

**Schedule 1**

**FORM ECSRC – K**

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

For the financial year ended December 31, 2010

Issuer Registration number 350360

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**Grenada Electricity Services Limited**

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

**Grenada W.I**

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(Territory of incorporation)

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

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(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.

<b>CLASS</b>	<b>NUMBER</b>
<b>Ordinary</b>	<b>19,000,000</b>

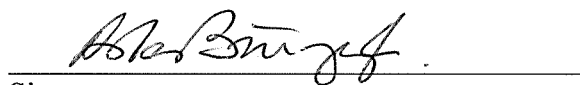
**SIGNATURES**

Name of Chief Executive Officer

Name of Director:

Vernon Lawrence

Allan Bierzynski



Signature

Signature

Date 26/4/2011

Date 26/4/11

## INFORMATION TO BE INCLUDED IN THE REPORT

### **1. Business.**

Grenlec's sales performance is inextricably linked to what occurs in the wider Grenadian economy. Since the global economic downturn we have seen contraction in Grenada's GDP from a high of 7.70% in 2009 to a low of an estimated 1.40% in 2010. Consequently growth rates in Grenlec have averaged 3.81% over the last three years which is down from an average in prior years of over 7%. Energy sales in 2010 were 185.70GWh compared to 178.20GWh in 2009 with commercial being the largest sector at 101.97GWh.

Low growth rates mean that the company's management has to place more emphasis on efficiency improvements and cost containment in order to continue adding value. The Electricity Supply Act (ESA) of 1994 restricts the company mainly to efficiency improvements in order to grow its profit margin. In 2010 system losses improved from 9.20% in 2009 to 8.22% which meant that the increase in sales units of 4.21% did not equate with an increase in generated units of 2.83%.

Fuel efficiency following its record high of 19.20 kWh per imperial gallon in 2009 fell marginally to 19.11 in 2010. This was the second best fuel efficiency that Grenlec has ever achieved which is important as it benefits both the customer and the company. 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. The impact of these high efficiencies in cushioning the increase in the fuel charge to customers is even greater when fuel prices are rising as they did in 2010 with an average price of USD 79.61 per barrel compared to USD 61.65 in 2009. Sustaining fuel efficiency improvements in recent years has been vital to the Company's ability to maintain profit levels in an environment of lower growth rates and comparatively higher fuel prices.

Small open economies such as ours are highly dependent on the larger countries recovery from the global economic recession for the creation of investment opportunities and growth. Since this recovery is predicted to be slow and weak in the next two years it means that the current business environment is unlikely to change significantly. Growth rates seen over the last three years of around 4% can thus be expected to be maintained. World fuel prices have been on the increase since the second quarter of 2009 and there isn't any indication that this trend will not continue in 2011. This will mean higher electricity rates which can create added pressure on customers thereby further restricting the potential for growth. To counter this, the company has begun to update and extend its Vision 2013 strategic plan to prepare it to face the new challenges.

## 2. Properties.

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

## 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 in July, 2008 which means that stockholders have a ready market for the purchasing and selling of shares.

## 6. Financial Statements and Selected Financial Data.

The audited financial statements for 2010 are included herewith. This incorporates the Auditor's report, Statement of Financial Position with comparatives for 2009, Statement of Comprehensive Income, Statement of Cash Flows and a summary of significant accounting policies and other explanatory notes. These statements comply with International Financial Reporting Standards.

## 7. Disclosure about Risk Factors.

### **Hurricanes etc.**

Hurricanes remain the single most significant risk factor faced by GRENLEC. Ivan and Emily struck Grenada in 2004 and 2005 respectively causing major damage. In the case of Ivan over 80% of our distribution system had to be rebuilt at a cost which exceeded ECD 20M. However, the rebuilding of the system after Ivan left it more robust and better able to withstand a similar event as was seen with Emily. Despite this improvement, the

risk is still substantial because the hurricane reserve which was totally spent in the rebuilding is now only 50% of what it cost to restore the system after Ivan. Given this fact and our inability to obtain reasonably priced insurance for our distribution system it is important that we continue to keep maintenance of the system as a priority in order to mitigate against the impact of a hurricane.

Grenlec currently has a monopoly on the generation and supply of electricity in the tri island state. Should there be a change in legislation which changes the current landscape and introduces competition it would affect operations and possibly profitability.

Sharply increasing fuel prices as occurred in 2008 can also over the short run impact negatively on the company's cash flow and profitability. However, once fuel prices fall this is reversed and there is a positive impact in both cases.

**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.**

Grenlec's financial condition as reflected in its Statement of Financial Position as at December 31, 2010 is a very healthy one. The company had total assets of \$190.06M with net assets of \$71.32M. The long term borrowings of the company was lower than that of the previous year by \$8.96M as repayments were made in accordance with bond and other agreements. Another positive indicator is the decline in trade and other receivables of \$1.79M. Added to this the company ended the year with a strong cash balance of \$11.99M.

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 long term loan agreements. Of particular note is the interest coverage ratio of 8.51:1 as compared to a covenant of 2:1.

