Schedule 2
FORM ECSRC - Q

(Select One)

Quarterly Report For the period ended **March 31, 2015**

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:

C

SIGNED AND CERTIFIED

Signature

27th April 2015

Date

Name of Director:

L

SIGNED AND CERTIFIED

Signature

27/04/15

Date

Name of Chief Financial Officer:

Benedict Brathwaite

SIGNED AND CERTIFIED

Signature

27.4.15

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 March 31, 2015.
2. Statement of Comprehensive Income for the three months to March 31, 2015.
3. Statement of Cash Flow for the three months to March 31, 2015.

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

(a) Liquidity

During the first three months of 2015, the Company met its liquidity needs through the use of internal resources, while still maintaining a current ratio of 2.37:1 at a level above lender institutions' benchmark of 1.50:1.

The average electricity rate over the first three months of 2015 was $0.97. This was below either the $1.14 of the equivalent period in 2014, or that for 2013 of $1.13. This decrease was due to declines in both the fuel and non-fuel charges (i) the average fuel charge of $0.4706/kWh to March 2015 was lower than the average for the same period in 2014 of $0.6323/kWh by 25.6 percent (ii) the non-fuel charge average in the first three months of $0.4342/kWh was below the $0.4465 in the equivalent period of 2014 by 2.8 percent.

Trade and other receivables decreased by $6.26M, or 20.7 percent with a positive cash inflow over the first three months of 2015. This was due to a combination of factors – (i) lower electricity rates as noted before (ii) reduction in outstanding balances from the Government of Grenada from $5.06M at December 31, 2014 to $2.67M at March 31, 2015 (iii) improved collections from other customers.

Cash provided by operating activities to March 31, 2015 was $17.08M which almost triples the $6.43 for the equivalent period of 2014. Overall, during the first three months of the year, the cash position nearly doubled as it grew by $10.97M to $22.95M. This was after making principal payments on borrowings of $1.68M, paying dividends of $2.47M, at thirteen cents per share for the quarter and instalments of company tax of $1.91M.

The Company met all of its obligations in the first three months of the year, and, based on its current cash flow projections, it can be expected to maintain this for the next several quarters. These projections were inclusive of an amount of $6.89M, likely to be paid to the Trustees of the non-management Trust in the second quarter of 2015, thereby fully funding that Trust registered with GARFIN on February 10, 2015. The Trustees are now in the process of establishing bank accounts.

(b) Capital Resources

Capital expenditure of $1.65M in the first three months of 2015 was funded from internal operations. This is expected to be the same with the balance of the 2015 capital budget of $3.74M, 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.

The Company as part of its strategic plan has set a target of having 20% of its generation capacity from renewable energy by 2020. To achieve this goal will require the Company to make capital investment in solar photovoltaics and or wind turbine farms beginning at the earliest opportunity. As such, if GRENLEC is able to get past the single largest impediment to renewable energy development, access to suitable land, it is likely that additional capital expenditure will be made in 2015.

An EU/GOG/GRENLEC wind project on Carriacou for up to a 2MW wind farm which was reactivated in December 2013 did not materialize in 2014. Nine entities purchased bid packages of which only two companies bid. When the bids were opened on November 21, 2014 they came in at seventy five percent above the joint funding of €3.89M for the project by the EU and GRENLEC. Given the earlier delays in the project there was insufficient time to request new bids. Subsequent to the year end the EU did not accede to a Government of Grenada's request for an extension in the period for funding of the project in order to obtain bids from non-EU/ACP suppliers. As of the time of writing a decision has not been made on the way forward for a wind energy project on Carriacou.

As far as major generation expansion that will require external financing is concerned, the Company remains uncertain of its likelihood in 2015.

c) Changes in Financial Condition

The following table provides information as at March 31, 2015 with comparatives at March 31, 2014 and December 31, 2014 of GRENLEC's compliance with various financial loan covenants. All the covenants have easily been exceeded with a widening variance in most cases.

