

**Schedule 2
FORM ECSRC – OR**

(Select One)

QUARTERLY FINANCIAL REPORT for the period ended June 30, 2022
Pursuant to Section 98(2) of the Securities Act, 2001

OR

TRANSITION REPORT
for the transition period from _____ to _____
Pursuant to Section 98(2) of the Securities Act, 2001
(Applicable where there is a change in reporting issuer's financial year)

Issuer Registration Number: GRENLEC27091960G

Grenada Electricity Services Ltd.

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

Grenada W.I.

(Territory or jurisdiction of incorporation)

Dusty Highway, Grand Anse, 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

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

Name of Director:

Clive Hosten

Benedict Brathwaite

Signature

Signature

Date 31st August 2022,

Date 31.8.2022

Name of Chief Financial Officer:

Lydia Courtney-Francis

Lydia Courtney-Francis
Signature

Date 31 August 2022

INFORMATION TO BE INCLUDED IN FORM ECSRC-OR

1. Financial Statements

Provide Financial Statements for the period being reported in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

- (a) Condensed Balance Sheet as of the end of the most recent financial year and just concluded reporting period.
- (b) Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with interim three, six and nine months of the current financial year and corresponding period in the previous financial year.
- (c) Condensed Statement of Cash Flows for the just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

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

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

General Discussion and Analysis of Financial Condition

The following table provides information as at June 30, 2022 with comparatives at June 30, 2021 and December 31, 2021, of GRENLEC's compliance with various financial loan covenants. The Company continued to maintain a healthy liquidity position as at the end of the second quarter of 2022, however, there was a decline by 65.48% in the first quarter of 2022 as liquidity continued to lag behind December 2021. While the current ratio remains within the stipulated target, its coverage ratios saw a decline on both prior year June and the annual covenant rate at the end of December 2021. Even though Grenada's economic activity has picked up substantially from last year, and kWh sales are recording double-digit growth (11.56%), the combined effect of the 25% discount on Non-fuel (\$4.90M) and the under-recovery on Fuel (\$7.56M) is further impacting the coverage ratios.

Covenant Table

	Covenant Ratio	June 2022	June 2021	December 2021
Current Ratio	$\geq 1.35:1$	1.69:1	2.11:1	2.02:1
Debt Service Coverage Ratio	$\geq 1.75:1$	0.34:1	0.55:1	3.55:1
Funded Debt to EBITDA	$\leq 3:1$	8.41:1	8:1	1.47:1

Grenada's economic recovery has been a healthy one, as COVID-19 cases remain relatively low, and most restrictions have been lifted. kWh units continue to trend upwards on the prior year, (11.56%), with all sectors (excluding streetlights) showing growth; however, non-fuel dollar sales are lagging behind with a decline of 12.22% Year to Date compared to 2021, and is one of the Company's main contributing factors of lower profit performance. The other factor driving the sluggish performance is the under-recovery on fuel charge.

In the first half of 2022 the Company's net assets decreased from \$109.83M at December 2021 to \$107.55M. Non-current assets decreased from \$128.49M to \$127.38M and is mainly due to depreciation of \$5.01M. and lower suspense jobs. Cash and cash equivalents decreased by 48.47% from \$12.24M at the end of 2021, to \$6.30M in the six months to June 2022. This decrease is the direct result of the unfavourable fuel cost recovery rate (88.67%) and the 25% reduction on the non-fuel.

Trade receivables increased by 33.16%, over the first half of 2021, to \$19.65M, with all sectors rising. This overall increase was mainly due both to the increase in fuel charges from \$0.4544/kWh in December 2021 to \$0.5472/kWh in June 2022 as well as the increased kWh sales.

The collection Target YTD has not been met to date, contributing to the debtor days increase by 2.07 days to 36.22 days over the last twelve months to June 2022. However, the quality of the accounts receivable portfolio improved with the current portion increasing from 73.1% of the total portfolio in December 2021 to 76.9% by June 2022, while the amounts outstanding over 90 days reduced from 16.6% to 13.8% for the same period.

Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.
- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

(a) Liquidity

As at the end of the second quarter of 2022, the Company recorded a current ratio of 1.69:1 and was in a position to meet its operational requirements at a level above the lender institution's benchmark of 1.35:1.

The average electricity rate over the first half of 2022 was \$0.91/kWh, an increase of 12.35 percent as compared to the same period last year's \$0.81/kWh. This increase was due to higher world fuel prices for the first two quarters of 2022 when compared with that for 2021. The average fuel charge increased by 68.78 percent from \$0.3242/kWh to \$0.5472/kWh for the first six months of 2022 as compared to the equivalent period last year.

