

Grenada Electricity Services Limited

Mailing Address: P.O. Box 381, Halifax Street, St. George, Grenada, W.I.

Mr. Kennedy Byron
Secretary
Eastern Caribbean Securities
Regulatory Commission
Bird Rock, Basseterre
ST. KITTS

Dear Sirs,

We have enclosed our annual report pursuant to section 98 of the Securities Act of 2001 for the year ending December 31, 2009 and published Financial Statements for 2009.

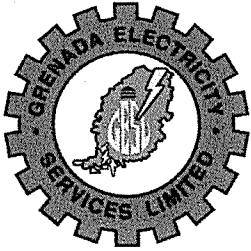
Kindly acknowledge receipt at your earliest convenience.

Yours faithfully,


for **BENEDICT BRATHWAITE**
Financial Controller

BB/abj

Enc.



Grenada Electricity Services Limited

Mailing Address: P.O. Box 381, Halifax Street, St. George, Grenada, W.I.

Friday, April 30, 2010

Mr. Trevor E. Blake
General Manager
Eastern Caribbean Central
Securities Registry Ltd.
P.O. Box 94
Bird Rock, Basseterre
ST. KITTS

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Schedule 1
FORM ECSRC – K

ANNUAL REPORT PURSUANT TO SECTION 98 OF THE SECURITIES ACT OF 2001

For the financial year ended December 31, 2009

Issuer Registration number _____

Grenada Electricity Services Limited

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

Grenada W.I

(Territory of incorporation)

Halifax Street, St. George's P.O. Box 381

(Address of principal office)

Reporting issuer's:

Telephone number (including area code): 473-440-3391

Fax number: 473-440-4106

Email address: mail@grenlec.com

(Provide information stipulated in paragraphs 1 to 15 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by Sections 98 of the Securities Act of 2001 during the preceding 12 months

Yes / _____ No _____

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	19,000,000

SIGNATURES

Name of Director

Alfred Logie

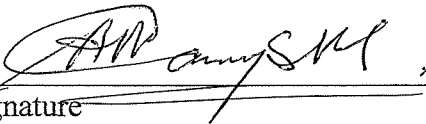


Signature

April 28, 2010
Date

Name of Director:

Arthur Campbell



Signature

29-04-10
Date

INFORMATION TO BE INCLUDED IN THE REPORT

1. **Business.**

In 2009 there was a decline in growth rates both for new customers and kWh sales to 2.90 and 2.82% respectively from prior levels that exceeded 6% in most years. Our sales performance is inextricably linked to what happens in the Grenadian economy. The fact that there was growth is therefore significant in an economy which saw a decline in real GDP of 7.70%. Overall sales were 178.20 GWH, with commercial being the largest sector at 99.06 GWH and domestic following with 68.28 GWH accounting for a combined 93.91%.

The Electricity Supply Act of 1994 restricts the company mainly to efficiency improvements in order to grow its profit margin. As such the company places a lot of emphasis on sustainable efficiency improvement. System losses remained in single digits despite a rise from 8.60% to 9.20%. This increase can be attributed to teething problems with the Transmission system that was commissioned in August 2009 which lead to higher than normal system losses between then and October 2009.

Fuel efficiency achieved a record high of 19.20 kWh per imperial gallon in 2009. This improvement is very important despite fuel prices averaging USD 58 per barrel in 2009 which was significantly lower than the USD 100 per barrel of 2008. Sustaining fuel efficiency improvements in recent years has been vital to the Company's ability to maintain profit levels in an environment of comparatively higher fuel prices. Any positive impact of fuel efficiency above the baseline established in the ESA is shared between the Company and the customer, while any negative impact below the same baseline is borne by the Company alone.

Our short term demand growth projections have been revised downwards as the economic recovery of the Grenadian economy is at best uncertain and likely to be slow over the next two years if it does occur. World fuel prices ended the year at USD 80 per barrel which is higher than that for any year other than 2007 following which they skyrocketed. These two factors mean that the business environment is one that requires a certain amount of caution. In this regard the Company plans to focus on its Vision 2013 strategic planning document to help it face the expected challenges.

