Schedule 3
FORM ECSRC - SA

Semi-Annual Report
For the period ended June 30, 2007

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

1. Financial Statements

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED BALANCE SHEET
AS AT JUNE 30, 2007
(expressed in Eastern Caribbean Dollars)

	June 2007 $	June 2006 $	December 2006 $
Assets			
Current assets			
Cash and cash equivalents	261,312	254,100	377,921
Receivables and prepayments	17,093,383	16,245,323	15,494,602
Inventories	9,404,435	8,126,256	9,590,510
	26,759,130	24,625,679	25,463,033
Capital work in progress	8,948,004	4,489,301	2,929,657
Property, plant and equipment	79,332,472	80,610,905	83,127,186
	115,039,605	109,725,885	111,519,876
Liabilities			
Current liabilities			
Borrowings	5,999,037	4,508,982	6,042,019
Accounts payable and accruals	8,158,113	9,802,083	8,477,916
Due to related party	0	0	131,201
Income tax Payable	1,264,660	1,220,329	1,136,676
	15,421,810	15,531,394	15,787,812
Borrowings	31,383,109	33,295,872	30,220,636
Deferred tax liability	14,893,036	14,803,718	14,671,384
Other liabilities	6,088,206	3,602,697	5,719,379
Capital grants	1,997,798	2,201,509	2,216,539
	69,783,959	69,435,189	68,615,750
Shareholders' Equity			
Share capital	10,417,328	10,417,328	10,417,328
Retained earnings	34,838,318	29,873,367	32,486,798
	45,255,646	40,290,695	42,904,126
	115,039,605	109,725,885	111,519,876

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE QUARTER ENDED JUNE 30, 2007
(expressed in Eastern Caribbean Dollars)

	June 2007 $	June 2006 $	December 2006 $
Share capital			
Ordinary shares, beginning and end of year	10,417,328	10,417,328	10,417,328
Retained earnings			
At beginning of year	32,486,798	28,050,672	28,050,672
Net income/(loss) for the year	3,132,818	2,603,995	5,998,725
Ordinary dividends rescinded (declared)	(781,300)	(781,300)	(1,562,599)
At end of year	34,838,318	29,873,367	32,486,798
Shareholders' equity, end of year	45,255,646	40,290,695	42,904,126

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED JUNE 30, 2007
(expressed in Eastern Caribbean Dollars)

	June 2007 $	June 2006 $	December 2006 $
Cash flows from operating activities			
Net income/(loss) before tax	4,658,894	3,949,333	8,614,405
Adjustments for:			
Depreciation	3,705,547	3,725,927	6,770,238
Loss/(Gain) on disposal of property, plant and equipment	(34,597)	(38,919)	(43,418)
Exchange (gains)/Loss	(35,659)	186,144	206,932
Amortization of capital grants	(262,785)	(315,900)	(731,078)
Interest expense	1,181,991	1,264,175	2,377,924
Operating profit before working capital changes	9,213,390	8,770,759	17,195,001
Increase in receivables and prepayments	(1,598,781)	(4,269,442)	(3,518,722)
Decrease/(increase) in inventories	186,075	(467,774)	(1,932,028)
Increase in accounts payable and accruals	(319,803)	1,567,448	901,910
Increase/(Decrease) in due to related party	0	0	131,201
Cash generated from operations	7,480,881	5,600,990	12,777,362
Interest paid	(1,000,775)	(1,155,274)	(2,361,303)
Income tax paid	(1,176,442)	(874,976)	(2,602,612)
Net cash from operating activities	5,303,665	3,570,740	7,813,447
Cash flows from investing activities			
Purchase of property, plant and equipment	(6,084,540)	(5,508,169)	(9,240,692)
Proceeds on disposal of property, plant and equipment	34,600	42,600	44,600
Net cash used in investing activities	(6,049,940)	(5,465,569)	(9,196,092)
Cash flows from financing activities			
Proceeds from borrowings	2,375,605	1,950,000	3,439,395
Repayment of borrowings	(3,331,532)	(2,116,909)	(5,084,366)
Dividends paid	(781,300)	(781,300)	(1,562,599)
Increase in other liabilities	368,827	139,312	1,392,539
Increase in Capital grants	0	0	430,211
Net cash generated from/(used in) financing activities	(1,368,400)	(808,897)	(1,384,820)
Net increase/(decrease) in cash and cash equivalents	(2,114,676)	(2,703,726)	(2,767,465)
Cash and cash equivalents, beginning of year	(1,545,795)	1,221,670	1,221,670
Cash and cash equivalents, end of year	(3,660,471)	(1,482,056)	(1,545,795)

1 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 operates in a liberalised market under the Electricity Supply Act No. 10 of 2006 which was brought into force effective March 1st 2007 by order of the Minister published in the Gazette on the 10th day of May 2007. The company is regulated by an Independent Regulatory Commission established by the Act and is currently the sole licencee under the Act responsible for generation, transmission and distribution of electricity on the island. 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 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 below.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, 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.