<u>**Covenant Table**</u>

	Covenant Ratio	March 2015	March 2014	December 2014
Current Ratio	>= 1.50:1	2.37:1	2.12:1	2.33:1
Interest Coverage Ratio	>= 2:1	22.69:1	17.62:1	17.19:1
Debt Service Coverage Ratio	>= 1.50:1	5.93:1	5.12:1	4.27:1
Bank Borrowing to Equity Ratio	<= 1.25:1	0.15:1	0.37:1	0.17:1
Equity to Assets	>= 30%	59.41%	54.13%	58.60%

In the first three months of 2015 the Company's net assets increased from $93.60M to $97.29M. Property plant and equipment decreased from $77.56M to $75.78M directly due to depreciation expense of $2.61M. Capital work in progress increased from $2.18M to $2.76M as the Company continued to make routine non expansion capital expenditures financed from internal operations.

Trade and other receivables as noted earlier decreased by $6.26M, over the three months to March 2015, from $30.26M. Government of Grenada receivables decreased by 47.3 percent while that for non-GoG also decreased by 16.6 percent over the same period of the year. The Company's work with the Government has paid dividends in the reduction of its receivables balance. All sectors reflected this decrease ranging from 14 percent for industrial to 22.3 percent for hotels. The reduction in the hotel sector is very important as traditionally it is in this the tourist season that they are best able to control their receivables. Quite naturally the decrease in receivables saw the days outstanding also being lowered moving from 51.23 at the end of 2014 to 46.13 at March 31, 2015.

d) Results of Operation

The Company's financial performance over the first three months of 2015 exceeded that for the same period in 2014. There was a 16.9 percent increase in profit before interest, from last year's $10.14M, to $11.85M. The main drivers of this were: a fuel cost recovery rate- of 136.6% which is higher than the 108.4% for the same period in 2014 and goes a long way towards explaining the stronger financial performance; and, a decline in financing expenses compared to last year.

There was a 2.2 percent increase in kWh sales, over the same period in 2014. This is noteworthy as it comes after a year in which the growth experienced was due to one customer. This growth is particularly important given the non-fuel rate decrease of 3.2 percent implemented on November 1, 2014. The growth occurred in the two major sectors with the commercial sector expanding by 3.1% and the domestic by 1.3% while the industrial sector contracted by 0.3%.

Total revenue of $39.54M to March 2015 was significantly less than the $47.56M of the equivalent three months of 2014. With reduced fuel prices leading to lower fuel charge rates, the fuel charge declined by 24% from $27.68M to $21.04M, mainly accounting for the decreased revenue.

Operating and administrative expenses other than for fuel increased by 3.3% in the first quarter of 2015 relative to the comparative period in 2014. The Generation, Distribution and Administration departments had adverse variances of 11.3%, 1.3% and 2.5% each. These increases were partially due to the conclusion of union negotiations and an increase of 2.5% applicable for 2015. In the case of Generation it was also due to maintenance of generators. Planning and engineering had a favourable variances of 13.4%. The Company has continued to maintain tight controls over costs as it recognises that with the decrease in the non-fuel charge rate, sales growth in excess of 3.2% will be required to have an increase in non-fuel revenue.

Interest costs of $0.55M in the first three months of 2015 reflect a decline of 12.8% compared to the $0.63M to March of 2014. This is in keeping with the Company's reduction of its borrowings by making payments as scheduled.

System losses twelve months rolling average of 7.61% at March 31, 2015 was the same as that at the end of 2014 maintaining its positive impact on 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 19.42kWh's per imperial gallon in the first three months of 2015 exceeds the 19.25kWh's achieved in the same period last year and represents a 0.9% improvement. Fuel efficiency for 2014 was 19.22kWh'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, increases and presently stands at $18.50M 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 $18.34M is now more than the pre Ivan level of $14M.

- 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%. In 2014 the amendment meant additional duties paid by GRENLEC of 350K which by itself was not excessive. However, in years in which large capital expenditure is required this amount can be substantially higher. The same amendment also imposed duty on imported fuel. The duty on the fuel has not yet been applied although it remains in effect. 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.

- In February 2015, after indicating for months that legislation for a new Electricity Supply Act was forthcoming, the Government of Grenada held a public consultation on a draft Electricity Supply Bill. The intention of the draft bill is to separate generation and transmission entities to allow competition in both the generation and distribution areas, and to increase generation by renewable energy. This is to be accomplished by removing the exclusive license that GRENLEC currently holds over the generation and transmission and distribution of electricity. GRENLEC is willing to collaborate with the Government to seek ways to improve the quality of electricity services at the lowest possible costs. However, it is GRENLEC's view that the draft bill as presented is likely to drive costs higher and threaten the reliability of the electricity grid. The Company's majority shareholder Grenada Private Power Limited could therefore find that it is left with no option but to pursue all available legal remedies to protect its contractual agreements.

