Schedule 2
FORM ECSRC - Q

(Select One)

Quarterly Report For the period ended **September 30, 2014**

or

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

For the transition period from ________ to ____________

Issuer Registration Number: **350360**

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 Quarterly 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:

Collin Cover

Collin Cover

Signature

11th Feb 2015

Date

Name of Director:

Linda George-Francis

George-

Signature

11/2/15

Date

Name of Chief Financial Officer:

Benedict Brathwaite

B.A. Brathwaite

Signature

11.2.15

Date

INFORMATION TO BE INCLUDED IN THE REPORT

1. Financial Statements

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

1. Statement of Financial Position at September 30, 2014.
2. Statement of Comprehensive Income for the nine months to September 30, 2014.
3. Statement of Cash Flow for the nine months to September 30, 2014.

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

(a) Liquidity

During the first nine months of 2014, the Company continued to meet its liquidity needs through the use of internal resources, while still maintaining a current ratio of (2.22:1) at a level above lender institutions' benchmark (1.50:1).

The average electricity rate remained at $1.14 over the nine months to September 2014, marginally lower than that for the same period in 2013, which averaged $1.15. This marginal decrease was mainly attributed to fuel charge movement which was lower by 0.8% in 2014 offsetting a slight increase in non-fuel rates applied from February 1, 2014.

There was an increase in trade receivables of $2.61M, or 8.2% over the first nine months of 2014. This was due to an increase in the receivable balances of all sectors with the exception of industrial which declined by 13%. The commercial, domestic, Government of Grenada, statutory bodies and hotels all saw increases ranging from 5-14%. Quite naturally the increase in receivables saw the days outstanding also being higher moving from 57.59 at the end of 2013 to 61.74 at September 30, 2014. The Company is continuing to pay particular attention to the receivables portfolio and expects to see reductions as we enter the tourist season.

Cash provided by operating activities to September 30, 2014 was $18.55M which exceeds the $17.97 for the entire year of 2013. Overall, during the first nine months of the year, the cash position grew by $4.97M after making principal payments on borrowings of $5.88M and paying dividends of $6.84M at twelve cents per share per quarter. Additionally, in this period instalments of company tax totalling $5.56M were made. The cash balance at the end of three quarters was $4.08M.

The Company met all of its obligations in the first nine months of the year, and, based on its current cash flow projections, will be able to maintain this for the foreseeable future. These projections are inclusive of amounts expected to be paid to the Trustees of the non-management Trust in the fourth quarter of 2014 to fully fund that Retirement Trust which is in the process of being finalized.

(b) Capital Resources

Capital expenditure of $3.85M in the first nine months of 2014 was funded from internal operations. This is expected to be the same with the balance of the 2014 capital budget of $1.53M, as it is not subject to any agreement that would require capital expenditures on a designated schedule. Over the years the Company has only utilized external funding for major capital projects.

As part of its renewable energy drive the Company along with the European Union (EU) and the GoG had taken initial steps on a project to install one to two MW on a wind farm in Carriacou. The funding for the project of €3.89M was to be done jointly, with the EU meeting €2.50M or 64.20% and GRENLEC €1.39M or 35.80%. This project was delayed in 2013 as the new administration took time to consider it. After the Company received an advisory in December 2013 this project has been reactivated. It is now envisaged that the bulk of the Company's expenditure for this project will be incurred in 2015. Requests for proposals have been sent out and bids are expected to be opened on November 21, 2014.

As far as major generation expansion that will require external financing is concerned, the Company does not foresee this as likely to occur before the end of 2014.

c) Changes in Financial Condition

The following table provides information as at September 30, 2014 with comparatives at September 30, 2013 and December 31, 2013 of GRENLEC's compliance with various financial loan covenants. All the covenants have easily been exceeded with a widening variance in most cases.

Covenant Table

	Covenant Ratio	September 2014	September 2013	December 2013
Current Ratio	>= 1.50:1	2.22:1	2.95:1	1.99:1
Interest Coverage Ratio	>= 2:1	17.66:1	13.21:1	13.43:1
Debt Service Coverage Ratio	>= 1.50:1	4.36:1	3.17:1	3.96:1
Bank Borrowing to Equity Ratio	<= 1.25:1	0.21:1	0.32:1	0.30:1
Equity to Assets	>= 30%	57.05%	50.52%	53.22%

In the first nine months of 2014 the Company's net assets increased from $83.47M to $91.28M. Property plant and equipment decreased from $81.91M to $75.01M principally due to depreciation of $7.88M. Capital work in progress increased from $2.90M to $5.26M as the Company continued to make routine non expansion capital expenditures financed from internal operations.