Cash provided by operating activities for the six months to June 30, 2022, of \$3.3M is broadly in line with the same period last year. Adjusted profit was \$1.31M lower than the first half of 2021 mainly due to the combination of the net decline (\$4.89M) in non-fuel sales; fuel cost under-recovery being more than 2021 by \$3.53M and a cost savings of \$5.04M on operating and administrative expenses.

Receivables and payables increased by \$4.45M and \$5.28M respectively, as compared to December 2021, largely due to the increases in fuel charge during the first six months of 2022 and the delay in payment of profit sharing

Cash used in investing activities was \$3.5M for the first six months of 2022. This is much lower than the prior year's capital spending of \$16.7M, \$12.7M of which is related to the purchase of a replacement engine for the failed Wartsila unit in the final quarter of 2020.

Financing activities in the six months of 2022 (\$5.7M) is related mainly to the payment of the regular first quarter's dividend of thirteen cents per share and repayment of borrowings as scheduled.

Overall, during the first six months of the year, the cash position decreased by 48.5% from December 2021's \$12.24MM to \$6.3M. Apart from the 2nd quarter's dividend of \$2.47M which was deferred, the Company met all its obligations in the period, and, based on its current cash flow projections can be expected to continue to do so for the foreseeable future.

(b) Capital Resources

Non-expansion capital expenditure of \$3.5M in the first six months of 2022 was funded from internal operations.

The Company does not face any significant challenge with regard to capital resources for its recurrent or capital operations. It has an overdraft facility with CIBC FirstCaribbean in the amount of \$6M. Additionally, there is \$6.5M in certificates of deposits that are not associated with the Hurricane Fund included within the reported \$38.5M of financial assets at amortised cost.

The Company's largest customer, St. George's University (SGU) has returned to in-person learning with growth rates on usage recorded from February 2022. SGU's average YTD growth is 7.6% ahead of the same period last year of 9.7M kWh units sold.

For the year to date, the hotel and tourism sector has regained some level of normalcy. The largest hotel which re-opened in the first quarter of 2021 had peaked at varying levels including up to 90% occupancy in some periods

Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off- balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

None

Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be

described in order to understand the issuer's results of operations.

- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls.

Overview of Results of Operations

The Company's financial performance for the first six months of 2022, reflected by its profit before interest, showed a 29% decrease as compared to the same period in 2021, a decline of \$1.56M down to \$3.78M. The main factors responsible was the decline in non-fuel dollar sales (\$4.89M) due to the application of the 25% reduction on the non fuel rate, the fuel cost under-recovery of \$7.56M as compared to 2021 (for the first half of 2021, the Company experienced an unfavourable fuel recovery of \$4.03M as compared to the favourable recovery of \$8.62M for the same period in 2020);the savings on administrative and operating costs; the first installment of regulatory fees to PURC for 2022 declined by 23.06% on 2021 in the amount of \$0.221M.

KWh unit sales (Without own use) increased by 11.56% in the first half of 2022 as compared to the same period in 2021. This is also ahead of the budgeted growth in kWh sales for the first half of 2022 by 4.15%. Encouragingly, June 2022 was the sixth consecutive month of prior year increases and is a reflection of the economic improvement in the country.

The average fuel charge \$0.5472/kWh in the first six months of 2022 was 68.8 percent higher than that for the equivalent period of 2021 leading to a higher overall fuel revenue. Fuel revenue in the first six months was 88.30 percent higher than the 2021 total.

Total revenue to June 2022 increased by 33.82 percent, to \$97.61M as compared to the equivalent period of 2021.

The fuel cost recovery rate over the six months to June was 88.67 percent producing a net loss of \$7.56M compared to a \$4.03M loss for the equivalent period of 2021, a recovery rate of 88.63 percent.. The recovery rate in the first two quarters was similar to that of 2021 as fuel prices maintained the increased levels to date. Since July 2021, we have seen world fuel prices continue an upward trajectory, and there is no indication of an immediate shift or lowering of prices given the high demand and the war in Ukraine.

