distribution electricity sales relates to sales made by Port Colborne Hydro, Cornwall Electric and Granite Power.

Revenue*:* Revenue from wholesale electricity sales for the second quarter was $7.8 million compared to $4.8 million for the same period last year. Year-to-date revenue from wholesale electricity sales was $20.0 million compared to $7.8 million last year. The increase was due to the increase in electricity sales as well as an increase in average price received. Year-to-date, the average price received was $61.60 per megawatt hour ("MWh") compared to $34.92 per MWh for the same period last year.

Revenue from distribution sales for the second quarter was $28.4 million compared to $8.1 million for the same period last year. Year-to-date revenue from distribution sales was $55.3 million compared to $13.5 million last year. The increase was a result of distribution sales at Port Colborne Hydro, Cornwall Electric and Granite Power.

Revenue from transmission services for the second quarter was $1.2 million compared to $0.8 million for the same period last year. Year-to-date revenue from transmission services was $2.5 million compared to $0.8 million last year. As a result of the restructuring of the Ontario electricity industry on May 1, 2002, FortisOntario now derives revenue from its portion of total transmission assets in the Province.

Other revenue for the second quarter was $0.4 million compared to $0.1 million for the same period last year. Year-to-date, other revenue was $2.1 million compared to $0.3 million last year. The increase primarily related to heating sales from the Cornwall District Heating cogeneration facility, which was acquired with Cornwall Electric in the fourth quarter of 2002.

Energy Supply Costs*:* Energy supply costs for the second quarter were $22.4 million compared to $4.1 million for the same period last year. Year-to-date energy supply costs were $44.5 million compared to $4.1 million last year. Prior to May 1, 2002, no expense was associated with purchased power as distribution sales were fully supplied from the entitlement associated with the Rankine Generating Plant. Effective May 1, 2002, Canadian Niagara Power began purchasing its power from the Independent Market Operator to supply its distribution businesses in Fort Erie and Port Colborne. Cornwall Electric purchases most of its power from Hydro Quebec while Granite Power purchases most of its power from Hydro One Networks Inc.

Operating Expenses*:* Operating expenses for the second quarter were $4.5 million compared to $3.4 million for the same period last year. Year-to-date operating expenses were $11.2 million compared to $7.3 million last year. The operating expenses of Port Colborne Hydro, Cornwall Electric and Granite Power accounted for most of this increase.

Amortization*:* The $3.5 million year-to-date increase in amortization expense was associated with the operations of Cornwall Electric and Granite Power and the amortization of water rights.

Finance Charges*:* The $3.3 million increase in finance charges year-to-date was associated with financing the acquisitions of Cornwall Electric and Granite Power and the lease costs of Port Colborne Hydro.

Maritime Electric[1]

Maritime Electric Financial Highlights (Unaudited) Period Ended June 30				
	Quarter		Year-to-date	
(GWh)	**2003**	2002	**2003**	**2002**
Maritime Electric Electricity Sales	**230**	220	**480**	476
FortisUS Energy Electricity Sales	**34**	31	**52**	60
($ Millions)				
Revenue	**24.9**	23.2	**49.9**	48.3
Energy Supply Costs	**12.5**	12.2	**26.2**	25.9
Operating Expenses	**3.8**	3.0	**6.9**	6.3
Amortization	**2.3**	2.4	**4.8**	4.9
Finance Charges	**2.3**	2.1	**4.7**	4.6
Corporate Taxes	**1.7**	1.6	**3.1**	3.0
Earnings Contribution	**2.3**	1.9	**4.2**	3.6

Earnings: Net earnings for the second quarter were $2.3 million compared to $1.9 million for the same period last year. Year-to date earnings were $4.2 million compared to $3.6 million last year. The increase in earnings was primarily related to increased wholesale electricity prices received by FortisUS Energy which averaged US$38.46 per MWh compared to US$23.77 per MWh for the same period last year.

Electricity Sales: Electricity sales for the second quarter on Prince Edward Island were 230 GWh, 4.5 per cent higher than electricity sales for the same period last year. Year-to-date electricity sales were 480 GWh, comparable to the same period last year. The modest year-to-date increase was due to the departure of the City of Summerside as a wholesale customer on April 1, 2002. The City of Summerside contributed 26.2 GWh for the same period last year. Excluding the electricity sales to the City of Summerside, year-to-date residential sales increased 7.1 per cent and commercial sales increased 6.7 per cent compared to the same period last year. The increase in residential sales was due to an increase in average use and the increase in commercial sales was primarily the result of increased consumption in the potato processing sector.

Electricity sales for the second quarter for FortisUS Energy were 34 GWh compared to 31 GWh for the same period last year. Year-to-date electricity sales were 52 GWh compared to 60 GWh last year. The Company experienced lower production as a result of colder-than-normal weather conditions which led to significant freezing in the watershed area.

Revenue: Revenue for the second quarter was $24.9 million compared to $23.2 million for the same period last year. Year-to-date revenue was $49.9 million compared to $48.3 million last year. The loss in revenue from the City of Summerside was offset by the increase in both residential and commercial sales and a 2.1 per cent basic rate increase on April 1, 2003. Also, the Company derived transmission revenues from third parties for the use of its

[1] Unless otherwise stated, results of Maritime Electric include operations of FortisUS Energy.

transmission system. Lower year-to-date production at FortisUS Energy was offset by higher wholesale electricity prices compared to the same period last year.

Energy Supply Costs: Maritime Electric purchases the majority of its energy from New Brunswick Power Corporation and Emera Inc. through several energy purchase agreements. The $0.3 million year-to-date increase in energy supply costs was the result of increased electricity sales partially offset by a 4.7 per cent decrease in the unit cost for purchased and produced energy compared to the same period last year.

In June 2003, Maritime Electric announced its plans to construct a 50-MW generating facility on Prince Edward Island to address submarine cable loading issues and to reduce reliance on imported electricity. The targeted in-service date for this facility is late 2005.

