

Schedule 2
FORM ECSRC – OR

(Select One)

☒ **QUARTERLY FINANCIAL REPORT** for the period ended June 30, 2021
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:

Collin Cover

Linda George-Francis

S SIGNED AND CERTIFIED

S SIGNED AND CERTIFIED

Date 30th July 2021

Date 30th July 2021

Name of Chief Financial Officer:

Benedict Brathwaite

SIGNED AND CERTIFIED
Signature

Date 30. 7. 21

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, 2021 with comparatives at June 30, 2020 and December 31, 2020 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 2021, marginally strengthening from that of the first quarter of the year. While its coverage ratios saw an improvement over its first quarter performances, these ratios, unprecedentedly, continued to lag the annual covenant rates by the end June. Even though Grenada's economic activity has picked up substantially from last year, some of the Company's major Commercial customers, including our largest, continue partial operations. Additionally, the Company funded the purchase of a new engine by a loan of \$16.2M during the first half of the year, further impacting the coverage ratios.

Covenant Table

	Covenant Ratio	June 2021	June 2020	December 2020
Current Ratio	$\geq 1.35:1$	2.13:1	2.36:1	2.41:1
Debt Service Coverage Ratio	$\geq 1.75:1$	0.55:1	3.49:1	5.19:1
Funded Debt to EBITDA	$\leq 3:1$	7.25:1	1.79:1	1:1

Grenada's economy is heavily dependent on the tourism sector thus this sector's revitalisation holds the key to short term economic improvements. The hope is that as the various restrictions, especially those imposed on international travel, continue to be lifted there will be gradual improvements to kWh sales, one of the Company's main drivers of performance.

In the first half of 2021 the Company's net assets decreased from \$106.5M to \$102.8M. Non-current assets increased from \$113.7M to \$125.6M in this period despite depreciation expense of \$4.2M. Cash and cash equivalents increased by 3% from \$9.7M at the end of 2020, to \$10M in the six months to June 2021. The net increase in cash and cash equivalents was due to the final \$4.3M loan disbursement received for the replacement engine in June which was not yet paid over to the supplier as at the end of the month. Without this short-term injection, the half-year position would have ended with a net decrease due to the unfavourable fuel cost recovery rate as fuel prices continued its increase since August 2020.

Trade receivables increased by 18%, over the first half of 2021, to \$14.8M, with all sectors rising. This overall increase was mainly due both to the increase in fuel prices from \$4.65/IGal in December 2020 to \$6.84/IGal in June 2021 as well as a slowing down in collections of outstanding balances due to the financial constraints placed on both the domestic and commercial sectors by COVID-19. Debtor days increased by 6.1 days to 34.15 days over the six months to June 2021. The quality of the accounts receivable portfolio improved with the current portion increasing from 62% of the total portfolio in December 2020 to 74.9% in June 2021, while the amounts outstanding over 90 days reduced from at 22.4% to 18.1% 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 2021 the Company recorded a current ratio of 2.13:1 and was in 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 2021 was \$0.81/kWh, a decrease of 10percent as compared to the same period last year's \$0.90/kWh. This decrease was due to lower world fuel prices for the first two quarters of 2021 when compared with that for 2020. The average fuel charge decreased by 22.5percent from \$0.4173/kWh to \$0.3234/kWh for first six months of 2021 as compared to the equivalent period last year.

Cash provided by operating activities for the six months to June 30, 2021 of \$3.7M was 70.1% lower than that for the same period last year. Adjusted profit was \$12.77M lower than for the first half of 2020 mainly due to the 1% decline (\$0.41M) in non-fuel sales; fuel cost recovery benefit being less than 2020 by \$4.59M; costs associated with the rental of replacement generation of \$2.8M; and the newly implemented first installment of regulatory fees paid to the PURC for 2019 of \$0.96M paid in March 2021.

Receivables and payables increased by \$5.4MM and 2.79M respectively, as compared to December 2020, largely due to the increases in fuel price during the first six months of 2021.

