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CORPORATE INFORMATION

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Georgetown
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South America

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Guyana
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ATTORNEYS-AT-LAW:

de Caires Fitzpatrick & Karran
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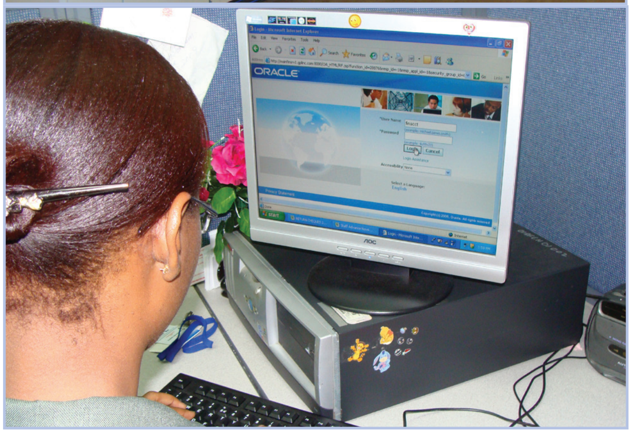
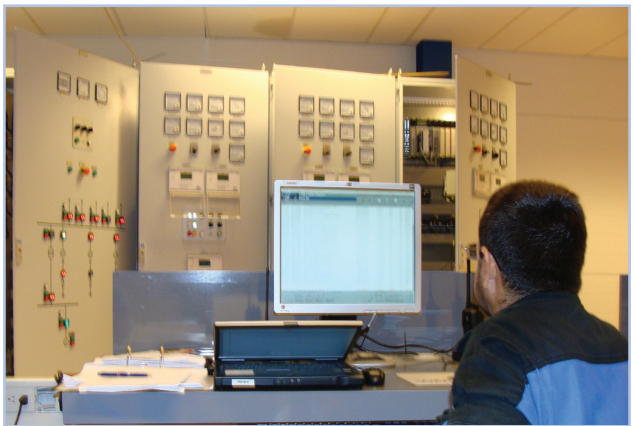
Guyana
South America

BANKERS:

Republic Bank (Guyana) Ltd.
Promenade Court
New Market Street
North Cummingsburg
Georgetown
Guyana
South America

DEFINITION OF ABBREVIATIONS





AUAEP Additional Unserved Areas Electrificiation Programme

CIS Customer Information System

CSS Customer Service Standards

ESRA Electricity Sector Reform Act, No. 11 of 1999

GoG Government of the Co-operative Republic of Guyana

GPSU Guyana Public Service Union

HFO Heavy Fuel Oil

LFO Light Fuel Oil

IADB Inter-American Development Bank

ISO International Standards Organisation

IT Information Technology

KRONOS Refers to the time & attendance software system

NAACIE National Association of Agricultural Commercial & Industrial Employees

O&M Operations and Maintenance

OS&PT Operating Standards & Performance Targets

PUCA Public Utilities Commission Act, No. 10 of 1999

SAIFI System Average Interruption Frequency Index

SAIDI System Average Interruption Duration Index

SCADA Supervisory Control and Data Acquisition

UAEP Unserved Areas Electrification Programme

WCD West Coast Demerara

“With electricity we were wired into a new world.”
Anonymous

Chairman’s Report

The calendar year 2010 marks the eleventh report to the Shareholder of Guyana Power & Light, Inc. (“GPL” or “Company”).

In 2010 GPL attained an after tax profit of G$553.4 million, a 69.4% decrease in profit in comparison to 2009. The reduction in profit was largely on account of an increase in fuel cost of $3.5 billion above the 2009 cost of $13.1 billion.

Gross generation totaled 626 GWh with 60 GWh supplied by Guysuco at Skeldon and 566 GWH from GPL. Of the GPL portion, 441 GWh (78%) was generated by GPL owned but Wartsila operated units and 125GWh (22%) from GPL owned and operated generating sets. Generated energy (GWH) increased by 6.84% over 2009. GPL installed generating capacity (excluding Guysuco) totaled 166.02 MW of which 68.7MW were HFO and 97.32 MW were LFO; adjusting the capacity for age and reliability, GPL’s derated capacity totaled 121.46 MW. Overall availability in 2010 of generating equipment was 64.78%; the Wartsila operated plant totaled 94.69% and GPL operated plant totaled 40.84%.

In late 2010, having regards to the expanding demand and the performance of GPL’s aging units, generation capacity was supplemented with rented Caterpillar sets. Also, a decision to expand the Wartsila fleet by adding an additional 15.6 MW was approved by the Shareholder. This addition would increase the Wartsila capacity from 64.7 MW to 80.3 MW. The benefits of this expansion include reducing average operating costs due to increase use of HFO, greater engine efficiency, and providing greater reliability of supply.

GPL’s customer base expanded to 151,288 customers, a net increase of 4,253 (2.89%) customers over 2009. This expansion, along with volume growth and improved efficiencies from commercial loss reduction resulted in a 10.82% increase in revenue over 2009.

Strategic Objectives- Targets vs. Achievements

GPL is committed to reporting annually on achievements of its Strategic Plan originally launched in 2008. The Plan (prepared on a five year horizon) outlines the strategic objectives of the Company and forms the basis of many of the key performance measurements of GPL. The Strategic Plan has been added to the Company's Development and Expansion Plan and is updated annually to ensure that the strategic objectives and strategies remain relevant.

The following marks the second review of the summarized strategic plan and focuses on performance against defined benchmarks.

Strategic Objective 1 - Optimize Revenue Collection

Optimize Revenue Collection:	2009 Actual	2010 Target	2010 Actual	2011 Target
a. Maximize collection of billing (% of Billing collected)	91.1	99.5	104	99.5
b. Maximize level of power billed via loss reduction, new connections, and volume growth (GWH billed)	370	411	414	432.7
c. Expand customer base (# of new customers added in yr.)	6,907	6,200	5,795	6,000
d. Expand overall revenue based on billed volume (US$ M)	118	127	129	131

GPL collections were better than planned reflecting not only current collection efficiencies of over 100% but also collections of arrears. However notwithstanding the achievement of the 2010 targets, collection rates from the Municipalities and National Democratic Councils (NDCs) remained low. As at December 2010, the Georgetown Mayor and City Council owed G$652 million with this matter currently engaging the attention of the courts.

Billed power increased by 6.43% due to an expansion in the number of customers, increased demand by customers, and reduction in technical and commercial losses by 3%. GPL's customer base increased from 147,035 in 2009 to 151,288 in 2010, an increase of 2.89%. Although, the total number of new customers was less than that achieved in 2009 the overall figure attained reflected a continued uptake on the infrastructure built out under the UAEP and AUAEP, as well as a continuation of new housing and commercial units across the country. This trend is expected to continue for the next few years thus placing greater demand on GPL to supply.

In 2010, sales revenue increased from $23,972 million in 2009 to $26,567 million (an increase of 10.8%). This is notwithstanding no changes to tariffs in 2010. The revenue growth reflects the increased number of customers and volume, as well as a portion of the loss reduction benefits, flowing into revenue.

At the end of 2010 the total number of employees was 1,006 compared to 912 at the end of 2009. GPL had anticipated that the introduction of the new CIS would allow for a reduction of non-technical staff. However, given the work demands and the enhanced efforts on the loss reduction and operations side, these reductions did not occur.

Strategic Objective 2 - Minimize costs of operations

Minimize costs of operations	2009 Actual	2010 Target	2010 Actual	2011 Target
a. Reduce Employment Numbers (number at end of year)	912	858	1,006	985
b. Control Employment Costs (annual US$ M)	10.963	11.492	11.296	11,343
c. Reduce total technical and commercial losses (%)	34.3	29.3	31.3	29.9
• Reduce generation costs by reducing technical losses (total % remaining at end of period)	13.4	12.0	14.3	14.8
• Reduce generation cost by reducing commercial losses (total % remaining at end of period)	20.9	17.3	17	15.1
d. Maximize use of cheap HFO fuel (% HFO in fuel mix)	76	81	80	82

Technical and commercial losses were reduced by 3% reflecting overall efficiencies from the implementation of the new customer information system, meter change-out programmes and efforts to reduce theft. Technical losses rose from an estimated 13.4% in 2009 to 14.3% in 2010 largely on account of the distribution and transmission network reflecting its age and limited capacity relative to demand. Commercial losses therefore were better with commercial losses dropping by 3.9%, a record for any one year.

HFO use increased with the new 20.7 MW Wartsila plant commissioned in December 2009, but this increase was lower than expected due to the higher demand than forecasted, relatively greater downtime for maintenance of the Wartsila, delay in commissioning the Canefield plant on HFO, and constraints in the transmission system, that necessitated the use of diesel sets (eg. Leonora). Nevertheless, GPL has moved from a position in 2007, where the use of HFO made up only 52%, to the current position at end of 2010 of 80%. GPL projects that HFO uses should exceed 90% by 2012.

69Kv Kingston Sub-station

GPL 20.7 MW Wartsila Plant, Kingston

Strategic Objective 3 - Improve Customer Service (CS)

Improve Customer Service (CS)	2009 Actual	2010 Target	2010 Actual	2011 Target
a. Implement consolidated and improved quality systems to address: • Response to Technical Faults (time to correct; quality of service) (Time in hrs for 90% of jobs to be completed)	16	14	12	12
• Response to Commercial Issues (time to address; quality of service) (Time in days)	28	14	21	7
b. Reduce Tariffs (% change over previous year)	5%	0%	0%	0%
c. Ensure timely connection of applicants for service (days) (primary or secondary network not required)	20	13-17	21	13-17
d. Improve System Reliability (average # of annual interruptions per customer [SAIFI])	125	135	159	140
e. Improve System Reliability ([SAIDI] (hours)	200	200	185	195
f. Implement new Customer Information System (CIS)	At the end of 2009 GPL was in the process of configuring the CIS to satisfy GPL commercial requirements.	CIS became operational on May 24, 2010 within time and budget.		
g. Implement ISO 9001: 2008 Quality System	At the end of 2009 GPL completed documentation of critical procedures in relevant Departments and held awareness training sessions	ISO Certification by 2012		
h. Improve Image of GPL as first class utility via improving CS, ⇑ efficiency, and keeping tariffs low				

Customer Service Improvement, a key strategic objective, is meant to enhance GPL's performance levels in responding to customers, both in terms of timeliness and quality of service. This is of particular importance in light of recent amendments to GPL's Licence and proposed revisions to the Company's CSS and OS&PT. Approved CSS and OS&PT take effect in 2011 and will require higher standards of performance and impose monetary penalties on GPL where it fails to deliver proper quality of service, particularly in the following areas: connection of new services and reconnections, responses to repair calls, billing complaints and inquires, connection of new services where no additional networks are needed requires connection within 14 days or GPL incurs penalties of $2000 for each day the standard is breached up to a maximum of $20,000 in the case of commercial services or $1000 for each day the standard is breached up to a maximum of $10,000 in the case of residential services.

Strategic Objective 4 - Achieve Sustainable Financial Position

Achieve Sustainable Financial Position	2010 Actual
a. Ensure that revenue collected is sufficient to cover all costs including CAPEX and debt service.	Despite the challenge of rising fuel prices, the company managed to maintain its financial stability attested by the factors of being able to service its debt obligation of $338M, increase investment in fixed assets by G$884M and maintain an adequate net working capital.
b. Ensure that GPL is creditworthy to attract private investment in a 140 MW hydroelectric project at a projected capital cost in excess of US$500 M without Government guarantees.	In 2010 GPL's financial performance and creditworthiness continued albeit at a slower rate, primarily because of a spike in fuel prices. The following key ratios attest to the financial performance:-
• Current Ratio	3.3:1
• Debt to Equity	46:54
• Return on Equity	4.6%
c. Complete audited accounts and hold Annual Shareholders Meeting within 6 months of year end.	GPL audited financial statements for 2010 were completed by March 31, 2011.
d. Manage GPL finances and to justify concessional financing from the IADB, GoG, and Chinese Government of funds necessary to finance rehabilitation of its transmission and distribution network and commercial loss reduction.	During the year, the company obtained financing from the Government of Guyana through the Export Import Bank of China (EXIM) of a loan for the development of the transmission and distribution network. Agreement of Loan has since been signed to the value of US$40M. Additionally, US$279K was received from undisbursed Petrocaribe funds to facilitate investment and improvement in T&D and Generation facilities.

GPL revenue growth continued. Expenses were generally in line as planned except for fuel costs. Profits were positive but declined compared to previous years. Investments were largely financed by concessional loans and internally generated cash. Loans and debt service were quite low when compared with gross assets and gross revenue.

In October 2009 GPL implemented two modules of the Oracle Financial Software Package namely the General Ledger Modules and Accounts Payables. The Oracle General Ledger is the central repository of accounting information and its main purpose is to record the financial activities of the company. The Accounts Payables Module provides the gateway for processing payments for materials, resources and services and allows the Company to have effective cash management and easy access to up-to-date information. GPL has experienced great benefits from the implementation of these modules.

Strategic Objective 5 - Achieve National Objectives

Achieve National Objectives	2010 Actual
a. Promote conservation of electricity by promoting/educating economic use and avoiding wastage	Activities promoting demand side management were undertaken in 2010 including school programmes, community outreach and public education
b. Maximize use of **renewable** fuel to minimize generation costs and minimize fuel import bill	Progress is made in the Amaila Falls project.
c. Minimize tariffs and maximize efficiencies (low technical and commercial losses, high collections)	No increases in tariffs were targeted in 2010 and none were implemented, despite the significant increases in fuel prices. Efficiencies improved including in commercial losses and increased use of HFO.
d. Ensure regulatory compliance with electricity laws and GPL's Licence	GPL continues to comply with ESRA and its Licence.
e. Expand national grid to other parts of country to allow economies of scale and lower avg. costs	New connections on the UAEP/AAUP continued to increase.

Promoting energy conservation - A GPL / IDB partnership

In 2010, GPL, in collaboration with the IDB, undertook a Secondary School Education Programme on Energy Conservation.

The objectives of the programme were:

- to educate future generations on the benefits of Energy Conservation,
- to develop, research and encourage critical thinking skills of students,
- to develop students' awareness of the impact of Energy Conservation,
- to ultimately influence the future generations to be catalysts for change.

Eighteen (18) secondary schools participated in the programme.

Operating Standards & Performance Targets

As part of the process of ensuring that GPL reports on its OS&PT, GPL will, on an annual basis, report on its compliance. In 2011, the OS&PT will be included in GPL's Development and Expansion Plan.