Operating Expenses: Operating expenses for the second quarter were $3.8 million compared to $3.0 million for the same period last year. Year-to-date operating expenses were $6.9 million compared to $6.3 million last year. The increase was due to higher insurance premiums and increased property maintenance costs.

Belize Electricity

Belize Electricity Financial Highlights (Unaudited) Period Ended June 30				
	Quarter		Year-to-date	
	2003	2002	2003	2002
Electricity Sales (GWh)	**79**	71	**147**	133
($ Millions)				
Revenue	**19.1**	20.0	**36.4**	38.2
Energy Supply Costs	**9.5**	9.6	**18.4**	18.3
Operating Expenses	**3.4**	3.8	**6.3**	7.3
Amortization	**1.8**	2.0	**3.8**	4.2
Finance Charges	**1.4**	1.7	**3.1**	3.5
Corporate Taxes and Non-controlling Interest	**1.1**	1.1	**1.8**	1.9
Earnings Contribution	**1.9**	1.8	**3.0**	3.0

Earnings: Earnings for the second quarter were $1.9 million compared to $1.8 million for the same period last year. Year-to-date earnings were $3.0 million, consistent with the previous year. Robust electricity sales and improved productivity leading to a reduction in operating expenses were partially offset by the depreciation of the United States dollar relative to the Canadian dollar compared to the same period last year.

Electricity Sales: Electricity sales for the second quarter were 79 GWh, 11.2 per cent higher than the same period last year. Year-to-date electricity sales were 147 GWh, 10.5 per cent higher than the same period last year. The increase was driven by growth in the residential and streetlight segments. The continuation of the Power IV Project, which is designed to interconnect the southern part of Belize to the national grid, and the installation of a gas turbine will continue to improve the Company's ability to meet the country's peak power demand and to provide backup capacity in case of loss of supply from any of its 3 existing energy sources.

***Revenue**:* Revenue for the second quarter was $19.1 million compared to $20.0 million for the same period last year. Year-to-date revenue was $36.4 million compared to $38.2 million last year. The increased electricity sales were offset by a reduction in electricity rates of $0.02 per kilowatt hour ("kWh") implemented in July 2002. This reduction in rates is part of Fortis' commitment to reduce basic rates by $0.05 over a 5-year period. Rates have been reduced by $0.03 per kWh in total since Fortis acquired the Company in October 1999. The depreciation of the United States dollar relative to the Canadian dollar also contributed to the decrease in revenue.

***Energy Supply Costs**:* Energy supply costs for the second quarter were $9.5 million compared to $9.6 million for the same period last year. Year-to-date energy supply costs were $18.4 million compared to $18.3 million last year. The increase in energy costs associated with higher electricity sales was partially offset by depreciation of the United States dollar relative to the Canadian dollar. Belize Electricity purchases the majority of its energy requirements from Comision Federal de Electricidad, the Mexican state-owned power company, and BECOL.

***Operating Expenses**:* Operating expenses for the second quarter were $3.4 million compared to $3.8 million for the same period last year. Year-to-date operating expenses were $6.3 million compared to $7.3 million last year. Excluding the effect of the depreciation of the United States dollar, improved operating efficiencies and Company-wide cost cutting initiatives have resulted in a 6 per cent decrease in operating expenses this year.

***Amortization and Financing Charges**:* The modest decrease in amortization and financing charges is primarily associated with the depreciation of the United States dollar relative to the Canadian dollar.

BECOL

BECOL Financial Highlights (Unaudited) Period Ended June 30				
	Quarter		Year-to-date	
	2003	2002	2003	2002
Energy Sales	**5**	17	**14**	29
($ Millions)				
Revenue	**1.2**	3.3	**3.2**	6.1
Operating Expenses	**0.4**	0.5	**0.8**	0.9
Amortization	**0.4**	0.4	**0.9**	0.8
Finance Charges	**1.8**	1.9	**3.8**	3.9
Earnings Contribution	**(1.4)**	0.5	**(2.3)**	0.5

BECOL's energy production in the second quarter was 5 GWh compared to 17 GWh for the same period last year. Year-to-date energy production was 14 GWh compared to 29 GWh last year. Lower-than-normal rainfall levels caused this decrease in production resulting in lower revenues and earnings. A significant amount of seasonality is associated with production at this facility with the majority of the production taking place in the second half of the year.

In April 2003, the Public Utilities Commission ("PUC") approved construction of the Chalillo Project, a hydroelectric facility which will provide BECOL with greater water storage, thereby improving the Company's ability to meet growing energy demand and enhancing reliability of supply. The PUC's approval follows the recent Court of Appeal decision which upheld the ruling of the Supreme Court of Belize confirming that appropriate approval of the Chalillo Project had been received. Construction of the Chalillo Project commenced in the second quarter with completion expected in 2005.

Caribbean Utilities

Caribbean Utilities Earnings Contribution (Unaudited) Period Ended June 30				
($ Millions)	Quarter		Year-to-date	
	2003	2002	2003	2002
Earnings Contribution	**2.4**	1.3	**4.7**	2.4

In the first quarter of 2003, Fortis increased its investment in Caribbean Utilities from approximately 22 per cent to 38.2 per cent. As a result, Fortis commenced accounting for its investment in Caribbean Utilities on an equity basis. Previously, the Corporation accounted for this investment on a cost basis whereby only the dividends received from Caribbean Utilities were recorded in earnings.

NON-UTILITY OPERATIONS

Fortis Properties

Fortis Properties Financial Highlights (Unaudited) Period Ended June 30				
($ Millions)	**Quarter**		**Year-to-date**	
	2003	**2002**	**2003**	**2002**
Real Estate Revenue	**12.7**	12.6	**25.4**	23.3
Hospitality Revenue	**14.3**	10.6	**25.2**	18.2
Total Revenue	**27.0**	23.2	**50.6**	41.5
Operating Expenses	**16.4**	14.1	**32.6**	26.3
Amortization	**1.1**	0.9	**2.1**	2.0
Finance Charges	**4.0**	3.7	**8.1**	6.8
Corporate Taxes	**2.5**	2.0	**3.6**	2.9
Earnings Contribution	**3.0**	2.5	**4.2**	3.5

Earnings: Earnings for the second quarter were $3.0 million compared to $2.5 million for the same period last year. Year-to-date earnings were $4.2 million compared to $3.5 million last year. This growth arises from earnings associated with properties acquired in 2002.