Summary of significant accounting policies*…continued*

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 cost to their residual lives over their estimated useful lives, as follows:

Buildings, headworks and pipelines	2 1/2 – 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.

Summary of significant accounting policies…*continued*

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 cost 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.

Summary of significant accounting policies…*continued*

Consumer contributions

In certain specified circumstances, consumers requiring line extensions are required to contribute the estimated capital cost of the extension. These contributions are recorded as deferred revenue and the actual cost incurred is capitalized in 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.

Summary of significant accounting policies…*continued*

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$1.00 since July 1976. As at June 30th 2007, the company held loans denominated in foreign currencies (other than US$) amounting to EC$ 1,503,218 comprised as follows: CAD 78,082 and Euro 349,249. The company does not believe that there is significant foreign exchange risk for loans denominated in US$.

<u>Liquidity risk</u>
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 30th, 2007.

<u>Credit risk</u>
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 30th, 2007.

<u>Interest rate risk</u>
Differences in contractual reprising or maturity dates and changes in interest rates may expose the Company to interest rate risk.

<u>Fair value estimation</u>
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.

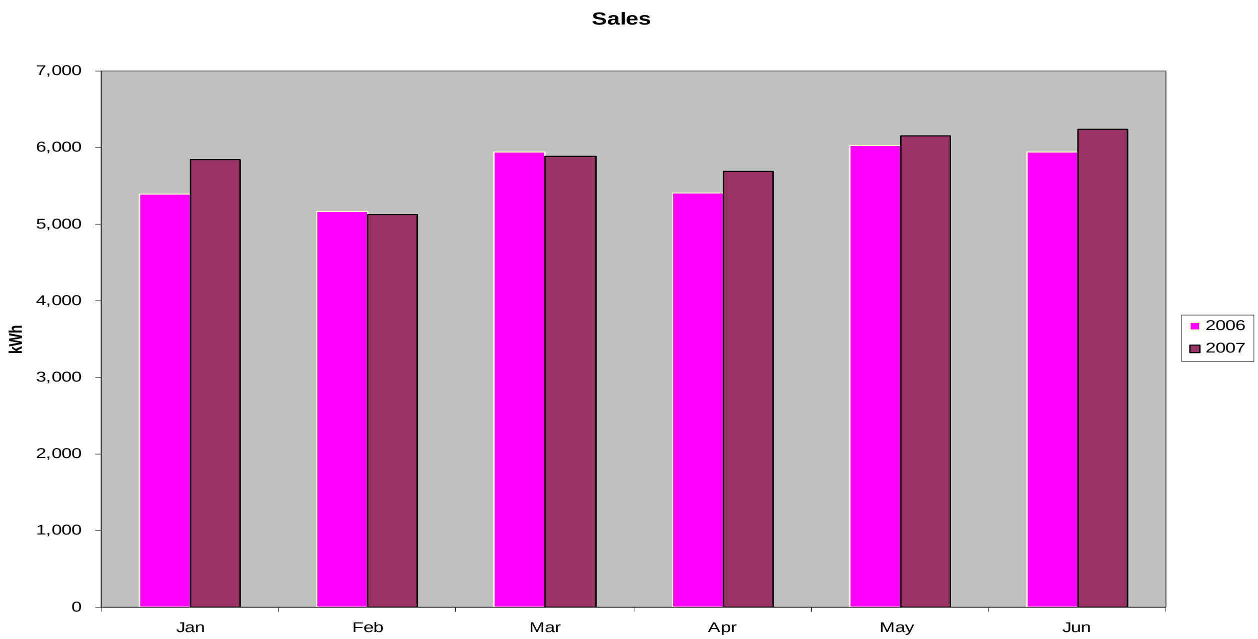
The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management do not consider that there are estimates and assumptions that will have a significant risk, causing a material adjustment to the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

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

At June 30th 2007 the company recorded a net profit after taxes of EC$3.133 million, compared to a profit of EC$2.604 million over the same period of 2006.

