Schedule 3
FORM ECSRC - Q

Quarterly Report:
For the period ended June 30th 2008

Issuer Registration Number: DOMLEC30041975DM

DOMINICA ELECTRICITY SERVICES LIMITED

(Exact name of reporting issuer as specified in its charter)

DOMINICA

(Territory or jurisdiction of incorporation)

P.O. BOX 1593, 18 CASTLE STREET, ROSEAU, DOMINICA

(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

1. Financial Statements

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED BALANCE SHEET
AS AT JUNE 30, 2008
(expressed in Eastern Caribbean Dollars)

	JUNE 2008 $	JUNE 2007 $	December 2007 $
Assets			
Current assets			
Cash and cash equivalents	167,787	261,312	234,979
Receivables and prepayments	18,601,695	17,093,383	15,017,253
Inventories	11,865,567	9,404,435	8,610,944
	30,635,049	26,759,130	23,863,176
Capital work in progress	14,127,754	8,948,004	636,452
Property, plant and equipment	84,076,734	79,332,472	88,511,066
	128,839,539	115,039,605	113,010,694
Liabilities			
Current liabilities			
Borrowings	3,703,204	5,999,037	6,167,014
Accounts payable and accruals	12,391,266	8,158,113	7,026,789
Due to related party	0	0	171,747
Income tax Payable	682,524	1,264,660	863,813
	16,776,994	15,421,810	14,229,363
Borrowings	40,183,687	31,383,109	28,159,458
Deferred tax liability	14,933,760	14,893,036	14,692,113
Other liabilities	6,782,645	6,088,206	6,730,252
Capital grants	1,631,582	1,997,798	1,779,033
	80,308,668	69,783,959	65,590,219
Shareholders' Equity			
Share capital	10,417,328	10,417,328	10,417,328
Retained earnings	38,113,544	34,838,318	37,003,147
	48,530,871	45,255,646	47,420,475
	128,839,539	115,039,605	113,010,694

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF INCOME
FOR THE QUARTER ENDED JUNE 30, 2008
(expressed in Eastern Caribbean Dollars)

	JUNE 2008 $	JUNE 2007 $	December 2007 $
Revenue			
Energy sales	24,020,674	24,495,645	49,396,615
Fuel surcharge	18,502,213	12,671,462	28,627,183
Other revenue	351,226	380,478	698,243
	42,874,112	37,547,585	78,722,041
Direct expenses			
Operating	6,284,862	6,130,655	12,260,675
Maintenance	2,805,384	2,119,718	6,042,862
Depreciation	4,213,831	3,705,547	6,628,356
Fuel	20,853,452	15,609,432	35,094,796
	34,157,528	27,565,352	60,026,689
Gross profit	8,716,584	9,982,233	18,695,352
Administrative expenses	4,955,779	4,469,881	7,423,813
Net operating income	3,760,805	5,512,351	11,271,539
Other expenses/(income)			
Amortization of capital grants	(215,554)	(262,785)	(527,241)
Foreign exchange losses/(gains)	14,484	(31,151)	147,685
Loss/(Gain) on disposal of plant and equipment	0	(34,597)	716,361
	(201,070)	(328,534)	336,806
Net income before finance	3,961,875	5,840,885	10,934,733
Finance charges	(1,070,022)	(1,181,991)	(2,240,194)
Net income before tax	2,891,853	4,658,894	8,694,539
Income tax	(1,000,157)	(1,526,077)	(2,615,591)
Net income/(loss) for the period	1,891,696	3,132,818	6,078,948
Earnings/(loss) per share	0.18	0.30	0.58

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE QUARTER ENDED JUNE 30, 2008
(expressed in Eastern Caribbean Dollars)

	JUNE 2008 $	JUNE 2007 $	December 2007 $
Share capital			
Ordinary shares, beginning and end of period	10,417,328	10,417,328	10,417,328
Retained earnings			
At beginning of year	37,003,147	32,486,798	32,486,798
Net income/(loss) for the period	1,891,696	3,132,818	6,078,948
Ordinary dividends rescinded (declared)	(781,300)	(781,300)	(1,562,599)
At end of period	38,113,543	34,838,318	37,003,147
Shareholders' equity, end of period	48,530,871	45,255,646	47,420,475

DOMINICA ELECTRICITY SERVICES LIMITED
UN-AUDITED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED JUNE 30, 2008
(expressed in Eastern Caribbean Dollars)