Revenue: Real estate revenue for the second quarter was $12.7 million, comparable to the same quarter last year. Year-to-date real estate revenue grew 9 per cent over the same period last year primarily due to the acquisitions of Cabot Place in St. John's, NL and Kings Place, NB in 2002. Occupancy level in the Real Estate Division was 93.2 per cent at June 30, 2003 compared to 95.1 per cent at June 30, 2002.

Hospitality revenue for the second quarter grew to $14.3 million, a 34.9 per cent increase compared to the same period last year. Year-to-date hospitality revenue grew to $25.2 million, a 38.4 per cent increase compared to last year. The growth was attributable to the acquisition of the Delta St. John's Hotel and increased revenue experienced at the Four Points by Sheraton Halifax hotel. Revenue per available room ("REVPAR") for the second quarter was $71.50 compared to $65.02 for the same period last year. The 10 per cent increase in REVPAR was attributable to an increase in average room rate as occupancy remained consistent with the previous year.

Operating Expenses: Operating expenses for the second quarter were $16.4 million compared to $14.1 million for the same period last year. Year-to-date operating expenses were $32.6 million compared to $26.3 million last year. The increase in operating expenses primarily related to the properties acquired in 2002.

Finance Charges: Finance charges for the second quarter were $4.0 million compared to $3.7 million for the same period last year. Year-to-date finance charges were $8.1 million compared to $6.8 million last year. The increase in finance charges related to the additional debt incurred in 2002 to acquire Kings Place, Cabot Place and the Delta St. John's Hotel.

CORPORATE

Corporate Financial Highlights (Unaudited) Period Ended June 30				
($ Millions)	Quarter		Year-to-date	
	2003	2002	**2003**	**2002**
Total Revenue	**2.9**	1.1	**5.8**	2.6
Operating Expenses	**1.1**	0.4	**2.0**	0.7
Amortization	**0.2**	0.2	**0.3**	0.3
Finance Charges	**3.2**	3.2	**6.3**	6.2
Corporate Taxes	**(0.6)**	(0.7)	**(1.1)**	(1.2)
Preference Shares Dividends and Non-controlling Interest	**0.5**	-	**0.5**	-
Net Corporate Expenses	**(1.5)**	(2.0)	**(2.2)**	(3.4)

The Corporate segment captures a number of expense and revenue items not specifically related to any operating segment. Included in net corporate expenses are finance costs related to debt incurred directly by Fortis Inc., other corporate expenses net of recoveries from subsidiaries, miscellaneous revenues and related income taxes.

Net corporate expenses for the second quarter totalled $1.5 million compared to $2.0 million for the same period last year. Year-to-date net corporate expenses totalled $2.2 million compared to $3.4 million last year. The $1.2 million decrease in net corporate costs year-to-date was primarily attributable to an increase in inter-company revenues associated with the Corporation's recent Ontario investments. The increase in revenues was partially offset by both an increase in operating expenses and non-controlling interest. The increase in operating expenses was primarily associated with higher salary and pension costs and increased corporate development costs. The increase in dividends on preference shares was associated with the issuance of $125 million First Preference Shares, Series C in June 2003.

CONSOLIDATED FINANCIAL POSITION

The following table outlines the significant changes in the consolidated balance sheets as at December 31, 2002 and June 30, 2003.

Fortis Inc. Significant Changes in the Consolidated Balance Sheets as at December 31, 2002 and June 30, 2003		
($ Millions)	**Increase**	**Explanation**
Cash and cash held in escrow	**(0.4)**	Increased cash from operating earnings in 2003 offset by a draw down on cash held in escrow for the Exploits Partnership Project.
Accounts receivable	**6.1**	Increase primarily relates to seasonality of utility electricity sales and hospitality sales.
Deferred charges	**5.9**	Increased deferred pension costs at Newfoundland Power resulting from funding of pension plan in excess of pension accrual and increased deferred costs associated with commencement of the Chalillo Project.
Utility capital assets	**(5.0)**	Utility capital expenditures of $65 million year-to-date offset by regular amortization and decrease in the value of assets denominated in United States dollars as a result of the appreciation of the Canadian dollar.
Investments	**70.4**	Increased investment in Caribbean Utilities in January 2003.
Intangibles	**(1.8)**	Relates to amortization of water rights held by FortisOntario.
Goodwill	**5.8**	Increase primarily relates to acquisition of Granite Power on April 1, 2003. The purchase price allocation of certain investments in Ontario were also revalued during the quarter.
Short-term borrowings	**(39.1)**	Certain short-term financing replaced with preference share issue in June 2003, partially offset by an increase in short-term borrowings as a result of seasonality of utility electricity sales.
Accounts payable and accruals	**(14.2)**	Decrease in accounts payable relates to seasonality of utility electricity sales and increase in property tax accrual at Fortis Properties.
Long-term debt (including current portion)	**(3.1)**	Decrease is a result of regular debt repayment and a reduction in the value of United States denominated debt as a result of the appreciation of the Canadian dollar. This decrease was partially offset by the US$10 million debenture issued in May 2003 and a $5 million revolving loan secured by FortisOntario.
Future income taxes	**2.7**	Increase primarily related to the Cornwall Electric purchase price reallocation adjustment completed in the second quarter.
Non-controlling interest	**(4.1)**	This decrease is reflective of the depreciation of the United States dollar relative to the Canadian dollar.
Shareholders' equity	**137.4**	A $125 million preference share issue completed in June 2003 and increased earnings contributed to the increase in shareholders' equity. This increase was partially offset by the $15.3 million decrease in the foreign currency translation adjustment account resulting from the depreciation of the United States dollar relative to the Canadian dollar. The assets and liabilities of foreign operations, all of which are self-sustaining, are translated at the exchange rates in effect at the balance sheet dates. The resulting unrealized translation loss for the quarter is accumulated under shareholders' equity.