Electricity sales for the period ended June 2007 totalled 34,953,010 kWh yielding income of EC$37.5 million, an increase of EC$1.880 million or 5% over the corresponding period of 2006. The increase in total revenue was mainly due to electricity sales and fuel surcharge being above the June 2006 figures by EC$1.320 million or 6% and EC$0.406 million or 3% respectively.

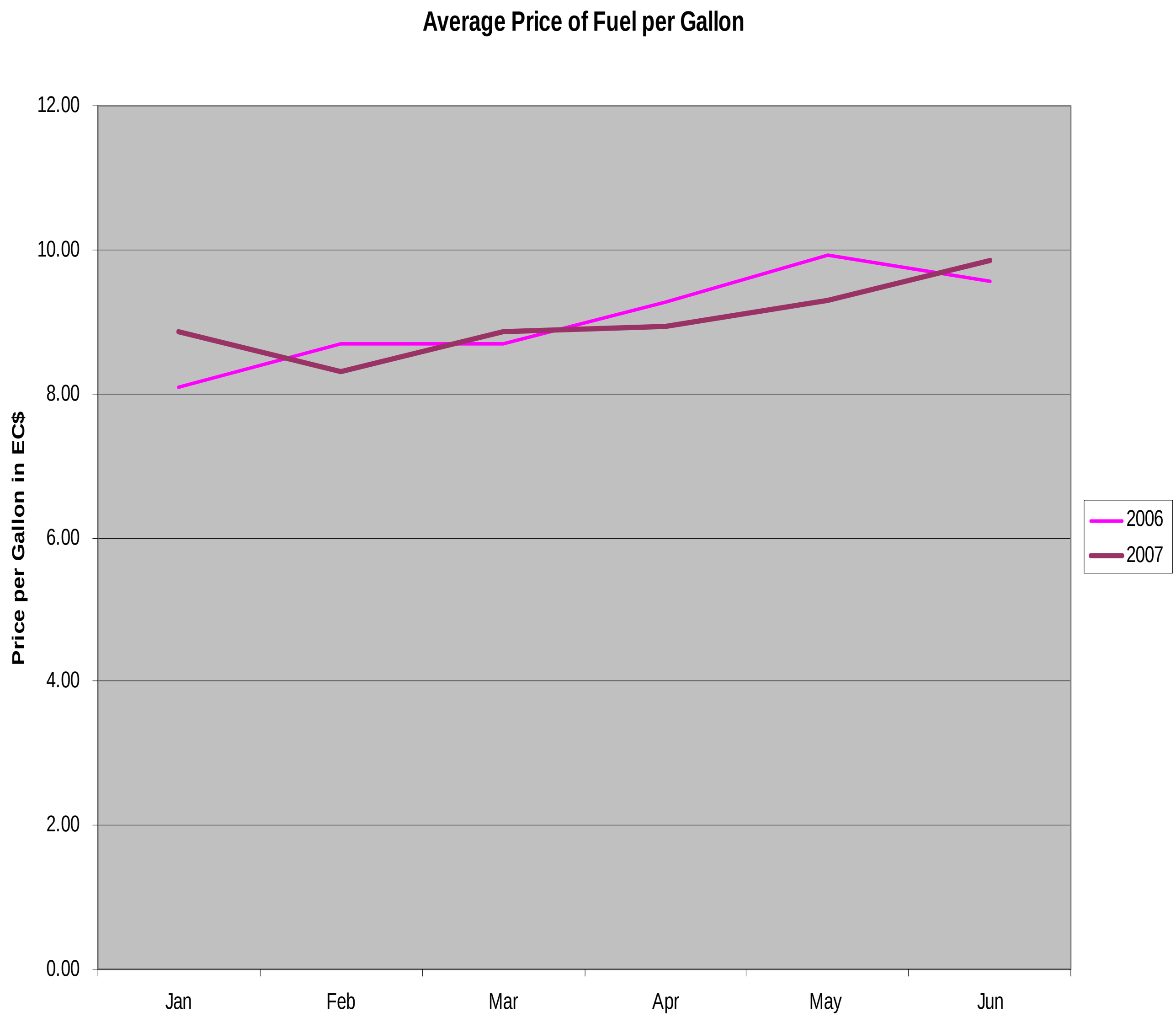
Overall, the company experienced growth in electricity sales of 3.1% over the previous year with the most significant increase being reflected in the Commercial sector. Unit electricity sales in the Commercial sector grew by 9.5% with sales in the Industrial sector also increasing by 3.8%. Despite the overall increase, sales in the Hotel sector declined by 20.3%. The main reason for the significant decline in demand within the hotel sector is the fact that a few major customers within the sector have chosen to self generate and this has had an adverse impact on unit sales.



