

Schedule 1

FORM ECSRC – K

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

For the financial year ended December 31, 2008

Issuer Registration number _____

Grenada Electricity Services Limited

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

Grenada W.I

(Territory of incorporation)

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

(Address of principal office)

Reporting issuer's:

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

Fax number: 473-440-4106

Email address: _mail@grenlec.com

(Provide information stipulated in paragraphs 1 to 15 hereunder)

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

Yes / _____

No _____

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report.

CLASS	NUMBER
Ordinary	19,000,000

SIGNATURES

Name of Chief Executive Officer

Name of Director:

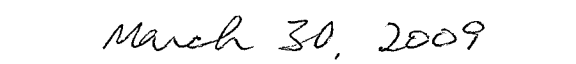
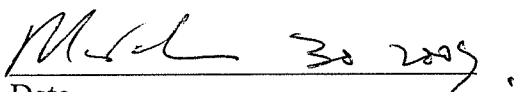
Vernon Lawrence

Allan Bierzynski



Signature

Signature



Date

Date

INFORMATION TO BE INCLUDED IN THE REPORT

1. Business.

In 2008 the Company's customer base grew by 4.83% while peak demand of 29.37MW, reflected a growth of 5.34% as compared to that of 2007. This resulted in a growth of 4.41% over that of 2007 with total sales of 173.31M. In the context of extremely high fuel prices which affected electricity rates adversely and the global economic downturn, this performance extremely encouraging although it was below the growth of 6.7% projected at the beginning of the year.

The Electricity Supply Act of 1994 restricts the company mainly to efficiency improvements in order to grow its profit margin. As such the company places a lot of emphasis on sustainable efficiency improvement. It is therefore significant that the company with system losses of 8.60% in 2008 was able to fall in the single digit benchmark for a third straight year.

Another important target in the company's operations is that of fuel efficiency. In 2008 there was an efficiency improvement of 1.10% as the company generated 19.03kWh for each imperial gallon used. While the incremental improvements may be small in this area its impact is substantial and even more so in times such as that of 2008 when fuel prices peaked in July at over USD 147 per barrel.

Demand growth is forecasted at 6% over the next five years which we consider achievable given the historical trends that we have seen which averaged 8%. During 2008 construction began on the second phase of a Transmission System which included the building of two substations. This was vital for the company given the growing demand particularly in the south of the island. By the end of the year the project was substantially completed and GRENLEC was on track to commission the 33KV Transmission System during the first quarter of 2009. This will allow the company to more efficiently distribute electricity to the main load centre in the south of the island.

2. Properties.

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

3. Legal Proceedings.

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

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

None

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

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

6. Financial Statements and Selected Financial Data.

The audited financial statements for 2008 are included herewith. This incorporates the Auditor's report, balance sheet with comparatives for 2007, consolidated statements of income and cash flows and notes to the financial statements as per the requirement.

7. Disclosure about Risk Factors.

Hurricane

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

A proposed New Electricity Supply Act can change the landscape in which the company operates. However, over the past year this may have become less likely in the short term with a new government who have not expressed the intention to change the existing Act to introduce competition as expressed by the previous administration.

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.

- (i) As at December 31, 2008 GRENLEC had total assets of \$194.17M which was marginally below the \$195.12M at the end of 2007. With total liabilities of declining by \$7.5M to \$125.88M the financial position of the company continues to be very strong. Trade receivables grew by some \$6.3M over the course of the year influenced by three main factors: (a) the growth in sales, (b) the significant increase electricity rates caused by high fuel prices and (c) the arrears of one of our major customers not being cleared by year end. . Given that payment was received early in 2009 the receivables are not considered a problem especially as the days outstanding improved as compared to 2007.

All of the covenant ratios were better than the target as stipulated by the bond and loan agreements and all except the current ratio showed an improvement when compared to 2007. This is another clear indication of the company's sound financial health. Despite the uncertainty in the financial condition globally we do not expect this to have any significant impact on GRENLEC financial position given the nature of our assets and our industry.

(ii) Capital Resources

In 2008 the company utilized \$16.4M from the GRENLEC ECSE Bond to pay for the Transmission System that was under construction. As at the end of the year the outstanding balance on this contract was \$7.98M which was covered by unutilized funds from the Bond. Other capital expenditure in 2008 of \$5.80M was financed from internally generated cash flows.