Operating and administrative expenses other than fuel of \$27.11M decreased by 15.70 percent in the first six months of 2022 relative to the \$32.16M in the comparative period of 2021. This decrease was mainly due to the discontinuance of rentals on generation units by the Generation department as a temporary replacement for the failed Wartsila engine, in the amount of \$2.8M. Additionally, the schedule for overhaul of generators is lagging. Apart from Administrative expenditure which showed a 2% increase, the other departments' expenses were comparable to that of 2021, as tight controls over costs were maintained. With the reduction of 25% in the non-fuel rate from January 2022, and the under-recovery on fuel charge, the Company is dependent on kWh sales growth and efficiency improvements to counter shortfalls. Over the first half of 2022, operating and administrative expenses, other than fuel were lower than budget by 13.5 percent.

Interest costs of \$1.15M in the first six months of 2022 were lower than 2021's \$1.26M and is a reflection of the balance in the loan's portfolio.

System losses twelve months rolling average of 6.20 percent as at June 30, 2022 was lower than the 6.74 percent at the equivalent point in June 2021. The lower system losses would have had a positive impact on the fuel cost recovery rate. It is a key strategic driver for the Company and its importance cannot be over emphasized in the context of the challenging economic conditions under which the Company operates. Management monitors system losses closely with the view of keeping it as low as technically possible.

Fuel efficiency of 15.98kWh's per US gallon in the first six months of 2022 was higher than the 15.31kWh's achieved in the same period last year and represents a 4.38 percent increase. This positive outturn is as a result of the installation of the new DG#4 engine. Fuel efficiency is very important as it is a key performance indicator for the Company and has a significant impact on its financial performance.

3. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

Major Risk

There are two (2) new major risks facing the company in 2022

Non-Fuel Rate Decrease

- Non-fuel charge 25% reduction which was designed to provide some relief to customers during the rise in fuel prices is having a negative impact on the company. The adjustment which took effect in January 2022 has been in force for six (6) months now. We have analysed the effect on revenues as negative (\$10.4M) YTD in the first instance. The expected end date of this reduction was 30th June 2022, and we await the Government's approval for the removal of this discount.

Fuel Prices

- The increase in fuel prices encountered from mid-2021 has continued into 2022 in a sustained and prolonged manner. For the first time in June 2022 the company's monthly fuel bill exceeded \$14M. The methodology of a 3-month rolling average for passing on fuel costs to customers has the potential to lead to under-recovery when fuel prices are rising. The fuel recovery rate has deteriorated to 88.67% YTD, resulting in a net fuel loss of \$7.56M at the end of June 2022. We continue to monitor closely the movement in these prices and the risk that it now poses to the company's profitability.

The combined effect on the company's liquidity and coverage ratios is being felt in the decline reported above

The other major risk factors facing the Company continue to be as follows:

- Hurricanes

As clearly established after Hurricane Ivan hit Grenada in 2004 when approximately 90 percent of our distribution system was affected, hurricanes continue to be the most immediate and significant risk being faced. This risk 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. Further Notwithstanding, the distribution system is maintained in this condition by a consistent preventative maintenance program which includes regular pole inspection, and the replacement of deteriorated poles and the use of an infrared camera to detect failing high voltage connections. program. There is also a planned reconditioning program to upgrade conductors which are old and undersized. With each passing period that Grenada is not significantly affected by a hurricane, the Company's Hurricane Reserve increases, and presently it stands at \$32M which mitigates the main risk exposure associated with post-hurricane recovery. Additionally, the Hurricane Fund of \$32M is more than the pre-Ivan level of \$14M.

- The 2016 Electricity Supply Act, 2017 Electricity Act and the 2016 Public Regulatory Commission Act

The 2016 EA and the 2016 PURC Acts commenced on August 1, 2016. These Acts fundamentally alter the regulatory and operating framework. Section 71 of the 2016 ESA repealed the Electricity Supply Act, 1994 (ESA 1994). The 2016 ESA separates Generation and Distribution entities to allow competition in both the generation and distribution areas, and to increase renewable energy in electricity generation. The Act is silent on the issue of whether concessions on customs duties will continue as per the Electricity.

The Statutory Rules and Orders for the Tariff Setting Methodology and the Generation Expansion Planning were published in April 2022. The Company received instructions from the Public Utilities Regulatory Commission (PURC) to commission work on a new tariff proposal. The Terms of Reference and RFPs for a Load Research Study and Cost of Service Study as part of the new tariff exercise were being discussed with the PURC along with an interim tariff.

4. Legal Proceedings.

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

There were no pending legal proceedings outstanding as at June 30, 2022 that could materially impact on the Company's position.

5. Changes in Securities and Use of Proceeds.

- (a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

There were no changes in securities during the quarter ended June 30, 2022.