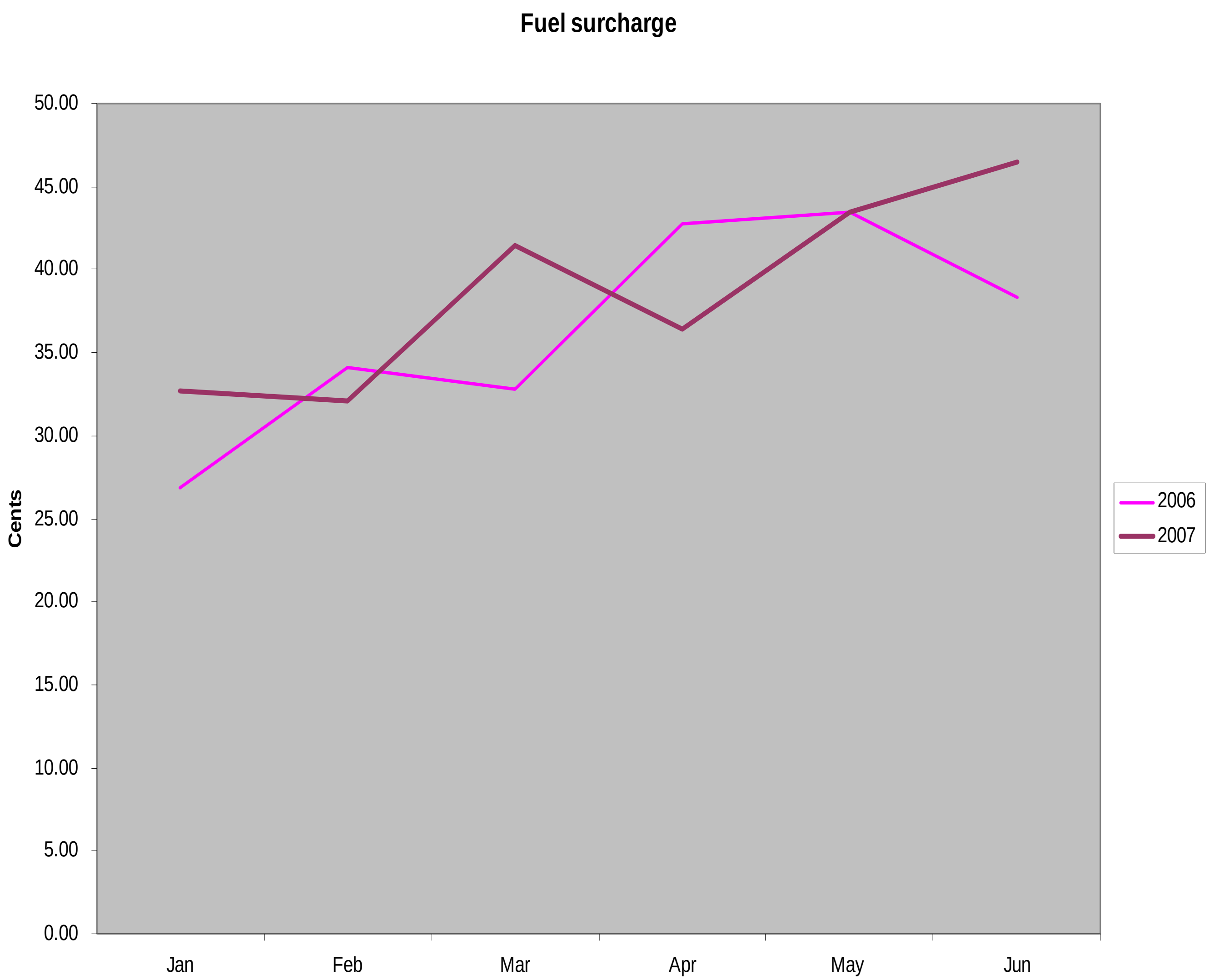
Due to the general upward movement of fuel prices on the world market, fuel costs for the quarter ended June 2007 increased over the same period of 2006 by EC$1.297 million or 9%. The high cost of fuel continues to be a major concern to the company since it significantly impacts the cost of producing electricity. The average price paid for diesel fuel as at June 2007 was EC$9.10 compared to EC$9.00 in the corresponding period of 2006.

At the end of June 2007, a total of 170,532 or 10% more gallons of fuel was consumed than what was utilized in the same period of 2006. Overall, higher fuel prices coupled with increased fuel consumption is responsible for the increase in fuel cost.