Trade and other receivables increased by $3.15M, over the nine months to September 2014, from $35.35M. Government of Grenada receivables have increased by 6% while that for non-GoG has increased by 7.1% over the first three quarters of the year. The Company is continuing to work along with the Government to reduce its receivables balance. To date their balances to March 2014 have been settled.

The non-management trust which requires the transfer of $12.60M from the Company was signed on August 27, 2014. It now has to be registered with the Grenada Authority for the Regulation of Financial Institutions (GARFIN) after which the monies can be moved out of the Company's control. It is expected that this process will be completed before the end of 2014 at which time it will require the transfer of the remaining retirement liability and asset from the Company's financial statements.

d) Results of Operation

The Company experienced a significant improvement in its financial performance over the first nine months of 2014 as compared to the same period in 2013. There was a 22% increase in profit after interest, from last year's $22.43M, to $27.33M. The main drivers of this were: the fuel cost recovery rate- of 107.4% which is higher than the 104.1% for the same period in 2013 and goes a long way towards explaining the stronger financial performance; operating and financing expenses- declined as compared to last year by 1%.

There was a 2.2% increase in kWh sales, over the same period in 2013. This performance is noteworthy as it is the first year that there was an increase in unit sales, as compared to the comparative period, for the first nine months of the year, since 2010/2009. This growth of 2.89M kWh is totally accounted for by sales to Sandals La Source which opened in December 2013. Not surprisingly, the commercial sector expanded by 4%, while the domestic and industrial sectors decreased by 0.1% and 1.8% respectively.

The growth in kWh sales and a non-fuel rate increase of 0.77% from February 1, 2014 combined to produce an increase in non-fuel revenue of 2.7% to September, over the first nine months of 2013. Total revenue of $145.25M experienced a slight increase of 1.8% in comparison to the equivalent nine months of 2013.

Operating and administrative expenses other than for fuel decreased marginally by 0.1% in the first nine months of 2014 relative to the equivalent period in 2013. The Generation and Planning & Engineering departments had favourable variances of 6.2% and 0.5% each. Distribution and Administration had unfavourable variances of 3.6% and 2.1% respectively. The Company has continued to maintain tight controls over costs which is seen as imperative given the negative growth in kWh sales of the prior three years which has been followed by low growth, only due to one customer, in 2014.

Interest costs of $1.82M in the first nine months of 2014 reflect a decline of 17.5% compared to the $2.20M to September of 2013. This is in keeping with the Company's reduction of its borrowings by making payments as scheduled.

System losses twelve months rolling average of 7.08% at September 30, 2014 represents a decrease of 1.04% in comparison to the equivalent period of 2013 and was reflected in the fuel cost recovery rate and the Company's financial performance for the period under review. This 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 is operating.

Fuel efficiency of 19.25kWh's per imperial gallon in the first nine months of 2014 exceeds the 19.18kWh's achieved in the same period last year and represents a 0.4% improvement. Fuel efficiency for 2013 was 19.19kWh's per imperial gallon. This, like system losses, is very important as it is a key performance indicator for the Company and has a significant impact on its financial performance.

3. Disclosure of Risk Factors.

With each passing period the Hurricane Reserve, which is fully funded, improves and presently stands at $17.50M 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. Additionally, the Hurricane Fund of $17.00M is now more than the pre Ivan level of $14M.

- A New Electricity Supply Act –Any change to existing legislation can change the landscape in which the Company operates if competition is introduced into the market. There is no information that indicates this is a likely occurrence presently. A new regional regulatory body Eastern Caribbean Energy Regulatory Authority (ECERA) is being established by the governments of the Organization of Eastern Caribbean States (OECS) although only St Lucia and Grenada have signed onto the program. As of now it is still uncertain whether the introduction of a regulatory body will have any impact on the existing operations.