(a) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

N/A

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

N/A

- Name and address of underwriter(s)

N/A

- Amount of expenses incurred in connection with the offer N/A

- Net proceeds of the issue and a schedule of its use

N/A

- Payments to associated persons and the purpose for such payments

N/A

(b) Report any working capital restrictions and other limitations upon the payment of dividends.

None

6. Defaults upon Senior Securities.

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

Payments of principal and interest to CIBC FirstCaribbean on loans of \$48.05M in March 2016, \$3.72M in August 2019 and \$16.2M in March 2021 were made during the quarter ended June 30, 2022 as per the agreement.

- (b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

Quarter 1 Dividend Payment of \$2.47M was made in June 2022.

Consequently, further dividend payments were under review by the Board of Directors. A letter was issued to Shareholders to that effect.

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

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.

None

- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

N/A

- (c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

N/A

- (d) A description of the terms of any settlement between the registrant and any other participant.

N/A

- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

N/A

Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC – OR report.

None

GRENADA ELECTRICITY SERVICES
Statement of Financial Position as at June 30, 2022 - 2021 and December 31, 2021

	Unaudited June 30, 2022 EC \$	Unaudited June 30, 2021 EC \$	Audited December 31, 2021 EC \$
ASSETS			
Non Current Assets			
Property Plant and Equipment	119,979,396.14	100,278,236.37	123,437,646.83
Right to Use Assets	2,113,956.87	2,604,974.91	2,301,679.11
Suspense Jobs in Progress	1,740,258.97	1,722,757.46	1,205,525.30
Capital Work in Progress	3,542,573.98	21,013,953.61	1,551,354.00
	<u>127,376,185.96</u>	<u>125,619,922.35</u>	<u>128,496,205.24</u>
CURRENT ASSETS			
Inventories	28,361,966.28	23,995,735.10	24,599,345.36
Trade and Other Receivables	32,286,894.07	22,577,389.28	27,839,843.00
Income Tax Prepaid	2,319,174.29	968,059.30	1,262,392.84
Retirement benefits prepaid			
Financial assets at amortised cost	38,507,953.20	36,496,839.20	38,466,699.99
Cash and cash equivalents	16,528,219.09	10,040,606.31	12,235,244.00
	<u>118,004,206.93</u>	<u>94,078,629.19</u>	<u>104,403,525.19</u>
TOTAL ASSETS	<u>245,380,392.89</u>	<u>219,698,551.54</u>	<u>232,899,730.43</u>
SHAREHOLDERS EQUITY AND LIABILITIES			
	107,551,515.99		
SHAREHOLDERS EQUITY			
Stated Capital	32,339,840.00	32,339,840.00	32,339,840.00
Hurricane Insurance Reserve	32,000,000.00	31,000,000.02	32,000,000.00
Retained Earnings	45,494,347.06	44,120,104.62	42,527,512.52
Profit / (Loss) to Date after Dividends	(2,282,671.07)	(4,705,438.28)	2,966,834.54
	<u>107,551,515.99</u>	<u>102,754,506.36</u>	<u>109,834,187.06</u>
Non Current Liabilities			
Consumers' Deposits	18,593,851.18	17,839,049.11	18,408,587.07
Long-term Borrowings	33,763,541.56	40,299,508.24	37,031,524.92
Leased Liabilities	2,023,931.27	2,406,071.23	2,203,833.19
Deferred tax liability	13,807,933.09	11,856,573.67	13,807,933.09
	<u>68,189,257.10</u>	<u>72,401,202.25</u>	<u>71,451,878.27</u>
Current Liabilities			
Amount Due to Related Company			-
Short- term borrowings	16,758,998.11	10,784,101.20	6,535,966.66
Trade and other payables	36,231,801.82	23,688,837.68	30,951,889.70
Current portion of Lease Liabilities	347,783.25	335,873.36	327,128.46
Customers' contribution to line extensions	9,776,039.50	7,816,708.45	9,148,411.82
Provision for retirement benefits	394,491.13	211,251.91	210,057.70
Provision for Profit Sharing	6,130,505.99	1,706,070.33	4,440,210.76
Provision for income tax payable		-	
	<u>69,639,619.80</u>	<u>44,542,842.93</u>	<u>51,613,665.10</u>
TOTAL LIABILITIES	<u>137,828,876.90</u>	<u>116,944,045.18</u>	<u>123,065,543.37</u>
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	<u>245,380,392.89</u>	<u>219,698,551.54</u>	<u>232,899,730.43</u>

