Schedule 3
FORM ECSRC - Q

Quarterly Report
For the period ended September 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 SEPTEMBER 30, 2006
(expressed in Eastern Caribbean Dollars)

	September 2006 $	September 2005 $	December 2005 $
Assets			
Current assets			
Cash and cash equivalents	277,914	640,829	1,221,670
Receivables and prepayments	15,806,201	13,591,007	11,975,880
Inventories	9,162,222	7,696,455	7,658,482
	25,246,337	21,928,291	20,856,032
Capital work in progress	6,003,926	9,514,445	95,009
Property, plant and equipment	78,835,421	70,051,592	82,652,051
	110,085,684	101,494,328	103,603,092
Liabilities			
Current liabilities			
Borrowings	2,447,953	3,400,869	4,655,794
Accounts payable and accruals	9,588,399	6,001,604	7,576,006
Due to related party	0	0	0
Income tax Payable	1,094,932	921,728	874,857
	13,131,284	10,324,200	13,106,657
Borrowings	34,746,052	32,426,428	31,345,872
Deferred tax liability	14,851,280	14,792,521	14,685,710
Other liabilities	3,660,112	3,839,485	3,463,385
Capital grants	2,043,558	2,675,359	2,517,408
	68,432,286	64,057,993	65,119,032
Shareholders' Equity			
Share capital	10,417,328	10,417,328	10,417,328
Retained earnings	31,236,070	27,019,006	28,066,732
	41,653,398	37,436,334	38,484,060
	110,085,684	101,494,328	103,603,092

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

	September 2006 $	September 2005 $	December 2005 $
Revenue			
Energy sales	35,255,305	35,170,197	46,457,948
Fuel surcharge	19,000,112	13,953,383	20,170,501
Other revenue	410,157	474,751	698,246
	54,665,574	49,598,331	67,326,695
Direct expenses			
Operating	9,472,054	8,411,553	11,668,719
Maintenance	2,741,218	3,274,950	4,465,026
Depreciation	5,588,890	5,197,984	6,349,211
Fuel	22,504,051	17,999,132	25,883,551
	40,306,212	34,883,618	48,366,507
Gross profit	14,359,363	14,714,714	18,960,189
Administrative expenses	6,639,049	6,712,030	8,674,678
Net operating income	7,720,313	8,002,684	10,285,510
Other expenses/(income)			
Amortization of capital grants	(473,851)	(473,851)	(631,801)
Foreign exchange losses/(gains)	314,979	(140,206)	(427,881)
Loss/(Gain) on disposal of plant and equipment	(38,919)	(14,903)	(51,298)
	(197,790)	(628,960)	(1,110,980)
Net income before finance	7,918,104	8,631,643	11,396,489
Finance charges	(1,980,538)	(2,226,146)	(2,688,944)
Net income before tax	5,937,565	6,405,498	8,707,545
Income tax	(1,970,868)	(1,906,162)	(2,535,444)
Net income/(loss) for the period	3,966,697	4,499,336	6,172,101
Earnings/(loss) per share	0.38	0.43	0.59

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

	September 2006 $	September 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 period	3,966,697	4,499,336	6,172,101
Ordinary dividends rescinded (declared)	(781,300)	(625,040)	(1,250,079)
At end of period	31,236,070	27,019,006	28,066,732
Shareholders' equity, end of period	41,653,398	37,436,334	38,484,060