	JUNE 2008 $	JUNE 2007 $	December 2007 $
Cash flows from operating activities			
Net income/(loss) before tax	2,891,853	4,658,893	8,694,539
Adjustments for:			
Depreciation	4,213,831	3,705,547	6,628,356
Loss/(Gain) on disposal of property, plant and equipment	0	(34,597)	716,361
Exchange (gains)/Loss	17,138	(35,659)	108,468
Amortization of capital grants	(215,554)	(262,785)	(437,506)
Interest expense	1,070,022	1,181,991	2,240,194
Operating profit before working capital changes	7,977,290	9,213,389	17,950,412
Decrease (Increase) in receivables and prepayments	(3,584,442)	(1,598,781)	477,349
Decrease/(increase) in inventories	(3,254,623)	186,075	979,566
Increase in accounts payable and accruals	5,364,477	(319,803)	(1,451,127)
Increase/(Decrease) in due to related party	(171,747)	0	40,546
Cash generated from operations	6,330,955	7,480,881	17,996,747
Interest paid	(984,401)	(1,000,775)	(2,238,912)
Income tax paid	(939,799)	(1,176,442)	(2,867,725)
Net cash from operating activities	4,406,755	5,303,664	12,890,110
Cash flows from investing activities			
Purchase of property, plant and equipment	(13,272,988)	(6,084,540)	(10,534,257)
Proceeds on disposal of property, plant and equipment	0	34,600	98,865
Net cash used in investing activities	(13,272,988)	(6,049,940)	(10,435,393)
Cash flows from financing activities			
Proceeds from borrowings	12,024,228	2,375,605	3,953,000
Repayment of borrowings	(1,865,477)	(3,331,532)	(6,639,344)
Dividends paid	(781,300)	(781,300)	(1,562,599)
Increase in other liabilities	52,393	368,827	1,010,873
Increase in Capital grants	0	0	0
Net cash generated from/(used in) financing activities	9,429,844	(1,368,400)	(3,238,070)
Net increase/(decrease) in cash and cash equivalents	563,611	(2,114,677)	(783,353)
Cash and cash equivalents, beginning of year	(2,329,148)	(1,545,795)	(1,545,795)
Cash and cash equivalents, end of period	(1,765,537)	(3,660,472)	(2,329,148)

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

As at June 30th 2008, the company recorded net profit after taxes of EC$1.892 million, a decrease of EC$1.241 million from June 2007; when after tax profits totalled EC$3.132 million.