LIQUIDITY AND CAPITAL RESOURCES

The following table outlines the summary of cash flow.

Fortis Inc. Summary of Cash Flow (Unaudited) Period Ended June 30		
($ Millions)	**2003**	**2002**
Cash, beginning of period	**28,165**	16,091
Cash provided by (used in)		
Operating activities	**36,386**	32,910
Investing activities	**(45,485)**	(66,611)
Financing activities	**16,383**	82,505
Foreign currency impact on cash balances	**(1,227)**	(864)
Cash, end of period	**34,222**	64,031

***Operating Activities**:* Cash flow from operations for the second quarter, after working capital adjustments, was $36.4 million compared to $32.9 million for the same period last year. Improved operating earnings at most subsidiaries contributed to this increase.

***Investing Activities**:* Cash used in investing activities for the second quarter was $45.5 million compared to $66.6 million for the same period last year. In April 2003, Fortis acquired the operating subsidiaries of Granite Power for $8.8 million. Utility capital expenditures of $32.5 million during the second quarter were comparable to the same period last year. The remaining investing activities related to change in deferred charges.

***Financing Activities**:* Cash provided from financing activities was $16.4 million compared to $82.5 million in the same period last year. During the second quarter of 2003, the financing activities included a public offering of 5 million preference shares for gross proceeds of $125 million. These funds were mainly used to repay short-term borrowings of the Corporation. In addition, Fortis secured US$10 million from the issue of 5.5 per cent, unsecured subordinated convertible debentures. FortisOntario secured $5.0 million on its revolving demand loan and the Exploits Partnership and Belize Electricity drew down approximately $12 million on their existing project financings. The cash received from financing activities was partially offset by regular debt repayment and the payment of dividends on common shares.

***Foreign Currency Impact**:* The decrease in cash as a result of foreign currency impact was $1.2 million compared to a decrease of $0.9 million for the same period last year. This decrease was a direct result of the depreciation of the United States dollar relative to the Canadian dollar.

Capital Structure

The capital structure of Fortis is presented in the following table.

Fortis Inc. Capital Structure				
	June 30, 2003		December 31, 2002	
	($ Millions)	**Per cent**	($ Millions)	Per cent
Total Debt (net of cash)	**1,040.9**	**59.0**	1,082.9	64.8
Shareholders' Equity	**723.2**	**41.0**	585.8	35.2
Total	**1,764.1**	**100.0**	1,668.7	100.0

The improved capital structure results from the completion of the public offering of 5 million preference shares for gross proceeds of $125 million.

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Fortis Inc.
Consolidated Balance Sheets (Unaudited)
As at
(in thousands)

	June 30 2003	December 31 2002
ASSETS		
Current assets		
Cash and cash equivalents	**$ 34,222**	$ 26,258
Accounts receivable	**142,221**	136,072
Materials and supplies	**17,184**	17,792
	193,627	180,122
Corporate income tax deposit	**6,949**	6,949
Cash held in escrow	**5,092**	13,458
Deferred charges	**104,847**	98,933
Utility capital assets	**1,211,798**	1,216,842
Income-producing properties	**289,353**	289,447
Investments	**166,106**	95,751
Intangibles, net of amortization	**23,981**	25,823
Goodwill	**65,435**	59,674
	$ 2,067,188	$ 1,986,999
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	**$ 118,046**	$ 157,190
Accounts payable and accrued charges	**131,012**	145,236
Current installments of long-term debt	**27,742**	24,379
Future income taxes	**8,971**	7,662
	285,771	334,467
Long-term debt	**934,438**	940,910
Deferred credits	**62,131**	61,464
Future income taxes	**25,799**	24,360
Non-controlling interest	**35,809**	39,955
	1,343,948	1,401,156
Shareholders' equity		
Common shares	**326,468**	320,229
Preference shares	**122,992**	-
Contributed surplus	**516**	220
Equity portion of convertible debentures	**1,738**	1,390
Foreign currency translation adjustment	**(9,067)**	6,228
Retained earnings	**280,593**	257,776
	723,240	585,843
	$ 2,067,188	$ 1,986,999

See accompanying notes to the financial statements.

Fortis Inc.
Consolidated Statements of Earnings (Unaudited)
For the period ended June 30
(in thousands, except per share amounts)

	Quarter Ended		Six Months Ended	
	2003	2002	**2003**	2002
Operating revenues	**$ 205,582**	$ 166,565	**$ 441,011**	$ 349,321
Expenses				
Operating	**136,492**	103,974	**299,360**	226,205
Amortization	**14,795**	16,885	**34,946**	34,648
	151,287	120,859	**334,306**	260,853
Operating income	**54,295**	45,706	**106,705**	88,468
Finance charges				
Interest	**20,007**	17,190	**40,272**	34,005
Dividends on preference shares	**-**	744	**-**	1,488
Earnings before income taxes and non-controlling interest	**34,288**	27,772	**66,433**	52,975
Income taxes	**11,958**	10,197	**23,493**	19,654
Earnings before non-controlling interest	**22,330**	17,575	**42,940**	33,321
Non-controlling interest	**974**	1,030	**1,623**	1,782
Earnings	**21,356**	16,545	**41,317**	31,539
Dividends on preference shares	**560**	-	**560**	-
Earnings applicable to common shares	**$ 20,796**	$ 16,545	**$ 40,757**	$ 31,539
Average common shares outstanding	**17,296**	15,761	**17,270**	15,402
Earnings per common share				
Basic	**$ 1.20**	$ 1.05	**$ 2.36**	$ 2.05
Diluted	**$ 1.19**	$ 1.04	**$ 2.33**	$ 2.02

Consolidated Statement of Retained Earnings (Unaudited)
For the period ended June 30
(in thousands)

	2003	2002	**2003**	2002
Balance at beginning of period	**$ 268,767**	$ 235,672	**$ 257,776**	$ 227,701
Earnings applicable to common shares	**20,796**	16,545	**40,757**	31,539
	289,563	252,217	**298,533**	259,240
Dividends on common shares	**(8,970)**	(7,852)	**(17,940)**	(14,875)
Balance at end of period	**$ 280,593**	$ 244,365	**$ 280,593**	$ 244,365

See accompanying notes to the financial statements.

