Schedule 3
FORM ECSRC - Q

Semi-Annual Report
For the period ended June 30, 2006

Or

Issuer Registration Number: DOMLEC30041975DM

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

COMMONWEALTH OF DOMINICA
(Territory or jurisdiction of incorporation)

18 CASTLE STREET ROSEAU
(Address of principal executive Offices)

(Reporting issuer's:

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

Fax number: (767) 448 5397

Email address: domlec@domleconline.com

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

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED BALANCE SHEET
AS AT JUNE 30, 2006
(expressed in Eastern Caribbean Dollars)

	June 2006 $	June 2005 $	December 2005 $
Assets			
Current assets			
Cash and cash equivalents	254,100	381,934	1,221,670
Receivables and prepayments	16,245,323	12,761,413	11,975,880
Inventories	8,126,256	7,552,532	7,658,482
	24,625,679	20,695,879	20,856,032
Capital work in progress	4,489,301	4,284,674	95,009
Property, plant and equipment	80,610,905	71,784,254	82,652,051
	109,725,885	96,764,807	103,603,092
Liabilities			
Current liabilities			
Borrowings	4,508,982	3,248,608	4,655,794
Accounts payable and accruals	9,802,083	4,754,618	7,576,006
Due to related party	0	0	0
Income tax Payable	1,220,329	342,681	874,857
	15,531,394	8,345,907	13,106,657
Borrowings	33,295,872	30,541,823	31,345,872
Deferred tax liability	14,803,718	14,736,181	14,685,710
Other liabilities	3,602,697	4,557,565	3,463,385
Capital grants	2,201,509	2,833,310	2,517,408
	69,435,189	61,014,785	65,119,032
Shareholders' Equity			
Share capital	10,417,328	10,417,328	10,417,328
Retained earnings	29,873,368	25,332,694	28,066,732
	40,290,696	35,750,022	38,484,060
	109,725,885	96,764,807	103,603,092

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF INCOME
FOR THE QUARTER ENDED JUNE 30, 2006
(expressed in Eastern Caribbean Dollars)

	June 2006 $	June 2005 $	December 2005 $
Revenue			
Energy sales	23,176,094	23,178,139	46,457,948
Fuel surcharge	12,265,838	8,277,013	20,170,501
Other revenue	225,702	129,484	698,246
	35,667,634	31,584,636	67,326,695
Direct expenses			
Operating	6,246,363	5,371,795	11,668,719
Maintenance	1,725,973	2,421,678	4,465,026
Depreciation	3,725,927	3,465,323	6,349,211
Fuel	14,312,604	10,721,531	25,883,551
	26,010,867	21,980,328	48,366,507
Gross profit	9,656,768	9,604,310	18,960,189
Administrative expenses	4,612,560	4,430,204	8,674,678
Net operating income	5,044,209	5,174,105	10,285,510
Other expenses/(income)			
Amortization of capital grants	(315,900)	(315,900)	(631,801)
Foreign exchange losses/(gains)	185,520	(113,295)	(427,881)
Loss/(Gain) on disposal of plant	(38,919)	296	(51,298)
	(169,300)	(428,899)	(1,110,980)
Net income before finance	5,213,508	5,603,004	11,396,489
Finance charges	(1,264,175)	(1,519,208)	(2,688,944)
Net income before tax	3,949,333	4,083,796	8,707,545
Income tax	(1,345,339)	(1,270,775)	(2,535,444)
Net income/(loss) for the year	2,603,994	2,813,022	6,172,101
Earnings/(loss) per share	0.25	0.27	0.59

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE QUARTER ENDED JUNE 30, 2006
(expressed in Eastern Caribbean Dollars)

	June 2006 $	June 2005 $	December 2005 $
Share capital			
Ordinary shares, beginning and end of year	10,417,328	10,417,328	10,417,328
Retained earnings			
At beginning of year	28,050,671	23,144,710	23,144,710
Net income/(loss) for the year	2,603,994	2,813,022	6,172,101
Ordinary dividends rescinded (declared)	(781,300)	(625,040)	(1,250,079)
At end of year	29,873,368	25,332,692	28,066,732
Shareholders' equity, end of year	40,290,696	35,750,020	38,484,060