1. Quality of Supply Standards

Category	Units	2009 Actual	2010 Target	2010 Actual
Quality of Supply Standards				
System Average Interruption Frequency Index	SAIFI	182	135	**158.95**
System Average Interruption Duration Index	SAIDI	217	200	**184.86**
Losses	%	34	32.8	**31.3**
Voltage	%	-	+/- 5% of nominal & +/- 10% following disturbance	**+/- 2%**
Frequency Regulation	Hz	-	+/- 0.2 Hz of nominal frequency	**Not available**

2. Customer Service Standards

Category	Units	2009 Actual	2010 Target	2010 Actual
Customer Service Standards				
New Connections- Primary or Secondary Network Required Commercial Service Residential Service	Weeks	12 9	10 12	**9** **13**
New Connections- Primary or Secondary Network NOT Required Commercial Service Residential Service	Days	16 21	10 10	**15** **17**
Reconnections- Reconnection, service and meter in place Georgetown Elsewhere	Days	2 2	1 2	**2** **2**
Reconnections- Reconnection, service and meter NOT in place Commercial Residential	Days	10 15	10 10	**12** **13**
Customer Notification- All customers or any Category (Working Days before bill issue date)	Days	4	7	**7**
Billing Complaints and Queries- Days to acknowledge Billing Queries- No site visit Legal Queries, and/or, PUC, and/or Site visit	Working Days	3 NA 35	3 7 28	**3** **10** **39**

Overall, GPL made progress although it experienced some delays in new infrastructure as a result of increasing demand and limited availability of critical inputs (e.g. Wallaba poles).

3. Financial Standards

Category	Units	2009 Actual	2010 Target	2010 Actual
Financial Standards				
Accounts Receivable	Days	73	60	66.6
Accounts Payable	Days	30	35	43.2
Bad Debt Expense	%	1.5	1.5	1.5
Meter Reading & Customer Billings - Non MD	Days	39	12	8
Meter Reading & Customer Billings - MD	Days	6	7	7

GPL's performance generally remained satisfactory. Meter reading and customer billing were in keeping with set targets and was partly attributable to the introduction of the CIS system in 2010.

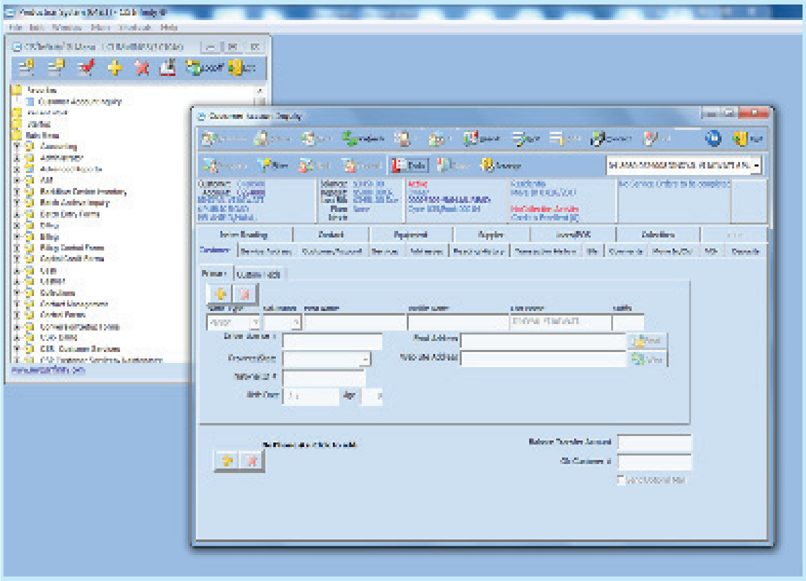
4. Other Standards

Category	Units	2010 Actual	2010 Target	2010 Actual
Other Standards				
Meter Replacements- Commercial Residential	Working Days	12 18	7 8	**7** **8**

Targets were met.

CIS Infinity

CUSTOMER INFORMATION &BILLING SOFTWARE



In May 2010 GPL implemented a new Customer Information and Billing Software. This new Software combines comprehensive functionality, technology and a high level of system integration which allows GPL to improve its customer service and revenue collection. The benefits of the new system include the immediate creation of customers' accounts following service connection, and real time application of all payments to accounts. The introduction of the CIS system has also facilitated the contraction of the period between meter readings and production of bills.

Governance and the Regulatory Environment

GPL legal, regulatory, and governance framework changed considerably in 2010.

On the legal side, GPL modified its Articles of Incorporation and By Laws to expand the size of its board from 5 to 10 and to make various changes to the classes of shares that the Company can issue, appointment and term of Directors and powers of the Board and Directors of the Company. .

On the regulatory side, the Public Utilities Commission Act and Electricity Sector Reform Act were amended. These amendments resulted in changes to GPL's Licence including its Standard Terms and Conditions and Operating Standards and Performance Targets. Among the changes now facing GPL, include penalties against GPL, effective 2011, for failure to comply with Customer Service Standards and revised Operating Standards and Performance Targets, for which GPL could be fined by the PUC if not achieved. The statutory changes also enhanced and made clearer, GPL rights in respect of theft of electricity and ability to enforce customer deposits for non-payment.

With respect to Governance, GPL's Board defined clearly the role of the Board and Management. Additionally, a corporate governance analysis was conducted by an international consultant, which resulted in a Corporate Governance Code being adopted by GPL. This Code along with GPL internal definition of the role of the Board and Management, establishes a governance framework that is among the best in the country. Related changes to the governance structure included expansion of the size of the GPL Board, expansion of the number of Sub-Committees and definition of the associated Terms of Reference, and procedures to ensure reporting by the Board of its performance.

Additionally, an Energy Policy was adopted by the Government and published on GPL's website.

Executive Management & Employment

Unlike previous years, there was a full complement of the Management Team in 2010. Mr. Bharat Dindyal continued in his appointment as Chief Executive Officer and head of the Management team. On January 1 2010, Mr. Aeshwar Deonarine was appointed Deputy Chief Executive Officer. Effective February 1 2010, Mr. Renford Homer was appointed as Senior Divisional Director-Information Technology and Commercial Services and Mr. Colin Singh, Senior Divisional Director- Operations and Projects. Mr. Elwyn Marshal was appointed Divisional Director-Operations with effect from March 1 2010 and Mr. Ronald Herbert- Divisional Director-Human Resources with effect from April 1 2010. However in the last quarter of 2010, the Corporate Secretary and the Divisional Director- Human Resources tendered their resignations effective December 28 2010 and March 1 2011 respectively. These vacancies are expected to be filled in 2011.

Remuneration of GPL management team remains competitive with certain position reflective of international standards. Additionally, an incentive scheme for each Manager seeks to enhance performance. Nevertheless, while performance of GPL has improved and strategic investments continue to be made, GPL recognizes that it continues to be challenged by the limited availability and capability of technical persons. These limitations, as well as investment constraints encountered in the past for improving its operational assets, have contributed to under-performance by GPL in achieving operational targets. Notwithstanding, the Board will continue to pursue new strategies to recruit and retain key talent, and expertise for the Company.

On behalf of the Board, I would like to thank management and staff for their commitment and hard work during the year. I would also like to extend gratitude to our valuable customers for their continued support and understanding as the Company thrives to deliver a more efficient and reliable service.

In closing, I would also like to thank my fellow directors for 2010- Mr. Carvil Duncan, Mr. Narvon Persaud, and Mr. Desmond Mohamed for their continuous cooperation and support during the year 2010.

Winston Brassington
Chairman

VISION

Guyana Power & Light, Inc. aims to be Guyana's premier service provider meeting and exceeding where possible the expectations of its stakeholders."

MISSION STATEMENT

"To provide an expanding customer base with electricity services which are technically, financially and environmentally sustainable, achieving best practice and acceptable international norms, delivered by our people performing in accordance with Company values to the highest ideals of work excellence and integrity."

BOARD OF DIRECTORS

Winston Brassington - Chairman

Mr. Winston A. M. Brassington was appointed Chairman of the Board of Directors in November 2007, a position he currently retains. Mr. Brassington has served as a Director of GPL since its incorporation in 1999. He currently serves as Executive Director of the National Industrial and Commercial Industries Ltd. (NICIL) and Executive Secretary and Head of the Privatisation Unit. As Head of the Privatisation Unit he was responsible for the privatisation of Guyana Electricity Corporation (GEC) in 1999. He currently sits on a number of boards on behalf of the Government.

A former student of St Stanislaus College, he also serves on the Board of Governance of the School.

Mr. Brassington holds a Bachelors degree in Accounting and a Masters Degree in Business Administration.

Carvil Duncan - Director

Carvil Duncan was appointed to the Board of Directors of GPL in 2003. An Industrial Relations practitioner for over 40 years, he is the current General Secretary of the Guyana Labour Union. As a Trade Unionist, he has been integrally involved and advocated for workers' rights in Guyana for many decades. Mr. Duncan currently serves as a member of the Trade Union Recognition Board, the Public/Police Service Commission and the Sugar Industry Labour Welfare Fund. He is also the Chairman of the Board of Directors of the Linden Electricity Company Inc. and Vice Chairman of the Guyana National Industrial Company.

BOARD OF DIRECTORS

Narvon Persaud - Director

For over 30 years, Mr. Narvon Persaud has been associated with the Electricity Sector in Guyana. An electrical engineer by profession, Mr. Persaud is a former General Manager of the Guyana Electricity Corporation, GPL's predecessor, and also served on the Board of Directors of the Corporation. Additionally he held senior managerial positions at the Guyana Sugar Corporation and is a current member of the National Standards Council. Mr. Persaud was appointed to the Board of Directors of the Company in 2003, and serves as Chairman of the Technical Sub Committee of the Board.

Desmond Mohammed - Director

Mr. Desmond Mohamed is currently a Director on the Board of Directors of the Guyana National Shipping Corporation Ltd. A Chartered accountant by over 36 years, Mr. Mohammed has served in senior positions in both the public and private sectors and has been on the Boards of Directors of the Guyana National Printers Ltd. and Guyana Broadcasting Corporation Ltd. He was also Executive Director of the National Communications Network Inc. In the mid 1990s, Mr. Mohammed headed a Special Task Force within the Inland Revenue Department which was responsible for enhancing revenue collection. Mr. Mohammed has been a member of the Board of Directors of GPL since 2008 and has brought considerable wealth of expertise in the areas of audit, finance and management. He currently sits as Chairman of the Audit Sub- Committee of the Board of Directors.

EXECUTIVE MANAGEMENT TEAM

Bharat Dindyal
Chief Executive Officer

Aeshwar Deonarine
Deputy CEO

Lakshmi Shiwnandan
Corporate Secretary

Colin Singh
Senior Divisional Director
Operations & Projects

Reinford Homer
Senior Divisional Director
Information Technology &
Commercial Services

Ayube Bacchus
Regional Manager - Berbice

EXECUTIVE MANAGEMENT TEAM

Kumar Sharma
Divisional Director
Loss Reduction

Laurian Bancroft
Legal Officer

Sabrina Rampersaud
Divisional Director - Finance

Elwyn Marshall
Divisional Director - Operations

Roland Herbert
Divisional Director - Human Resources

Nigel Benfield
Regional Manager - Essequibo

"The essence of great Leadership is vision."

Author Unknown

Directors' Report

The Directors take pleasure in submitting their Annual Report together with the Audited Financial Statements for the year ended 31 December 2010.

Principal Activities

The principal activities of the Company are to generate, transmit, distribute and sell electricity to the public. The Company is the main provider of electricity in Guyana serving the majority of the population.

Guyana Power & Light, Inc. is a vertically integrated electric utility. The primary objective of GPL is to provide its customers with a safe and reliable supply of electricity at a sustainable price and to expand its service to new customers located within its grid area.

Major Capital Programme

a. Updates on Existing Programmes

In 2010 the Company continued the capital programme commenced in 2008 under a US$31.355M concessional Loan Agreement with the GoG for the construction of 20.7MW Heavy Fuel Oil-fired plant at Kingston, including a 69kV interconnection, a 20km, 69kV transmission link between Guysuco's new co-generation plant at Skeldon and GPL's substation at No.53 Village, Berbice and the rebuild of the No. 3, 5MW Mirrlees Unit at Canefield, refurbishment of the No.4, 5MW Mirrlees and conversion of the plant to HFO operation.

As reported in the 2009 Annual Report, the 20.7MW HFO fired plant at Kingston was commissioned in December 2009 and continues to significantly generate and contribute to GPL satisfying current demand. As at December 2010 the Plant provided 15.7% of GPL's available capacity. The 69kV transmission interconnection between No. 53 Village and Skeldon was commissioned in March, 2010. This line has allowed GPL to significantly improve dispatch of power generated at Skeldon.

The Canefield rehabilitation and conversion to HFO operation has progressed to the point whereby only the No. 3 Engine was commissioned at the end of 2010. Work on the No. 4 Engine is expected to commence in March, 2011, after the arrival of required spares. The successful completion of this project will ensure there is adequate generation capacity in Berbice based on HFO and cogeneration sources.

