Schedule 2
FORM ECSRC - Q

(Select One)

Quarterly Report
For the period ended **September 30, 2009**

or

TRANSITION REPORT ____________________
(Applicable where there is a change in reporting issuer's financial year)

For the transition period from ________ to ____________

Issuer Registration Number: ____________________

Grenada Electricity Services Ltd.
(Exact name of reporting issuer as specified in its charter)

Grenada W.I.
(Territory or jurisdiction of incorporation)

Halifax Street, St. George's, P.O. Box 381
(Address of principal executive Offices)

Reporting issuer's:

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

Fax number: **(473) 440-4106**

Email address: **mail@grenlec.com**

____
(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

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 Shares	**19,000,000**

SIGNATURES

Name of Director:

Vernon Lawrence

Signature

29/10/09

Date

Name of Director:

Alfred Logie

Signature

29\10\09

Date

INFORMATION TO BE INCLUDED IN THE REPORT

1. Financial Statements

(a) Included herewith are the following unaudited Financial Statements:

1. Balance Sheet as at September 30, 2009.
2. Statement of Income for the nine months to September 30, 2009.
3. Statement of Cash Flow for the nine months to September 30, 2009.

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

(a) Liquidity

Grenlec's cash position improved from $17.72M at the end of the last quarter to $23.82M at the end of the third quarter but this was off-set by current liabilities increasing by $9.75M. The overall liquidity position of the company continues to be very healthy and the company is well placed to meet all of its short term commitments. This is further underscored by the current ratio of 1.59 which easily exceeds the existing covenant on the Grenlec ECSE Bond of 1.50.

Cash generated from operating activities in the third quarter was $10.80M bringing the total for the year to $32.79M. The increase in accounts payable and accrued expenses of $9.62M was primarily responsible for this change. However, even when the impact of this increase in accounts payable and accrued expenses is omitted the company's cash flow performance in 2009 with respect to cash provided by operating activities, has already surpassed that for the entire year of 2008. During this period accounts receivable increased by $3.54M which impacted negatively on the cash generated from operations. It is expected that the collections drive in the third quarter will achieve a reduction in accounts receivable by the end of the year.

During the quarter, principal and interest repayments of $1.52M and $0.93M respectively were made on the Grenlec Bond and the National Insurance Scheme (NIS) loan. These commitments were made as per schedule bringing total principal payments for the year to $5.83M and interest to $3.58M. Additionally, a dividend of $2.09M was declared for the third quarter of 2009 bringing total dividends for the period to $6.27M as the overall financial performance for the year is expected to be in keeping with budgeted projections to allow the payments of 11 cents per share.

(b) Capital Resources

Capital expenditure during the quarter on items that related to general operations amounted to $2.06M bringing the total for the year to date to $5.84M. The financing for these general items is from internally generated funds which the company continues to show the capacity to undertake. At this time we foresee no difficulty in meeting the budgeted commitments to the end of the financial year. The Transmission Project which was completed in August has an outstanding balance of $4.41M which can be adequately covered by the balance from the drawdown of the GRENLEC ECSE Bond.

c) Results of Operation

Energy Sales(KWh) growth for the year to date up to September 2009 was 2.44% down from 4.42% for the first six months as compared to 2008. However with an increase of 4.69% in non fuel rates in May 2009 there has been an increase in non fuel revenue as compared to the same period in 2008 of 4.24%. Given the impact on the economy of the world economic recession a performance with growth can be considered more than reasonable at this time.

Net fuel revenue continues to be eroded as world fuel prices which were on the rise appeared to stabilize at the end of the quarter at USD 70 per barrel. During the third quarter net fuel revenue fell from 114.88% at the end of June to 104.29% as at September 30, 2009. The fuel benefit over the first nine months was $1.87M which is significant given that the fuel charge is supposed to offset fuel costs if fuel price is stable. However, with world fuel prices showing indications of further increasing in October 2009 it is very likely that any fuel benefit can be wiped away by year end.

Other operating and administrative expenses increased by 6.57% in 2009 as compared to the first nine months in 2008. The 2009 numbers however, include expenditure of $1.07M which relate to restoration of one of our generators MaK #1 which was damaged in a fire at the plant. It is expected that we will recover most of this money based on a claim that has been filed with our insurers. This should mean that our non fuel operating expenses is likely to have no significant increase as compared to 2008.

Grenlec's profit before taxes in the quarter of $3.26M fell between its first and second quarter performances of $6.08M and $1.05M respectively. Generally responsible for this improved performance as compared to the second quarter are firstly, improved sales numbers with third quarter kWh unit sales being higher by over 1M kWh; secondly, the rate increase of 4.69% would have had a positive impact on revenue by $0.69M in the quarter; thirdly, at the same time the stabilization of world fuel prices in the quarter at USD 70 per barrel would have meant that the erosion of net fuel revenue would have been slower than that which occurred in the second quarter when fuel prices had a sharper increase; Finally, an adverse impact on this performance would have been the additional expenditure on MaK #1 as mentioned earlier.