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED JUNE 30, 2006
(expressed in Eastern Caribbean Dollars)

	June 2006 $	June 2005 $	December 2005 $
Cash flows from operating activities			
Net income/(loss) before tax	3,949,333	4,083,796	8,707,545
Adjustments for:			
Depreciation	3,725,927	3,465,323	6,349,211
Loss/(Gain) on disposal of property, plant and	(38,919)	296	(51,298)
Exchange (gains)/Loss	186,144	(124,115)	(256,068)
Amortization of capital grants	(315,900)	(315,900)	(631,802)
Interest expense	1,264,175	1,519,208	2,688,944
Operating profit before working capital changes	8,770,759	8,628,607	16,806,531
Increase in receivables and prepayments	(4,269,442)	(1,383,015)	(597,483)
Decrease/(increase) in inventories	(467,774)	(468,672)	(574,622)
Increase in accounts payable and accruals	1,567,448	(539,139)	4,209,280
Increase/(Decrease) in due to related party	0	(59,533)	(1,903,050)
Cash generated from operations	5,600,990	6,178,247	17,940,656
Interest paid	(1,155,274)	(1,112,998)	(2,652,993)
Income tax paid	(874,976)	(1,720,855)	(2,503,819)
Net cash from operating activities	3,570,740	3,344,395	12,783,845
Cash flows from investing activities			
Purchase of property, plant and equipment	(5,508,169)	(3,153,106)	(13,134,761)
Proceeds on disposal of property, plant and equipment	42,600	0	51,600
Net cash used in investing activities	(5,465,569)	(3,153,106)	(13,083,161)
Cash flows from financing activities			
Proceeds from borrowings	1,950,000	750,000	27,775,040
Repayment of borrowings	(2,116,909)	(2,232,221)	(26,619,151)
Dividends paid	(781,300)	(625,040)	(1,250,079)
Increase in other liabilities	139,312	217,486	163,811
Net cash generated from/(used in) financing activities	(808,897)	(1,889,775)	69,621
Net increase/(decrease) in cash and cash equivalents	(2,703,726)	(1,698,486)	(229,696)
Cash and cash equivalents, beginning of year	1,221,670	1,451,366	1,451,366
Cash and cash equivalents, end of year	(1,482,056)	(247,120)	1,221,670

1. NOTES TO FINANCIAL STATEMENTS

General information

Dominica Electricity Services Limited (the Company) was incorporated as a public limited liability company in the Commonwealth of Dominica on April 30, 1975. The Company is regulated under the Electricity Supply Act, 1996 and is responsible for electricity generation, transmission and distribution in the Commonwealth of Dominica. The Company is listed on the Eastern Caribbean Securities Exchange and falls under the jurisdiction of the Eastern Caribbean Securities Regulatory Commission.

Dominica Private Power Ltd. (thereafter "DPP"), a company incorporated in the Turks and Caicos Islands owns 52% of the issued shares capital of the Company, the Dominica Social Security owns 21% and the remaining 27% is held by the general public.

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

Summary of significant accounting policies

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

Basis of preparation

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

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdraft. The bank overdraft is shown within borrowings in current liabilities on the balance sheet.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at fair value, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the asset's carrying amount and the future collectible amount. The amount of the provision is recognised in the income statement.

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

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

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

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

Buildings, headworks and pipelines	21/2 – 3 1/3%
Generator transmission and distribution	4 - 10%
Motor vehicles	14 – 20%
Furniture and fittings	12 1/2 - 33 1/3%

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

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

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

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

Impairment of assets

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

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Interest expense is recorded on an accrual basis over the period it becomes due. Borrowing costs is recognized as an expense in the period in which they are incurred.

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

Provisions

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

Deferred taxes

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

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

Deferred income 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.

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

Capital work in progress

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

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

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

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

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

Share capital
Ordinary shares are classified as equity.