Summary of Updates

PROJECT	EXPENDED BY GPL as of end 2010 (US$)	PROJECT STATUS	BENEFITS
20.7 MW Wartsila Power Plant – Turnkey Project	NIL	Completed:- December 2009	• Additional base load generating capacity utilizing HFO, which is approximately 20%-25% cheaper than LFO. • Displacement of old, inefficient, high speed, LFO-fired generating sets
69 kV Transmission Line - Sophia to Kingston	NIL	Completed:- November 2009	• Connection of new 20.7 MW power plant to the Demerara Interconnected System • Maximize the transfer of power from Guysuco's Skeldon co-generation facility to the Berbice Interconnected System • Utilization of renewable fuel (bagasse) and HFO
69 kV Transmission Line - Skeldon to No.53 Village	853,880	Completed:- March 2010	
Canefield Power Station - Rebuild & Conversion to HFO of No. 3 Engine	846,365	Projected Completion:- 2011	• Increase the base load generating capacity at Canefield and utilization of HFO. • Displacement of old, inefficient, LFO fired generating sets at Canefield and Onverwagt.
- Refurbish of No. 4 Engine & Conversion of Nos. 3 & 4 to HFO Usage		Projected Completion:- 2011	
TOTAL in 2010	**17,00245**		

b. GPL Infrastructure Development Programme

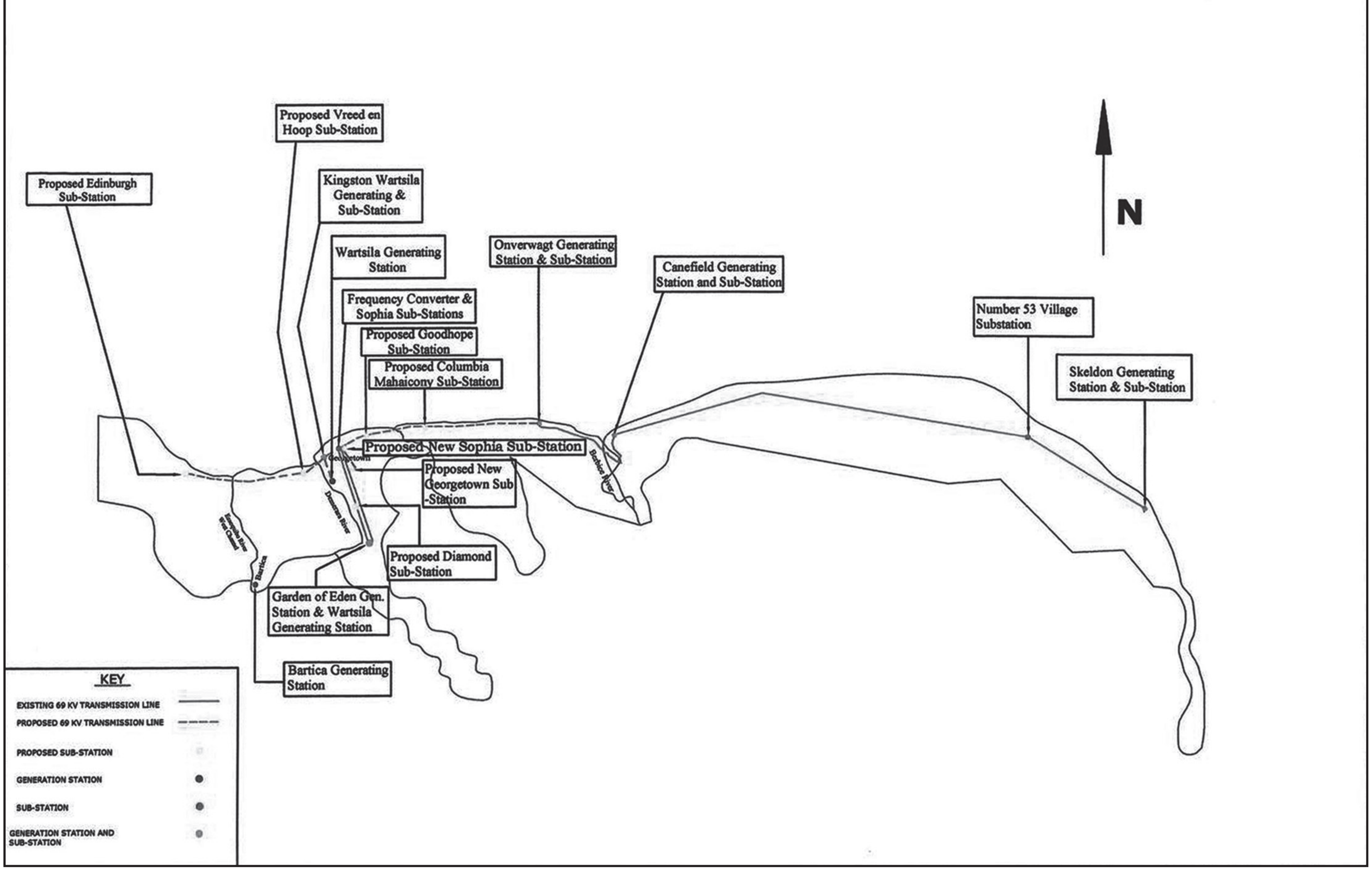
In September 2010 the GPL commenced the project for the construction of 7 new substations and the upgrade of 2 existing substations financed under a US$33.881M 2009 contract with the China National Machinery Import & Export Corporation (CMC) signed in October 2009. The Project which is expected to reduce the level of technical losses, increase the quality of power supply and meet increasing demand, has a contract period of 912 days (approx. 30 months) and is expected to be completed in March, 2013. An advance payment of US$6,776,323.76 (20% of the Accepted Contract Amount) was paid in August, 2010 to the contractor. At the end of December, 2010 the Contractor had completed all measurement surveys and geotechnical investigations associated with this project, and had returned to China to work on the basic design.

In addition to the construction of new substations and upgrade of some existing substations the Project will also facilitate the construction of a fiber optic network linking all substations from Skeldon in the East, Edinburgh in the West and Garden-of-Eden in the South to a Supervisory Control and Data Acquisition (SCADA) system at a new System Control Center at Sophia.

Summary of GPL Infrastructure Development Programme

PROJECT	BUDGETED COST US$	BENEFITS
Construction of approximately 110 km of 69 kV Transmission Lines, linking all sub-stations in Demerara and Berbice : • Kingston to Versailles, Versailles to Leonora • Sophia to New Georgetown Substation. • Sophia to Onverwagt	15,352,734	• Ability to move bulk power efficiently from large, efficient, base load generating plants to all load centers in Demerara and Berbice • Preparation for the advent of hydropower • Ability to consolidate reserve generating capacity • Improvement in system stability • Improvement in voltage regulation
Construction of seven (7) new 69/13.8 kV substations, including seventeen (17) new 13.8 kV feeder outlets/switchgear: New Substations - • North Georgetown • South Georgetown • Diamond, EBD • Good Hope, ECD • Mahaica, ECD • Versailles, WBD • Edinburgh, WCD Expansion/upgrading of - • Sophia substation & • Onverwagt, WCB substation Installation of SCADA System.	18,528,885	• The modification to two (2) existing substations and the construction of the additional seven (7) would allow bulk power to be tapped off for distribution at all load centers in Demerara and Berbice • Reduction in technical losses and voltage regulation • Improvement in quality of supply and availability of bulk power • Reduction in energy not served, • Reduction in trips affecting large geographic areas • Better system management. • Increased capacity to meet growth for short to medium term • Ability to standardize frequency in Georgetown. SCADA will allow: • Ability to control the system automatically from a central location • Improved system stability • Ability to identify faults quickly and accurately and direct emergency response.
Accepted Contract Amount	**33,881,619**	

Coastal Map of Guyana Showing Major GPL Installations



c. Generation Expansion Programme: 15.6MW Wartsila Generating Plant/ (Kingston) Expansion Project

In November, 2010, a US$18,366,290.00 Turnkey Contract with Wartsila Finland Oy was signed to Engineer, Procure and Construct (EPC) two 7.8MW (total 15.6MW), HFO (heavy fuel oil) fired, Wartsila generating sets at the existing Kingston Power Plant. It is proposed that these generators will go into commercial operation on August 31, 2011. GPL has responsibility for completing all foundation works required for the project. Based on the agreed timelines it is expected that the foundation works will be completed by April 01, 2011. In December 2010, a consultancy firm was identified to provide supervisory services during the construction of the foundation works and a contract signed for the procurement of greenheart piles. An Invitation for Bids was also advertised for the procurement of a 26/35 MVA, 69 kV/13.8 kV substation transformer.

Summary of 15.6MW Wartsila Generating Plant & (Kingston) Expansion Project

PROJECT	EXPENDED BY GPL as of end 2010 US$	BUDGETED COST US$	BENEFITS
Construction of 15.6MW Wartsila Generating Plant	3,673,258	18,366,290	• Reduce reliance on high speed, and old diesel fired sets to meet peak demand • Allow completion of Georgetown frequency standardization (conversion) & removal of the frequency converters from the system thus improving reliability (reduce shutdowns) and stop the annual converter loss which costs the Company approx. US$1.5M a year.
Construction of Foundation Works	nil	1,000,000	
Procurement of Piles	nil	27,109	
Consultancy Services	nil	26,092	
Procurement of 69KV/13.8KV Transformer	nil	700,000	

Financial Results

As at 31 December 2010, Net Profit after Taxation was G$553.36 million with Retained Earnings at G$(2.0) billion.

Share Structure

The company has a total of 77,020,895 common shares (Issued shares capital) and 1 special share as at the end of 2010. All shares are owned by the Co-operative Republic of Guyana.

Dividends

No dividends were declared in 2010.

Directors

The following Directors served during the year:

Mr. Winston Brassington, Chairman

Mr. Carvil Duncan, Vice Chairman

Mr. Narvon Persaud

Mr. Desmond Mohamed

The Directors have no interest in any contracts with the Company and did not enter into any arrangements to acquire shares or debentures of the Company throughout the year.

Auditors

Under law, the Auditor General is the auditor of the Company, who subcontracted the audit to PKF Barcellos Narine & Co., Chartered Accountants.

By Order of the Board

....

Corporate Secretary (ag)

"To accomplish great things, we must dream as well as act."

Anatole France

Highlights of Operational Activities and Achievements

In 2010, GPL achieved a 10.82% increase in revenue and a sales collection rate of 99.3%. The weighted average price of fuel increased from US$ 65 per barrel in 2009 to US$ 78 per barrel in 2010, an increase of US$13 per barrel, or 20% above the 2009 prices. This increase in fuel prices has directly contributed to the reduction of the company's profitability.

Performance Highlights

Highlights of the Company's performance (not elsewhere covered in this Report) were:

- Completion of Phase 1 of the Frequency standardisation to 60Hz in Georgetown. Estimated load converted was 12MW.
- Completion of Phase 1 of the System Improvements Project in two (2) areas in Georgetown.

Operating Statistics

	UNITS	2010	2009	2008 (Restated)	2007 (Restated)
Operating Revenue	G$'000	26,567,288	23,972,759	22,978,176	19,860,645
Profits/(Losses) Before Tax	G$'000	947,738	2,919,550	(2,897,781)	(2,362,164)
Fixed Assets	G$'000	16,754,103	17,134,535	11,699,189	11,234,447
Total Capital & Reserves	G$'000	11,978,386	11,425,027	6,251,435	8,190,927
Net Current Assets	G$'000	9,402,039	6,862,667	2,095,468	2,596,203
New Capital Investment	G$'000	4,419,636	12,598,175	3,838,379	2,541,774
Gross Generation	GWh	626	586	564	555
Billed Sales	GWh	415	370	356	351
Technical & Commercial Losses	%	31.3	34.3	34	33.9
Number of New Customers		5,795	6,868	5,292	8,105
Gross Capacity (Installed)[1]	MW	166.02	163.9	152.0	143.66
Available Capacity	MW	121.46	124.3	104.0	124.46
Peak Demand	MW	100.57	94.9	91.51	94.8
Employees (Number at year end - permanent and temporary)		1,006	912	983	1,320
Total Employment Cost (including capitalised amounts)	G$'000	2,403,232	2,365,881	2,401,187	2,637,965

Note 1: Gross/Installed Capacity

At the end of 2010, GPL's installed (nameplate) capacity totaled 166.02 MW, with 118.8 MW located in Demerara, 34.8 MW (excluding 10MW of Guysuco owned Skeldon Wartsila units) located in Berbice, and 12.42 MW located in Essequibo. After accounting for deration, this figure is reduced to 121.46 MW. Of this number, 104 MW is considered reliable. Of the 104 MW, 68.7 MW are Wartsila Units operating with HFO, and 35.3 MW are diesel-fired. GPL considers its remaining capacity of 17.46 MW to be unreliable. These consist of 12.46 MW of high speed, mobile and stationary Caterpillar units, and 5 MW of mainly medium speed, base load type units that have exceeded their normal operational life expectancy.

Key Customer & Sales Statistics

	Units	2010		2009		2008	
Customers – Total	No.	151,288	%	147,035	%	142,439	%
Residential	No.	137,513	90.90	133,397	90.72	130,399	91.55
Commercial	No.	13,166	8.70	13,041	8.87	11,439	8.03
Industrial	No.	609	0.40	597	0.41	601	0.42
Sales – Total	G$'000	26,567,288		23,972,759		22,978,176	
Residential	G$'000	10,442,944	39.31	9,383,848	39.15	8,785,358	38.23
Commercial	G$'000	5,661,059	21.31	5,135,778	21.42	4,989,806	21.72
Industrial	G$'000	10,463,284	39.38	9,453,133	39.43	9,203,012	40.05
Sales – Total	MWh	413,545		370,310		355,882	
Residential	MWh	185,067	44.75	166,335	44.92	160,364	45.06
Commercial	MWh	75,083	18.16	66,800	18.04	64,827	18.22
Industrial	MWh	153,395	37.09	137,175	37.04	130,691	36.72

Metering

A total of 1,156 ITRON meters were installed bringing the total installed to 2,463. 2,782 defective minor meters were replaced and 7,184 meter interfaces were upgraded in accordance with the new wiring regulations.

In 2010, 1,504 prepaid meters were installed for residential and small business consumers. This technology, introduced by the Company in 2009, is expected to deliver the double benefit of reducing losses through energy conservation while at the same time improving customer service.

Billing and Collections

GPL continued its vigorous efforts to improve collections and effectively manage customer credit. Collections were 99.58% of billings with 87 % of monthly bills having actual meter readings.

Unserved Areas Electrification Programme (UAEP)/ Government of Guyana Additional Unserved Areas Electrification Programme

In 2010, 988 new connections were completed under the UAEP Phase I and II network expansion bringing the total number of new service connections completed at the end of the year to 9,545. This amount equated to 48% of the potential connections/lots funded under UAEP and through SIMAP.

Under the GoG Additional Unserved Areas Electrification Programme, network expansion to supply 22,285 lots had been completed with 9,481 new service connections completed equating to 42.5% of the total lots.

Overall the rate of uptake remained relatively low with 9,545 (48%) of total potential customers accessing electricity legally.

UEAP Statistics

Project	Total No. House Lots	Total No. new connections 2010	Total no. of new connections as at 2010	Uptake as a percentage of Total lots
UAEP	19,821*	988	9,545	48%
GOG	22,285	1,016	9,481	43%
Total	42,106	2,004	19,026	45%

*While 22,461 lots can benefit under the UAEP Project, 2,640 lots are in Linden which is outside GPL's authorized area. Thus, GPL has no data on service connections completed in 2010 in the Linden area.

Technical and Commercial Losses

In 2010 GPL continued vigorously to pursue the reduction of losses. At the end of the year, losses decreased to 31.3% compared to 34.3% in 2009 (using a 12 months rolling average) resulting in a decrease of total losses of 3% over the 2009 figure. Technical losses at end of the year were estimated at 14.3% and 17% for commercial losses.