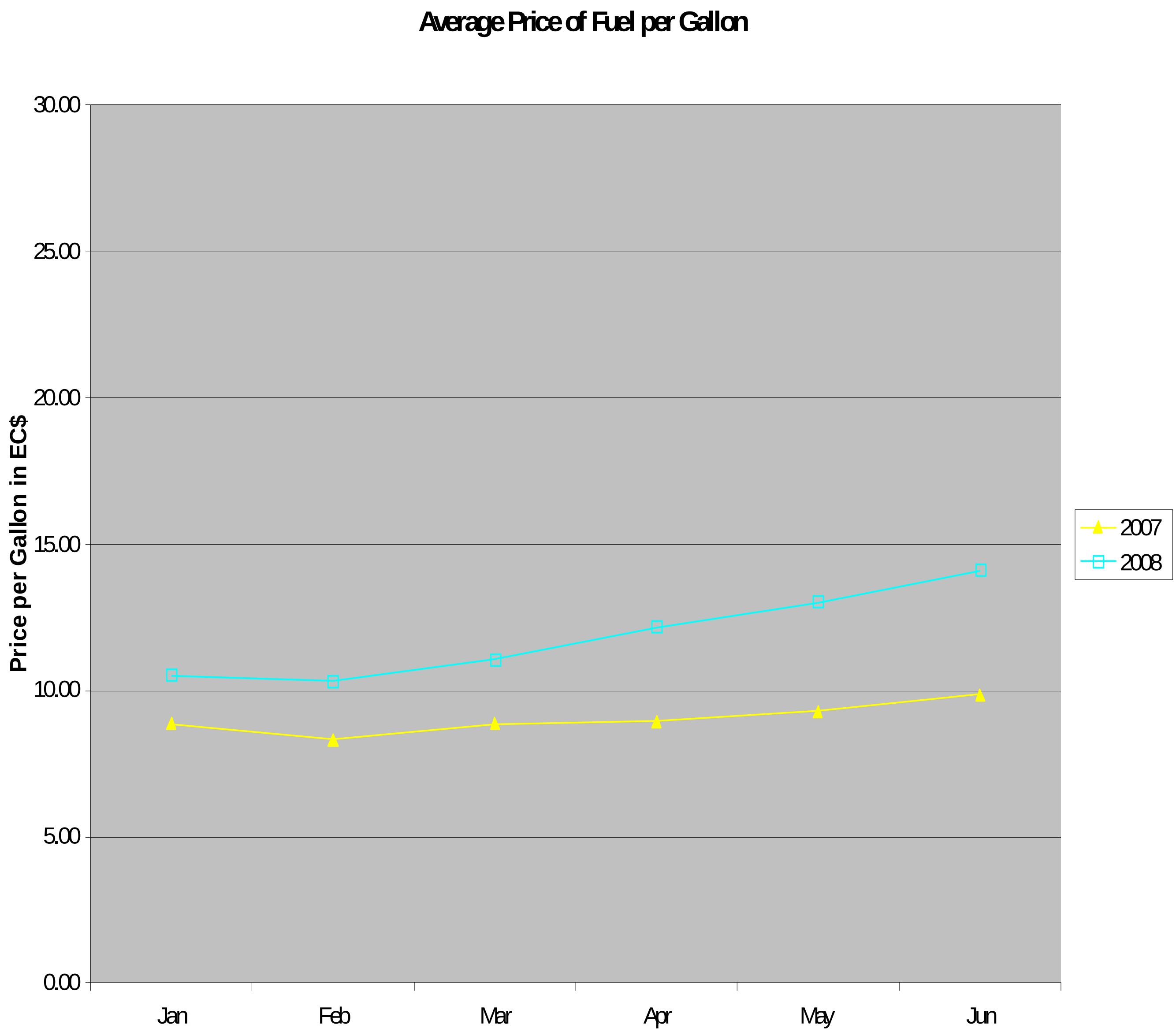
Gross revenue to date totalled EC$42.874 million, an increase of EC$5.326 million (14.2%) from the comparable period of 2007. The increase in total revenue is due solely to increases in fuel surcharge revenue in this financial year. Fuel surcharge revenue has soared by 46% to EC$18,502,213. This has been driven by the ever increasing cost of diesel used in the generation of electricity.

While fuel surcharge has increased drastically in this year, revenue from electricity sales has fallen 2% from June 2007. The unavailability of diesel generation in the early part of the year which resulted in load shedding has had a negative impact on electricity sales in the first half of 2008. This coupled with the high cost of electricity has slowed earnings from electricity sales. Towards the end of the second quarter, some of the difficulties being experience with the diesel plant were resolved when the overhaul of one of the larger generating sets was completed. Also, load shedding was discontinued during the month of June. It is expected then that sales should stabilise during the rest of the year.