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

	September 2006 $	September 2005 $	December 2005 $
Cash flows from operating activities			
Net income/(loss) before tax	5,937,565	6,405,498	8,707,545
Adjustments for:			
Depreciation	5,588,890	5,197,984	6,349,211
Loss/(Gain) on disposal of property, plant and	(38,919)	(14,903)	(51,298)
Exchange (gains)/Loss	257,777	(151,024)	(256,068)
Amortization of capital grants	(473,851)	(473,851)	(631,802)
Interest expense	1,980,538	2,226,146	2,688,944
Operating profit before working capital changes	13,252,000	13,189,850	16,806,531
Increase in receivables and prepayments	(3,830,321)	(1,841,407)	(597,483)
Decrease/(increase) in inventories	(1,503,740)	(612,594)	(574,622)
Increase in accounts payable and accruals	1,353,764	1,762,043	3,907,623
Increase/(Decrease) in due to related party	0	(1,421,985)	(1,903,050)
Cash generated from operations	9,271,704	11,075,907	17,638,999
Interest paid	(1,678,361)	(1,931,475)	(2,652,993)
Income tax paid	(1,578,339)	(1,720,855)	(2,503,819)
Net cash from operating activities	6,015,003	7,423,577	12,482,188
Cash flows from investing activities			
Purchase of property, plant and equipment	(7,049,623)	(8,802,209)	(13,134,761)
Proceeds on disposal of property, plant and equipment	42,600	15,200	51,600
Net cash used in investing activities	(7,007,023)	(8,787,009)	(13,083,161)
Cash flows from financing activities			
Proceeds from borrowings	3,450,000	2,634,605	27,775,040
Repayment of borrowings	(3,643,583)	(4,025,068)	(26,317,494)
Dividends paid	(781,300)	(625,040)	(1,250,079)
Increase in other liabilities	196,727	114,876	163,811
Net cash generated from/(used in) financing activities	(778,156)	(1,900,626)	371,278
Net increase/(decrease) in cash and cash equivalents	(1,770,176)	(3,264,058)	(229,696)
Cash and cash equivalents, beginning of year	1,221,670	1,451,366	1,451,366
Cash and cash equivalents, end of period	(548,506)	(1,812,692)	1,221,670

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 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 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.

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.

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.

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 in the period in which they are completed; and amortized over the life of the asset. The capital costs of the line extensions are included in the 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$1.00 since July 1976. As at September 30th 2006 the company held loans denominated in foreign currencies (other than US$) amounting to EC$ 2,359,262 comprised as follows: CAD 161,253, XDR 86,336, and Euro 439, 642. 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 September 30th 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 September 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. All the company’s loans are at fixed interest rates to maturity.

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 Condition and Results of Operations

Profit after tax for the period ended September 2006 was EC$3.97 million compared to profits of $4.50 million for the same period last year.

During the period January to September 2006, the company experienced growth in electricity sales of less than 1% over the same period last year. Both the Industrial and Hotel sectors reported negative growth of 7.9% and 9.6% respectively, while the Commercial sector reported growth of 2.9%. Growth in the Domestic Sector was marginal. It is anticipated that total 2006 sales will approximate the level experienced in 2005.