However the culture of electricity theft continues to exist and GPL faces significant challenges in this area. In 2010, the Company, with the support of the Police, intensified its effort to reduce the number of illegal connections and cases of electricity theft with sustained raids, particularly in locations where electricity theft is highly prevalent.

Statistics on Raids

Activity	2007	2008	2009	2010	Total
Raids (Carried out)	185	188	142	192	707
Raids (Illegal Connections removed)	9,864	13,637	5,422	9,113	38,036
Illegal connection found &removed as a result of complaints/information received from third parties	0	1,915	1,326	1,724	4,965
TOTAL (Illegal Connections)	9,864	15,552	6,748	10,837	43,001

In spite of numerous arrests, prosecution and conviction of persons found committing offences under the ESRA remained protracted in the first half of 2010. The ESRA was amended in October 2010 to, amongst other things, empower GPL to initiate criminal proceedings against offenders. Previously, only the Prime Minister was empowered to institute such proceedings and GPL as well as the Police required a fiat to initiate proceedings. Given the new amendment, GPL intends to retain special prosecutors to prosecute and secure convictions of offenders.

Moreover, the amended ESRA also, in addition to imposing mandatory jail sentences for electricity theft or diversion, empowers the Court to order convicted offenders to pay to GPL prescribed amounts for diverted electricity.

Statistics on Prosecutions

Activity	2007	2008	2009	2010	TOTAL
Arrest	410	382	411	575	1,778
Conviction	48	62	198	211	519
Pending	16	76	200	402	694
Struck out	170	102	48	33	353
Not charged	14	31	10	1	56
Withdrawn	0	1	3	0	4
Dismissal	137	61	26	47	271

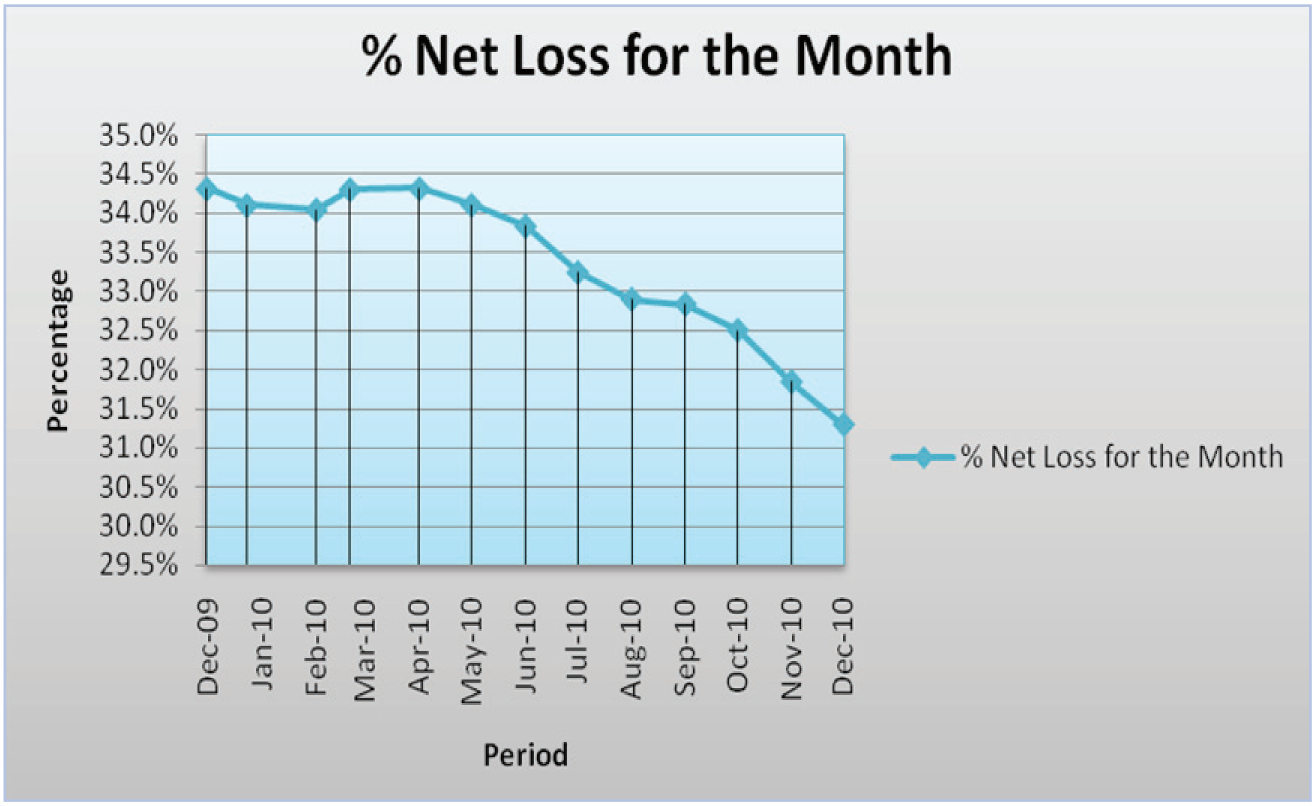
Overall, GPL achieved targeted returns in 2010 on its non-technical loss reduction efforts. Increase in demand, however, has increased the technical losses. It is expected that with the recent amendments to the ESRA, coupled with the introduction of the Customer Information System (CIS), continued implementation of the Company's ITRON Meter Replacement Programme and the Prepaid Metering Programme, the Company would be able to reduce losses to a sustainable level.

Some of the major loss reduction initiatives that the Company has undertaken in 2010 on an on-going effort to reduce losses to a sustainable level include:-

Summary of Loss Reduction Activities

Activities	Achievement for 2010	Projections for 2011
Electricity Theft		
Illegal Connections		
• Raids to be carried out	192	192
• Illegal Connections removed	10,837	9,600
Metering		
• ITRON Installation Metering (Replacement)	1,156	859
• New Interface	7,184	2,800
• Defective Meter Replacement	8,495	3,944
• Meter testing using Portable Test Bench	11,856	3,204
• Prepaid Meters	1,504	11,556
Billing		
• Zero Consumption Investigation	2,744	1,200
• Low Consumption Investigation	1,894	9,600

Overall System Losses – December 2010



Human Resources

At the end of 2010, the total number of employees was 1,006 compared to 912 at the end of 2009. Throughout the year GPL continued to engage the Unions in an effort to maintain a stable industrial relations climate. While the GPSU accepted a 5% all inclusive increase on wages and salaries for their members for 2010, no agreement was attained with NAACIE. GPL is currently in conciliation negotiations with the Union on the matter.

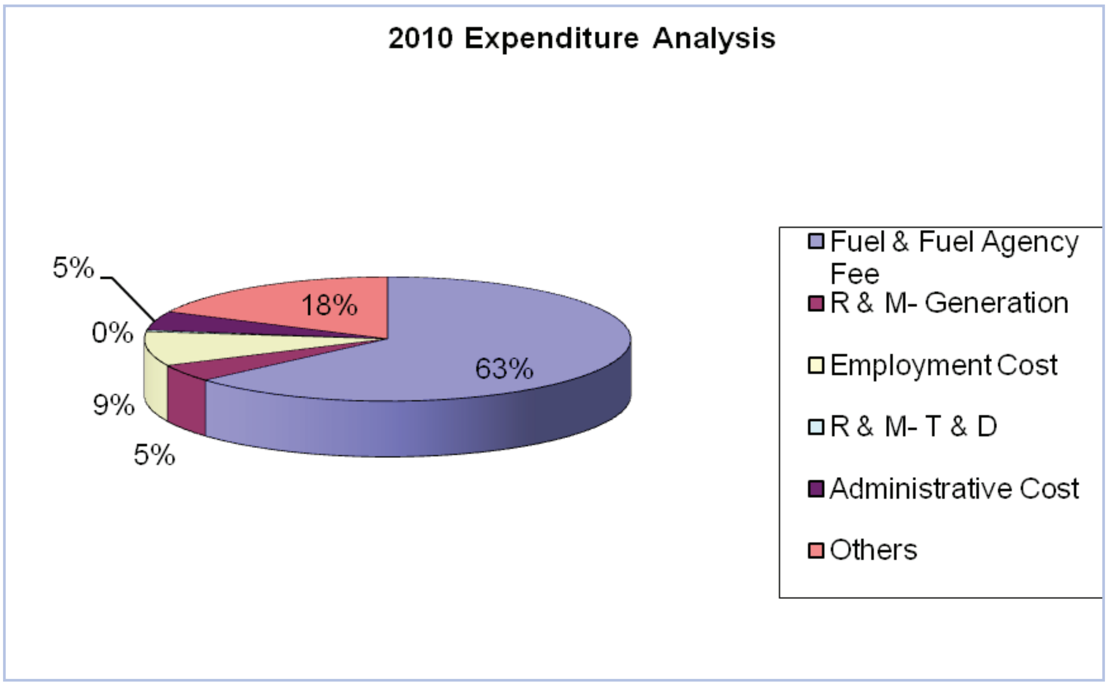
Throughout the year GPL hosted various activities focused on improving the welfare of its employees, including seminars on Occupational Safety and Health matters, HIV and AIDS, and NIS Benefits. In October 2010, the Company hosted its annual Athletic Sports and Retreat. The contributions of employees were also recognized at the annual Employee Service Awards Ceremony. Eleven (11) employees with twenty-five years of service were acknowledged for their outstanding contribution to the company.

Financial Highlights

a. Operating Expenses

Total expenses, including finance charges, for 2010 were 21% above 2009 due primarily to a 26% increase in fuel expenses, 180% increase in purchased power, 47% increase in administrative expenses and 3% in employment cost.

The major categories of expense are illustrated in the following chart:-



b. Fuel Expenses

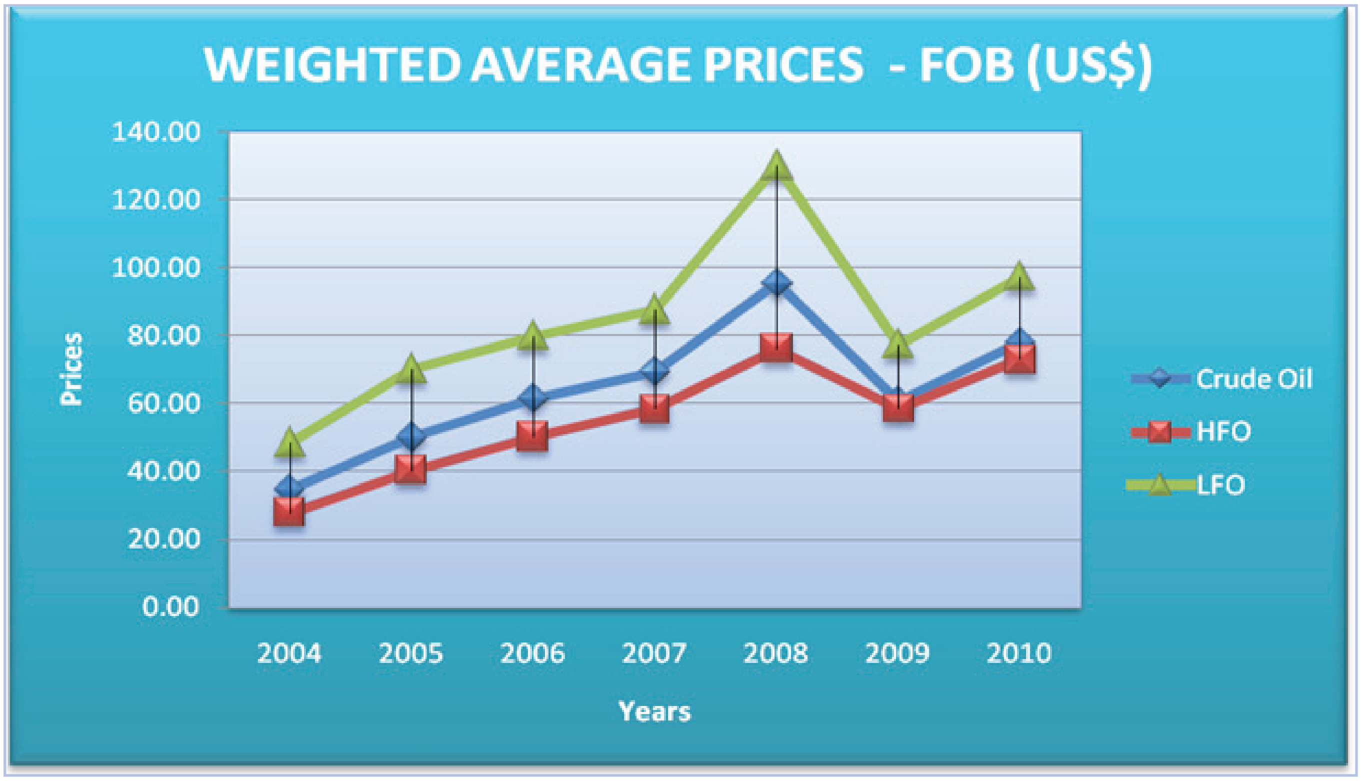
Fuel is GPL's single largest expense accounting for 63% of the Company's total expense in 2010, a 2% increase from 2009 figures. Fuel costs accounted for $16.6 billion in expenditure for the year compared to $13.1 billion in 2009. Average price of fuel in 2010 was US$78 per barrel compared to US$65 per barrel in 2009.