Fortis Inc.
Consolidated Statements of Cash Flows (Unaudited)
For the period ended June 30
(in thousands)

	Quarter Ended		Six Months Ended	
	2003	2002	**2003**	2002
Operating Activities				
Earnings applicable to common shares before non-controlling interest	**$ 22,330**	$ 17,575	**$ 42,940**	$ 33,321
Items not affecting cash				
Amortization-capital assets, net of contributions in aid of construction	**13,500**	15,936	**32,798**	33,708
Amortization-intangibles	**921**	-	**1,842**	-
Amortization-other	**374**	949	**306**	940
Future income taxes	**748**	1,343	**495**	1,533
Accrued employee future benefits	**(1,676)**	(1,593)	**(2,533)**	(3,660)
Equity income, net of dividends	**(462)**	-	**(1,201)**	-
Stock-based compensation	**148**	-	**296**	-
Other	**3,153**	(177)	**2,096**	1,066
	39,036	34,033	**77,039**	66,908
Change in non-cash operating working capital	**(2,650)**	(1,123)	**(15,790)**	(14,217)
	36,386	32,910	**61,249**	52,691
Investing Activities				
Change in deferred charges and credits	**(2,688)**	(2,030)	**(7,703)**	(4,779)
Purchase of utility capital assets	**(32,517)**	(33,435)	**(65,058)**	(65,375)
Purchase of income producing properties	**(854)**	(29,157)	**(1,696)**	(44,466)
Proceeds on sale of capital assets	**86**	-	**502**	4
Business acquisitions, net of cash	**(8,839)**	-	**(8,839)**	-
Increase in investments	**(673)**	(1,989)	**(71,029)**	(12,341)
	(45,485)	(66,611)	**(153,823)**	(126,957)
Financing Activities				
Change in short-term borrowings	**(124,796)**	(42,902)	**(37,383)**	(13,864)
Proceeds from long-term debt, net of cash held in escrow	**30,919**	41,989	**40,026**	64,176
Repayment of long-term debt	**(4,080)**	(4,861)	**(9,738)**	(10,171)
Contributions in aid of construction	**167**	1,956	**974**	1,949
Advance from non-controlling interest	**-**	-	**294**	-
Issue of common shares	**2,268**	94,298	**6,239**	98,464
Issue of preference shares - net	**121,861**	-	**121,861**	-
Dividends				
Common shares	**(8,970)**	(7,852)	**(17,940)**	(14,875)
Non-controlling interests	**(986)**	(123)	**(1,446)**	(961)
	16,383	82,505	**102,887**	124,718
Effect of exchange rate changes on cash	**(1,227)**	(864)	**(2,349)**	(706)
Change in cash and cash equivalents	**6,057**	47,940	**7,964**	49,746
Cash and cash equivalents, beginning of period	**28,165**	16,091	**26,258**	14,285
Cash and cash equivalents, end of period	**$ 34,222**	$ 64,031	**$ 34,222**	$ 64,031

See accompanying notes to the financial statements.

1. Basis of Presentation

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and do not include all of the disclosures normally found in the Fortis Inc. ("the Corporation") annual consolidated financial statements. These interim consolidated financial statements should be read in conjunction with the Corporation's consolidated financial statements for the year ended December 31, 2002.

These financial statements have been prepared following the same accounting policies and methods as those used in preparing the most recent annual financial statements, except as noted below. The Newfoundland and Labrador Board of Commissioners of Public Utilities ("PUB") has ordered that pension costs of the defined benefit plans be actuarially determined using the projected benefits method prorated on service and best estimate assumptions, consistent with previous year. Accordingly, the plan assets are now valued using the market-related method for valuing assets. In the previous year, plan assets were valued at fair value. As a result, the annual pension expense will decrease by approximately $1.2 million in 2003. The PUB has ordered that this change be accounted for prospectively effective January 1, 2003.

2. Seasonal Nature of Operations

Interim results will fluctuate due to the seasonal nature of electricity demand and water flows as well as the timing and recognition of regulatory decisions. Consequently, interim results are not necessarily indicative of annual results.

The PUB has ordered provision of a weather normalization account for Newfoundland Power to adjust for the effect of variations in weather and streamflow when compared to long-term averages. As a result, operating revenues and expenses are reported on a weather-adjusted basis.

3. Capital Stock

Authorized:
(a) an unlimited number of Common Shares without nominal or par value;
(b) an unlimited number of First Preference Shares, Series A without nominal or par value;
(c) an unlimited number of First Preference Shares, Series B without nominal or par value.
(d) an unlimited number of First Preference Shares, Series C without nominal or par value.