Dividends
Dividends on ordinary shares are recorded in the Company's financial statements in the same period that it is declared by the Board of Directors.

Revenue recognition
Revenues comprise the fair value for the sale of energy. Revenue is recognized as follows:

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

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

<u>Interest income</u>
Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

(a) Pension
The Company contributes to a defined contribution plan for all employees subscribing to the Plan. The assets of the Plan are held separately. The pension plan is funded by payments from participating employees and the Company. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The Company contributes 3% of each of the individual employee's monthly salary while the employee contributes a minimum of 3% of his/her monthly salary.

The Company pays its contribution to a privately administered pension insurance plan on a contractual basis. The Company has no further payment obligation once the contribution has been paid. The contributions are recognised as employee benefit expenses when they are due.

(b) Termination benefits
Termination benefits are payable when employment is terminated prior to the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either; terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Foreign currency translation

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

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

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

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

Financial risk management

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

Foreign exchange risk

The Company trades internationally. Such transactions are primarily in United States dollars. The exchange rate of the Eastern Caribbean dollar (EC$) to the United States dollar (US$) has been formally pegged at EC$2.70 = US$1.00 since July 1976. As at June 30th 2006 the company held loans denominated in foreign currencies (other than US$) amounting to EC$ 3,253,518 comprised as follows: CAD 161,253.12, XDR246,336, and Euro539, 426. The company does not believe that there is significant foreign exchange risk for loans denominated in US$.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Management does not believe significant liquidity risk exists at June 30^{th} 2006.

Credit risk

Financial assets, which potentially subject the Company to concentrations of credit risk, consist principally of bank deposits, available-for-sale financial assets and trade receivables. The Company's bank deposits are placed with high credit quality financial institutions. Trade receivables are presented net of the provision for impairment of receivables. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Company's customer base and their dispersion across different economic sectors. Management performs periodic credit evaluations of its customers’ financial condition and does not believe that significant credit risk exists at June 30, 2006.

Interest rate risk

Differences in contractual reprising or maturity dates and changes in interest rates may expose the Company to interest rate risk. Interest rates on all existing loans are fixed, therefore there is no significant risk.