(iii) Results of Operation.

The financial performance in 2008 was impacted by the significant movements in fuel prices during the year. However, because over the last five months world fuel prices fell by over 70% its ultimate effect was positive on the profit after income taxes. This rapid fall fuel price results had a positive impact on the Company's recovery of fuel cost which has always been lagging during the period when fuel price was on the upward trend. By the end of the year the company was able to recovery most of fuel cost which was underecovered for previous year. This along with a one time gain from the sale of the administrative building at Halifax Street contributed to profit before taxes of \$19.4 for the year.

GRENLEC's actual revenue performance is best seen from its non fuel charge which increased by 7.04% as against 2007 sales of \$66.95M. Commercial sales

grew by 7.85% in 2008 over 2007 and was mainly responsible for the growth seen. It is important to note that this growth occurred despite the decision not to implement a rate increase of 0.37% to which the company was entitled in 2008.

Operating expenses of the company increased by 14.61% mainly as a result of maintenance relating to overhauls of generators and the distribution system upgrades. The increase in salaries retroactive to January 2007 which arose from a job evaluation exercise also contributed to this increase in expenses as well as the movement in bad debt provision which is calculated as a percentage of sales.

Cash from operations fell by \$11M when compared to 2007. However, this was based on a net movement of accounts payable and accrued charges between the two years of \$14.24M and on receivables and prepayments of \$4.17M. These movements explain why the financial position of the company was even better in 2008 than it was in 2007.

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: 57

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

(2)

Title Chief Engineer

Name: Clive Hosten

Age: 44

Office Street Address: Halifax Street

P.O Box 381

St. George's Grenada

Telephone No.: (473-440-8371)

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

Grenada Electricity Services Limited – Chief Engineer

Grenada Electricity Services Ltd: Production Manager 1998 - 2005

Grenada Electricity Services Ltd: Electrical engineer 1993- 1998

Education (degrees, schools, and dates):

BSc (Eng) University of the West Indies 1988

MBA –University of Bath 2003

(3)

Title : Manager Carriacou & Petite Martinique

Name: John Mc Donald

Age: 51

Office Street Address: Main Street.

Hillsborough

Carriacou

Telephone No.: (473-443-8383)

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

Government of Grenada-Senior Administrative Officer 1997-1998

Grenada Electricity Services Ltd.-Manager Carriacou & Petite Martinique

Education (degrees, schools, and dates):

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

(4)

Title: Customer Services Manager

Name: Cassandra Slocombe

Age: 35

Office Street Address: Halifax Street.

P.O Box 381

St. George's Grenada

Telephone No.: (473-440-3391)

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

Customer Services Manager January 2005 to present

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

1. Management of customer service activities

Education (degrees, schools, and dates):

Executive Diploma in Management – UWI 1999

BSc. Natural Science – University of West Indies 1997

(5)

Title Financial Controller

Name: Benedict Brathwaite

Age: 47

Office Street Address: Halifax Street.

P.O Box 381

St. George's Grenada

Telephone No.: (473-440-3391)

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

Grenada Electricity Services Limited – Financial Controller 2005

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

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

Taxes

Education (degrees, schools, and dates):

ACCA –Emile Wolfe -1990

BSc Economics- University of the West Indies -1983

(6)

Title: Acting Distribution Manager

Name: Eric Williams

Age: 39

Office Street Address: _____

Telephone No.: (473-444-0910)

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

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

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

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

Education (degrees, schools, and dates):

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

(7)

Title: Human Resource Manager

Name: Jacqueline Williams

Age: 41

Office Street Address: Halifax street.

P.O Box 381

St. George's Grenada

Telephone No.: (473-440-8782)

Grenada Electricity Services Ltd. Human Resource Manager 2006

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

List Jobs held during the last five years:

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

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

Education (degrees, schools, and dates):

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

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

Managerial Behaviour & Team Effectiveness - Cornell University - 1999

Industrial Relations Practices - Tourism Product Development Company - 1996

(8) _____

Title: Manager Planning & Engineering

Name: Don Forsyth

Age: 35

Office Street Address: _____

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	No. of Shares Now Held	% of Total
<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 2008