3. Capital Stock (continued)

a) Issued and Outstanding	June 30, 2003 Number of Shares		June 30, 2003 Amount *(in thousands)*	December 31, 2002 Number of Shares		December 31, 2002 Amount *(in thousands)*
Common Shares	**17,321,896**	**$**	**326,468**	17,192,064	**$**	320,229
Preference Shares, Series C	**5,000,000**		**125,000**	-		-

Common shares were issued during the period for cash as follows:

	Quarter Ended June 30, 2003 Number of Shares		Quarter Ended June 30, 2003 Amount *(in thousands)*	Year-to-date June 30, 2003 Number of Shares		Year-to-date June 30, 2003 Amount *(in thousands)*
Balance, beginning of period	**17,274,893**	**$**	**324,200**	**17,192,064**	**$**	**320,229**
Consumer Share Purchase Plan	**5,840**		**321**	**13,541**		**725**
Dividend Reinvestment Plan	**13,342**		**738**	**24,320**		**1,313**
Employee Share Purchase Plan	**4,691**		**260**	**19,387**		**1,030**
Directors' Stock Option Plan	**20,750**		**859**	**25,750**		**1,050**
Executive Stock Option Plan	**2,380**		**90**	**46,834**		**2,121**
	17,321,896	**$**	**326,468**	**17,321,896**	**$**	**326,468**

b) Preference Shares

On May 26, 2003, Fortis issued 5,000,000 cumulative redeemable convertible First Preference Shares, Series C ("preference shares") for gross proceeds of $125 million. Net proceeds after tax effected issuance costs totalled $123 million. The preference shares are entitled to fixed cumulative preferential cash dividends at a rate of $1.3625 per share per annum. On or after June 1, 2010, the Company may, at its option, redeem for cash the preference shares, in whole at any time or in part from time to time, at $25.75 per share if redeemed before June 1, 2011, at $25.50 per share if redeemed on or after June 1, 2011 but before June 1, 2012, at $25.25 per share if redeemed on or after June 1, 2012 but before June 1, 2013 and at $25.00 per share if redeemed on or after June 1, 2013 plus, in each case, all accrued and unpaid dividends up to but excluding the date fixed for redemption.

On or after June 1, 2010, the Corporation may, at its option, convert all, or from time to time any part of the outstanding preference shares into fully-paid and freely-tradeable common shares of the Corporation. The number of Common Shares into which each preference share may be so converted will be determined by dividing the then applicable redemption price per preference share, together with all accrued and unpaid dividends up to but excluding the date fixed for conversion, by the greater of $1.00 and 95 per cent of the then current market price of the common shares at such time.

3. Capital Stock (continued)

On or after September 1, 2013, each preference share will be convertible at the option of the holder on the second day of September, December, March and June of each year into that number of freely-tradeable common shares determined by dividing $25.00, together with all accrued and unpaid dividends up to but excluding the date fixed for conversion, by the greater of $1.00 and 95 per cent of the then current market price of the common shares. If a holder of preference shares elects to convert any of such shares into common shares, the Corporation may elect to redeem such preference shares for cash or arrange for the sale of those shares to substitute purchasers.

c) Earnings per Common Share

The Corporation calculates earnings per common share on the weighted average number of common shares outstanding. The year-to-date weighted average common shares outstanding is 17,270,198 and 15,401,805 at June 30, 2003 and June 30, 2002, respectively. The quarter ended weighted average common shares outstanding is 17,295,688 and 15,760,720 at June 30, 2003 and 2002, respectively. Diluted earnings per common share is calculated using the treasury stock method for options and the "if-converted" method for convertible securities.

		Quarter Ended June 30			Year-to-date June 30	
Earnings per Common Share		**2003**	2002		**2003**	2002
Basic	**$**	**1.20**	1.05	**$**	**2.36**	2.05
Diluted	**$**	**1.19**	1.04	**$**	**2.33**	2.02

d) Stock Options

The Corporation is authorized to grant certain key employees and directors of Fortis Inc. and its subsidiaries options to purchase common shares of the Corporation. At June 30, 2003, the Corporation had the following stock-based compensation plans: the Executive Stock Option Plan, Directors' Stock Option Plan, 2002 Stock Option Plan and Employee Share Purchase Plan. The 2002 Stock Option Plan was adopted at the Annual and Special General Meeting on May 15, 2002 to ultimately replace the Executive and Directors' Stock Option Plans. The Executive and Directors' Stock Options Plans will cease to exist when all outstanding options are exercised or expire in or before 2011. At June 30, 2003, 2,012,072 common shares remained in the reserve for issue under the terms of the above plans.

3. Capital Stock (continued)

Number of Options:	**Quarter Ended June 30, 2003**	**Year-to-date June 30, 2003**
Outstanding at beginning of period	**638,555**	**499,630**
Granted	**-**	**188,379**
Exercised	**(23,130)**	**(72,584)**
Outstanding at end of period	**615,425**	**615,425**
Options vested at end of period		**199,801**

Weighted Average Exercise Prices:		
Outstanding at beginning of period	$	41.86
Granted	$	51.24
Exercised	$	43.64
Outstanding at end of period	$	44.52

Details of stock options outstanding are as follows:	**Number of Options**	**Exercise Price**	**Expiry Date**
	53,466	$36.83	2004
	32,341	$29.15	2005
	25,000	$38.27	2006
	136,691	$38.27	2011
	179,548	$48.14	2012
	188,379	$51.24	2013
	615,425		

e) Stock-based Compensation

On March 13, 2003, the Corporation issued 188,379 options on common shares under its 2002 Stock Option Plan at the 5-day average trading price of $51.24. These options vest evenly over a 4-year period on each anniversary of the date of grant. The options expire 10 years after the date of grant. The fair market value of the options granted was estimated on the date of grant using the Black-Scholes fair value option-pricing model and the following assumptions:

Dividend yield (%)	**4.16**
Expected volatility (%)	**13.30**
Risk-free interest rate (%)	**4.90**
Weighted-average expected life (years)	**7.5**

3. Capital Stock (continued)

The Corporation records compensation expense upon the issuance of stock options under its Stock Option Plans. Using the fair value method, the compensation expense is amortized over the 4-year vesting period of the options. Upon exercise, the proceeds of the option are credited to capital stock at the option price. Therefore, an exercise of options below the current market price has a dilutive effect on capital stock and shareholders' equity. Under the fair value method, compensation expense increased by $0.2 million for the quarter ended June 30, 2003 compared to the same period last year with an offsetting credit to contributed surplus.