On April 1, the Government of Grenada and the Company met and held discussions on the Electricity Supply Bill. It was agreed that further meetings will be held between the parties with the possibility of a mediation group, agreeable to both parties, being used as a facilitator.

- Sharply increasing fuel prices can 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 March 31, 2015 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 March 31, 2015.

6. Defaults Upon Senior Securities.

(a) Payments of principal and interest to the Eastern Caribbean Securities Exchange (ECSE) for the Grenlec Bond and the National Insurance Board (NIB) on their respective loans have been made during the quarter ended March 31, 2015 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 March 31st, 2015 and December 31st, 2014

	March 2015 EC $	December 2014 EC $
ASSETS		
Non Current Assets		
Property Plant and Equipment	75,783,597.51	77,555,062.00
Suspense Jobs in Progress	1,806,595.08	1,893,828.00
Capital Work in Progress	2,761,204.50	2,178,152.00
Deferred Exchange Loss	205,560.33	205,560.00
Available-for-sale financial assets	835,955.61	872,120.00
	81,392,913.03	82,704,722.00
CURRENT ASSETS		
Inventories	14,316,089.70	14,901,584.00
Trade and Other Receivables	23,994,429.02	30,255,489.00
Segregated Retirement Investments	6,137,830.11	6,134,198.00
Income Tax Prepaid	-	-
Loans and receivables financial assets	39,414,401.53	37,327,224.00
Cash and cash equivalents	22,945,806.35	12,885,921.00
	106,808,556.71	101,504,416.00
TOTAL ASSETS	188,201,469.74	184,209,138.00
SHAREHOLDERS EQUITY AND LIABILITIES		
SHAREHOLDERS EQUITY		
Stated Capital	32,339,840.00	32,339,840.00
Other Reserve	8,040.00	8,040.00
Retained Earnings	61,247,152.20	61,247,152.00
Profit / (Loss) to Date after Dividends	3,694,918.39	-
	97,289,950.59	93,595,032.00
Non Current Liabilities		
Consumers' Deposits	12,816,196.21	12,890,373.00
Long-term Borrowings	14,547,497.62	16,224,680.00
Provision for Hurricane Insurance Reserve	18,500,000.01	18,000,000.00
	45,863,693.84	47,115,053.00
Current Liabilities		
Amount Due to Related Company	329,325.43	164,964.00
Short- term borrowings	7,687,615.00	7,687,615.00
Trade and other payables	15,209,521.58	16,674,611.00
Consumers' Advances for Construction	923,384.03	941,354.00
Current portion of provision for retirement benefits	13,023,113.02	12,791,719.00
Provision for Profit Sharing	6,945,488.53	5,038,532.00
Income Tax payable	929,377.72	200,258.00
	45,047,825.31	43,499,053.00
TOTAL LIABILITIES	90,911,519.15	90,614,106.00
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	188,201,469.74	184,209,138.00

GRENADA ELECTRICITY SERVICES

COMBINED TRADING SUMMARY

For the three months ended March 31st, 2015 and 2014 and year ended December 31st, 2014