2. **Properties.**

<u>Property Site</u>	<u>Productive Capacity</u>
Woodlands	Presently vacant
Grand Anse	Distribution Department
Queen's Park	Production Department
Plains	Warehouse
Carriacou & Petite Martinique	Distribution / Production / Administration Departments

3. Legal Proceedings.

There were no legal proceedings outstanding as at year end that could materially impact on the company's position.

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

Other than the annual election of Directors at the AGM there were no matters submitted to a vote.

5. Market for Reporting issuer's Common Equity and Related Stockholder Matters.

GRENLEC listed its shares on the ECSE on July, 2008 which means that stockholders now have a ready market for the purchasing and selling of shares.

6. Financial Statements and Selected Financial Data.

The audited financial statements for 2009 are included herewith. This incorporates the Auditor's report, Statement of Financial Position with comparatives for 2008, Statement of Comprehensive Income, Statement of Cash Flows and notes to the financial statements as per the requirement.

7. Disclosure about Risk Factors.

Hurricane

Hurricanes remain the largest individual risk factor faced by GRENLEC. As noted previously this impacted on Grenada both in 2004 and 2005 with Ivan and Emily respectively. However, the rebuilding of the system after Ivan has left it more robust and better able to withstand a similar event. Despite this improvement, the risk is still substantial because the hurricane reserve which was totally spent in the rebuilding is not yet 50% of what existed prior to the hurricanes and which proved then to be inadequate. As a result it is likely to take another four years or more without any disaster before an adequate reserve can be established. Given this fact and our inability to obtain reasonably priced insurance for our distribution system it is important that we keep maintenance of the system as a priority in order to mitigate against the impact of a hurricane.

A proposed New Electricity Supply Act can change the landscape in which the company operates. However, this may be less likely in the short term as the new government has not expressed an intention to change the existing Act to introduce competition as expressed by the previous administration.

Sharply increasing fuel prices can also over the short run impact negatively on the company's cash flow and profitability.

8. Changes in Securities and Use of Proceeds.

None

9. Defaults upon Senior Securities.

None

10. Management's Discussion and Analysis of Financial Condition and Results of Operation.

The Statement of Financial Position as at December 31, 2009 reflects a financial condition that continues to be very strong. Net assets have increased by \$1.27M as our principal loan balance declined by \$7.68M while Trade Receivables decreased by \$5.81M during the year mainly due to collections from large customers. Total assets at year end were \$196.88M.

The healthy financial condition is further reflected in the fact that all of the covenanted ratios were better than the target as stipulated in the ECSE bond and other loan agreements. Of particular note is the interest coverage ratio of 7.08:1 as compared to a covenant of 2:1.

(i) Capital Resources

Capital expenditure in 2009 was \$16.90M made up of \$8.63M for the Transmission Project and \$8.27M for regular capital works. The financing for the Transmission Project continued from the December 2007 ECSE Bond while the regular capital works were financed from recurrent operations. It is expected that regular capital expenditure in 2010 inclusive of that on a new administrative building will be made from internally generated cash flows. However, any major capital expansion will be financed from external funds.

(ii) Results of Operation.

Non fuel revenue of \$75.31M grew by 5.08% in 2009 as compared to 2008. A rate increase of 4.69% which was implemented in May 2009 was significant in this regard. Fuel revenue on the other hand saw a welcome decline of 42.31% as world fuel prices saw substantial falls in the average price of a barrel of oil in 2009 relative to 2008. It must be noted that fuel revenue of Grenlec is intended to recover the cost of fuel to the company.

Operating and administrative expenses increased by 2.82% from \$54.43M to \$55.83M between 2008 and 2009. Planned overhaul of \$0.74M and depreciation of \$0.40M accounted for a substantial part of this increase. Interest expense

declined by 11.52% from \$5.13M in 2008 to \$4.54M in 2009 as repayments of principal reduced the outstanding loan balances by 10.78%.