Revenue

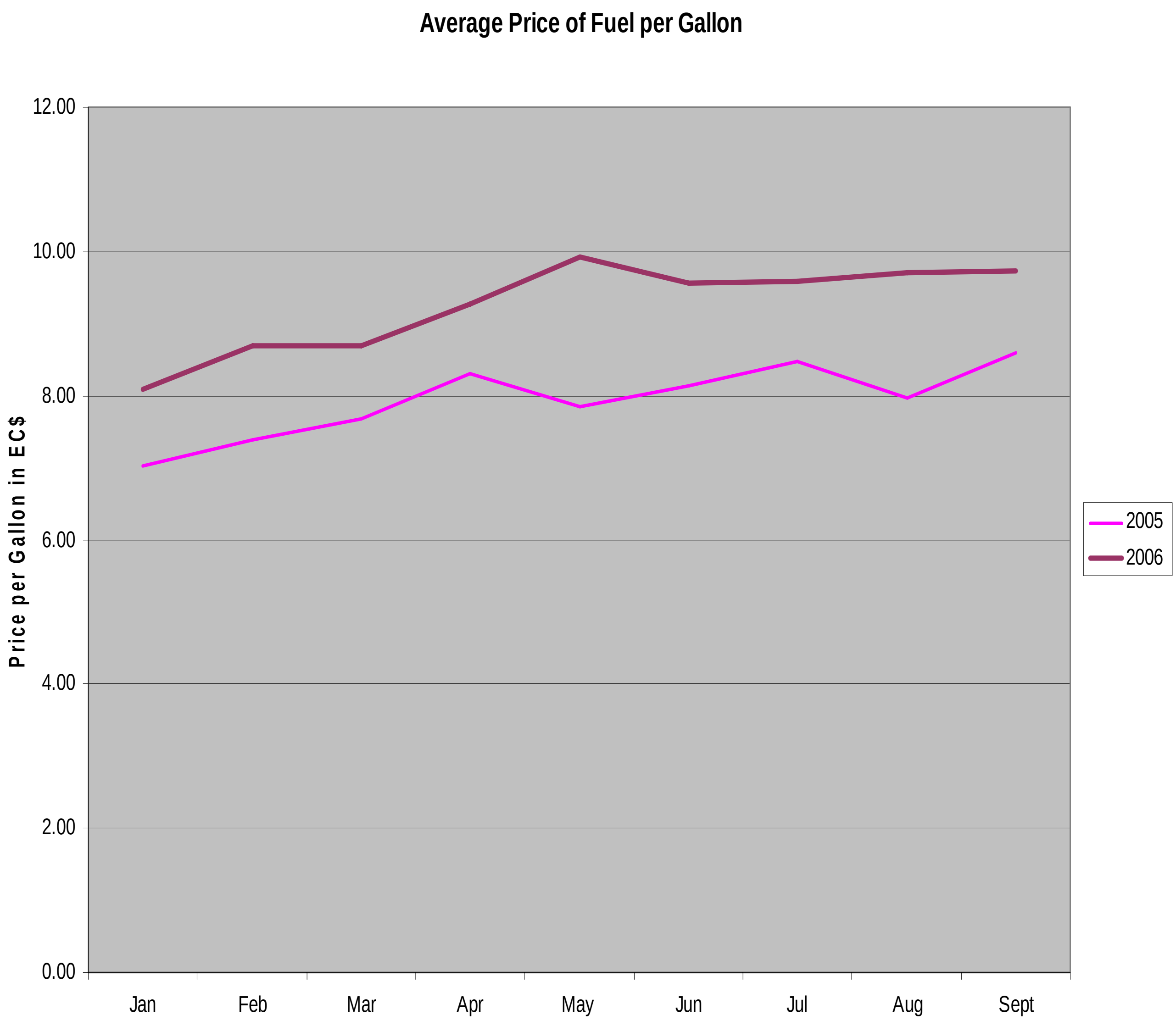
Total revenue at the end of September 2006 was EC$54.6 million as compared to EC$49.5 million at September 2005, an increase of EC$5.067million or 10%. Fuel prices for the period to September 2006 remained high, with prices peaking in May 2006 at just under EC$10.00 per gallon of diesel, and were the main drivers of the EC$5.05 million (36%) increase in fuel surcharge revenue at the end of the September 2006 quarter.