Fair value estimation

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

Critical accounting estimates and judgements

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

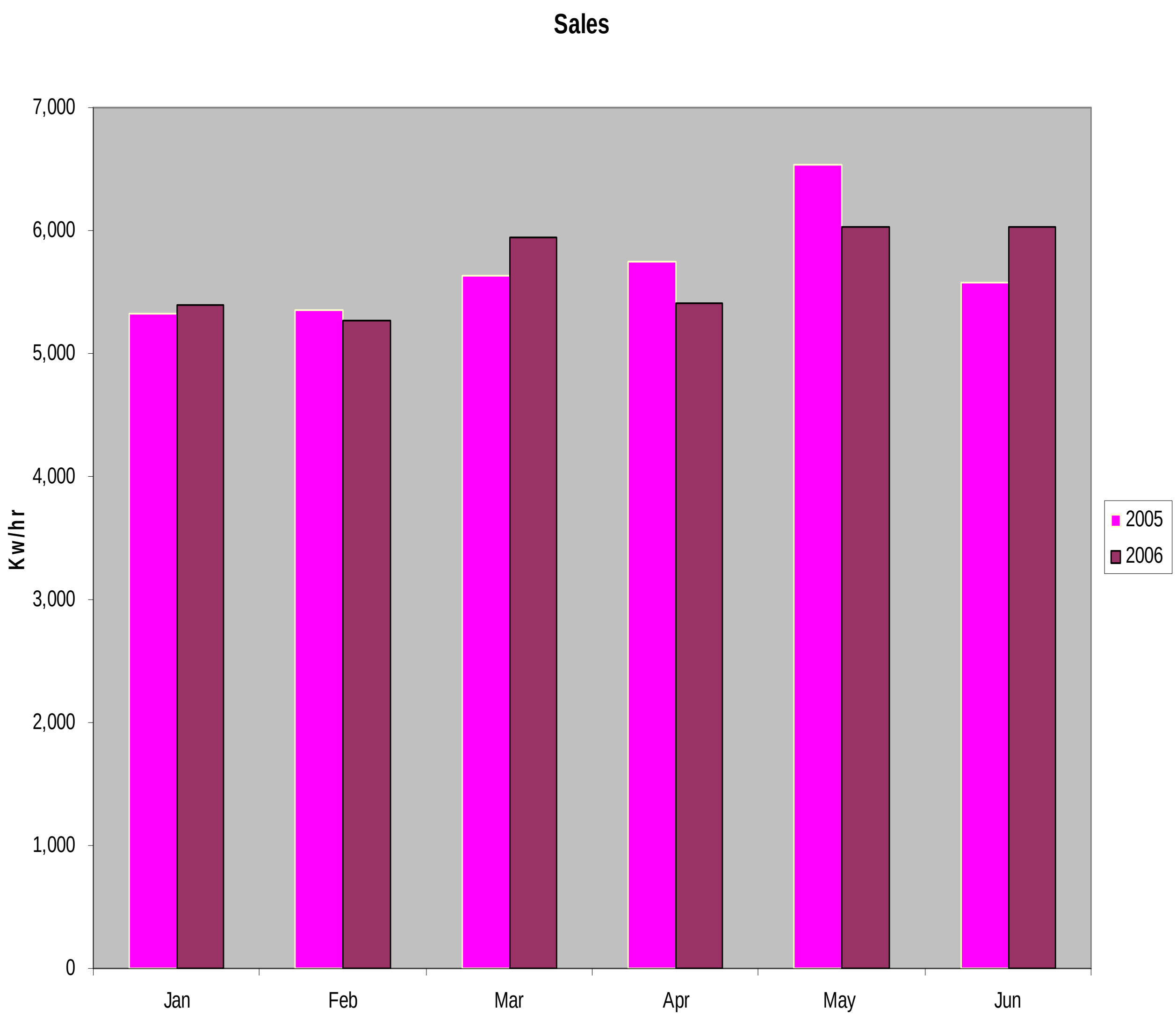
The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management does not consider that there are estimates and assumptions that will have a significant risk, causing a material adjustment to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