Cash used in investing activities was \$17.09M for first six months of 2020 as compared to December 2020. The main factor for this increase was capital spending of \$16.8M, \$12.7M of which 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 2021 related mainly the payment of the regular quarterly dividend of thirteen cents per share and repayment of borrowings as scheduled. In addition, the Company received a \$16.2M loan taken to finance the purchase of a replacement engine for the Generation department. This resulted in cash provided by financing activities of \$8.9M.

Overall, during the first six months of the year, the cash position decreased by 46.2percent from December 2020's \$9.7M to \$5.2M. The Company met all of 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 \$7.24M in the first three months of 2021 was funded from both internal operations and the full drawdown, of a new loan from CIBC FirstCaribbean in the amount of \$16.2M. This loan was negotiated to finance a replacement engine (costed at \$16.2M) for a Wartsila engine which failed in the last quarter of 2020.

The Company does not face any significant challenge with regards 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 \$36.5M of financial assets at amortised cost.

The Company's largest customer, the St. George's University continues to operate below full capacity as the majority of its students and faculty have transitioned to the virtual learning environment. The University has announced its intention to recommence on-campus studies in August of 2021. This should result in an improvement to kWh sales in the last two quarters of the year.

In like manner, the largest hotel on island reopened for business at the end of the first quarter of 2021 and has since reached occupancy levels in the region of 70%.

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.

The Company's financial performance for the first six months of 2021, reflected by its profit before interest, showed a 73% percent decrease as compared to the same period in 2020, a decline of \$14.4M to \$5.34M. The main factors responsible for this decline were the decrease in kWh sales of 0.75 percent (resulting in a 1.01% fall in non-fuel revenue of \$0.89M); a reduction in the fuel cost recovery benefit of \$12.65M as compared to 2020 (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 costs associated with the rental of temporary generating units of \$2.8M; payment of first installment of regulatory fees to PURC for 2019 in the amount of \$0.96M.

KWh sales retracted by a marginal 0.75 percent in the first half of 2021 as compared to the same period in 2020. This is behind the budgeted growth in kWh sales for the first half of 2021 of 3.45 percent. Encouragingly, June 2021 was the fourth consecutive month-on-month increase since March 2021 which signals economic improvement.

The average fuel charge \$0.3234 in the first six months of 2021 was 22.5 percent less than that for the equivalent period of 2020 leading to the lower overall revenue. Fuel revenue in the first three months was 19.21 percent below the 2020 total.

Total revenue to June 2021 decreased by 7.2 percent, to \$72.94M as compared to the equivalent period of 2020.

The fuel cost recovery rate over the six months to June was 88.63 percent producing a net loss of \$4.03M compared to a benefit of \$8.62M from a rate of 128.49 percent over the equivalent period of 2020. The recovery rate in the first two quarters was lower than that of 2020 as fuel prices began to rise after its unsustainable low levels in 2020. Since August 2020 we have seen world fuel prices continue an upward trajectory, it is expected that prices will level off in the coming months which will result in improvements to the fuel recovery rate.

Operating and administrative expenses other than fuel of \$32.16M increased by 12.7percent in the first six months of 2021 relative to the \$28.53M in the comparative period of 2020. This increase was mainly due to an adverse variance of \$3.6M between the years with regards to expenditure in the Generation department. Specifically, most of the unfavourable variance related to the cost to rent generating units, as a temporary replacement for the failed Wartsila engine, in the amount of \$2.8M. Additionally, there was a 10% increase in expenses related to the maintenance of the company's transmission and distribution network due to the increase volume of maintenance jobs conducted as compared to the first half of 2020. The other departments' expenses were comparative to that of 2020 as tight controls over costs were maintained. Special attention is being paid to cost containment as no change in the non-fuel charge rate since 2016 means that the Company is dependent on kWh sales growth and efficiency improvements to counter price increases. Over the first half of 2021 operating expenses were lower than budget by 2 percent.