The hot weather patterns which prevailed during the early periods of 2007 continued into the second quarter. As a consequence of the extreme dry weather, hydro generation for the period ended June 2007 was below the June 2006 figures by 858,600 kWh or 7%. Due to the shortfall in hydro generation, more reliance was placed on diesel generation which resulted in a total of 2,184,173 kWh or 8% more energy being produced than what was recorded for the same period of 2006. This resulted in more diesel fuel used in this year than for the same period last year.



Fuel cost net of fuel surcharge recovery increased over the corresponding period of 2006 by EC$0.891 million or 44%.



Direct expenses net of fuel cost increased over that of 2006 by EC$0.135 million or 1% mainly as a result of an increase in maintenance cost. To date the company has undertaken two major overhauls compared to one in the corresponding period of 2006. Additionally, in an attempt to improve reliability and in preparation for the hurricane season, LV maintenance activities were increased thereby further increasing maintenance costs.

DOMLEC IN THE SECOND QUARTER OF 2007

Operating Highlights	2007	2006
Number of customers	33,956	31,253
Hydro generation (1,000 kWh)	11,810	12,669
Diesel generation (1,000 kWh)	30,965	28,781
Units sold (1,000 kWh)	34,953	34,089
Fuel efficiency(kWh per IG)	16.82	17.23
System losses	15.8%	17.4%

(a) **Liquidity**

The level of trade receivables continues to be a concern for the company, particularly Government's debt and debt outstanding for more than 60 days. At the end of this quarter, total trade receivables (excluding unbilled sales) stood at EC$14.579 million, up from EC$13.679 million from the first half of 2006. Government's debt continues to represent the major portion of collectibles, amounting to 42% of gross receivables at the end of the quarter. Notwithstanding, the company remains in a stable liquidity position, with a current ratio of 1.75:1. (See Note 8 below)

(b) **Capital Resources**

The company has committed $7.2 million during the period to acquire fixed assets. This capital commitment was funded partly from internal funds and the balance from already negotiated funds from a local financial institution.

(c) **Results of Operation.**

While sales revenue for the quarter has increased, the dismal performance in the hotel sector, brought about by self generation by the largest customers within the sector remains a major concern for the company and has negatively impacted revenue from this sector. Changes in the electricity supply act, which governs electricity generation on the island, have now made it possible for large customers to opt for self generation.

3. Disclosure of Risk Factors.

The greatest risk with which the company is faced at this time is the uncertainties being brought about by the liberalisation of the sector under the new Electricity Supply Act No. 10 of 2006. Of greatest concern is the possible erosion of market share. The Act provides for a regulatory commission to issue licences for the supply of electricity; both for self generation and for sale to consumers. It also provides for domestic customers to self generate without a licence if the generation set is less than 20 kilowatts. These changes could have a damaging impact on DOMLEC’s sales in the short term and its overall presence in the market in the long run.

Another major concern with the new legislation is that the expiration of the company’s operating licence has been advanced from 2025 to 2015 at a time when it is evident that the company needs to make large investments in a new power plant and transmission system in order to improve the efficiency and reliability of supply to consumers. This creates uncertainty for both DOMLEC’s investors and lending institutions since the operating life of the investment will be for 20 years while the licence expires in nine (9) years.

Furthermore, uncertainty exists with the tariff setting mechanism through which the investors are allowed a return on their investment. The company will be required to file its proposed tariff rates with the regulatory commission by December 2007. It is unknown at this time what tariff mechanism will be required or approved by the regulatory commission

4. Legal Proceedings.

None

5. Changes in Securities and Use of Proceeds.

None

6. Defaults upon Senior Securities.

None

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

MAY 16th 2007 — 33rd ANNUAL GENERAL MEETING

The following directors were elected uncontested to serve for the periods indicated:

Robert Blanchard Jr.	Three Years
Nigel Wardle	Three Years
Malcolm Harris	Three Years
Joel Huggins	Three Years
Valda Henry	Three Years
Trevor Burton	Three Years

PricewaterhouseCoopers were re-appointed as auditors for the year ending December 31st 2007 on a majority vote by a show of hands.

8. Other Information.

At the time this report was being prepared, the Government of Dominica made a significant payment amounting to EC$5.0 million towards its outstanding debt. The payment which was made on July 17, 2007 had significantly reduced the government's indebtedness to the company and will improve the company's liquidity position. Government's total indebtedness to the company as at July 31st 2007 stood at EC$ 1,583,534.55.

SIGNATURES

Name of Chief Executive Officer:	Name of Director:
Signature	Signature
Date	Date