- An amendment to the Electricity Supply Act No, 39 of 2013 was enacted as of December 31, 2013. This amendment adjusted the concessions of all customs and other import duties on the importation of all plant, machinery, equipment, meters, instruments, fuel, lubricants and materials to which the Company was entitled, from 100% to 50%. While this amendment by itself does not pose a risk, it increases the possibility that further unilateral amendments which may be inconsistent with the majority shareholders Grenada Private Power Ltd (GPP) Share Purchase Agreement (SPA) might be pursued. Should that be the case and the rights or economic interests of GPP are damaged, the matter may have to be addressed with ICSID as the body nominated for dispute resolution as per the SPA. In the meantime GRENLEC's operations could be negatively impacted.

- Sharply increasing fuel prices will over the short run impact negatively on the Company's cash flow and profitability.

4. Legal Proceedings.

There were no pending legal proceedings outstanding as at September 30, 2014 that could materially impact on the Company's position.

5. Changes in Securities and Use of Proceeds.

There were no changes in securities during the quarter ended September 30, 2014.

6. Defaults Upon Senior Securities.

(a) Payments of principal and interest to the Eastern Caribbean Securities Exchange (ECSE) on the Grenlec Bond and the National Insurance Board (NIB) on their respective loans have been made during the quarter ended September 30, 2014 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.

(a) None

8. Other Information.

None.

GRENADA ELECTRICITY SERVICES

Balance Sheet as at September 30th, 2014 and December 31st, 2013

	September 2014 EC $	December 2013 EC $
ASSETS		
Non Current Assets		
Property Plant and Equipment	75,005,038.31	81,907,855.00
Suspense Jobs in Progress	2,202,838.41	1,682,618.00
Capital Work in Progress	5,260,585.02	2,902,314.00
Deferred Exchange Loss	1,207,245.79	1,207,246.00
Available-for-sale financial assets	856,594.01	872,388.00
	84,532,301.54	88,572,421.00
CURRENT ASSETS		
Inventories	15,061,586.31	15,197,303.00
Trade and Other Receivables	38,499,792.36	35,346,510.00
Segregated Retirement Investments	6,793,830.88	9,993,896.00
Income Tax Prepaid	188,606.61	908,592.00
Loans and receivables financial assets	32,630,286.91	30,910,203.00
Cash and cash equivalents	7,389,302.55	2,103,515.00
	100,563,405.62	94,460,019.00
TOTAL ASSETS	185,095,707.16	183,032,440.00
SHAREHOLDERS EQUITY AND LIABILITIES		
SHAREHOLDERS EQUITY		
Stated Capital	32,339,840.00	32,339,840.00
Other Reserve	8,308.00	8,308.00
Retained Earnings	51,126,250.61	44,189,174.00
Profit / (Loss) to Date after Dividends	7,806,481.36	6,937,076.00
	91,280,879.97	83,474,398.00
Non Current Liabilities		
Consumers' Deposits	12,270,328.34	11,428,931.00
Long-term Borrowings	18,757,974.31	24,676,158.00
Provision for Hurricane Insurance Reserve	17,500,000.03	16,000,000.00
	48,528,302.68	52,105,089.00
Current Liabilities		
Amount Due to Related Company	140,464.07	91,971.00
Short- term borrowings	10,963,492.33	10,630,726.00
Trade and other payables	15,731,082.32	15,077,082.00
Consumers' Advances for Construction	849,640.49	1,003,906.00
Current portion of provision for retirement benefits	12,604,009.20	16,120,574.00
Provision for Profit Sharing	4,997,836.10	4,528,694.00
	45,286,524.51	47,452,953.00
TOTAL LIABILITIES	93,814,827.19	99,558,042.00
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	185,095,707.16	183,032,440.00

GRENADA ELECTRICITY SERVICES
COMBINED TRADING SUMMARY
For the nine months ended September 30th, 2014 and 2013 and year ended December 31st, 2013