The Company's balance sheet shows a strong financial position with total assets of $198.65M as compared to $190.45M as at June 30, 2009. This was based on increases in the cash balance by $5.100M and accounts receivable as noted earlier. However, this was offset by the most significant movement in the quarter, an increase in total liabilities of $8.23M mainly due to accounts payable and accrued expenses increasing by $9.04M. This increase in accounts payable came as the company made a strategic decision to delay some payments as a means of getting a delinquent customer to meet outstanding commitments regarding trade debtors. Most importantly all of the financial covenants set by the lending institutions continue to be exceeded by the company. The table below reflects the targets and actual for the second and first quarters.

Covenant Table

	Covenant Ratio	**September**	**June**
Current Ratio	>= 1.50:1	1.59	1.69
Interest Coverage Ratio	>= 2:1	6.88	7.11
Debt Service Coverage Ratio	>= 1.50	2.72	2.66
Bank Borrowing to Equity Ratio	<= 1.25:1	0.95	0.97
Capital to Total Assets	>= 30%	34.51%	36.28%

3. Disclosure of Risk Factors.

With each passing period the hurricane reserve improves and presently stands at $7.0M.which reduces the main risk exposure associated with post-hurricane recovery. The major risk factors facing the Company continue to be as follows:

- Hurricanes - as clearly established after Hurricane Ivan in 2004 when approximately 90% of our distribution system was affected. This continues to be the most immediate and significant risk being faced. This has been partially offset by the strengthening of the distribution system which has been made more robust in the rebuilding period after hurricanes Ivan and Emily.

- A New Electricity Supply Act – this has been proposed for sometime now without becoming a reality but it is still important to note that an adverse change in this Act can change the landscape in which the Company operates if it allows competition into the market.

4. Legal Proceedings.

None.

5. Changes in Securities and Use of Proceeds.

No change in securities during the period.

6. Defaults Upon Senior Securities.

(a) Payments of principal and interest to the ECSE on the Grenlec Bond, and the EIB and NIS on loans have been made during the quarter as per existing agreements.

(b) No arrears in the payment of dividends have occurred and there are no restrictions.

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

None.

8. Other Information.

None.

Part D

Relevant Financial Data Items for Public Utility and Utility Holding Companies

Item Descriptions

- total net utility plant
- other property and investments
- total current assets
- total deferred charges
- balancing amount for total assets
- total assets
- common stock
- capital surplus, paid in,
- retained earnings
- total common stockholders equity
- preferred stock subject to mandatory redemption
- preferred stock not subject to mandatory redemption
- long term debt, net
- short term notes
- notes payable
- commercial paper
- long term debt-- current portion
- preferred stock-- current portion
- obligation under capital leases
- obligation under capital leases--current portion
- balancing amount for capitalisation and liabilities
- total capitalisation and liabilities
- gross operating revenue
- other operating expense
- total operating expense
- operating income (loss)
- other income (loss), net
- income before interest charges
- total interest charges
- net income
- preferred stock dividends
- earnings available for common stock
- common stock dividends
- total annual interest charges on all bonds
- cash flow from operations
- earnings per share –primary
- earnings per share -fully diluted

GRENADA ELECTRICITY SERVICES
Balance Sheet at 30/9/09

	September 2009 EC $	December 2008 EC $
ASSETS		
CURRENT ASSETS		
Cash and due from banks	23,823,857.22	11,695,916.95
Hurricane Fund	4,082,878.75	3,976,961.62
Accounts Receivable	31,169,002.42	36,874,677.70
Segregated Retirement Investments	13,586,794.03	13,139,774.44
Other Investments	16,080.00	16,080.00
Inventories	17,053,994.62	14,330,895.78
Prepayments	1,070,291.38	1,189,766.03
	90,802,898.42	81,224,072.52
PRPOERTY PLANT AND EQUIPMENT	73,639,416.56	81,582,453.40
Suspense Jobs in Progress	2,265,084.37	1,891,611.30
Capital Work in Progress	29,749,867.29	23,313,929.04
Deferred Exchange Loss	2,188,810.00	2,188,810.00
TOTAL ASSETS	198,646,076.64	190,200,876.26
LIABILITIES AND SHAREHOLDERS EQUITY		
CURRENT LIABILITIES		
Amount Due to Related Company	452,583.71	259,359.40
Accounts Payable and Accrued Expenses	22,678,331.37	14,634,173.08
Consumers' Deposits	8,182,914.99	7,538,264.78
Consumers' Advances for Construction	2,012,016.61	1,770,753.75
Provision for Retirement Benefits	18,824,063.77	18,107,570.17
Provision for Profit Sharing	4,408,438.58	3,940,631.47
Provision for Income Tax	656,565.64	(1,538,632.31)
	57,214,914.67	44,712,120.34
LONG TERM DEBT	65,373,015.69	71,201,135.67
TOTAL LIABILITIES	122,587,930.36	115,913,256.01
SHAREHOLDERS EQUITY		
Stated Capital	32,339,840.00	32,339,840.00
Hurricane Reserve	7,500,000.03	6,000,000.00
Retained Earnings	35,947,780.25	29,444,015.45
Profit to Date after Dividends	270,526.00	6,503,764.80
	76,058,146.28	74,287,620.25
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	198,646,076.64	190,200,876.26