Interest costs of \$1.26M in the first six months of 2021 were in line with 2020's \$1.25M.

System losses twelve months rolling average of 6.74 percent as at June 30, 2021 was lower than the 7.15 percent at the equivalent point in June 2020. 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 15.33kWh's per imperial gallon in the first six months of 2021 was below the 15.80kWh's achieved in the same period last year and represents a 2.97 percent decline. During the final quarter of 2020 the Wartsila #4 engine suffered a catastrophic failure, which resulted in the need to rent a few small units, in the short term. The units were commissioned in December 2020 and are expected to remain in use for the first three quarters of 2021. Notably, these units are less efficient than the unit that they replaced, resulting in a negative impact on the fuel efficiency. Once replaced, we expect to see further improvements to fuel efficiency. 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.

The 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 the distribution system is maintained in this condition by a consistent pole inspection and replacement program. With each passing period that Grenada is not significantly affected by a hurricane the Company's Hurricane Reserve increases, and presently it stands at \$31M which mitigates the main risk exposure associated with post-hurricane recovery. Additionally, the Hurricane Fund of \$30.04M is more than the pre-Ivan level of \$14M.

It is important to note that the PURC has disclosed its intention to institute an Electricity Disaster Fund (EDF) in the updated draft tariff regulations, which forms part of the draft regulations. The specific guidelines relating to the implementation and management of the EDF will be defined by a procedures document, to be released. The intended purpose of the fund would solely be for natural disasters, and will, for all intents and purposes, replace the existing Hurricane Fund.

- The 2016 Electricity Supply Act, 2017 Electricity Act and the 2016 Public Regulatory Commission Act
 - The 2016 EA and the 2016 PURC Acts had commencement dates of 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 transmission entities to allow competition in both the generation and distribution areas, and to increase generation by renewable energy. The Act is silent on the issue of whether concessions on customs duties will continue as per the Electricity Supply Act No, 39 of 2013 or be removed altogether. Public Consultation sessions were held during 2020 on the draft regulations under the new Act. The PURC has commenced working groups to address concerns raised and to advance the finalisation of the draft regulations.

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, 2021 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, 2021.

(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, 2021 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.

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

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.

There was both a Special and Annual General Meeting held on Thursday April 29, 2021.

- (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.

Retiring directors:

- Winnifred Duncan-Phillip
- Bert Brathwaite
- Ashton Frame
- Cleaver Williams

Director elected at the meeting:

- Winnifred Duncan-Phillip

The Board of Directors at the end of the meeting:

- | | | |
|-----------------------------|----------------|---|
| • Shawn Charles | Chairman | newly appointed (Government of Grenada-GOG) |
| • Devon Charles | Vice- Chairman | newly appointed (GOG) |
| • Dorsett Cromwell | | newly appointed (GOG) |
| • Winnifred Duncan- Phillip | | term continued after meeting (AGM) |
| • Linda George- Francis | | term continued after meeting (Employees' rep) |
| • Duane Noel | | term continued after meeting (GOG) |
| • Alexandra Otway | | newly appointed (GOG) |
| • Kent Mitchell | | newly appointed (GOG) |
| • Kay Simon | | newly appointed (GOG) |

- (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.

**SPECIAL RESOLUTIONS OF
GRENADA ELECTRICITY SERVICES LIMITED**

BE IT RESOLVED THAT the By-Laws of Grenada Electricity Services Limited (formerly referred to as the Articles of Association) be amended as follows:

1. By inserting a new clause **54B** to read as follows:

"54B A meeting of members may be held by means of such telephone, video, electronic, virtual, or other communication facilities as to permit persons participating in the meeting to hear each other and every reference in this By-Law to show of hands shall be construed in the case of such meeting as requiring an oral or written indication by a member of his vote."