2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

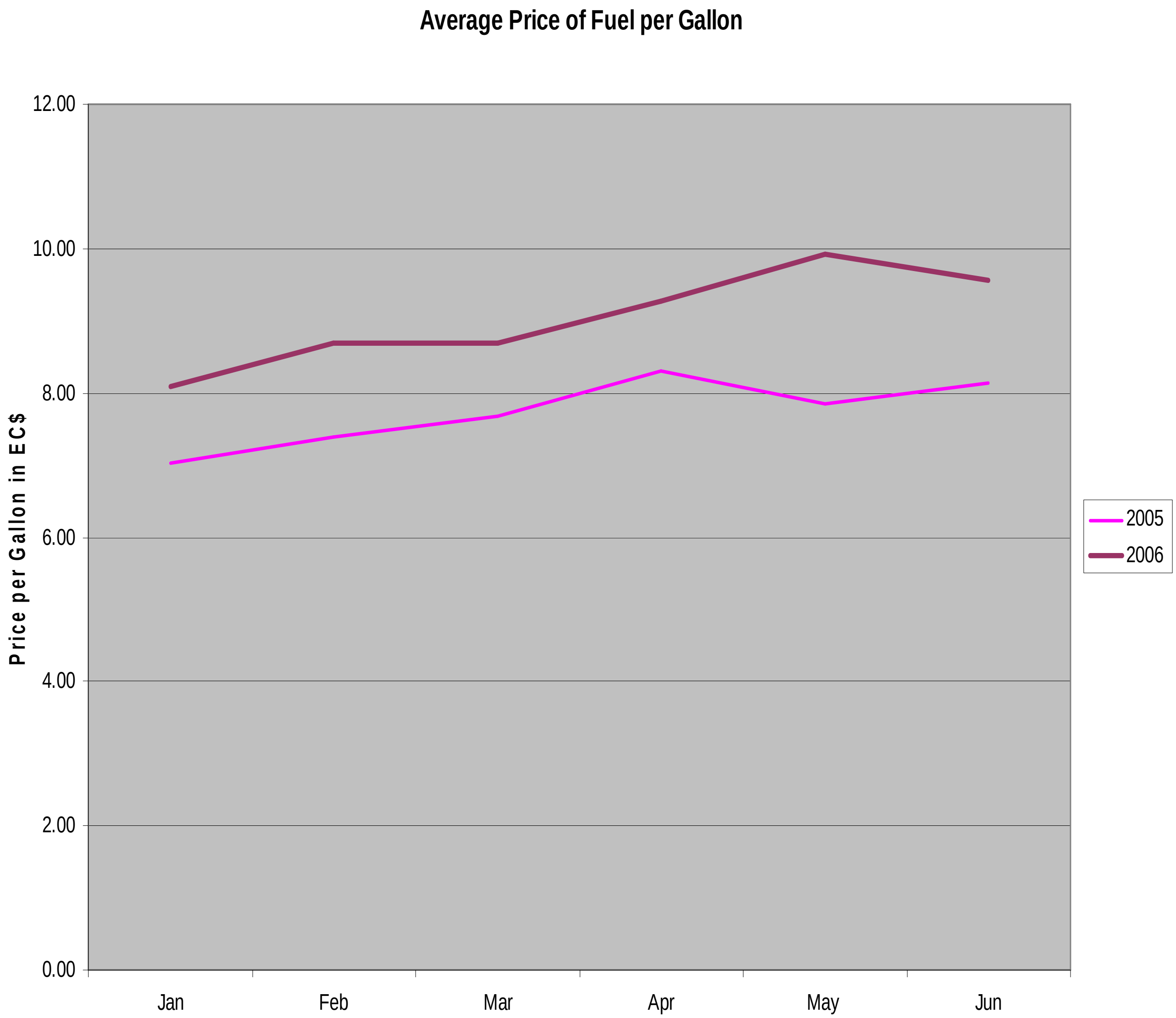
The company recorded a net profit after tax of EC$2.6million at June 2006, compared with a net profit after tax of EC$2.8 million for the same period last year.

Total revenue at the end of June 2006 increased by EC$4.083 million or 13% over the corresponding period of 2005. Revenue from electricity sales was marginally above that of June 2005 while fuel surcharge increased over the same period by EC$3.988 million or 48%.