	September 2014	September 2013	December 2013
INCOME			
Sales - Non Fuel Charge	59,385,030.91	57,841,132.90	78,004,472.27
- Fuel Charge	84,155,963.14	83,524,901.18	112,360,800.57
Unbilled Sales Adjustments	521,614.48	(230,392.13)	(244,236.15)
Net Sales	144,062,608.53	141,135,641.95	190,121,036.69
Sundry Revenue	1,190,541.31	1,523,484.57	2,108,030.31
TOTAL INCOME	145,253,149.84	142,659,126.52	192,229,067.00
OPERATING COSTS			
Production less Diesel Consumed	10,309,742.85	10,985,816.74	16,236,401.89
Diesel Consumed	78,353,406.51	80,248,430.38	105,680,363.43
Hurricane Provision	1,500,000.03	1,500,000.03	2,000,000.00
Planning & Engineering	1,935,710.32	1,951,619.73	2,413,261.25
Distribution	12,002,588.41	11,578,749.25	16,884,546.37
TOTAL OPERATING COSTS	104,101,448.12	106,264,616.13	143,214,572.94
CORPORATE SERVICES	12,005,241.87	11,764,139.66	16,476,246.02
PROFIT BEFORE INTEREST	29,146,459.85	24,630,370.73	32,538,248.04
INTEREST			
Bank Loan Interest	1,482,622.82	1,872,549.26	2,390,963.17
Other Bank Interest	1,720.61	50,036.21	52,713.43
Consumer Deposit Interest	334,834.30	280,906.27	417,695.96
TOTAL INTEREST COSTS	1,819,177.73	2,203,491.74	2,861,372.56
PROFIT AFTER INTEREST	27,327,282.12	22,426,878.99	29,676,875.48
OTHER CHARGES			
Disposal of Fixed Assets	(21,093.74)	(49,372.55)	(82,734.14)
Donations	1,367,413.18	1,123,697.63	1,487,980.48
Profit Sharing	5,057,466.09	4,420,650.09	5,853,542.39
TOTAL OTHER CHARGES	6,403,785.53	5,494,975.17	7,258,788.73
PROFIT BEFORE TAXES	20,923,496.59	16,931,903.82	22,418,086.75
Corporation Tax @ 30%	6,277,015.23	5,078,881.49	6,361,010.60
PROFIT AFTER TAXES	14,646,481.36	11,853,022.33	16,057,076.15
Dividends	6,840,000.00	6,840,000.00	9,120,000.00
RETAINED PROFIT to date	7,806,481.36	5,013,022.33	6,937,076.15

GRENADA ELECTRICITY SERVICES LIMITED
Statement of Cash Flows
For the nine months ended September 30th, 2014 and year ended December 31st, 2013

	September 2014	December 2013
Operating Activities		
Profit before Income Tax	20,923,496.59	22,418,087.00
Adjustments for:		
Depreciation	7,878,659.77	11,155,792.00
Profit on disposal of fixed assets	(21,093.74)	(82,734.00)
	28,781,062.62	33,491,145.00
Changes in Operating Assets / Liabilities		
(Increase)/decrease in receivables and prepayments	(3,153,281.54)	857,666.00
Increase/(decrease) in accounts payable and accrued charges	1,341,132.15	(1,401,579.00)
Decrease in provision for retirement benefits	(3,516,564.80)	(8,412,980.00)
Decrease in inventory	135,716.69	310,585.00
Increase / (Decrease) in related company balance	48,493.07	(48,248.00)
Payment of income tax	(5,557,029.84)	(7,074,501.00)
(Decrease)/increase in provision for profit sharing	469,142.10	247,485.00
Cash provided by operating activities	18,548,670.45	17,969,573.00
Investing Activities		
Decrease in available for sale financial assets	15,793.99	3,752.00
Disposal of fixed assets	21,500.00	109,057.00
Increase in Suspense jobs in progress	(520,220.41)	(275,037.00)
Increase/(decrease) in Capital Work in Progress	(2,358,271.02)	610,222.00
Decrease/(increase) in loans and receivables financial assets	(1,720,083.91)	(4,534,486.00)
Decrease in segregated investment	3,200,065.12	9,620,035.00
Decrease in consumer contribution to line extension	(418,923.33)	(244,876.00)
Purchase of fixed assets	(557,326.01)	(6,802,161.00)
Increase in other reserves	-	(3,752.00)
Cash provided by/(used in) investing activities	(2,337,465.57)	(1,517,246.00)
Financing Activities		
Provision for hurricane insurance reserve	1,500,000.03	2,000,000.00
Repayment of Loan	(5,884,271.25)	(7,311,435.00)
Dividends paid	(6,840,000.00)	(9,120,000.00)
Cash used in financing activities	(11,224,271.22)	(14,431,435.00)
Net Increase in cash and cash equivalents	4,986,933.66	2,020,892.00
Net cash - at the beginning of year	(909,102.00)	(2,929,994.00)
- at the end of period	4,077,831.66	(909,102.00)
Represented by		
Cash and due from banks	7,389,302.55	2,103,515.00
Bank overdraft	(3,311,470.89)	(3,012,617.00)
	4,077,831.66	(909,102.00)