	March 2015	March 2014	December 2014
INCOME			
Sales - Non Fuel Charge	19,358,123.10	19,480,287.62	77,070,193.78
- Fuel Charge	21,040,471.38	27,678,793.06	111,450,441.69
Unbilled Sales Adjustments	(1,189,359.68)	(33,915.49)	(345,350.32)
Net Sales	39,209,234.80	47,125,165.19	188,175,285.15
Sundry Revenue	333,721.43	437,398.99	1,732,155.86
TOTAL INCOME	39,542,956.23	47,562,564.18	189,907,441.01
OPERATING COSTS			
Production less Diesel Consumed	3,323,735.31	2,985,827.47	13,834,296.78
Diesel Consumed	15,404,707.64	25,529,240.50	99,348,392.83
Hurricane Provision	500,000.01	500,000.01	2,000,000.00
Planning & Engineering	582,373.76	672,146.18	2,578,336.36
Distribution	3,932,441.64	3,882,035.73	16,232,219.41
TOTAL OPERATING COSTS	23,743,258.36	33,569,249.89	133,993,245.38
CORPORATE SERVICES	3,951,553.67	3,856,846.15	18,595,857.87
PROFIT BEFORE INTEREST	11,848,144.20	10,136,468.14	37,318,337.76
INTEREST			
Bank Loan Interest	426,262.02	521,204.45	1,966,009.44
Other Bank Interest	-	-	1,720.61
Consumer Deposit Interest	123,131.06	108,779.45	461,695.89
TOTAL INTEREST COSTS	549,393.08	629,983.90	2,429,425.94
PROFIT AFTER INTEREST	11,298,751.12	9,506,484.24	34,888,911.82
OTHER CHARGES			
Disposal of Fixed Assets	(13,050.99)	(2,500.00)	(30,580.47)
Donations	565,591.36	475,442.98	1,745,974.61
Profit Sharing	1,939,173.77	1,734,329.32	6,326,480.99
TOTAL OTHER CHARGES	2,491,714.14	2,207,272.30	8,041,875.13
PROFIT BEFORE TAXES	8,807,036.98	7,299,211.94	26,847,036.69
Corporation Tax @ 30%	2,642,118.59	2,189,726.13	7,606,135.10
PROFIT AFTER TAXES	6,164,918.39	5,109,485.81	19,240,901.59
Dividends	2,470,000.00	2,280,000.00	9,120,000.00
RETAINED PROFIT to date	3,694,918.39	2,829,485.81	10,120,901.59

GRENADA ELECTRICITY SERVICES LIMITED

Statement of Cash Flows

For the three months ended March 31st, 2015 and year ended December 31st, 2014

	March 2015	December 2014
Operating Activities		
Profit before Income Tax	8,807,036.98	26,847,037.00
Adjustments for:		
Depreciation	2,610,979.62	10,493,331.00
Profit on disposal of fixed assets	(13,050.99)	(30,580.00)
	11,404,965.61	37,309,788.00
Changes in Operating Assets / Liabilities		
Decrease in receivables and prepayments	6,261,059.85	5,091,021.00
(Decrease) / Increase in accounts payable and accrued charges	(1,557,236.18)	2,996,419.00
Increase / (Decrease) in provision for retirement benefits	231,394.02	(3,328,855.00)
Decrease in inventory	585,494.30	295,719.00
Increase in related company balance	164,361.43	72,993.00
Payment of income tax	(1,912,998.87)	(6,497,285.00)
Increase in provision for profit sharing	1,906,956.53	509,838.00
Cash provided by operating activities	17,083,996.69	36,449,638.00
Investing Activities		
Decrease in available for sale financial assets	36,164.39	268.00
Disposal of fixed assets	14,250.00	31,500.00
Decrease / (Increase) in Suspense jobs in progress	87,232.92	(211,210.00)
(Increase) / Decrease in Capital Work in Progress	(583,052.50)	724,162.00
Increase in loans and receivables financial assets	(2,087,177.53)	(6,417,021.00)
(Increase) / Decrease in segregated investment	(3,632.11)	3,859,698.00
Decrease / (Increase) in consumer contribution to line extension	231,157.07	(597,630.00)
Purchase of fixed assets	(1,071,871.21)	(5,543,828.00)
Increase in other reserves	-	(268.00)
Cash provided by/(used in) investing activities	(3,376,928.97)	(8,154,329.00)
Financing Activities		
Provision for hurricane insurance reserve	500,000.01	2,000,000.00
Repayment of Loan	(1,677,182.38)	(7,380,286.00)
Dividends paid	(2,470,000.00)	(9,120,000.00)
Cash used in financing activities	(3,647,182.37)	(14,500,286.00)
Net Increase in cash and cash equivalents	10,059,885.35	13,795,023.00
Net cash - at the beginning of year	12,885,921.00	(909,102.00)
- at the end of period	22,945,806.35	12,885,921.00
Represented by		
Cash and due from banks	22,945,806.35	12,885,921.00
Bank overdraft	-	-
	22,945,806.35	12,885,921.00