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4. Segmented Information

Information by reportable segment is as follows:

Quarter ended June 30, 2003 *(in thousands of dollars)*	**Newfoundland Power**	**Fortis Ontario**	**Maritime Electric**	**Belize Electricity**	**BECOL**	**Fortis Properties**	**Corporate[(1)]**	**Inter-segment eliminations**	**Consolidated**
Operating revenues	**93,861**	**37,799**	**24,921**	**19,064**	**1,164**	**26,989**	**5,570**	**(3,786)**	**205,582**
Operating expenses	**63,223**	**26,923**	**16,257**	**12,902**	**424**	**16,440**	**1,143**	**(820)**	**136,492**
Amortization	**6,389**	**2,640**	**2,339**	**1,762**	**418**	**1,089**	**158**	**-**	**14,795**
Operating income	**24,249**	**8,236**	**6,325**	**4,400**	**322**	**9,460**	**4,269**	**(2,966)**	**54,295**
Finance charges	**7,521**	**2,254**	**2,319**	**1,440**	**1,773**	**3,940**	**3,726**	**(2,966)**	**20,007**
Income taxes	**6,029**	**2,337**	**1,683**	**243**	**-**	**2,476**	**(810)**	**-**	**11,958**
Non-controlling interest	**153**	**4**	**-**	**867**	**(20)**	**-**	**530**	**-**	**1,534**
Earnings (Loss)	**10,546**	**3,641**	**2,323**	**1,850**	**(1,431)**	**3,044**	**823**	**-**	**20,796**
Goodwill	**-**	**45,577**	**19,858**	**-**	**-**	**-**	**-**	**-**	**65,435**
Identifiable assets, excluding goodwill	**737,349**	**161,712**	**254,223**	**205,950**	**88,393**	**301,770**	**284,660**	**(32,304)**	**2,001,753**
Capital expenditures	**11,980**	**2,728**	**3,260**	**7,609**	**1,203**	**854**	**5,737**	**-**	**33,371**

Quarter ended June 30, 2002 *(in thousands of dollars)*	Newfoundland Power	Fortis Ontario	Maritime Electric	Belize Electricity	BECOL	Fortis Properties	Corporate[1]	Inter-segment eliminations	Consolidated
Operating revenues	91,440	6,898	23,225	20,017	3,272	23,241	2,336	(3,864)	166,565
Operating expenses	58,907	3,766	15,233	13,414	479	14,085	351	(2,261)	103,974
Amortization	10,491	389	2,442	2,064	410	934	155	-	16,885
Operating income	22,042	2,743	5,550	4,539	2,383	8,222	1,830	(1,603)	45,706
Finance charges	6,539	427	2,139	1,675	1,871	3,694	3,192	(1,603)	17,934
Income taxes	6,276	899	1,556	248	-	2,000	(782)	-	10,197
Non-controlling interest	153	-	-	850	56	-	(29)	-	1,030
Earnings (Loss)	9,074	1,417	1,855	1,766	456	2,528	(551)	-	16,545
Goodwill	-	12,980	19,858	-	-	-	-	-	32,838
Identifiable assets, excluding goodwill	696,385	35,704	249,912	211,247	105,318	273,125	183,076	(27,570)	1,727,197
Capital expenditures	10,885	770	3,928	3,396	334	29,157	14,122	-	62,592

(1) Earnings received from Caribbean Utilities Company, Ltd. are included in Corporate operating revenues. See Note 5 to the interim consolidated financial statements.

4. Segmented Information

Information by reportable segment is as follows:

Year to date June 30, 2003 *(in thousands of dollars)*	**Newfoundland Power**	**Fortis Ontario**	**Maritime Electric**	**Belize Electricity**	**BECOL**	**Fortis Properties**	**Corporate[1]**	**Inter-segment eliminations**	**Consolidated**
Operating revenues	**218,439**	**79,959**	**49,896**	**36,361**	**3,238**	**50,592**	**11,126**	**(8,600)**	**441,011**
Operating expenses	**152,695**	**55,708**	**33,180**	**24,665**	**865**	**32,579**	**2,057**	**(2,389)**	**299,360**
Amortization	**17,996**	**5,095**	**4,783**	**3,775**	**871**	**2,136**	**290**	**-**	**34,946**
Operating income	**47,748**	**19,156**	**11,933**	**7,921**	**1,502**	**15,877**	**8,779**	**(6,211)**	**106,705**
Finance charges	**15,026**	**4,587**	**4,683**	**3,102**	**3,778**	**8,080**	**7,227**	**(6,211)**	**40,272**
Income taxes	**12,053**	**5,772**	**3,089**	**482**	**-**	**3,584**	**(1,487)**	**-**	**23,493**
Non-controlling interest	**306**	**4**	**-**	**1,379**	**(6)**	**-**	**500**	**-**	**2,183**
Earnings (Loss)	**20,363**	**8,793**	**4,161**	**2,958**	**(2,270)**	**4,213**	**2,539**	**-**	**40,757**
Goodwill	**-**	**45,577**	**19,858**	**-**	**-**	**-**	**-**	**-**	**65,435**
Identifiable assets, excluding goodwill	**737,349**	**161,712**	**254,223**	**205,950**	**88,393**	**301,770**	**284,660**	**(32,304)**	**2,001,753**
Capital expenditures	**26,599**	**3,979**	**6,271**	**13,391**	**1,333**	**1,696**	**13,485**	**-**	**66,754**

Year-to-date June 30, 2002 *(in thousands of dollars)*	Newfoundland Power	Fortis Ontario	Maritime Electric	Belize Electricity	BECOL	Fortis Properties	Corporate[1]	Inter-segment eliminations	Consolidated
Operating revenues	206,864	11,178	48,324	38,175	6,093	41,502	5,087	(7,902)	349,321
Operating expenses	139,432	5,695	32,267	25,587	858	26,343	676	(4,653)	226,205
Amortization	21,659	775	4,888	4,188	836	1,999	303	-	34,648
Operating income	45,773	4,708	11,169	8,400	4,399	13,160	4,108	(3,249)	88,468
Finance charges	13,173	640	4,636	3,460	3,843	6,760	6,230	(3,249)	35,493
Income taxes	12,944	1,580	2,957	472	-	2,938	(1,237)	-	19,654
Non-controlling interest	306	-	-	1,452	83	-	(59)	-	1,782
Earnings (Loss)	19,350	2,488	3,576	3,016	473	3,462	(826)	-	31,539
Goodwill	-	12,980	19,858	-	-	-	-	-	32,838
Identifiable assets, excluding goodwill	696,385	35,704	249,912	211,247	105,318	273,125	183,076	(27,570)	1,727,197
Capital expenditures	27,810	1,168	7,668	7,022	441	44,466	21,266	-	109,841

(1) Earnings received from Caribbean Utilities Company, Ltd. are included in Corporate operating revenues. See Note 5 to the interim consolidated financial statements.