**(i) Capital Resources**

In 2010 construction of a new administrative building at a contracted cost of \$4.8M begun. This was financed by \$3.8M from the sale of the old administrative building in 2008 and internally generated funds to the tune of \$1M. At year end \$1.5M of this cost was committed and not yet expended. Other regular capital expenditure in 2010 of \$4.7M was financed from recurrent operations. Budgeted capital expenditure for 2011 of \$10.60M is expected to be made from recurrent

resources. Grenlec's cash position and performance indicates that it is quite capable of managing regular capital expenditure without requiring external financing.

(ii) **Results of Operations.**

Non fuel revenue grew by 5.84% to \$79.71M, driven by sales growth of 4.21% and the continued impact over the first five months of the rate increase of 4.69% which was implemented in May 2009. The non fuel rates were not increased in 2010. On the other hand world fuel prices increased by 27.21% over 2009 which lead to fuel revenue being higher in 2010 by \$18.52M or 28.59%. The fuel charge is intended to recover the cost of fuel but increasing prices means that the recovery rate will be lower due to a lag effect. With the rising prices in 2010 the recovery rate was 99.27% compared to 101.47% in 2009 which is a difference in net revenue of \$1.53M.

Non fuel expenses grew by 4.93% over that of 2009. Excluding depreciation expenses, the real growth was much lower at 1.72%. This was the result of cost containment measures implemented company-wide to improve efficiencies and maximize returns, while maintaining a safe and reliable operation. Finance cost decreased by 10.42% as there were no new loans and repayments on existing ones were made as scheduled.

Profit before taxes of \$14.63M in 2010 grew by 15.69% over that of 2008 and was second only to 2008 when there was exceptional net fuel revenue of \$6.13M and the gain on the sale of the administrative building of \$2.65M. As a result the company increased its dividend in the final quarter from 11cents per share to 12 cents per share. The company had a dividend payout ratio before provision for the hurricane reserve of 69.46% thus retaining \$1.86M for reinvestment in order to sustain the quality of the earnings.

Grenlec's net cash position at December 31, 2010 was \$9.20M marginally below the \$9.93M at the end of 2009. The outflow of \$3.3M for the construction of the new administration building and the additional \$2.83M in income tax paid compared to 2009 must be considered in analyzing the cash flow performance. Also trade and other payables were reduced by \$4.35M in 2010 as against an increase of \$6.60M in 2009. This cash performance was in keeping with our expectations and reflective of the strong liquidity position of the company.

**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: 59

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: 46

Mailing Address: c/o WRB Enterprises Inc, Suite 201, 1414 Swann Avenue, Tampa Florida 33606, USA

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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

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

BA in Political Science and Philosophy – Emory University, Atlanta CA - 1986

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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:

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*Use Additional Sheets if Necessary*



Position: **Director**

Name: Malcolm C Harris

Age: 63

Mailing Address: c/o WRB Enterprises Inc., Suite 201, 1414 Swann Avenue, Tampa, Florida 33606, USA

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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

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

Member of the Institute of Chartered Accountants – 1967

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Member of the Institute of Taxation - 1968

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University of Miami – Masters of Business Administration - 1978

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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:

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*Use Additional Sheets if Necessary*

Position: **Director**

Name: Allan Bierzynski

Age: 57

Mailing Address: c/o Jonas Browne & Hubbard's (G'da) Ltd, The Carenage; St. George's, Grenada

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Telephone No.: ( 473 ) 440-5035

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

Allan Bierzynski is the Managing Director of Jonas Browne & Hubbard's (G'da) Ltd. since 1997.

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

ACCA (1980)

Acc Dir (2009)

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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:

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*Use Additional Sheets if Necessary*

Position: **Director**

Name: Ambrose Phillip

Age: 55

Mailing Address: C/O Grenada Ports Authority; Burns Point, St. George's, Grenada

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Telephone No.: ( 473 ) 440-7678

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

Mr. Phillip has been engaged with the Grenada Port Authority (GPS) since 1984 where he is the

General Manager having served as Port Manager from 1988 – 1990.

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

M.SC. in Ports & Shipping Admin – World Maritime University, Malmo, Sweden 1992 – 1994.

B.SC. Management – University of the West Indies, St. Augustine, 1978 – 1981.

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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:

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*Use Additional Sheets if Necessary*

Position: **Director**

Name: Ronald Roseman

Age: 73

Mailing Address: c/o WRB Enterprises Inc.; Suite 201; 1414 Swann Avenue; Tampa; Florida 33606; USA

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Telephone No.: 813-876-9362

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

Mr. Ronald Roseman is the President of Coastal Electric, a company involved in Utility Infrastructure construction.

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He also served as President of Southeastern Electric and Dycom Industries.

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

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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:

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*Use Additional Sheets if Necessary*

Position: **Director**

Name: Robert Curtis

Age: 45

Mailing Address: c/o WRB Enterprises Inc.; Suite 201; 1414 Swann Avenue; Tampa; Florida 33606; USA

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Telephone No.: 813-875-6324

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

Mr. Robert Curtis currently serves as President and owner of Island Management, Inc, Viper Ventures,

LLC; Sugarloaf Mountain, LLC; SOHO Investments, LLC; Ucita Properties Inc. And SWW Inc, all

located in Tampa Florida.