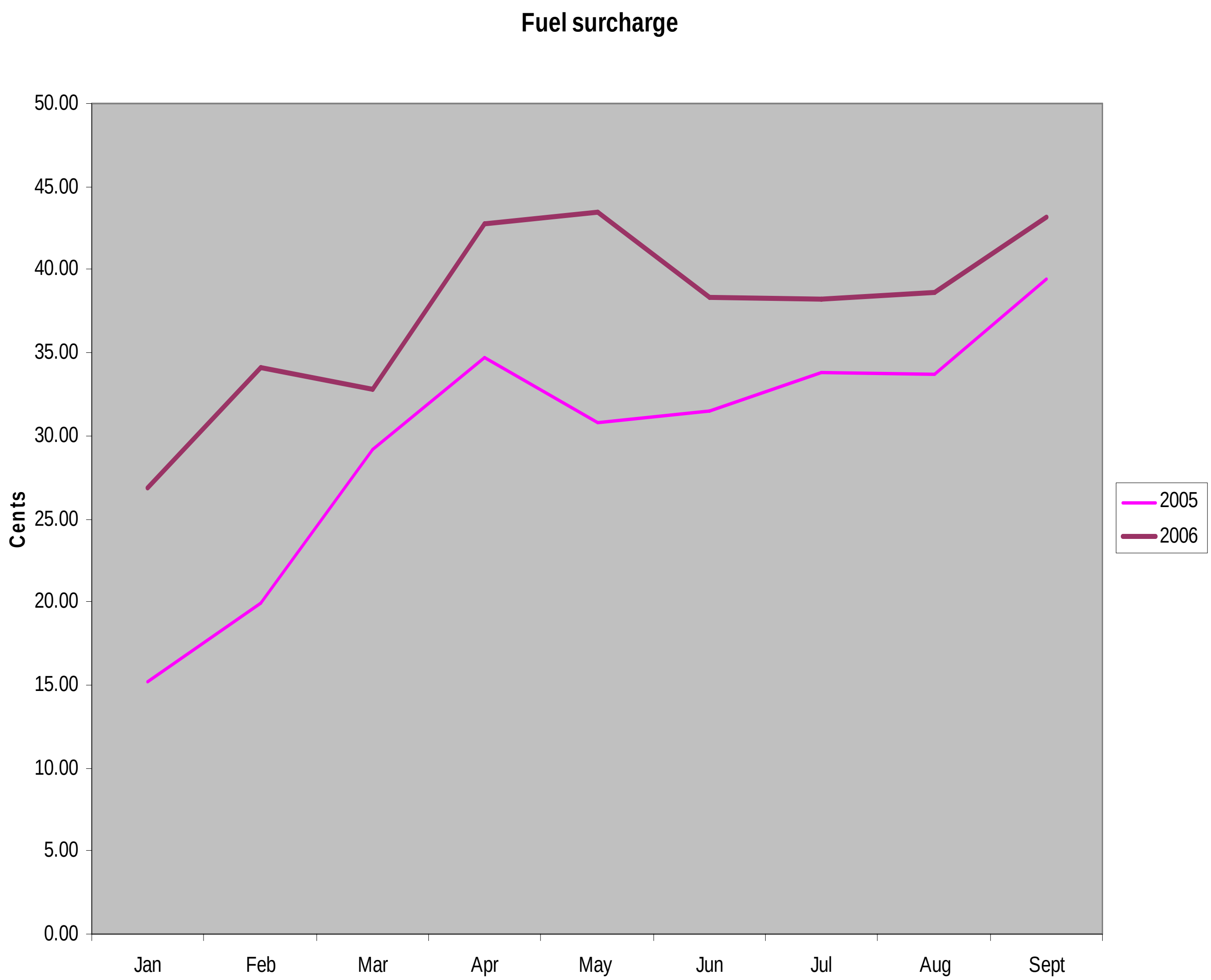
Direct expenses

Direct expenses increased by $5.4 million over the same period last year. Fuel, being the main contributing factor to the increase, rose by $4.5 million. In addition to the increase in the price of fuel, the company also utilized 6% more diesel than was used during the same period last year. Hydro generation was 5% less in September 2006 than it was in 2005.

Operating expense were EC$1.06 million higher in September 2006 than it was for the same period in 2005. The main contributors were staff costs due to temporary delays in capital works recoveries and contractors fees due to greater outsourcing of certain activities.

Maintenance costs declined over 2005 by EC$0.5 million or 16% because of fewer plant breakdowns and a corresponding improvement in service reliability.


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
Jul
Aug
Sept
2005
2006



(a) **Liquidity**

During the period trade receivables increased from $13.1 million to $15.6 million. Government's debt represents 33% of that debt and has increased from $4.6 million to $5.2 million. When Government's debt is excluded, the number of debtor's days outstanding for the period to September 2006 is nevertheless, 52 days as compared to 54 days for the same period last year. The company maintains a strong liquidity position, with a current ratio of better than 1.9 and has been able to finance 50% of its Capital expenditure from internal funds.

(b) **Capital Resources**

The company has committed $7.6 million during the period to acquire fixed assets. This capital commitment has been funded partly from internal sources and from loans. Further capital commitments for 2006 will be financed from funds which have already been negotiated with a local financial institution.

(c) **Results of Operation.**

The results to September 2006 was an EC$ 3.97 million net income after tax (September 2005- EC$4.5 million). Initially the company expected sales growth of about 4.5 % above that of 2005. This growth has not materialised to date, and is likely to be discouraged by high fuel costs and by the introduction of new taxes (VAT) on electricity consumption. Efforts are being made to keep operating costs in line such that 2006 operating results will be on par with 2005 after adjusting for foreign exchange differences.

3. Disclosure of Risk Factors.

<u>Foreign exchange risk</u>
See Summary of Significant Accounting Policies: Financial Risk Management.

<u>Credit risk</u>

See Summary of Significant Accounting Policies: Financial Risk Management.

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

The company's dialogue with the Government on the proposal to amend the Electricity Supply Act is continuing.

1. Legal Proceedings.

None

2. Changes in Securities and Use of Proceeds.

None

3. Defaults upon Senior Securities.

There have been no defaults on the payment of securities during the period under review.

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

None

SIGNATURES

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