Table 1 compares GPL's fuel expenses, total expenses and turnover for the years 2004 to 2010

Year	Total Expenses	Fuel Expenses	Fuel as	Turnover	Fuel as
			% of total		% of
	US$000	US$000	expenses	US$000	Turnover
2004	74,217	35,076	47	72,958	48
2005	80,626	48,252	60	80,287	60
2006	95,803	60,607	63	86,544	70
2007	109,970	70,613	64	96,881	73
2008	128,523	90,291	70	112,089	81
2009	105,379	63,912	61	116,940	55
2010	127,417	80,838	63	129,597	62

Price of fuel 2004-2010 Table and Graph of HFO, diesel and crude (measured on FOB basis)

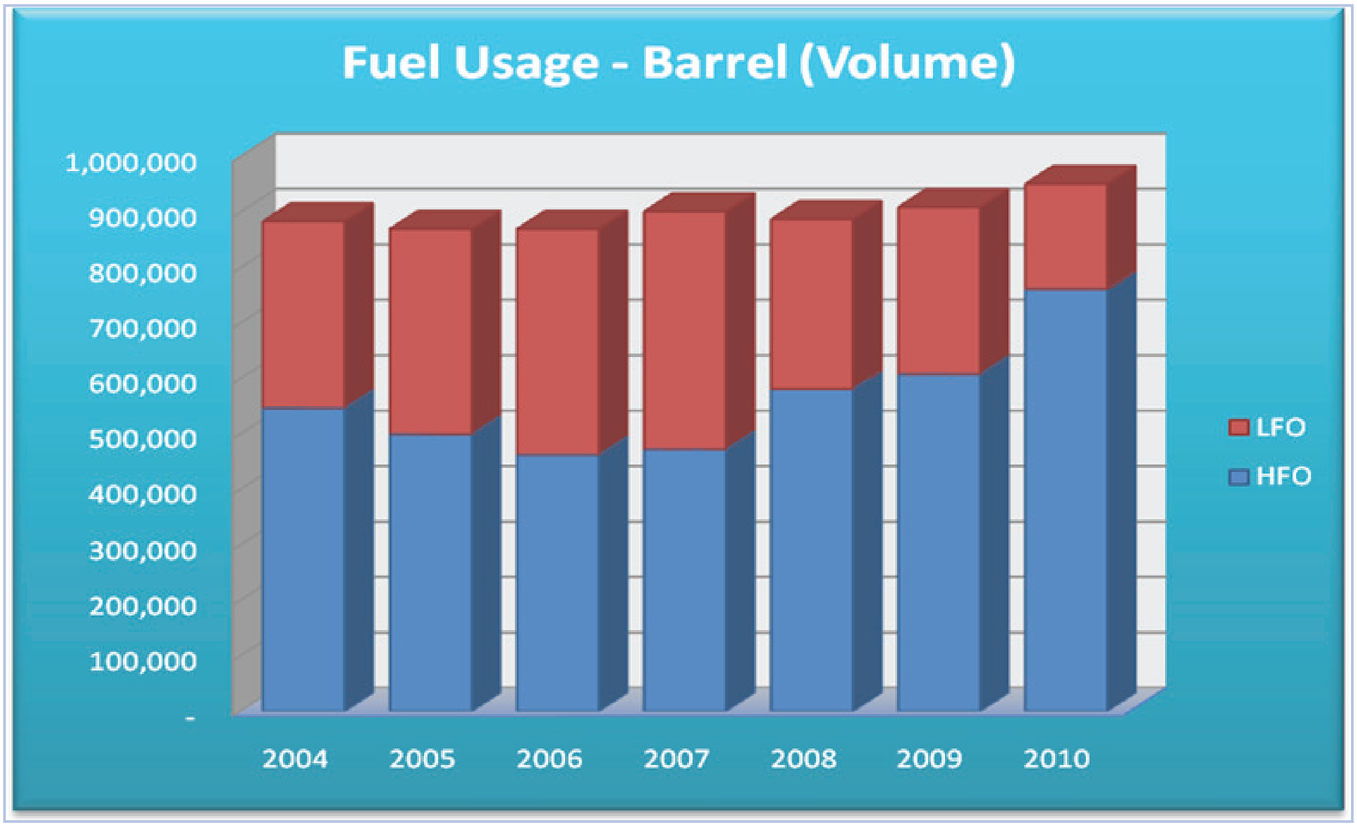
	WEIGHTED AVERAGE PRICES – FOB (US$)		
Year	Crude Oil	HFO	LFO
2004	34.70	27.75	48.50
2005	50.13	40.31	70.08
2006	61.47	50.13	79.93
2007	69.47	58.40	87.56
2008	95.41	76.05	130.03
2009	60.52	58.51	77.31
2010	78.01	72.91	97.21

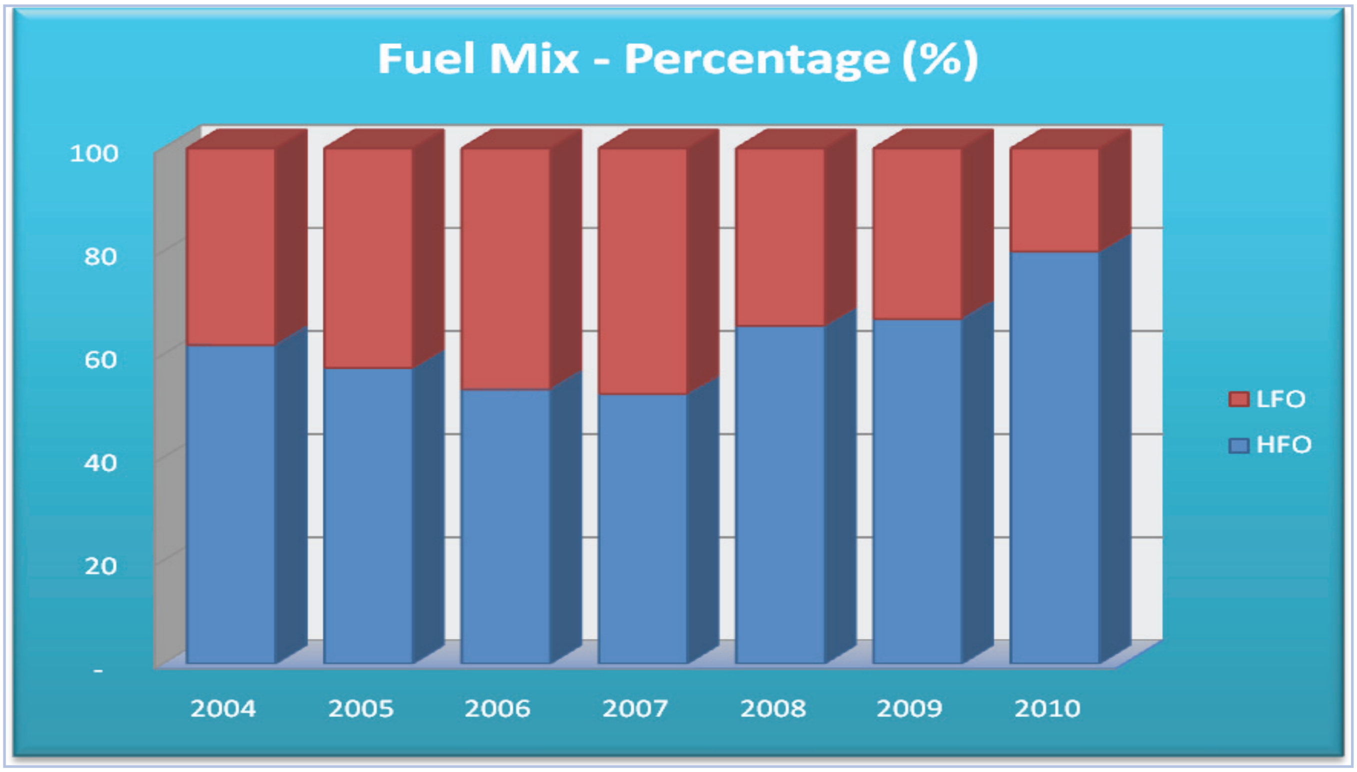


In order to minimize the cost of fuel GPL endeavours to use more HFO, as it is the much cheaper of the two fuel types.

Average Fuel Mix 2004-2010 and Costs

	Barrels - Volume		Mix		Annual Cost - US$ '000	
Year	HFO	LFO	HFO	LFO	HFO	LFO
2004	546,449	336,833	62	38	15,166	16,336
2005	499,274	370,302	57	43	20,124	25,951
2006	462,177	407,296	53	47	23,170	32,557
2007	471,955	428,983	52	48	27,561	37,563
2008	581,375	305,805	66	34	44,212	39,763
2009	607,584	301,057	67	33	35,552	23,276
2010	761,245	189,587	80	20	55,502	18,429





c. Capital Expenditures

GPL invested G$3,581 million in various capital projects in 2010 which were financed from internally generated funds and a $1.449 billion loan from the Government of Guyana compared with G$6,885 million in the previous year.

"The greatest good you can do for another is not just share your riches, but reveal to them their own."
Benjamin Disraeli

GPL in 2010

GPL Promoting Our Heritage

GPL continued its commitment to highlighting Guyana's cultural heritage and diversity. For the first time ever, GPL participated in the Country's Republic Day Mashramani Parade organized by the Ministry of Culture Youth, and Sports. Under the National theme "Embracing Our Diversity, Celebrating Our Heritage" the Company showcased its prepaid meter services under the banner "Prepaid Electricity Meter, A Powerful Tool for Energy Conservation". GPL's Costume and Float Display, done in the Company's corporate colours of blue and silver, gained second place in the medium band category of the National Float Parade Competition. The Company also placed second in the Queen's Costume category of the Competition. Over 150 revelers made up of employees and other supporters of the Company participated in the Parade.

GPL placed second in the 2010 Mashramani Queen's Costume Competition.

A section of GPL's band in the 2010 Mashramani float parade.

Additionally, GPL hosted cultural extravaganzas to commemorate national and religious holidays including Indian Arrival, Emancipation and Diwalli. Staff were invited to participate in these progammes and encouraged to display traditional cultural attire.

Female staff dressed in African wear pose with CEO Mr. Bharat Dindyal.

GPL staff showcase clothing in african designs during an Emancipation cultural event.

GPL staff in traditional attire, Diwali 2010.

GPL and its EMPLOYEES

GPL continues to recognize the importance of its employees in the achievement of the Company's strategic objectives. In addition to enhancing the skills and competencies of its workforce, the Company is also committed to ensuring the health and wellness of its employees. In observance of Occupational Safety and Health Month GPL hosted a Mini-Health Fair in April 2010. The primary objective of the Fair was to offer an array of medical services to GPL employees including Blood Sugar Testing, Blood Pressure Testing, and HIV/Aids Testing and Counseling. Information on occupational diseases was also provided at the Fair. Over 100 employees participated in this event. Throughout the year, GPL continued its drive toward improving the health of its work force and hosted Seminars on various health and safety matters.

GPL's health care, April 2010.

GPL staff at a health and wellness seminar, 2010.

Long Service Awards

The Company continued its tradition of honouring employees with over 25 years dedicated service to GPL and its predecessor GEC. A Long Service Awards and Appreciation Dinner was held at the Regency Suites held in December2010 and Eleven employees recognized for their service to the Company.

Honourable Prime Minister Mr. Samuel Hinds, members of the Board of Directors and Management pose with GPL's 2010 long service awardees.

“Lex est ratio summa, quae sunt utilia et necessaria, et contraria prohibit.”

(The Law is the highest form of reason which commands what is useful, necessary and forbids the contrary.)
Legal Maxim

Statement of Responsibilities and Approval

Financial Statements

The Electricity Sector Reform Act 1999, Section 40, requires that the audited Financial Statements be prepared in accordance with Sections 153 to 186 of the Companies Act 1991 and the Schedules thereto.

The management of GPL is responsible for the integrity and objectivity of the financial information presented in the Financial Statements. These Statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act 1991. In preparing the Financial Statements, appropriate accounting policies have been used and consistently applied. Reasonable and prudent judgement and estimates have been made and all accounting standards considered applicable have been followed.

The Auditor General has audited the financial statements as prepared by Management and upon completion of such examination has expressed his opinion in the following statements to shareholders attached hereto as **Appendix 1.**

Corporate Governance

At the Annual General Meeting of GPL held October 8, 2010, the shareholder approved a Corporate Governance Code for the Company. The Code establishes the governance principles, roles and responsibilities of the Board of Directors and requires proper governance, transparency and accountability in its administration of the business and affairs of the Company. Amendments to the Articles of Incorporation and By Laws of the Company were also approved by the shareholder. These amendments took effect in November 2010.

These changes, in addition to amendments made to ESRA and GPL’s Licence in October 2010, establish a revised legislative, regulatory and governance framework for the Company. In keeping with the new governing instruments the Board of Directors is to compose of no less than seven (7) and no more than ten (10) non executive Directors and is required to report on an annual basis on the Board and the Company’s compliance with the following governance principles :

- **Principle 1** The Company shall adopt a clear governance structure.
- **Principle 2** The Company shall have an effective and efficient Board with the capacity to take and which takes decisions in the corporate

interest.

- **Principle 3** The Directors shall demonstrate integrity and commitment.
- **Principle 4** The Company shall have a transparent procedure for identifying its skills gaps and recommending to the shareholder, when appropriate, the appointment and evaluation of Board members.
- **Principle 5** The Board shall establish an Audit Committee and such other specialised committees as it may from time to time decide.
- **Principle 6** The Board shall define clear executive management structure.
- **Principle 7** The Company shall remunerate Directors and executive managers fairly and responsibly.
- **Principle 8** The Company shall ensure disclosure of its corporate governance through an effective communication strategy.

The Board is required to carry out annual performance reviews of itself, the Chief Executive Officer and Management. The Reviews are to be incorporated and published in an Annual Report on Corporate Governance. It is expected that these activities will be undertaken and reported in GPL 2011 Annual Report.

Under the new structure the Board retains overall responsibility for directing the business and affairs of the Company. In order to discharge that responsibility in a manner which ensures compliance with laws and regulations, the Board, through the appointment of executive managers, has established an organizational structure with clear operating and reporting procedures, lines of responsibility and delegated authority. The Board establishes policies for the Company based on GPL Development and Expansion Programme, Strategic Plan and National objectives and Management is tasked with ensuring the effective implementation of all Board policies.

Development and monitoring of the implementation of Board policies are regulated through various committees of the Board established in accordance with the By laws of the Company. Currently there are six committees of the Board whose principal purpose is to ensure fulfillment of the Board's primary responsibilities and compliance with the Company's by-laws. The functions of each committee are set out in Terms of Reference approved by the Shareholder.

The Committees are:

1. Audit Sub-Committee
2. Technical Sub-Committee
3. Tender Board Sub-Committee
4. Commercial Sub-Committee
5. Human Resources Sub-Committee
6. Finance Sub-Committee

The Audit Sub-Committee is chaired by Mr. Desmond Mohamed. This Committee oversees and monitors the Company's financial reporting, auditing and accounting process internal accounting controls, internal audit function, choice of accounting policies, internal and external audit programmes, statutory Auditors' report, financial reporting and other related matters. The committee also is directly responsible for the determining the remuneration to be paid to GPL external auditors.