Profit before taxes of \$12.69M in 2009 was higher than for any other year with the exception of 2008. However, it must be noted that in 2008 we had unprecedented net fuel revenue of \$6.13M and a gain on the sale of the administrative building of \$2.65M impacting. The company had a dividend payout ratio of 86.94% thus retaining \$1.27M for reinvestment in order to sustain the quality of the earnings.

Cash flow from operations in 2009 was \$37.47M as compared to \$19.09M in 2008 mainly as a result of a decrease in receivables and prepayments of \$6.74M as opposed to an increase in the previous year of \$6.23M. The company's net cash position at the end of the year was a healthy \$9.93M.

11. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure.

None

12. Directors and Executive Officers of the Reporting Issuer.

A (1)

Title: Managing Director / CEO

Name: Vernon Lawrence

Age: 58

Office Street Address: Halifax Street

P.O Box 381

St. George's Grenada

Telephone No.: (473-440-9425)

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Managing Director – Grenada Electricity Services Ltd.

General Manager- Grenada Electricity Services Ltd. (2002 – 2004)

Managing Director –Jamaica Public Services Co. Ltd -2000-2001

Senior Director Customer Services – Jamaica Public Services Co. Ltd -1994-2000

Education (degrees, schools, and dates):

MBA –University of the West Indies 1991

BSc- Electrical Engineering (1 st Class Hons) University of the West Indies 1976

Position: **Chairman**

Name: G Robert Blanchard Jr.

Age: 45

Mailing Address: 1414 Swann Avenue, Suite 201, Tampa Florida 33606

Telephone No.: (813) 251-3737

List jobs held during the past five years. Give brief description of responsibilities. Include names of employers.

WRB Enterprise Inc. President

WRB Enterprise Inc. Executive Vice President

Education (degrees or other academic qualifications, schools attended, and dates):

BA in Political Science and Philosophy – Emory University, Atlanta CA

Also a Director of the company Yes No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use Additional Sheets if Necessary

Position: **Director**

Name: Malcolm C Harris

Age: 62

Mailing Address: 1414 Swann Avenue, Suite 201, Tampa, Florida 33606

Telephone No.: (813) 251-3737

List jobs held during the past five years. Give brief description of responsibilities. Include names of employers.

WRB Enterprises Inc. - Chief Finance Officer

Education (degrees or other academic qualifications, schools attended, and dates):

Institute of Chartered Accountants – 1967

Institute of Taxation - 1968

University of Miami – Masters of Business Administration - 1978

Also a Director of the company Yes No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use Additional Sheets if Necessary

Position: **Director**

Name: Arthur Campbell

Age: 58

Mailing Address: # 9 Young Street, P O Box 380, St. George's, Grenada

Telephone No.: (473) 440-8039

List jobs held during the past five years. Give brief description of responsibilities. Include names of employers.

General Manager Gravel, Concrete and Emulsion Corporation

Managing Director Home Pride Bakery

Education (degrees or other academic qualifications, schools attended, and dates):

MBA Financial Management 1999

Also a Director of the company Yes No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use Additional Sheets if Necessary

Title Chief Engineer

Name: Clive Hosten

Age: 45

Office Street Address: Halifax Street

P.O Box 381

St. George's Grenada

Telephone No.: (473-440-8371)

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Grenada Electricity Services Limited – Chief Engineer

Grenada Electricity Services Ltd: Production Manager 1998 - 2005

Grenada Electricity Services Ltd: Electrical engineer 1993- 1998

Education (degrees, schools, and dates):

BSc (Eng) University of the West Indies 1988

MBA –University of Bath 2003

Title : Manager Carriacou & Petite

Martinique

Name: John Mc Donald

Age: 52

Office Street Address: Main Street. _____

Hillsborough _____

Carriacou _____

Telephone No.: (473-443-8383) _____

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Government of Grenada-Senior Administrative Officer 1997-1998

Grenada Electricity Services Ltd.-Manager Carriacou & Petite Martinique

Education (degrees, schools, and dates):

University of the West Indies -Certificate in Public Administration -1995

Title: Customer Services Manager

Name: Cassandra Slocombe

Age: 36

Office Street Address: Halifax Street.