GRENADA ELECTRICITY SERVICES
STATEMENT OF COMPREHENSIVE INCOME

For the Six months ended June 30, 2022 - 2021 and year ended December 31, 2021

	Unaudited June 30, 2022	Unaudited June 30, 2021	Audited December 31, 2021
<u>INCOME</u>			
Sales - Non Fuel Charge	35,154,815.26	40,048,483.15	85,498,701.50
- Fuel Charge	59,150,916.09	31,413,831.34	78,433,391.99
Unbilled Sales Adjustments	2,097,116.67	842,728.66	2,266,421.34
Net Sales	<u>96,402,848.02</u>	<u>72,305,043.15</u>	<u>166,198,514.83</u>
Other Income	1,205,326.77	635,125.94	12,074,514.02
TOTAL INCOME	<u>97,608,174.79</u>	<u>72,940,169.09</u>	<u>178,273,028.85</u>
<u>OPERATING COSTS</u>			
Production less Diesel Consumed	8,351,295.11	13,251,886.61	18,777,124.20
Diesel Consumed	66,709,311.01	35,439,999.37	83,822,602.81
Planning & Engineering	1,311,570.46	1,318,727.92	3,381,858.83
Distribution	8,097,151.18	8,398,471.29	19,327,846.34
TOTAL OPERATING COSTS	<u>84,469,327.76</u>	<u>58,409,085.19</u>	<u>125,309,432.18</u>
<u>CORPORATE SERVICES</u>			
	<u>9,350,481.64</u>	<u>9,185,614.49</u>	<u>22,250,767.65</u>
PROFIT BEFORE INTEREST	<u>3,788,365.39</u>	<u>5,345,469.41</u>	<u>30,712,829.02</u>
<u>INTEREST</u>			
Bank Loan Interest	866,654.73	910,550.82	1,837,366.83
Other Bank Interest	498.17	4,550.40	5,167.78
Consumer Deposit Interest	281,675.09	340,266.08	697,045.35
TOTAL INTEREST COSTS	<u>1,148,827.99</u>	<u>1,255,367.30</u>	<u>2,539,579.96</u>
PROFIT AFTER INTEREST	<u>2,639,537.40</u>	<u>4,090,102.11</u>	<u>28,173,249.06</u>
<u>ALLOCATIONS</u>			
Regulatory Fees	740,405.00	962,323.00	1,924,646.00
Donations	78,289.69	106,391.82	1,231,615.42
Profit Sharing	1,690,295.23	1,695,584.75	5,671,886.42
TOTAL OTHER CHARGES	<u>2,508,989.92</u>	<u>2,764,299.57</u>	<u>8,828,146.20</u>
PROFIT BEFORE TAXES	130,547.48	1,325,802.54	19,345,102.86
Corporation Tax @ 28%	(56,781.45)	91,240.80	2,546,907.26
Deferred Tax			1,951,359.42
PROFIT AFTER TAXES	<u>187,328.93</u>	<u>1,234,561.74</u>	<u>14,846,836.18</u>
Dividends	2,470,000.00	4,940,000.00	9,880,000.00
Hurricane Insurance		1,000,000.02	2,000,000.00
RETAINED PROFIT to date	<u>(2,282,671.07)</u>	<u>(4,705,438.28)</u>	<u>2,966,836.18</u>