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

B. Sc. Commerce - University of Virginia 1988

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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:

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*Use Additional Sheets if Necessary*

Position: **Director**

Name: Royston La Hee

Age: 67

Mailing Address: c/o Huggins Automotive Division; Maurice Bishop Highway; St. George's

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Telephone No.: ( 473 ) 444-2031

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

Mr. Royston La Hee is presently the Divisional Director of the Automotive Division of Geo. F.

Huggins & Co. (G'da) Ltd. He has been employed with the company for the past thirty four (34) years.

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

B Sc. Mechanical Engineering UWI - 1967

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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:

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*Use Additional Sheets if Necessary*

Position: **Director**

Name: Claudette Joseph

Age: 41

Mailing Address: c/o Amicus Attorneys; P.O Box 1190; Church Street; St. George's

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Telephone No.: ( 473 ) 439-0498

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

Partner in the law firm Amicus Attorneys. Managing administrative staff, conducting contentious and non-contentious matters including: litigation, company law, succession matters and

conveyancing.

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

LLB (UWI) - 1994

L.E.C (Hugh Wooding Law School) -1996

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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:

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*Use Additional Sheets if Necessary*

Position: **Director**

Name: Nigel Wardle

Age: 54

Mailing Address: c/o WRB Enterprises Inc, Suite 201, 1414 Swann Avenue; Tampa; Florida 33606; USA.

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Telephone No.: 813-251-3737

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

Mr. Nigel Wardle is a Vice President of WRB Enterprises.

He was General Manager of Grenada Electricity Services Ltd. For seven years between 1995 and 2002.

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Education (degrees or other academic qualifications, schools attended, and dates):  
Member of the Institute of Chartered Accountants - 1981

South Bank University - BA Commerce

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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:

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*Use Additional Sheets if Necessary*



Position: **Director**

Name: Chester Palmer

Age: 49

Mailing Address: Mt. Parnassus, St. George's

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Telephone No.: (473) 440-6039

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

Mr. Chester Palmer is a self employed Technician. (1994 to present)

Director Gravel, Concrete & Emulsion Production 1999 – 2008. Chairman 2006 – 2008.

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Chairman Grenada Marketing & National Importing Board 2006 – 2008..

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Director Grenada Electricity Services Ltd. 1996 – 2008; 2009 to present.

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

Dip. Mechanical / Electrical Engineering – City & Guilds, London (BCC Barbados, 1984)

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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:

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*Use Additional Sheets if Necessary*

Position: **Director**

Name: Alfred Logie

Age: 52

Mailing Address: c/o National Insurance Scheme, Melville Street, St. George's

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Telephone No.: (473) 440 - 9801

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

Mr. Alfred Logie is the Director of the National Insurance Scheme (NIS) since 2008.

1996 to 2008 he was the Compliance Manager and then Deputy Director from 2005 of the NIS.

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

Licentiate Degree in Economic Planning – University of Camaguey (Cuba) - 1985

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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:

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*Use Additional Sheets if Necessary*

Title Chief Engineer

Name: Clive Hosten

Age: 46

Office Street Address: \_\_\_\_\_

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: 53

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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.

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Government of Grenada-Senior Administrative Officer 1997-1998

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Grenada Electricity Services Ltd.-Manager Carriacou & Petite Martinique

Education (degrees, schools, and dates):

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

Title: Customer Services Manager

Name: Cassandra Slocombe

Age: 37

Office Street Address:

P.O Box 381

St. George's Grenada

Telephone No.: ( 473-440-3391 )

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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

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1. Management of customer service activities

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Education (degrees, schools, and dates):

Executive Diploma in Management – UWI 1999

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BSc. Natural Science – University of West Indies 1997

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Title Financial Controller

Name: Benedict Brathwaite

Age: 49

Office Street Address:

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: 41

Office Street Address: P.O Box 381

St. George's

Telephone No.: ( 473-444-0910 )

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

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

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

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

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Education (degrees, schools, and dates):

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B'Eng (Hons) Electrical & Electronic Engineering - London Southbank University 1994

MBA – St. George's University (SGU) 2009

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Title: Human Resource Manager

Name: Jacqueline Williams

Age: 43

Office Street Address:

P.O Box 381

St.George's Grenada

Telephone No.: ( 473-440-8782 )

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Grenada Electricity Services Ltd. Human Resource Manager 2006

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

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List Jobs held during the last five years:

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

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

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Education (degrees, schools, and dates):

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

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

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Managerial Behaviour & Team Effectiveness - Cornell University - 1999

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Industrial Relations Practices - Tourism Product Development Company - 1996

---

---



Title: Manager Planning & Engineering

Name: Don Forsyth

Age: 37

Office Street Address: \_\_\_\_\_

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\_\_\_\_\_

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

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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.**

Name: Address			<u>No. of Shares Now 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 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 2010