# VOTES FOR	15,879,397 (83.6%)
# VOTES AGAINST	0
# ABSTENTIONS	2,927,198 (15.45%)
# INVALID VOTES	193,405 (1%)

2. By amending clause **125** to read as follows:

"125. Any notice or any other document may be served by the company upon any member either personally or by sending it through the post in a prepaid letter **or by email** addressed to such member at his registered address in Grenada, **or his email address** as appearing in the register of members. If a member's address as appearing in the register of members is not within Grenada any notice or other document shall be served upon such member by sending it in a prepaid airmail letter to his registered address **or his email address.**"

# VOTES FOR	16,045,310 (84.4%)
# VOTES AGAINST	200 (0.001%)
# ABSTENTIONS	2,954,490 (15.5%)
# INVALID VOTES	-

3. By amending clause **128** to read as follows:

"128. Any notice or other document, if served or sent by post or airmail post, **or email**, shall be deemed to have been served or delivered seven days after the time when the letter containing the same is put into the post, **or one day after being sent by email unless an error or delay notification is received by the sender** and in proving such service or sending it shall be sufficient to prove that the letter containing the notice or document was properly addressed and put in the post office as a prepaid letter or prepaid airmail letter as the case may be, **or that the email was sent to the correct email address.**

# VOTES FOR	16,043,310 (84.4%)
# VOTES AGAINST	200 (0.001%)
# ABSTENTIONS	2,955,740 (15.6%)
# INVALID VOTES	-

4. By amending clause **76 (1)** to read as follows:

"76 (1). Subject to the proviso hereto, unless the company shall otherwise determine in general meeting the number of directors shall not be less than five nor more than **nine**. The Company may by ordinary resolution:

- (a) appoint any person a director, so, however that the prescribed maximum be not exceeded, and determine the period for which such person is to hold office;
- (b) appoint any person who is for the time being one of the directors, chairman of the directors and determine the period for which such person is to hold office as chairman;
- (c) appoint any person who is for the time being one of the directors, vice-chairman of the directors and determine the period for which such person is to hold office as vice-chairman;
- (d) remove any director, chairman or vice-chairman before the expiration of his period of office and appoint another person in his stead; the person so appointed shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last elected a director.

Provided that whilst the **Government of Grenada** is a shareholder of and in the company of not less than 50% of the issued shares of the Company:

- (a) **The Government of Grenada** shall be entitled to have **six** persons nominated by it, appointed directors of the Company;
- (b) **The Government of Grenada** shall be entitled to have one of its said directors appointed chairman of the board of directors of the company and another of its said directors appointed Vice-Chairman of the board of directors of the company.

# VOTES FOR	15,911,618 (83.75%)
# VOTES AGAINST	117,376 (0.62%)
# ABSTENTIONS	2,964,490 (15.6%)
# INVALID VOTES	6,516 (0.03%)

5. By amending clause **76 (2)** to read as follows:

"76 (2).

- (a) A Shareholder with not less than 10% of the issued shares in the Company shall be entitled to have one person nominated by it, appointed director of the company;
- (b) The employees of the company shall be entitled to have one person nominated by them appointed director of the company.
- (c) Two directors shall be elected annually at the Annual General Meeting of the company by the owners on record of the company's shares other than Government of Grenada PROVIDED that where there is a shareholder with not less than 10% of the issued shares, one Director shall be so appointed.

# VOTES FOR	15,825,155 (83.3%)
# VOTES AGAINST	197,289 (1.04%)
# ABSTENTIONS	2,965,540 (15.6%)
# INVALID VOTES	12,016 (0.06%)

6. By amending clause **90** to read as follows:

"90. The directors may, from time to time, appoint one or more of their body to the office of managing director for such period and on such terms and with such powers, and at such remuneration (whether by way of salary, or commission, or participation in profits, or partly in one way and partly in another), as they may think fit and, subject to the terms of any agreement entered into in any particular case, may revoke any such appointment. A director so appointed shall not, while holding an office, be subject to retirement by rotation, or taken into account in determining the rotation or retirement of directors but (without prejudice to any right to treat such determination as a breach of any such agreement as aforesaid) his appointment shall be subject to determination ipso facto if he ceases to be a director, or if the company in general meeting resolves that his tenure of the office of managing director or manager be determined. Provided that the Government of Grenada is a shareholder of not less than 50% of the issued shares in the Company it shall be entitled at all times to appoint the managing director.