GRENADA ELECTRICITY SERVICES LIMITED

Statement of Cash Flows

For the three months ended June 30, 2022 - 2021 and year ended December 31, 2021

	Unaudited June 30, 2022	Unaudited June 30, 2021	Audited December 31, 2021
Operating Activities			
Profit before Income Tax	130,547.48	1,325,802.54	19,345,101.22
Adjustments for:			
Depreciation	5,011,078.02	4,148,347.69	8,520,690.00
Amortization of customer contribution to line extension	(368,850.06)	(368,850.06)	(737,700.00)
Profit on disposal of fixed assets	(22,817.39)	958,612.90	(8,961,114.54)
	<u>4,749,958.05</u>	<u>6,063,913.07</u>	<u>18,166,976.68</u>
Changes in Operating Assets / Liabilities			
(Increase) / decrease in receivables and prepayments	(4,447,051.07)	(5,293,796.02)	(10,619,833.00)
Increase in trade and other payables	5,279,912.12	2,789,323.55	10,278,582.27
Increase/(decrease) in consumers' contribution to line Extensions-refundable	627,627.68	676,418.66	2,008,122.03
(Decrease) / Increase in provision for retirement benefits	184,433.43	211,251.91	210,057.70
(Increase) / Decrease in inventory	(3,762,620.92)	2,188,135.39	(8,067.00)
Increase in related company balance	-	-	-
Increase / (Decrease) in provision for profit sharing	1,690,295.23	(3,057,972.47)	(486,162.00)
	<u>4,322,554.52</u>	<u>3,577,274.09</u>	<u>19,549,676.68</u>
Income tax paid	(1,000,000.00)	(250,000.00)	(3,000,000.00)
	<u>3,322,554.52</u>	<u>3,327,274.09</u>	<u>16,549,676.68</u>
Cash provided by operating activities	<u>3,322,554.52</u>	<u>3,327,274.09</u>	<u>16,549,676.68</u>
Investing Activities			
Proceeds from Disposal of property plant and equipment	22,817.39	57,789.13	10,941,011.00
Decrease /(increase) in Suspense jobs in progress	(534,733.67)	(277,802.21)	491,013.90
(Increase) / decrease in Capital Work in Progress	(1,991,219.98)	(13,687,367.47)	5,775,232.14
(Increase)/decrease in financial assets	(41,253.21)	(44,688.75)	(2,014,550.00)
Addition to right to use assets	(0.00)	(0.00)	114,807.47
Purchase of property, plant and equipment	(996,255.03)	(2,766,905.01)	(31,059,578.51)
	<u>(3,540,644.50)</u>	<u>(16,718,974.31)</u>	<u>(15,752,064.00)</u>
Cash provided by/(used in) investing activities	<u>(3,540,644.50)</u>	<u>(16,718,974.31)</u>	<u>(15,752,064.00)</u>
Financing Activities			
Dividends paid	(2,470,000.00)	(4,940,000.00)	(9,880,000.00)
Payment of principal portion of lease liabilities	(159,247.11)	(181,650.37)	(289,743.00)
Proceeds from borrowings	-	16,200,000.00	16,200,000.00
Repayment of borrowings	(3,267,983.36)	(2,187,983.35)	(4,915,967.00)
Increase (decrease) in consumers' deposits	185,264.11	26,443.54	595,979.32
	<u>(5,711,966.36)</u>	<u>8,916,809.82</u>	<u>1,710,269.32</u>
Cash used in financing activities	<u>(5,711,966.36)</u>	<u>8,916,809.82</u>	<u>1,710,269.32</u>
Net Increase in cash and cash equivalents	(5,930,056.34)	(4,474,890.40)	2,507,882.00
Net cash - at the beginning of year	<u>12,235,244.00</u>	<u>9,727,362.19</u>	<u>9,727,362.00</u>
- at the end of period	<u>6,305,187.66</u>	<u>5,252,471.79</u>	<u>12,235,244.00</u>
Represented by			
Cash and cash equivalents	16,528,219.09	10,040,606.31	12,235,244.00
Bank overdraft	(10,223,031.43)	(4,788,134.52)	-
	<u>6,305,187.66</u>	<u>5,252,471.79</u>	<u>12,235,244.00</u>
Cash and cash equivalents	<u>6,305,187.66</u>	<u>5,252,471.79</u>	<u>12,235,244.00</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022

1. Corporate Information

Grenada Electricity Services Limited (the Company) is public and is registered in Grenada. It is engaged in the generation and supply of electricity throughout Grenada, Carriacou and Petit Martinique. The Government of Grenada owns the majority of its shares (71.4%) as of December 24th, 2020. For the 26 years prior, the Company was a subsidiary of Grenada Private Power Limited of which WRB Enterprises, Inc. was the majority owner.

The Company was issued a certificate of continuance under Section 365 of the Companies Act on November 8th, 1996.

The Company operates under the Electricity Act 19 of 2016 and has a licence for the exercise and performance of functions relating to the supply of electricity in Grenada. The Company is listed on the Eastern Caribbean Securities Exchange.

The registered office is situated at Grand Anse, St. George's, Grenada.

2. Basis of Preparation

The interim financial report for the period ended June 30, 2022, has been prepared in accordance with IAS 34, 'Interim Financial Reporting' and should be used in conjunction with the annual financial statements for the year ended December 31, 2021.

3. Significant Accounting Policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended December 31, 2021.

4. Use of Judgements and Estimates

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the financial statements as at and for the year ended December 31, 2021.