The Technical Sub-Committee, chaired by Mr. Narvon Persaud, evaluates the Company's technical performance and identifies opportunities for efficiency improvements. It also reviews proposals for investment in the operational infrastructure of the Company. The Committee strives to ensure that GPL technical operations are optimal to deliver reliable power to customers.

The Tender Board Sub-Committee, chaired by Mr. Carvil Duncan, focuses on ensuring that the Company develops and implements a transparent and sound annual procurement plan, which adheres not only to the Company's policies and procedures but also the Procurement Act and to those of International Donor Agencies, including IDB.

The Commercial Sub-Committee, chaired by Mr. Winston Brassington focuses on ensuring that the activities of the Commercial Services Division and Loss Reduction Division are in keeping with the Company's strategic plan, shareholder priorities and national objectives. It aims on developing policies on matters relating to improving the quality of customer services; reducing commercial losses; maximizing revenue collection and improving accuracy and timeliness of billings.

The Human Resources Sub-Committee, Chaired by Mr. Winston Brassington focuses on developing and implementing first class HR policies compliant with relevant employment legislation, policies and best practices and providing general strategic direction to the Human Resources Division.

The Finance Sub-Committee, the most recent sub-committee of the Board, is chaired by Mr. Desmond Mohamed and focuses on the present and future capital requirements and opportunities pertaining to the Company's business and provides guidance with respect to major financial policies and risk assessment of the Company.

Going Concern

The financial returns are prepared on a going concern basis and the Board, after making appropriate enquiries, is satisfied that GPL has adequate resources to continue its operations for the future.

On behalf of the Board

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Winston Brassington
Chairman

Appendix 1

AUDITED FINANCIAL STATEMENTS

Audit Office of Guyana

P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana
Tel: 592-225-7592, Fax: 592-226-7257, http://www.audit.org.gy

AG: 23/2011 14 April 2011

REPORT OF THE AUDITOR GENERAL TO THE MEMBERS OF THE BOARD OF DIRECTORS OF THE GUYANA POWER AND LIGHT, INC. ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Chartered Accountants PKF Barcellos, Narine and Co. have audited on my behalf the financial statements of Guyana Power and Light Inc. for the year ended 31 December 2010, as set out on pages 4 to 39. The audit was conducted in accordance with the Audit Act 2004.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC) and those of the International Organisation of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

As required by the Audit Act 2004, I have reviewed the audit plan and procedures, work papers, report and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit and had carried out additional examinations, as necessary, in arriving at my opinion.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Guyana Power and Light Inc. as of 31 December 2010 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act.

D. SHARMA
AUDITOR GENERAL (ag.)

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

HNN:cr

April 14, 2011

REPORT OF THE AUDITORS TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
GUYANA POWER & LIGHT, INC.

We have audited the accompanying financial statements of Guyana Power & Light, Inc. which comprise the statement of financial position as at December 31, 2010 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and the Audit Office Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Tel (592) 225 8915 : (592) 225 8917/8
Fax (592) 226 5340 Email bnpkf@networksgy.com www.pkf.com
PKF Barcellos Narine & Co. · 106 Lamaha Street Georgetown · Guyana

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of the company as of December 31, 2010 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF Barcellos Narine & Co

....

PKF, BARCELLOS, NARINE & CO.

GUYANA POWER & LIGHT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

ASSETS	Notes	2010 G $ 000	Restated 2009 G $ 000
Non Current Assets			
Tangible Fixed Assets	2	16 754 103	17 134 535
Intangible Asset	3	604 204	-
Work in Progress	4	2 688 030	1 847 071
Deferred Tax	5	689 998	1 008 890
		20 736 335	19 990 496
Current Assets			
Taxes Recoverable		9 828	9 828
Inventories	6	4 008 640	2 329 171
Receivables	7	4 867 667	4 793 739
Deposits	8	218 495	447 860
Related Party	9(a)	1 614 543	680 413
Cash Resources		2 822 566	1 314 028
		13 541 739	9 575 039
Total Assets		34 278 074	29 565 535
		========	========
EQUITY AND LIABILITIES			
Capital and Reserves			
Share Capital	10	13 986 755	13 986 755
Accumulated Deficit		(2 008 369)	(2 561 728)
		11 978 386	11 425 027
Non Current Liabilities			
Related Parties	9(b)	9 034 645	7 583 462
Advances Customer Financed Projects	11	6 811 840	5 534 894
Provision for Decommissioning	12	242 900	242 900
Customer Deposits	13	1 302 862	1 160 364
Defined Benefit Pension	14	318 200	276 400
Loans	15	449 541	630 116
		18 159 988	15 428 136
Current Liabilities			
Related Parties	9(c)	1 189 408	596 678
Loans	15	188 955	181 628
Deferred Income	16	5 127	1 399
Payables	17	2 354 599	1 529 380
Taxation		401 611	403 287
		4 139 700	2 712 372
Total Equity and Liabilities		34 278 074	29 565 535
		========	========

On behalf of the Board:

CHAIRMAN

DIRECTOR

The attached statements and notes on pages 8 to 39 form an integral part of these financial statements.

GUYANA POWER & LIGHT, INC.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010

	Notes	2010 G $ 000	2009 G $ 000
Revenue			
Turnover		26 567 288	23 972 759
Expenditure			
Generation Cost	18	19 899 256	15 971 115
		6 668 032	8 001 644
Other Expenses			
Employment Cost	19	2 327 012	2 254 644
Repairs and Maintenance - T & D		103 251	116 855
Depreciation	20	1 869 909	1 517 515
Administrative Expenses	21	1 359 240	922 482
Rates and Taxes		48 147	31 835
Loss on Exchange		-	167
Bad Debts		397 965	359 591
PUC Assessment and Licence		25 000	25 000
		6 130 524	5 228 089
Net Income from Operations		537 508	2 773 555
Interest Expense		90 618	403 520
		446 890	2 370 035
Other Income		500 848	549 515
Net Comprehensive Income before Taxation		947 738	2 919 550
Taxation	22	394 379	1 112 352
Net Comprehensive Income for the year		553 359	1 807 198
		======	=======
Earnings per Share in Dollars	23	7	23

GUYANA POWER & LIGHT, INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010

	Share Capital G $ 000	Promissory Note G $ 000	Accumulated Deficit G $ 000	Total G $ 000
As at January 1, 2009	9 999 361	621 000	(4 368 926)	6 251 435
Promissory Note converted to Ordinary Shares (Note 10)	621 000	(621 000)	-	-
Net Liabilities converted to Ordinary Shares (Note 10)	3 366 394	-	-	3 366 394
Net Comprehensive Income for the year	-	-	1 807 198	1 807 198
At December 31, 2009	13 986 755	-	(2 561 728)	11 425 027
	========	======	=======	========
As at January 1, 2010	13 986 755	-	(2 561 728)	11 425 027
Net Comprehensive Income for the year	-	-	553 359	553 359
At December 31, 2010	13 986 755	-	(2 008 369)	11 978 386
	========	======	=======	========

GUYANA POWER & LIGHT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	Restated 2009
Cash Flow from Operating Activities	G $ 000	G $ 000
Net Comprehensive Income Before Taxation	947 738	2 919 550
Adjustments for:		
Depreciation	1 869 909	1 517 515
Deferred Income	3 728	1 399
Pension Benefit Liability	41 800	(32 600)
Interest Expense	90 618	403 520
Amortisation	(387 593)	(309 521)
	1 618 462	1 580 313
Operating Profit Before Working Capital Changes	2 566 200	4 499 863
Working Capital Changes		
Receivables	(73 928)	(1 299 550)
Inventories	(1 679 469)	(742 139)
Payables	825 219	(19 442)
Related Parties	(341 400)	(776 790)
	(1 269 578)	(2 837 921)
Cash Generated from Operations	1 296 622	1 661 941
Taxes Paid	(77 162)	-
Net Cash Inflow from Operating Activities	1 219 460	1 661 941
Cash Flow from Investing Activities		
Purchase of Intangible Asset	(604 204)	-
Purchase of Tangible Fixed Assets	(2 330 437)	(6 531 572)
Increase in Deposits	229 365	1 711 439
Net Cash Outflow from Investing Activities	(2 705 276)	(4 820 133)
	(1 485 816)	(3 158 192)
Cash Flow from Financing Activities		
Related Parties	1 451 183	2 839 264
Net Movement in Loan	(173 248)	(183 376)
Interest Paid	(90 618)	(403 520)
Customer Deposits	142 498	150 198
Customer Financed Projects	1 664 539	1 115 141
	2 994 354	3 517 707
Net Increase in Cash and Cash Equivalents	1 508 538	359 516
Cash and Cash Equivalents - January 1	1 314 028	954 512
Cash and Cash Equivalents - December 31	2 822 566	1 314 028
	=======	=======
Represented By:		
Cash on Hand and at Bank	2 822 566	1 314 028
	=======	=======

1. Accounting Policies

(a) **Incorporation and Principal Activity**

(i) Incorporation

The company was incorporated in the Cooperative Republic of Guyana on September 29, 1999 under the Companies Act, 1991.

(ii) Principal Activity

The principal activity of the company is the generation and distribution of electricity in Guyana.

These financial statements were approved for issue by the Board of Directors on April 13, 2011.

(iii) Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of tangible fixed assets and no account has been taken of the effects of inflation. The company's accounting policies conform to International Financial Reporting Standards (IFRS).

The accounting standards as required by the Electricity Sector Reform Act, 1999 for tariff calculation has been applied as to:

- The terms and conditions of the company's licence.
- Generally accepted accounting principles
- International Financial Reporting Standards (inclusive of International Accounting Standards and Interpretations).

1. Accounting Policies Cont'd:

(b) **Significant Accounting Estimates and Assumptions**

Critical Accounting Estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Statutory Taxes

Provision is made for taxes at the tax rate effective at the date of the statement of financial position. Any additional tax due is provided for as a current tax expense.

(ii) Provisions

Provision is made for expenses relating to the current year for which there is no set amount to be incurred. These amounts are best estimates based on the closest comparable amount.

Judgements in applying the entity's accounting policies.

The Company exercised judgement in the following areas;

- Provision for Bad Debts
- Depreciation
- Pension Obligation

1. Accounting Policies Cont'd:

(c) (i) **Adoption of new and revised International Financial Reporting Standards (IFRSs).**

The International Accounting Standards Board (IASB) continued its annual improvements to the standards in issue and as a result certain interpretations and revised standards were issued.

The International Accounting Standards Board also issued:

(i) IFRS 9 - Financial Instruments: Classification and Measurement, with January 1, 2013 being the effective date for adoption.

(ii) IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments, with July 1, 2010 being the effective date for adoption.

Management annually reviews these interpretations and the new or revised standards issued by the IASB and adopt those that are relevant to its operations on their effective date.

The following revised standards and interpretations were issued:

Amended and Revised Standards	**Effective Date**
IFRS 1 - Revisions to First Time Adoption of IFRSs.	July 1, 2009
IFRS 1 - Additional Exemptions for First Time Adopters	January 1, 2010
IFRS 2 - Group Cash Settled Share-Based Payments	January 1, 2010
IFRS 3 - Business Combinations	July 1, 2009
IAS 27 - Consolidated and Separate Financial Statements	July 1, 2009
IAS 39 - Eligible Hedged Items	July 1, 2009

(c) (ii) **New Interpretations**

There were also several improvements issued as part of its annual Improvements, which are relevant to financial periods commencing July 1, 2009:

IFRIC 17 - Distribution of Non Cash Assets to Owners

IFRIC 18 - Transfer of Assets from Customers (effective on transfers on or after July 1, 2009.)

1. Accounting Policies Cont'd:

(c) (iii) **Available for Early Adoption** — **Effective Date**

Standard	Effective Date
IFRS 1 - Short Term Disclosure Exemption - IFRS 7	July 1, 2010
IFRS 1 - Short Term Exemption - IFRS 9	July 1, 2010
IFRS 1 - Changes to Accounting Policies; Deemed Cost Exemption for event driven fair value measurement and deemed cost (rate regularised entities)	January 1, 2011
IFRS 7 - Enhanced Derocognition disclosure requirements	July 1, 2010
IFRS 9 - Additions for Financial Liability Accounting	July 1, 2010
IAS 24 - Related Party Disclosures	January 1, 2011
IAS 32 - Classification of Rights Issue	February 1, 2010

The following standards were also amended as part of the IASB annual improvements to standards which are available for early adoption:

Standards	**Year**
IFRS 3	2008
IFRS 7	2010
IAS 1	2010
IAS 27	2008
IAS 34	2010

(c) (iv) **Amendments to Interpretations**

Interpretation	**Effective Date**
IFRIC 13 - As part of Improvements to IFRSs 2010	January 1, 2011
IFRIC 14 - Prepayments of Minimum Funding Requirements	January 1, 2011

Management is of the opinion that the above new standards, interpretation and amendments to standards would not have a significant impact on the Company’s Accounting policies when adopted.

1. Accounting Policies Cont'd:

(d) **Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment.

Expenditure on assets, which will benefit the company economically for a period greater than the current financial accounting period, is capitalised and written off over the useful life of the assets

Individual asset or group of items making up a single identifiable asset of value less than $10 000 is not capitalised but is expensed in the accounting period in which the costs are incurred.

The capitalised asset value of purchased assets is measured at the full cost of bringing the assets to working condition for their intended use. Self constructed assets are stated at the accumulated cost of purchased elements together with the element of internal cost incurred in constructing the asset. Borrowing costs that are directly attributable to the construction of tangible assets are capitalised as part of the cost of those assets. Capitalisation of borrowing costs ceases when the asset is brought into use.

Subsequent expenditure on existing assets is capitalised where the expenditure provides an enhancement of the economic benefits of the asset in excess of the previously assessed standard of performance.

(e) **Revaluation**

Any revaluation increase arising on the revaluation of assets is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expended. A decrease in the carrying amount arising on the revaluation of land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued building and machinery is recognised in the statement of comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Depreciation of these assets on the same basis as other property assets commences when the assets are ready for their intended use.

1. Accounting Policies Cont'd:

(e) **Revaluation Cont'd:**

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the financial year and any changes in estimate is accounted for immediately.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or where shorter the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceed and the carrying amount of the asset and is recognised in the statement of comprehensive income.

(f) **Depreciation**

Depreciation on all property, plant and equipment is charged on the straight line basis. The following rates used are expected to write off the value of the assets over their useful economic lives.