# VOTES FOR	16,047,202 (84.4%)
# VOTES AGAINST	200 (0.001%)
# ABSTENTIONS	2,952,598 (15.6%)
# INVALID VOTES	-

Note: The words in blue reflect the amendments that were proposed and adopted.

- (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, 2021 - 2020 and December 31, 2020

	Unaudited June 30, 2021 EC \$	Unaudited June 30, 2020 EC \$	Audited December 31, 2020 EC \$
ASSETS			
Non Current Assets			
Property plant and equipment	100,278,236.37	98,929,439.72	102,119,512.92
Right to use assets	2,604,974.91	2,829,306.17	2,792,693.01
Suspense jobs in progress	1,722,757.46	1,916,938.20	1,444,955.25
Capital work in progress	21,013,953.61	7,592,555.60	7,326,586.14
	<u>125,619,922.35</u>	<u>111,268,239.69</u>	<u>113,683,747.32</u>
CURRENT ASSETS			
Inventories	23,995,735.10	23,788,899.98	26,183,870.49
Trade and other receivables	22,596,336.03	22,148,857.12	17,220,008.26
Income tax prepaid	968,059.30	-	809,300.10
Retirement benefits prepaid	-	-	63,585.00
Financial assets at amortised cost	36,496,839.20	34,619,459.30	36,452,150.45
Cash and cash equivalents	10,021,659.56	14,748,109.83	9,727,362.19
	<u>94,078,629.19</u>	<u>95,305,326.23</u>	<u>90,456,276.49</u>
TOTAL ASSETS	<u>219,698,551.54</u>	<u>206,573,565.92</u>	<u>204,140,023.81</u>
SHAREHOLDERS EQUITY AND LIABILITIES			
SHAREHOLDERS EQUITY			
Stated capital	32,339,840.00	32,339,840.00	32,339,840.00
Hurricane insurance reserve	31,000,000.02	29,000,000.02	30,000,000.00
Retained earnings	44,120,104.62	39,893,890.45	39,893,890.45
Profit / (Loss) to date after dividends	(4,705,438.28)	4,494,281.66	4,226,214.17
	<u>102,754,506.36</u>	<u>105,728,012.13</u>	<u>106,459,944.62</u>
Non Current Liabilities			
Customers' deposits	17,839,049.11	17,160,967.51	17,812,605.57
Long-term borrowings	40,299,508.24	30,095,474.93	27,907,491.59
Lease liabilities	2,741,944.59	2,899,049.52	2,602,428.96
Deferred tax liability	11,856,573.67	10,227,649.65	11,856,573.67
	<u>72,737,075.61</u>	<u>60,383,141.61</u>	<u>60,179,099.79</u>
Current Liabilities			
Amount due to related company	-	134,346.87	-
Short-term borrowings	10,784,101.20	4,585,653.14	4,375,966.68
Trade and other payables	23,688,837.68	22,266,728.17	20,899,514.13
Current portion of lease liabilities	-	-	321,166.00
Customers' contribution to line extensions	7,816,708.45	7,585,850.81	7,140,289.79
Provision for retirement benefits	211,251.91	296,544.97	-
Provision for profit sharing	1,706,070.33	3,458,008.54	4,764,042.80
Provision for income tax payable	-	2,135,279.68	-
	<u>44,206,969.57</u>	<u>40,462,412.18</u>	<u>37,500,979.40</u>
TOTAL LIABILITIES	<u>116,944,045.18</u>	<u>100,845,553.79</u>	<u>97,680,079.19</u>
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	<u>219,698,551.54</u>	<u>206,573,565.92</u>	<u>204,140,023.81</u>