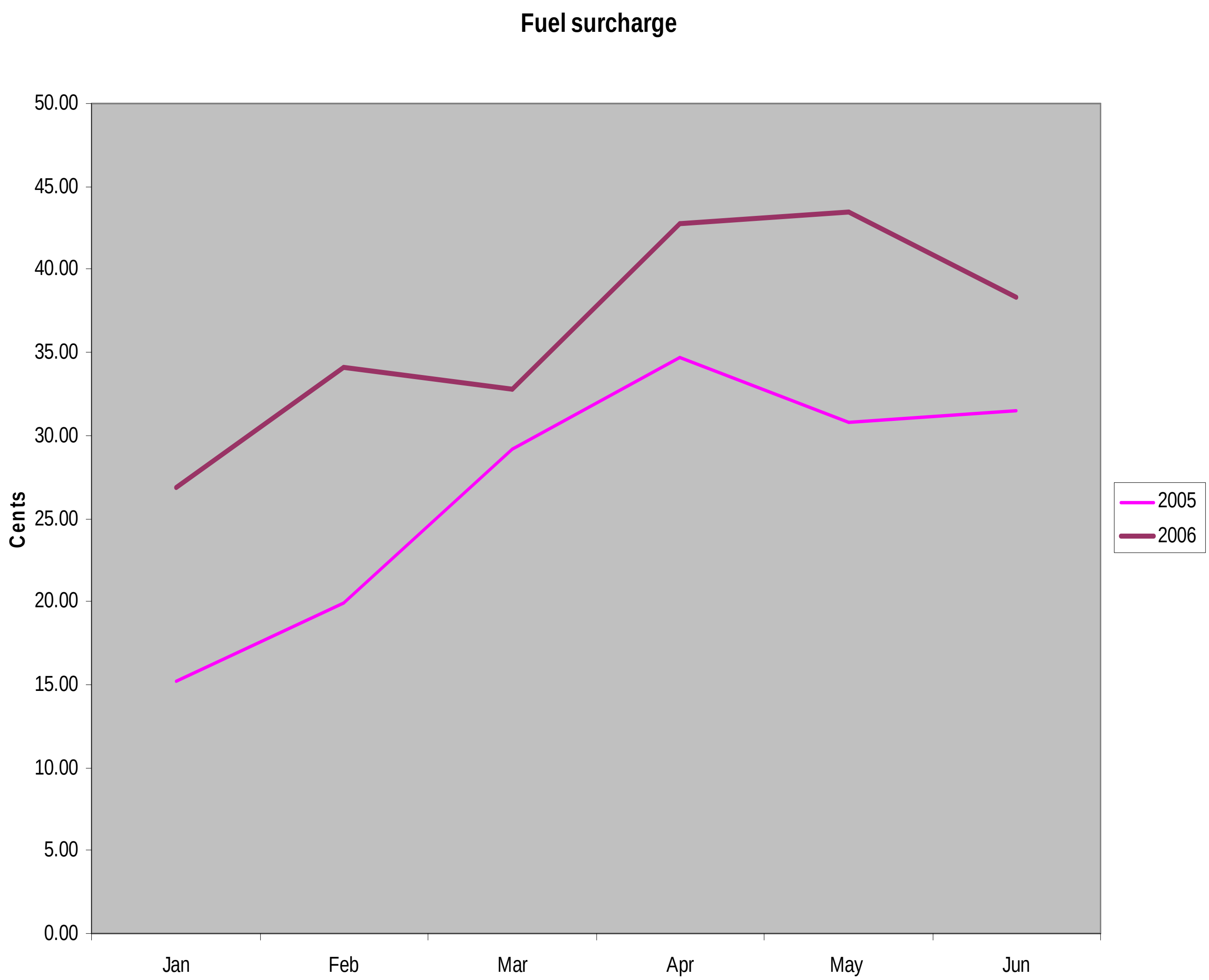
As reported in the first quarter, there has been no growth overall. Small increases in Domestic and Commercial sectors have been offset by decline in the Industrial and Hotel sectors.



Escalating oil prices on the world market has had a significant impact on the price of fuel used for the generation of electricity. Fuel costs to date, as compared to the corresponding period of 2005 increased by EC$3.591 million or 33%. The high fuel prices which have prevailed throughout this year, coupled with higher fuel consumption as compared to the same period last year, is responsible for the increase in fuel costs. At the end of June 2006, the company had utilized a total of 180,166 more gallons of diesel than were consumed in the first half of last year.



Average Price of Fuel per Gallon
Price per Gallon in EC$
12.00
10.00
8.00
6.00
4.00
2.00
0.00
Jan
Feb
Mar
Apr
May
Jun
2005
2006



Direct expenses to date, excluding fuel, increased over June 2005 by EC$439,467 or 4% due primarily to an increase in staff costs. Recoveries of staff costs to capital projects were significantly lower than 2005 because of temporary delays in the capital expenditure programme. Depreciation costs also increased over the same period last year by EC$260,604. Meanwhile, maintenance costs declined over 2005 by EC$695,705 or 29%.

Domlec In The Second Quarter Of 2006

Operating Highlights	**2006**	**2005**
Number of customers	31,253	27,721
Hydro generation (1,000 kWh)	12,669	15,332
Diesel generation (1,000 kWh)	28,781	26,046
Units sold (1,000 kWh)	34,089	34,177
Fuel efficiency	17.2%	17.5%
System losses	17.4%	15.5%

Hydro generation as at June 2006 fell by about 2.66 MWh when compared to the same period last year. This 17% drop in hydro generation is due in large part to the relatively dry weather conditions on island to June 2006, and to an exciter failure on one of the smaller hydro units.