	Vested Assets	New Assets
Land	Unlimited	Unlimited
Building	33 years	33 years
Generation Plant - New	20 years	20 years
Generation Pant - Mobile	N/A	10 years
Generation Plant - Other	10 years	10 years
Transmission and Distribution Networks	13 years	13 years
Motor Vehicles	2 years	5 years
Office and Computer Equipment	3 years	3 years

1. Accounting Policies Cont'd:

(g) **Impairment of Tangible and Intangible Assets**

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. Reversal of an impairment loss is recognised immediately in statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) **Work-in-Progress**

Depreciation is not charged on work in progress. The useful life of assets transferred from work in progress commences when the assets have been put into use.

1. Accounting Policies Cont'd:

(i) **Leased Assets**

Fixed assets acquired under finance leases are included in the statement of financial position at their equivalent capital value and are depreciated over their expected useful lives. The interest element of the finance lease payments is charged to the statement of comprehensive income. Operating lease rentals are charged to the statement of comprehensive income on a straight line basis over the lease term.

(j) **Inventories**

These are stated at the lower of cost and net realisable value.

(k) **Provision for Bad and Doubtful Debts**

Provision is made in these financial statements for amounts included in receivable of which the eventual cash realisation is considered remote. The provision has been estimated at 1.5% of turnover based on previous results. The amount is provided for in the Statement of Comprehensive Income.

(l) **Foreign Currency**

(i) Functional and Presentation Currency

The company's financial statements are presented in Guyana Dollars. This is the currency of the primary economic environment in which the entity operates (its functional currency).

(ii) Transaction and Balances

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in the statement of Comprehensive Income in the period in which they arise.

1. Accounting Policies Cont'd:

(m) **Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past transaction and it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.
When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(n) **Turnover**

Turnover comprises billed sales of electricity and services to customers. Rates payable by customers are determined by reference to the company's licence.

1. Accounting Policies Cont'd:

(o) **Taxation**

Taxation expense represents the sum of the statutory tax charged and deferred tax.

(i) Statutory Taxation

The tax payable is based on taxable profit for the year. Taxable profit differs from the net profit as reported in the statement of comprehensive income because it excludes items of income and expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax charge is calculated using tax rates that have been enacted at the date of the statement of financial position.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

(iii) Statutory and deferred taxes for the period

Current and deferred taxes are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside the Statement of Comprehensive Income (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside the statement of Comprehensive Income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

1. Accounting Policies Cont'd:

(p) **Employee Benefits**

The company's pension scheme is managed independently by the Hand in Hand Trust Corporation Inc. Pension costs are assessed in accordance with the advice of independent actuaries. The Trust Deed requires an actuarial valuation at least every five years. The latest actuarial valuation for the scheme was done at December 31 2008 which revealed a past service deficit. (refer to note 14).

The provisions in respect of the guaranteed post-employment benefits and the termination gratuities represent the present value of the obligations at the statement of financial position date minus the fair value of any assets held to cover the obligations, together with adjustment for actuarial gains/losses. The obligations have been calculated by an independent actuary using a hybrid method and charged or credited to income over the average remaining lives of the related employees.

(q) **Advances Customer Financed Projects**

The non-refundable amounts contributed by the Inter American Development Bank through the Government of Guyana, the Guyana Power & Light, Inc., the Government of Guyana and private customers in respect of capital works carried out under the Unserved Areas Electrification Programme (UAEP), are accounted for as deferred income which is amortised over the same period that the related asset is depreciated.

2. Tangible Fixed Assets	Land and Buildings G $ 000	Generation Facilities G $ 000	Transmission & Distribution Facilities G $ 000	Motor Vehicles G $ 000	Furniture & Equipment G $ 000	Total G $ 000
Cost						
January 1, 2009	951 360	9 565 431	8 877 277	139 351	528 977	20 062 396
Additions	-	5 877 066	1 018 248	2 000	55 547	6 952 861
January 1, 2010	951 360	15 442 497	9 895 525	141 351	584 524	27 015 257
Additions	61 237	49 467	1 231 934	12 167	134 672	1 489 477
December 31, 2010	1 012 597	15 491 964	11 127 459	153 518	719 196	28 504 734
Depreciation						
January 1, 2009	176 222	4 662 415	2 952 358	76 859	495 353	8 363 207
Charged for the year	21 819	740 456	666 669	20 886	67 685	1 517 515
January 1, 2010	198 041	5 402 871	3 619 027	97 745	563 038	9 880 722
Charged for the year	22 001	973 098	765 733	19 760	89 317	1 869 909
December 31, 2010	220 042	6 375 969	4 384 760	117 505	652 355	11 750 636
Net Book Values:						
December 31, 2009	753 319	10 039 626	6 276 498	43 606	21 486	17 134 535
December 31, 2010	792 555	9 115 995	6 742 699	36 013	66 841	16 754 103

	2010 G $ 000	2009 G $ 000
3. Intangible Asset	604 204	-

This represents the cost of the Customer Information System (CIS) and Pre-paid Software which the company commenced using at the end of the year.

4. Work in Progress

	2010 G $ 000	2009 G $ 000
Balance - January 1	1 847 071	2 268 360
Additions	2 930 159	5 645 314
CWIP Expensed through Admin.	(246 780)	(11 124)
Transferred to Inventory	(632 277)	-
Transfers to Non Current Assets	(1 210 143)	(6 055 479)
Balance - December 31	2 688 030	1 847 071

Work-in-progress represents amount expended on projects which have not been completed at the end of the financial year.

5. Deferred tax asset is attributable to the following:

	2010 G $ 000	2009 G $ 000
Balance Brought Forward	1 008 890	1 347 577
Defined Benefit Pension and Tangible Fixed Assets	(318 892)	(338 687)
	689 998	1 008 890

6. Inventories

	2010 G $ 000	2009 G $ 000
Fuel	1 070 588	609 383
Spares	2 392 857	1 373 934
Goods in Transit	545 195	345 854
	4 008 640	2 329 171

The recoverable amount for the inventory on hand at the end of the year approximates the current market value. Majority of these items are expected to be utilised within twelve (12) months.

7. Receivables	2010 G $ 000	2009 G $ 000
(i) Customer Accounts	10 080 607	9 924 823
(ii) Others	786 979	470 870
	10 867 586	10 395 693
Less:		
(iii) Provision for Bad Debts	5 999 919	5 601 954
	4 867 667	4 793 739
	=======	=======

(i) Under the Operating and Agency Agreement, the company is required to pay to the Guyana Electricity Corporation amounts collected in respect of electricity sold prior to the incorporation of Guyana Power & Light, Inc.

During 2002, in accordance with the said Agreement, the balances held on the company's billing system as at June 30, 2001 were separated into the balances attributable to the company and balances due to the Guyana Electricity Corporation.

All monies collected after this date have been allocated to the company. The amount stated as receivables in note 9 represents only the amounts attributable to the company.

(ii) Represents prepayments, advances and valued added tax.

(iii) This represents a general provision of 1.5% on turnover amounting to G$398M for the year.

8. Deposit Accounts	2010 G $ 000	2009 G $ 000
Letters of Credit	12	12
i. Republic Bank (Guyana) Ltd. - Cash Collateral	1 547	1 557
ii. Unserved Areas Electrification Programme Counterpart	216 889	291 464
iii. Unserved Areas Electrification Programme /IDB	47	26 750
iv. Government of Guyana /Rural Electrification	-	8
v. Wartsila Escrow	-	128 069
	218 495	447 860
	======	======

i. Represent amounts held against letters of credit for the purchase of supplies from Hexing Electrical Company Limited for use in the Unserved Areas Electrification programme.

ii-iv. Represent funds received from the Government of Guyana in respect of the Unserved Areas Electrification Programme and the Additional Unserved Areas Electrification Programme. The use of these funds is restricted to these programmes.

v. Represents balance of monies available from funds transferred from Petro Caribbean Loan to Wartsila Escrow Account by Government of Guyana.

	2010	2009
9. Related Parties	G $ 000	G $ 000
(a) **Current Asset:**		
Receivable - Guyana Sugar Corporation	1 614 543	680 413
(b) **Non Current Liabilities:**		
(i) Government of Guyana - Petro Caribbean Loan	6 827 025	6 769 462
(ii) Government of Guyana - Infrastructural Development Project	1 393 620	-
(iii) Government of Guyana - IDB Loan	814 000	814 000
	9 034 645	7 583 462
(c) **Current Liabilities:**		
(i) Guyana Electricity Corporation - Customer payments	12	-
(ii) Accounts Payable - Guyana Sugar Corporation	823 069	230 351
(iii) Government of Guyana - Petro Caribbean Loan	366 327	366 327
	1 189 408	596 678

(a) This represents amount owing by Guyana Sugar Corporation for Heavy Fuel Oil loaned by Guyana Power & Light, Inc. inventory.

(b) (i) This represents financing under the Petro Caribbean Loan Agreement between the Government of Guyana and the Guyana Power & Light, Inc. towards the purchase of five (5) Caterpillar sets and three (3) Capital Projects. Interest is charged at 3% per annum and repayment is over fifteen (15) years which commenced in December 2009.

(ii) During the year, Guyana Power & Light, Inc. obtained financing from the Government of Guyana through the Export Import Bank of China (EXIM) for the total amount of G$270M Renminbi Yuan for the development of the company's high voltage 69kv transmission lines, 36/13.8kv substations and all relevant interconnections. The above balance represents the initial 20% disbursement of the loan. Interest is charged at 4% per annum and repayment is over twelve (12) years with a five (5) years moratorium.

(iii) This represents an agreement with the Government of Guyana through the International Development Bank (IDB) to finance the extension of the distribution system for Unserved Areas, the setup of a Loss Reduction Programme and to support the negotiation of Power Purchase Agreements.

(c) (i) This represents the amount remaining due to the Guyana Electricity Corporation for amounts collected on its behalf in respect of electricity sold prior to the incorporation Guyana Power & Light, Inc. in accordance with the Operation and Agency Agreement. These were written off in 2009 and the balance represents the amount that is still owing as a result of a staledated cheque.

(ii) This represent the amount that is owing to Guysuco for electricity provided during the year.

10. Stated/Issued Capital	Number	Issued Price G $	2010 Value G $ 000	2009 Value G $ 000
Authorised:				
(i) Common Shares	Unlimited	100	-	-
(ii) Class A Preference Shares	12 000 000	100	-	-
(iii) Class B Preference Shares	12 000 000	100	-	-
Special Share	1	100	-	-
Issued:				
(iv) Common Shares	55 074 228	182	9 999 361	9 999 361
(v) Net Liabilities converted to Common Shares	18 496 667	182	3 366 394	3 366 394
(vi) Promissory Note converted to Common Shares	3 450 000	180	621 000	621 000
	77 020 895		13 986 755	13 986 755
	========		========	========

All shares are owned by the Co-operative Republic of Guyana.

(i) The company is authorised to issue an unlimited amount of common shares at a minimum price of G$100.

(ii) In 2004, all class A preference shares were automatically and permanently converted to 12 000 000 common shares of G$180 each.

(iii) In 2005, all class B preference shares were converted to common shares retroactively to October 1, 2004.

(iv-v) In 2010, the Government of Guyana approved the retroactive conversion of G$3.336B in net liabilities and a G$621M promissory note to common shares.

11. Advances Customer Financed Projects

In accordance with the accounting policy described in note 1 (r), the following capital contributions received from the Inter American Development Bank, the Government of Guyana and private customers are amortised over the period that the related asset (transmission and distribution network) is depreciated.

	2010 G $ 000	2009 G $ 000
Contributions:		
At January 1	6 608 929	5 493 788
Contributions during the year	1 664 539	1 115 141
At December 31	8 273 468	6 608 929
Amortisation:		
At January 1	1 074 035	764 514
Charged for the year	387 593	309 521
At December 31	1 461 628	1 074 035
Net Deferred Income at December 31	6 811 840	5 534 894

12. Provision for Decommissioning

	2010	2009
Provision for Decommissioning	242 900	242 900

This provision was made at incorporation to be utilised for the future cost of decommissioning certain generation facilities as and when they arise. Management has reviewed this amount and has considered it adequate as at December 31, 2010.

13. Customer Deposits

	2010 G $ 000	2009 G $ 000
Customer Deposits	1 302 862	1 160 364

Monies collected from customers prior to the provision of service. This is refunded when the customers cease to utilise the service. Interest is accrued and paid over to the customers on cessation of service at 7% per annum.

14. Defined Benefit Pension Scheme

(a) Description of Scheme

The Guyana Power & Light Inc. pension plan is managed independently by the Hand in Hand Trust Corporation Inc. and continues to operate under the original name Guyana Electricity Corporation Superannuation Scheme as a hybrid between a defined contribution scheme and a final pension scheme in that the benefit paid on retirement is either:

(i) A pension payable for life based on completed service and final average salary at retirement, or

(ii) The benefit otherwise payable on termination of service, which is a refund of member's own contributions with interest plus, if the member has more than 10 years service, the company's contributions with interest.

(iii) The number of employees at the end of the period was 776 (2009 - 762).

(b) Items included in the Statement of Financial Position	2010 G $ 000	2009 G $ 000
Defined Benefit Obligation	2 332 400	2 206 500
Fair Value of Assets	(1 834 500)	(1 652 100)
	497 900	554 400
Unrecognised Gain	(179 700)	(278 000)
Net IAS 19 Defined Benefit Liability	318 200	276 400
	======	======

(c) Reconciliation of Defined Benefit Liability		
Opening Defined Benefit Liability	276 400	309 000
Plus Net Pension Cost	115 600	43 200
Less:		
Company Contributions Paid	(73 800)	(75 800)
	318 200	276 400
	======	======

(d) Items included in the Statement of Comprehensive Income		
Current Service Cost	104 000	102 900
Interest on Defined Benefit Obligation	107 700	111 400
Expected Return on Scheme Assets	(99 800)	(101 800)
Amortised Net Gain	3 700	7 100
Past Service Cost	-	11 900
Curtailments/Settlements	-	(88 300)
	115 600	43 200
	======	======

	2010	2009
14. Defined Benefit Pension Scheme Cont'd:	G $ 000	G $ 000
(e) Actual Return on Scheme Assets		
Expected Return on Scheme Assets	99 800	101 800
Actuarial Gain/(Loss) on Scheme Assets	61 000	(35 800)
Actual Return on Scheme Assets	160 800	66 000
(f) Summary of Main Assumptions	%	%
Discount Rate	5.00	5.00
Salary Increases	8.00	8.00
Expected Return on Assets	6.00	6.00

15. Loans

	2010	2009
(i) Republic Bank (Guyana) Limited - US$	284 906	346 494
(ii) Republic Bank (Guyana) Limited - G$	353 590	465 250
	638 496	811 744
Repayable within one year	188 955	181 628
Repayable within two to five years	421 649	610 604
Repayable after five years	27 892	19 512
	449 541	630 116
	638 496	811 744

(i) This loan was initially taken from Republic Bank Limited - Trinidad and was transferred to Republic Bank (Guyana) Limited in 2010. It is repayable over a 10 year period. The principal sum was US$3.1M and repayment commenced in 2004. Interest is charged at 10% per annum over the USD prime rate.