Covenants / Ratios

	September 2009	December 2008
Current Ratio - >= 1.50:1	1.59	1.82
Interest Coverage Ratio - >= 2:1	6.88	6.89
Debt Service Coverage Ratio - >= 1.50	2.72	2.59
Bank Borrowing to Equity Ratio - <= 1.25:1	0.95	1.04
Capital to Total Assets >= 30%	34.51%	35.90%

GRENADA ELECTRICITY SERVICES

COMBINED TRADING SUMMARY AS OF 30/9/09

	September 2009	September 2008
INCOME		
Sales - Non Fuel Charge	55,369,845.06	53,124,041.95
- Fuel Charge	45,503,521.85	79,884,652.40
Unbilled Sales Adjustments	(944,589.12)	3,183,531.41
Net Sales	99,928,777.79	136,192,225.76
Sundry Revenue	1,765,336.91	2,458,664.04
TOTAL INCOME	101,694,114.70	138,650,889.80
OPERATING COSTS		
Production less Diesel Consumed	16,048,540.07	14,048,110.36
Diesel Consumed	43,632,847.25	86,444,999.06
Hurricane Provision	1,500,000.03	1,500,000.03
Planning & Engineering	1,275,637.55	1,132,311.66
Distribution	11,573,727.30	10,744,314.16
TOTAL OPERATING COSTS	74,030,752.20	113,869,735.27
CORPORATE SERVICES	11,109,825.76	11,524,524.23
PROFIT BEFORE INTEREST	16,553,536.74	13,256,630.30
INTEREST		
Bank Loan Interest	3,433,651.81	3,841,846.99
Other Bank Interest	10,502.94	74,653.66
Consumer Deposit Interest	215,733.40	199,686.57
TOTAL INTEREST COSTS	3,659,888.15	4,116,187.22
PROFIT AFTER INTEREST	12,893,648.59	9,140,443.08
OTHER CHARGES		
Disposal of Fixed Assets	(44,909.27)	(2,626,187.44)
Donations	637,458.01	588,331.53
Profit Sharing	2,965,375.90	2,546,711.09
TOTAL OTHER CHARGES	3,557,924.64	508,855.18
PROFIT BEFORE TAXES	9,335,723.95	8,631,587.90
Corporation Tax @ 30%	2,795,197.95	2,589,476.37
PROFIT AFTER TAXES	6,540,526.00	6,042,111.53
Dividends	6,270,000.00	6,270,000.00
RETAINED PROFIT to date	270,526.00	(227,888.47)

GRENADA ELECTRICITY SERVICES LIMITED

Statement of Cash Flows

For the year to 30th September, 2009

	September 2009	December 2008
Operating Activities		
Profit before Income Tax	9,335,723.95	19,422,884.37
Adjustments for:		
Depreciation	10,693,602.08	14,123,098.12
(Profit) / Loss on disposal of fixed assets	(44,909.27)	(2,599,880.48)
	19,984,416.76	30,946,102.01
Changes in Operating Assets / Liabilities		
Decrease / (Increase) in receivables and prepayments	5,825,149.93	(7,988,503.03)
Increase / (Decrease) in accounts payable and accrued charges	8,930,071.36	(2,140,765.99)
(Decrease) / Increase in provision for retirement benefits	716,493.60	1,321,276.33
Decrease / (Increase) in inventory	(2,723,098.84)	1,229,027.14
Increase / (Decrease) in related company balance	193,224.31	165,232.89
Payment of income tax	(600,000.00)	(5,507,083.51)
Increase in provision for profit sharing	467,807.11	1,142,957.31
Cash provided by operating activities	32,794,064.23	19,168,243.15
Investing Activities		
Disposal of fixed assets	45,000.00	3,637,650.00
Suspense jobs in progress (increase) / decrease	(373,473.07)	(1,204,407.64)
(Increase) in Capital Work in Progress	(6,435,938.25)	(18,933,608.16)
Hurricane Fund Decrease / (Increase)	(105,917.13)	(150,045.58)
Increase in segregated investment	(447,019.59)	(576,977.12)
Increase in consumer contribution to line extension	444,028.55	417,167.48
Purchase of fixed assets	(3,194,684.52)	(4,366,081.00)
Cash used in investing activities	(10,068,004.01)	(21,176,302.02)
Financing Activities		
Provision for hurricane insurance reserve	1,500,000.03	2,000,000.00
Loan proceeds	(0.00)	-
Repayment of Loan	(5,828,119.98)	(7,114,131.88)
Dividends paid	(6,270,000.00)	(8,360,000.00)
Cash provided by financing activities	(10,598,119.95)	(13,474,131.88)
Net Increase /(Decrease) in cash and cash equivalents	12,127,940.27	(15,482,190.75)
Net cash - at the beginning of year	11,695,916.95	27,178,107.70
- at the end of year	23,823,857.22	11,695,916.95
Represented by		
Cash and due from banks	23,823,857.22	11,695,916.95