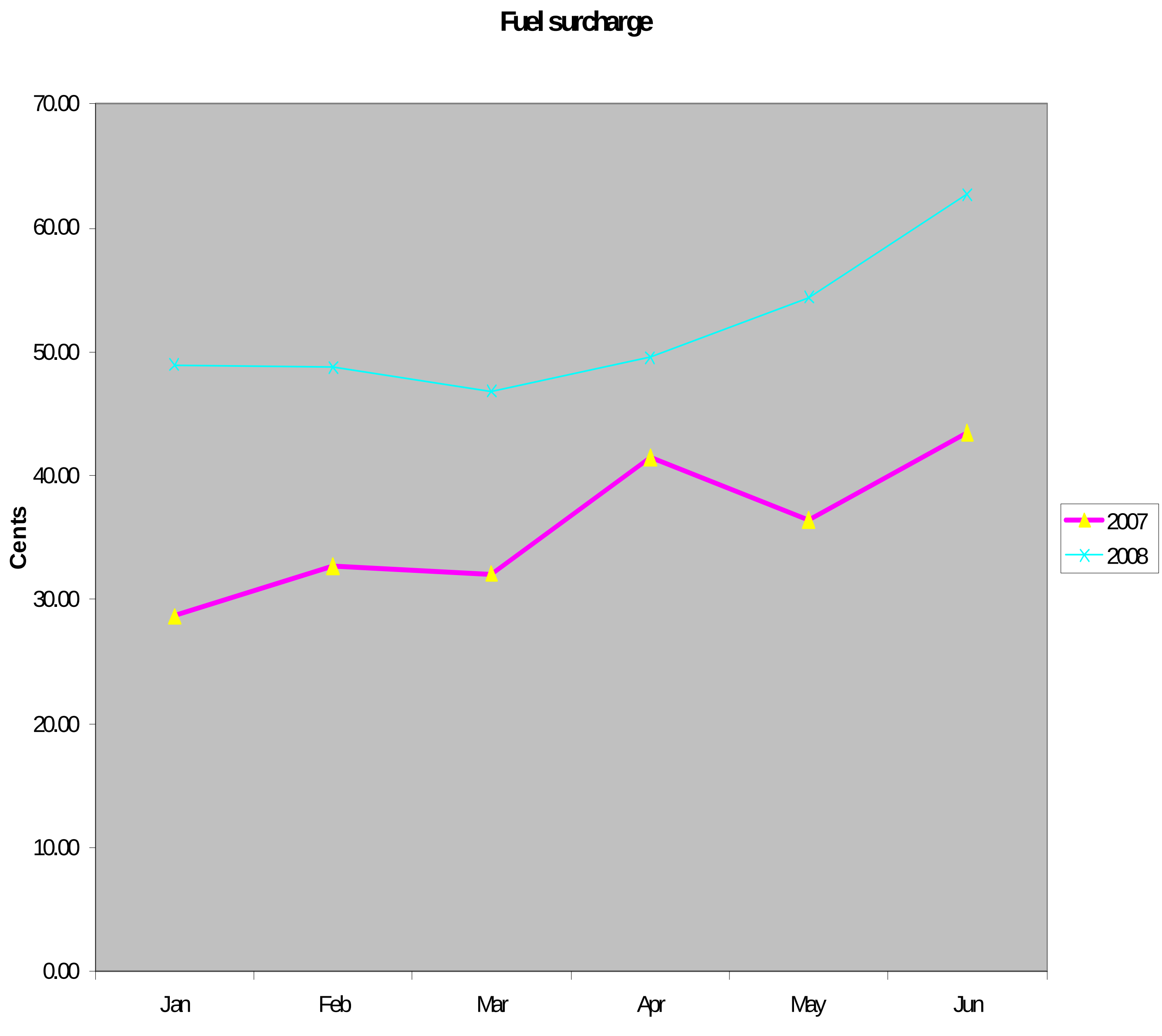
Direct expenses net of fuel cost increased over that of 2007 by EC$1.348 million or 11% mainly as a result of an increase in maintenance cost. Maintenance cost for the period was EC$2.805 million, 32% higher than last year. Significant sums have been expended to date because of the breakdown of diesel sets at the Fond Cole and Sugar Loaf plants. Additionally, scheduled maintenance performed on FC8 in this period has contributed to the increased maintenance cost.

To date, 32,857,126 kWh or 78% of gross generation has been produced using diesel plant compared to 30,965,491 kWh, 72% of gross generation, in June 2007. The damage to the Padu plant in August 2007 during the passage of Hurricane Dean has negatively affected Hydro input and has resulted in more reliance being placed on diesel plant to meet customer demand.

Line losses to date (Moving Annual Total) stand at 13.3% compared to 15.6% at the end of June 2007.



At the end of the second quarter, the average price per gallon of diesel used in generation for the year had soared, increasing more that EC$2.25 from June 2007. Further, at June 2008, the price paid for diesel had jumped to EC$14.04; an increase of EC$4.24 from June 2007. The consequence of this is that fuel surcharge at June 2008 was at a record 62.67 cents, compared to 43.47 cents at June 2007.



Fuel surcharge
Cents
70.00
60.00
50.00
40.00
30.00
20.00
10.00
0.00
Jan
Feb
Mar
Apr
May
Jun
2007
2008

DOMLEC IN THE SECOND QUARTER OF 2008

Operating Highlights	**2008**	**2007**
Number of customers	38,795	33,956
Hydro generation (1,000 kWh)	9,466	11,810
Diesel generation (1,000 kWh)	32,857	30,965
Units sold (1,000 kWh)	35,171	34,953
Fuel efficiency(kWh per IG)	16.95	16.82
System losses	13.3%	15.6%

(a) Liquidity

Receivables

At the end of June 2008, total debt due to the company was EC$13.444 million, an improvement from the EC$14.579 million outstanding as at June 2007. Overall debt outstanding has increased in Domestic, Commercial and Industrial Sectors by a combined EC$1.5 million over the same period of 2007. The improvement in total debt outstanding is in large part due to the reduction in Government's debt. At the end of June 2008, government debt stood at EC$3.6 million, a decrease of EC$2.5 million from the comparable period of 2007.