GRENADA ELECTRICITY SERVICES
STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Three Months Ended June 30, 2021	Unaudited Three Months Ended June 30, 2020	Unaudited Six Months Ended June 30, 2021	Unaudited Six Months Ended June 30, 2020	Audited December 31, 2020
<u>INCOME</u>					
Sales - Non Fuel Charge	20,616,492.43	18,591,223.79	40,048,483.15	40,468,976.19	82,849,287.40
- Fuel Charge	17,614,926.36	15,965,740.16	31,413,831.34	38,885,090.33	63,342,134.85
Unbilled Sales Adjustments	922,247.99	(1,680,166.49)	842,728.86	(2,013,445.52)	(1,990,505.87)
Net Sales	38,952,666.78	32,676,797.46	72,305,043.15	77,331,621.50	144,000,816.28
Other Income	(196,097.04)	596,350.25	635,125.94	1,241,953.26	4,080,035.49
TOTAL INCOME	38,757,569.74	33,473,147.71	72,940,169.09	78,573,574.86	148,080,951.77
<u>OPERATING COSTS</u>					
Production less Diesel Consumed	5,828,753.27	4,180,862.40	13,251,886.61	9,500,880.35	22,085,389.20
Diesel Consumed	19,778,979.17	10,041,634.22	35,439,959.37	30,256,117.35	55,936,153.10
Planning & Engineering	667,592.58	824,350.65	1,318,727.92	1,488,977.33	2,818,214.16
Distribution	4,362,281.22	3,871,786.14	8,398,471.29	7,626,729.97	16,085,912.15
TOTAL OPERATING COSTS	30,627,606.24	18,928,633.41	58,409,085.19	48,875,705.00	96,925,948.61
<u>CORPORATE SERVICES</u>	4,638,333.62	5,349,618.55	9,185,614.49	9,909,014.28	19,142,818.94
PROFIT BEFORE INTEREST	3,590,629.88	9,194,695.75	5,345,469.41	19,788,855.88	32,012,484.22
<u>INTEREST</u>					
Bank Loan Interest	496,643.62	455,357.11	910,550.82	922,253.11	1,812,988.20
Other Bank Interest	4,080.12	8,984.89	4,550.40	7,222.39	12,079.80
Consumer Deposit Interest	112,121.51	158,948.88	340,286.08	323,349.70	670,058.62
TOTAL INTEREST COSTS	612,845.25	621,280.88	1,255,387.30	1,252,825.20	2,485,127.72
PROFIT AFTER INTEREST	2,977,784.63	8,573,404.87	4,090,102.11	18,536,030.38	29,517,356.50
<u>ALLOCATIONS</u>					
Regulatory Fees	-	-	962,323.00	-	-
Donations	123,889.23	403,670.24	106,391.82	876,801.52	1,375,868.28
Profit Sharing	1,022,404.87	1,715,296.15	1,695,884.75	3,556,059.89	6,182,042.52
TOTAL OTHER CHARGES	1,146,294.10	2,118,966.39	2,764,299.57	4,432,861.41	7,557,910.80
PROFIT BEFORE TAXES	1,831,490.53	6,454,438.48	1,325,802.54	14,103,168.97	21,959,445.70
Corporation Tax @ 30%	372,817.35	1,667,242.76	91,240.80	3,668,887.29	4,224,307.51
Deferred Tax	-	-	-	-	1,628,824.02
PROFIT AFTER TAXES	1,458,673.18	4,787,195.72	1,234,561.74	10,434,281.68	16,106,214.17
Dividends	2,470,000.00	2,470,000.00	4,940,000.00	4,940,000.00	9,880,000.00
Hurricane Insurance	500,000.01	500,000.01	1,000,000.02	1,000,000.02	2,000,000.00
RETAINED PROFIT to date	(1,511,326.83)	1,817,195.71	(4,705,438.29)	4,494,281.66	4,226,214.17