(ii) This loan is repayable over a 10 year period. The principal sum was G$1 117M and repayment commenced in 2004. Interest is charged at 3% per annum below Republic Bank (Guyana) Limited prime rate.

Security:
The company's long-term debt is secured by a debenture, granting charges on all its assets, except those purchased subsequent to the establishment of the debenture agreement.

	2010 G $ 000	2009 G $ 000
16. Deferred Income	5 127	1 399
	====	=====

The company commenced issuing pre-paid meters on a test basis during 2009.

17. Payables	2010 G $ 000	2009 G $ 000
Trade Creditors	1 984 986	1 094 822
Employment Costs	160 921	177 144
Other Accruals	208 692	487 765
	2 354 599	1 759 731
	=======	=======

18. Generation Costs		
Fuel	16 513 052	13 039 035
Fuel Agency Fee	58 806	63 026
Operations and Maintenance Contract	1 290 016	1 445 777
Repairs and Maintenance - Generation Facilities	1 179 691	818 138
Power Purchased	626 343	223 740
Rental of Equipment - Generation	231 348	381 399
	19 899 256	15 971 115
	========	========

	2010	2009
19. Employment Costs	G $ 000	G $ 000
Gross Salaries	2 173 459	2 095 975
Social Security	85 558	87 172
Pension	67 995	71 497
	2 327 012	2 254 644
	=======	=======

20. Depreciation		
Buildings	22 001	21 819
Plant and Machinery	973 098	740 456
Transmission and Distribution Networks	765 733	666 669
Motor Vehicles	19 760	20 886
Equipment	58 251	43 451
Computer Equipment	31 066	24 234
	1 869 909	1 517 515
	=======	=======

21. Administrative Expenses	1 359 240	922 482
	=======	======

The following expenses were charged in the above amount:

Repairs and Maintenance - Motor Vehicles and Tools	31 880	19 550
- Buildings	86 222	31 281
- Equipment	53 184	17 509
Audit Fees	6 661	6 500

22. Taxation	2010 G $ 000	2009 G $ 000
Property	75 487	77 162
Origination of Timing Differences	318 892	1 035 190
	394 379	1 112 352
Reconciliation of Effective Tax Rate		
Net Comprehensive Income Before Tax	947 738	2 919 550
Expenses not deductible for tax purposes	5 181	5 537
Excess Depreciation over Wear and Tear Allowances	(952 918)	(2 925 087)
Chargeable Income	-	-
Corporation Tax at Expenses Rate		
Deferred Tax	318 892	1 035 190
Property Taxes	75 487	77 162
	394 379	1 112 352

23. Earnings per Share in Dollars

Earnings per share is calculated by dividing the net profit by the weighted average number of common shares outstanding during the year.

	G $ 2010	G $ 2009
Net Comprehensive Income for the year	553 359 516	1 807 195 734
Divided by: Weighted average number of ordinary shares	77 020 895	77 020 895
Earnings per Share in Dollars	7	23

24. Contingent Asset/Liability

(a) The company is a defendant or plaintiff in several matters for which the ultimate liability or asset of the company, if any, has not been determined.

(b) No provision for decommissioning has been made for the New Kingston Power Plant.

25. Foregone Revenue

During the period, the Company maintained its policy of foregoing revenues where actual rates charged to customers were lower than that determined by the licence. Under its licence, the company has the option of including foregone revenues as a notional expense in determining future rates of electricity payable by customers.

Foregone revenues for the years 2003 to 2010 amounted to G$18.414B of which G$4.726B was utilised as notional expenses in computing the Final Return Certificate for 2010.

26. Compensation to Key Management Personnel

The remuneration paid to the twenty nine (29) key management personnel during the year was as follows:

	2010 G $ 000	2009 G $ 000
(a) Short-term employment benefits	270 514	260 209
(b) Post-employment benefits	1 483	894
	271 997	261 103
	======	======

27. Financial Instruments and Financial Risk Management

Categories of Financial Instruments

Financial Instruments as at the date of statement of financial position include investments, loans, receivables, borrowings and payables.

The company classifies financial instruments as follows:

(i) Held to Maturity Assets

These comprise primarily of non-derivative instruments with fixed or determinable payments and fixed maturities that management intends to hold to maturity.

(ii) Loans and Receivables

These comprise of non derivative instruments with fixed or determinable payments that are not quoted in an active market.

(iii) Financial Liabilities at Amortised Cost

Financial liabilities which are not classified as Fair value through profit and loss are classified as financial liabilities measured at amortised cost.

December 31 2010	Loans and Receivables G $ 000	Financial Liabilities G $ 000	Total G $ 000
Financial Assets			
Receivables	4 867 667	-	4 867 667
Deposits	218 495	-	218 495
Related Parties	1 614 543	-	1 614 543
Cash Resources	2 822 566	-	2 822 566
	9 523 271	-	9 523 271
Financial Liabilities			
Customer Deposits	-	1 302 862	1 302 862
Related Parties	-	10 224 053	10 224 053
Loan	-	638 496	638 496
Payables	-	2 354 599	2 354 599
	-	14 520 010	14 520 010

27. Financial Instruments and Financial Risk Management

December 31 2009	Held to Maturity G $ 000	Loans and Receivables G $ 000	Financial Liabilities G $ 000	Total G $ 000
Financial Assets				
Receivables	-	4 793 739	-	4 793 739
Deposits	-	447 860	-	447 860
Related Parties	-	680 413	-	680 413
Cash Resources	1 616	1 304 477	-	1 306 093
	1 616	7 226 489	-	7 228 105
	====	=======	=======	=======
Financial Liabilities				
Customer Deposits	-	-	1 160 364	1 160 364
Related Parties	-	-	7 135 789	7 135 789
Loan	-	-	811 744	811 744
Payables	-	-	1 759 731	1 759 731
	-	-	10 867 628	10 867 628
	=====	=======	========	========

Risks arising from Financial Instruments

The company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and foreign exchange risk. These risks are inherent to the company's operation and management of these risks lies with the Board whose objective is to identify, assess, monitor and control in an effort to minimise these risks in order to increase profitability.

The main financial risks affecting the company are as follows:

(i) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

The company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Except as detailed in the following table, the carrying amount of financial assets recognised in the financial statements which is net of impairment loss, represents the company's maximum exposure to credit risk. The company does not require collateral.

The following table shows the company's maximum exposure. It does not include those assets that are not deemed to give rise to credit risks.

(i) Credit Risk Cont'd:	2010 G $ 000	2009 G $ 000
On Statement of Financial Position		
Receivables	4 867 667	4 793 739
Deposits	218 495	447 860
Related Parties	1 614 543	680 413
Cash Resources	2 822 566	1 306 093
	9 523 271	7 228 105
Off Statement of Financial Position		
Guarantees	1 496 500	1 485 550
Maximum Exposure to Credit Risk	11 019 771	8 713 655

Cash at bank does not have collateral given the nature of the banking industry and assets acquired prior to the incorporation of Guyana Power & Light, Inc. are pledged as security for loans

Management of Investment and Cash Resources

Table showing exposure by location.

December 31, 2010	Guyana G $ 000	North America G $ 000	Others G $ 000	Total G $ 000
Financial Assets				
Receivables	4 867 667	-	-	4 867 667
Deposits	218 448	47	-	218 495
Related Parties	1 614 543	-	-	1 614 543
Cash Resources	2 822 566	-	-	2 822 566
	9 523 224	47	-	9 523 271
Financial Liabilities				
Customer Deposits	1 302 862	-	-	1 302 862
Related Parties	1 637 080	7 193 353	1 393 620	10 224 053
Loan	638 496	-	-	638 496
Payables	1 186 457	222 258	945 884	2 354 599
	4 764 895	7 415 611	2 339 504	14 520 010
Net Liability Gap	4 758 329	(7 415 564)	(2 339 504)	(4 996 739)

Management of Investment and Cash Resources Cont'd:

	Guyana G $ 000	North America G $ 000	Others G $ 000	Total G $ 000
December 31, 2009				
Receivables	4 793 739	-	-	4 793 739
Deposits	318 234	129 626	-	447 860
Related Parties	680 413	-	-	680 413
Cash Resources	1 306 093	-	-	1 306 093
	7 098 479	129 626	-	7 228 105
Financial Liabilities				
Customer Deposits	1 160 364	-	-	1 160 364
Related Parties	3 205 591	3 930 198	-	7 135 789
Loan	465 250	346 494	-	811 744
Payables	1 126 195	348 593	284 943	1 759 731
	5 957 399	4 625 285	284 943	10 867 628
Net Liability Gap	1 141 080	(4 495 659)	(284 943)	(3 639 523)

(ii) Liquidity Risk

Management of the company's liquidity lies with the Board of Directors. This is managed using forecasted cash flows and negotiated credit from financial institutions.

	Up to One year G $ 000	Two to Five Years G $ 000	Over Five Years G $ 000	Total G $ 000
December 31, 2010				
Assets				
Receivables	4 867 667	-	-	4 867 667
Deposits	218 495	-	-	218 495
Related Parties	1 614 543	-	-	1 614 543
Cash and Bank	2 822 566	-	-	2 822 566
Total Assets	9 523 271	-	-	9 523 271
Liabilities				
Customer Deposits	6 510	26 040	1 270 312	1 302 862
Related Parties	1 189 408	2 288 377	6 746 268	10 224 053
Loan	188 955	449 541	-	638 496
Payables	-	-	2 354 599	2 354 599
Total Liabilities	1 384 873	2 763 958	10 371 179	14 520 010
Net Assets/(Liabilities)	8 138 398	(2 763 958)	(10 371 179)	(4 996 739)

(ii) Liquidity Risk Cont'd:

	Up to One year G $ 000	Two to Five Years G $ 000	Over Five Years G $ 000	Total G $ 000
December 31, 2009				
Assets				
Receivables	4 793 739	-	-	4 793 739
Deposits	447 860	-	-	447 860
Related Parties	680 413	-	-	680 413
Cash and Bank	1 306 093	-	-	1 306 093
Total Assets	7 228 105	-	-	7 228 105
Liabilities				
Customer Deposits	6 510	26 040	1 127 814	1 160 364
Related Parties	366 327	1 465 308	5 304 154	7 135 789
Loan	181 628	630 116	-	811 744
Payables	1 759 731	-	-	1 759 731
Total Liabilities	2 314 196	2 121 464	6 431 968	10 867 628
Net Assets/(Liabilities)	4 913 909	(2 121 464)	(6 431 968)	(3 639 523)

(iii) Interest Rate Risk

The Board of Directors is responsible to manage this risk which can arise as a result of future cash flows of financial instruments or its fair value will fluctuate because of changes in the market interest rates. The company is exposed to this risk as a result of the financial assets and financial liabilities having varying reprising dates and fluctuating interest rates.

	Weighted Average Effective Interest Rate %	Up to One year G $ 000	Two to Five Years G $ 000	Over Five Years G $ 000	Non Interest Bearing G $ 000	Total G $ 000
December 31, 2010						
Assets						
Receivables		-	-	-	4 867 667	4 867 667
Deposits		218 495	-	-	-	218 495
Related Parties		-	-	-	1 614 543	1 614 543
Cash and Bank	1.5	166 775	-	-	2 655 791	2 822 566
		385 271	-	-	9 138 000	9 523 271
Liabilities						
Customer Deposits	7.5	6 510	26 040	1 270 312	-	1 302 862
Related Parties	3	1 189 408	1 465 308	6 746 270	823 070	10 224 053
Loan	12	188 955	449 541	-	-	638 496
Payables		-	-	-	2 354 599	2 354 599
		1 384 873	1 940 889	8 016 582	3 177 669	14 520 010
Interest Sensitivity Gap		(999 602)	(1 940 889)	(8 016 582)	5 960 331	(4 996 739)

(iii) Interest Rate Risk Cont'd:

	Weighted Average Effective Interest Rate %	Up to One year G $ 000	Two to Five Years G $ 000	Over Five Years G $ 000	Non Interest Bearing G $ 000	Total G $ 000
December 31, 2009						
Assets						
Receivables		-	-	-	4 793 739	4 793 739
Deposits		447 860	-	-	-	447 860
Related Parties		-	-	-	680 413	680 413
Cash and Bank	1.5	1 306 093	-	-	-	1 306 093
		1 753 953	-	-	5 474 152	7 228 105
Liabilities						
Customer Deposits	7.5	6 510	26 040	1 127 814	-	1 160 364
Related Parties	3	366 327	1 465 308	5 304 154	-	7 135 789
Loan	12	181 628	630 116	-	-	811 744
Payables		-	-	-	1 759 731	1 759 731
		554 465	2 121 464	6 431 968	1 759 731	10 867 628
Interest Sensitivity Gap		1 199 488	(2 121 464)	(6 431 968)	3 714 421	(3 639 523)

(iv) Foreign Exchange Risk

Foreign currency risk management lies with the Board of Directors. The company is exposed to this risk primarily from trading. They have not entered into any contractual arrangement to mitigate this risk but they maintain an appropriate amount of liquid funds in the respective currencies to settle liabilities as the need arises.

The following table details the sensitivity to an increase or decrease in the Guyana Dollars against the United States Dollars. This shows a decrease of profit amounting to G$74 088 (2009 G$44 957), if the exchange rate is to increase by 1%.

	Financial Assets G $	Financial Liabilities G $	Net Liability G $	% Change	Impact on Profit G $
December 31, 2010					
G $ Equivalent to US $ Dollars	6 851	7 415 610	(7 408 759)	1	(74 088)
	====	=======	=======	=	=====
December 31, 2009					
G $ Equivalent to US $ Dollars	134 883	7 571 647	(7 436 764)	1	(74 368)
	======	=======	=======	=	=====

(v) Capital Risk

The company manages its capital, represented by total shareholders equity on its statement of financial position, to ensure that it will be able to continue operating into the foreseeable future while maximising the return to shareholders.