Unit sales to date have decreased marginally from the same period last year, falling by about 0.3%. The decline in usage is attributed to higher overall costs to consumers as a result of higher fuel prices and the introduction of a new tax, VAT, on electricity bills. Sales, for the rest of 2006 are expected to remain at about the same level as 2005.

(a) **Liquidity**

The company has maintained its strong liquidity position as a result of the efficient management of working capital. This is expected to continue throughout 2006. As a further provision the company has access to an overdraft facility which can be used to meet short term obligations when necessary.

(b) **Capital Resources**

The company has committed $5.8 million during the first half of 2006 to acquire fixed assets. Capital commitments are being funded partly from internal funds and the balance from loan funds already secured.

(c) **Results of Operation.**

The company expects fuel prices to remain high for the rest of the year and that sales growth will be tempered by higher prices for electricity driven by high fuel costs and taxes. Sales are expected to remain flat or slightly below last year, particularly in the Hotel and Industrial sectors. Expenses will accordingly be managed to maintain profitability.

3. DISCLOSURE OF RISK FACTORS.

<u>Foreign exchange risk</u>

See above stated Notes to Financial Statements; Financial risk management.

<u>Credit risk</u>

See above stated Notes to Financial Statements; Financial risk management.

<u>Review of Electricity Supply Act</u>

The company is at an advanced stage of discussion with the government concerning proposed changes to the Electricity Supply Act. It is anticipated that the discussions will result in the creation of an Independent Regulatory Commission responsible for regulating the sector. Its terms of reference should allow for new entrants to the sector, for ensuring their efficient operation, and for creating conditions that will support the continuing viability of all licensed providers. The discussions are continuing towards achieving those ends.

4. LEGAL PROCEEDINGS.

DOMHCV0447
OF 2002

Ricky Rolle v. Stanley Daniel and Dominica Electricity Services Limited

Date Filed:	November 26th 2002
Case Type:	Negligence: Claimant involved in a vehicular accident with the defendant company's vehicle being driven at the time by an employee of the defendant company.
Status:	The quantum of damages has been agreed between the claimant and the company at $215,000 inclusive of costs and interests. Of this amount $200,000 has been recovered from the company's insurers.

5. CHANGES IN SECURITIES AND USE OF PROCEEDS.

None

6. DEFAULTS UPON SENIOR SECURITIES.

There has been no default on the payment of securities during the period under review.

7. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

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MAY 11TH 2006 32nd ANNUAL GENERAL MEETING

A proposal was submitted by shareholder Dominica social Security pursuant to sections 73 (1)(b), 73 (3), 114 (a) and 116 (a) of the Companies Act to have director Steven Mayers and Lambert Lewis removed from the Board of Directors . Mr. Lambert Lewis tendered his resignation to the Board of Directors effective May 9th 2006. The proposal was put to the meeting in respect of director Steven Mayers. The resolution carried on a majority vote by a show of hands.

A proposal was submitted by shareholder Dominica Social Security nominating the following directors for election to the Board of Directors to fill the vacancy created by the removal and resignation of directors Steven Mayers and Lambert Lewis respectively. These directors were duly elected for the period indicated on a majority vote by a show of hands.

Dr. Valda Henry – One year
Mr. Trevor Burton – One Year

PricewaterhouseCoopers were re-appointed as auditors for the year ending December 31st 2006 on a majority vote by a show of hands.

The current Directors of the Company are as follows

Robert Blanchard Jr. - Chairman of the Board
Joel Huggins – Managing Director
Nigel Wardle – Chairman of the Audit Committee
Grayson Stedman
Norman Rolle
Dr. Valda Henry
Trevor Burton
Malcolm Harris

SIGNATURES

Name of Chief Executive Officer:	Name of Director:
JOEL HUGGINS	______________________________
______________________________	______________________________
Signature	Signature
______________________________	______________________________
Date	Date