GRENADA ELECTRICITY SERVICES LIMITED
Statement of Cash Flows

	Unaudited June 30, 2021	Unaudited June 30, 2020	Audited Year Ended December 31, 2020
Operating Activities			
Profit before Income Tax	1,325,802.54	14,103,168.97	21,959,446.00
Adjustments for:			
Depreciation	4,148,347.69	4,199,888.62	8,351,493.00
Loss/ (profit) on disposal of fixed assets	958,612.90	(156,834.96)	(99,058.00)
	<u>6,432,763.13</u>	<u>18,146,222.63</u>	<u>30,211,881.00</u>
Changes in Operating Assets / Liabilities			
(Increase) / decrease in receivables and prepayments	(5,376,327.77)	3,771,275.05	8,700,123.00
Increase/ (decrease) in trade and other payables	2,789,323.55	(273,679.28)	(1,640,895.00)
Increase/ (decrease) in consumers' deposits	26,443.54	(107,925.44)	543,713.00
Increase in consumers' contribution to line Extensions- refundable	676,418.66	303,127.55	(142,433.00)
Increase/(decrease) in provision for retirement benefits	274,836.91	(386,254.73)	(746,385.00)
Decrease/ (increase) in inventory	2,188,135.39	(3,179,332.41)	(5,574,302.00)
Increase in related company balance	-	134,346.87	-
Decrease in provision for profit sharing	(3,057,972.47)	(3,012,403.81)	(1,706,369.00)
	<u>3,953,620.94</u>	<u>15,395,376.43</u>	<u>29,645,333.00</u>
Income tax paid	(250,000.00)	(3,000,000.00)	(6,500,000.00)
Cash provided by operating activities	<u>3,703,620.94</u>	<u>12,395,376.43</u>	<u>23,145,333.00</u>
Investing Activities			
Disposal of property plant and equipment	36,050.00	153,023.00	1,213,655.00
Increase in Suspense jobs in progress	(277,802.21)	(413,188.73)	58,794.00
Increase in Capital Work in Progress	(13,687,367.47)	(4,645,944.11)	(4,379,975.00)
Increase in financial assets	(44,688.75)	(182,255.34)	(2,014,946.00)
Increase in customers' contribution to line Extensions- non-refundable	(333,046.82)	(339,537.45)	(737,700.00)
Purchase of property, plant and equipment	(2,780,969.12)	(1,889,564.88)	(9,579,913.00)
Cash used in investing activities	<u>(17,087,824.37)</u>	<u>(7,317,467.51)</u>	<u>(15,440,085.00)</u>
Financing Activities			
Dividends paid	(4,940,000.00)	(4,940,000.00)	(9,880,000.00)
Payment of principal portion of lease liabilities	(181,650.37)	(11,794.21)	(322,211.00)
Proceeds from borrowings	16,200,000.00	-	-
Repayment of borrowings	(2,187,983.35)	(2,187,983.34)	(4,375,967.00)
Cash provided by/ (used in) financing activities	<u>8,890,366.28</u>	<u>(7,139,777.55)</u>	<u>(14,578,178.00)</u>
Net Decrease in cash and cash equivalents	<u>(4,493,837.15)</u>	<u>(2,061,868.63)</u>	<u>(6,872,930.00)</u>
Net cash - at the beginning of year	<u>9,727,362.00</u>	<u>16,600,292.00</u>	<u>16,600,292.00</u>
- at the end of period	<u>5,233,524.85</u>	<u>14,538,423.37</u>	<u>9,727,362.00</u>
Represented by			
Cash and cash equivalents (Balance Sheet)	10,021,659.56	14,748,109.83	9,727,362.00
Bank overdraft	(4,788,134.52)	(209,686.46)	-
Cash and cash equivalents	<u>5,233,524.85</u>	<u>14,538,423.37</u>	<u>9,727,362.00</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2021

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, 2021, 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, 2020.

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, 2020.

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, 2020.