At present, debt within the Commercial sector accounts for 36% of all gross receivables while government's debt accounts for 27% of debt outstanding.

The company remains in a stable liquid position at the end of the second quarter of the year.

Inventory

At June 2008, the company had inventory on hand of EC$11.9 million, an increase of EC$2.5 million from June 2007. In preparation for what is expected to be a very extensive and active capital programme throughout 2008/9, many items of inventory have been ordered and received by June 2008. It is expected that much work will be done throughout the coming months on various projects, thereby reducing this unusually high inventory balance.

Accounts Payable

At June 2008, accounts payable stood at EC$12.4 million, an increase of EC$4.2 million from June 2007. The increase in accounts payable was primarily as a result of increases in amounts due to fuel creditors. Early in 2008, the company changed its fuel supplier from Chevron West Indies to PDV Caribe Dominica. The company enjoys more favourable credit terms with PDV Caribe Dominica and as at June 30th 2008, the outstanding balance for fuel was EC$10.8 million compared to EC$4.1 million as at June 2007.

(b) **Capital Resources**

The company has committed $14.3 million during the period to acquire fixed assets and has spent EC$13.3 million to date. This includes an amount of EC$9.1 million which represents a deposit on three medium speed engines to be installed by January 2009. This capital commitment was funded partly from internal funds and from already negotiated funds from a local financial institution.

2. Disclosure of Risk Factors.

The company continues to face various risks associated with the implementation of the Electricity Supply Act of 2006. The ESA amendments provide for the regulatory commission to issue licences for the supply of electricity; both for self generation and for sale to consumers. During 2007, energy sold within the hotel sector fell by 18%, and to June 2008, sales within the sector has fallen a further 13% from 2007 levels. This is a direct consequence of the new provisions within the ESA that allows for self generation. For the immediate future, the erosion of market share through self generation will continue to be a concern for the company.

Another concern with the amended ESA 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 notwithstanding, the company continues to make efforts to improve the reliability of supply to its consumers and has contracted to purchase three medium speed sets for installation towards start of 2009.

Also, uncertainty still exists with the tariff setting mechanism through which the investors are allowed a return on their investment. The company has filed its tariff return using for the financial year 2007 using the tariff mechanism from the 1996 Act, but it is expected that in the near future there may be changes to how tariffs are set and how changes are computed.

Lastly, at present, the company does not have insurance coverage on its transmission and distribution assets and is in the process of exploring and researching its risk options which will inform the decision to set up a self insurance fund. In the mean while, to mitigate against the risk of possible loss, the company has made arrangements with a local financial institution for a standby facility in the amount of EC$20 million which will be made available in the event of a catastrophe.

3. Legal Proceedings.

DOMHCV00051 Of 2008

Between

Delicia Henderson	**Claimant**
And	
Julie Paul	**First Defendant**
Dominica Electricity Services Ltd	**Second Defendant**

Case Type: Negligence: Claimant was involved in a vehicular accident with the defendant company's vehicle being driven at the time by the first defendant, an employee of the defendant company. The claimants claim is for specific and general damages for a back injury alleged to have been caused by the accident.

Status: The matter is being processed through case management. The trial of the matter is not expected during this financial year.

4. Changes in Securities and Use of Proceeds.

None

5. Defaults upon Senior Securities.

None

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

MAY 8th 2008 34TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

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

Grayson Stedman	Three Years
Norman Rolle	Three Years
Hubert Joseph	Three Years

PricewaterhouseCoopers were re-appointed as auditors for the year ending December 31st 2008 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
Hubert Joseph
Trevor Burton
Malcolm Harris

7. Other Information.

None

CLASS	NUMBER
Ordinary	10,417,328

SIGNATURES

Name of Chief Executive Officer:
JOEL F. HUGGINS

Signature

30 July 2008

Date

Name of Director:
P. Norman ROLLÉ

Signature

30th July 2008

Date