5. Business Acquisitions

Caribbean Utilities Company, Ltd.

On January 30, 2003, the Corporation acquired, through its wholly owned subsidiary, Fortis Electricity (Bermuda) Ltd., an additional 3,863,695 Class A Ordinary Shares of Caribbean Utilities Company, Ltd. ("Caribbean Utilities") for a purchase price of US$11.90 per share. This acquisition represented approximately 15.9 per cent of the outstanding Class A Ordinary Shares of Caribbean Utilities, which increases the Corporation's holding to approximately 38 per cent. As a result, Fortis commenced accounting for its investment in Caribbean Utilities on an equity basis effective February 1, 2003. Previously, the Corporation accounted for this investment on a cost basis whereby only the dividends received from Caribbean Utilities were recorded in earnings.

Granite Power

On April 2, 2003, FortisOntario acquired the operating subsidiaries of Granite Power Corporation (collectively, "Granite Power") for $8.8 million. Granite Power distributes electricity to approximately 3,800 customers primarily situated in Gananoque, Ontario and generates electricity from 5 hydroelectric generating stations with a combined capacity of 6 megawatts.

The purchase price allocation to net assets based on their fair values is as follows:

(in thousands of dollars)		**Granite Power**
Fair value assigned to net assets:		
Utility capital assets	$	6,003
Current assets		1,805
Long-term investments		9
Goodwill		4,039
Other assets		262
Current liabilities		(2,759)
Future income taxes		(478)
Other liabilities		(42)
		8,839
Cash		25
	$	**8,864**

6. Long-term Debt

Corporate

Convertible Debentures

On May 20, 2003, Fortis issued US$10 million of unsecured subordinated convertible debentures which are redeemable by the Corporation at par at any time on or after May 20, 2008, and are convertible, at the option of the holder, into the Corporation's common shares at US$47.86 per share. The debentures are subordinated to all other indebtedness of the Corporation, other than subordinated indebtedness ranking equally to the Debentures.

The convertible subordinated debentures are being accounted for in accordance with their substance and are presented in the financial statements in their component parts, measured at their respective fair values at the time of issue.

Belize Electricity

Belize Electricity secured a BZ$10 million (CDN$7 million), 10.5 per cent, 5-year loan from the First Caribbean International Bank. As of June 30, 2003, BZ$2.5 million had been drawn on this facility.

FortisOntario

FortisOntario has drawn $5 million on its revolving demand loan to finance the acquisition of Granite Power.

7. Contingent Liability

Cornwall Electric was acquired from Enbridge Consumers Electricity Inc. ("Enbridge") on October 17, 2002. In May 2003, Cornwall Electric received the Canada Customs and Revenue Agency ("CCRA") reassessment disallowing amounts claimed as capital cost allowance ("CCA") in respect of a Class 14 asset of Cornwall Electric. As a result, the CCA deductions totalling $2,095,511 claimed during the 1998 to 2001 taxation years were disallowed and Cornwall Electric was ordered to pay $0.7 million in taxes and interest. Cornwall Electric has also paid $0.5 million in taxes and interest to the Ministry of Finance of Ontario regarding the CCA claim during the 1998 to 2001 taxation years. Both these amounts have been recovered from Enbridge under the indemnity in the purchase and sale agreement with Enbridge. The opening undepreciated capital cost of the Class 14 asset is also being reduced from approximately $19.4 million to nil. The future tax asset associated with this Class 14 asset is currently valued at approximately $5.7 million on Cornwall Electric's balance sheet.

7. Contingent Liability (cont'd)

Cornwall Electric believes it has reported its tax position appropriately and is filing a Notice of Objection with CCRA. Should Cornwall Electric be unsuccessful in defending its position, Fortis would execute its indemnity under the purchase and sale agreement with Enbridge. The $3.3 million potential exposure to Fortis, as estimated by management, has been recorded as an adjustment to the Cornwall Electric purchase price allocation equation, increasing both goodwill and future taxes payable.

Fortis Inc., on occasion, may include forward-looking statements in its media releases, in other filings with Canadian regulators, in reports to shareholders and in other communications. By their very nature, forward-looking statements are subject to certain risks and uncertainties that may cause actual results to vary from plans, objectives and estimates. Such risks and uncertainties include, but are not limited to, general economic, market and business conditions; regulatory developments, weather, competition, etc. Fortis Inc. cautions readers that should certain risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary significantly from those expected.

Dates – Dividends* and Earnings

Expected Earnings Release Dates

October 30, 2003	February 10, 2004
April 28, 2004	August 3, 2004

Expected Dividend Record Dates

November 7, 2003	February 6, 2004
May 7, 2004	August 6, 2004

Expected Dividend Payment Dates

September 1, 2003	March 1, 2004
December 1, 2004	June 1, 2004

* *The declaration and payment of dividends are subject to Board of Directors' approval.*

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Share Listings

Common Shares and Preference Shares, Series C trade on the Toronto Stock Exchange under the symbols FTS and FTS.PR.C, respectively.

Share Price Quarter Ended June 30		
	2003	**2002**
High	**59.70**	50.10
Low	**49.00**	45.36
Close	**59.00**	49.10