P.O Box 381

St. George's Grenada

Telephone No.: (473-440-3391)

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Customer Services Manager January 2005 to present

Quality Management / Human Resource Representative 1997 – 2005 – Caribbean Agro Industries

1. Management of customer service activities

Education (degrees, schools, and dates):

Executive Diploma in Management – UWI 1999

BSc. Natural Science – University of West Indies 1997

Title Financial Controller

Name: Benedict Brathwaite

Age: 48

Office Street Address: Halifax Street.

P.O Box 381

St. George's Grenada

Telephone No.: (473-440-3391)

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Grenada Electricity Services Limited – Financial Controller 2005

Grenada Electricity Services Ltd.- Finance Manager (1998 – 2005)

Responsibilities- Accounting operations, Budgeting and Cost Monitoring, Credit and Collections,

Taxes

Education (degrees, schools, and dates):

ACCA –Emile Wolfe -1990

BSc Economics- University of the West Indies -1983

Title: Acting Distribution Manager

Name: Eric Williams

Age: 40

Office Street Address: _____

Telephone No.: (473-444-0910) _____

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Acting Distribution Manager – Grenada Electricity Services Limited (2004 – Present)

Assistant Distribution Manager – Grenada Electricity Services Ltd. (2002 – 2004)

Customer Services Supervisor – Grenada Electricity Services Ltd. (2000 – 2002)

Education (degrees, schools, and dates):

B'Eng (Hons) Electrical & Electronic Engineering - London Southbank University 1994
MBA – St. George's University (SGU) 2009

Title: Human Resource Manager

Name: Jacqueline Williams

Age: 42

Office Street Address: Halifax street.

P.O Box 381

St.George's Grenada

Telephone No.: (473-440-8782)

Grenada Electricity Services Ltd. Human Resource Manager 2006

Design, implement and manage activities geared towards maintaining and retraining of staff.

List Jobs held during the last five years:

Human Resource Manager - Grenada Electricity Services Limited - 2006 – Present

Director, Human Resources & Industrial Relations - Southern Regional Health Authority 2002-2006

Education (degrees, schools, and dates):

Batchelor of Science, Professional Management -Nova University 1995 - 1998

How to Manage Work Place Negativity - Jamaica Employers Federation - 2005

Managerial Behaviour & Team Effectiveness - Cornell University - 1999

Industrial Relations Practices - Tourism Product Development Company - 1996

Title: Manager Planning & Engineering

Name: Don Forsyth

Age: 36

Office Street Address: _____

Telephone No.: (1-473-440-2650)

\
Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Grenada Electricity Services Ltd. (2001-2004)

Electrical Engineer in the Planning & Engineering Department. Duties include System protection, Load and

Forecasting, Overall system Planning and Development.

Education (degrees, schools, and dates):

Bsc Electrical Engineering & Engineering University of the West Indies 1997

MBA University of the West Indies 2007

13. Security Ownership of Certain Beneficial Owners and Management.

<u>Name:</u> <u>Address</u>	<u>No. of Shares Now</u> <u>Held</u>	<u>% of Total</u>
<u>Grenada Private Power</u>	<u>9,499,997</u>	<u>50%</u>
<u>Government of Grenada</u>	<u>1,899,997</u>	<u>10%</u>
<u>National Insurance scheme</u>	<u>2,204,838</u>	<u>12%</u>
<u>Eastern Caribbean Holding</u> <u>Inc.</u>	<u>2,162,640</u>	<u>11%</u>

14. Other Information.

15. List of Exhibits

List all exhibits, financial statements, and all other papers and documentation filed with this report.

Published Financial Statements 2009