



GUYANA POWER & LIGHT, INC.
ANNUAL REPORT
2009

CORPORATE INFORMATION

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ATTORNEYS-AT-LAW:	de Caires Fitzpatrick & Karran 80 Cowan Street Kingston Georgetown Guyana South America
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DEFINITION OF ABBREVIATIONS

CIS	Customer Information System
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
IADB	Inter-American Development Bank
ISO	International Standards Organisation
IT	Information Technology
KRONOS	refers to the time & attendance software system
LFO	Light Fuel Oil
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

CHAIRMAN'S REPORT

The calendar year 2009 marks the tenth report to the Shareholder of Guyana Power & Light Inc. ("GPL" or "Company").

Unlike recent years, 2009 was a good year financially for GPL with an after tax profit of G\$1.81 billion representing a return on net assets of 7% and reducing accumulated deficit from G\$4.4 billion to G\$2.6 billion. This was largely attributed to a 29% reduction in fuel cost relative to 2008.

Gross generation for 2009 totalled 586 GWh with 38 GWh coming from Guysuco's Skeldon plant; 352 GWh from GPL owned but Wartsila operated units and 196 GWh from GPL owned and operated generating sets. Generation volume (GWh) was 3.9% higher than 2008.



Winston Brassington
Chairman

Strategic Objectives- Targets vs. Achievements

In 2008, GPL's Board launched a strategic planning process. The strategic planning process is intended to provide key strategies and benchmarks that can be monitored to review GPL's performance. Given the importance of this strategic process, the Strategic Plan (prepared on a 5 year horizon) has become the basis of many of the key performance measurements of GPL and has been added to the GPL's Development and Expansion plan.

The Strategic Plan will be updated annually, to ensure that the strategic objectives and strategies remain relevant. Annually, GPL will report on these targets and actual performance.

In this annual report, a review is presented of the summarized strategic plan, focusing on performance against defined benchmarks.

Strategic Objective 1

OPTIMIZE REVENUE COLLECTION:	2009 TARGET	2009 ACTUAL	2010 TARGET
a. Maximize collection of billing (% of Billing collected)	99	91.1	99.5
b. Maximize level of power billed via loss reduction, new connections, and volume growth (GWh billed)	408	370	411
c. Expand customer base (# of new customers added in yr.)	8,900	6,907	6,200
d. Expand overall revenue based on billed volume (US\$ M)	124	118	127

GPL continues to enjoy a high sales collection rate, except from Municipalities and National Democratic Councils (NDCs). Central government payments made in late December 2009 were not collected by GPL until early January 2010. If those payments were collected and applied in 2009, the actual collection rates would have increased from 91.1% to 96.3%. The target collection rate of 99% would have been achieved if Municipalities and NDCs settled their bills as they fell due. The Georgetown Mayor and City Council, the single largest debtor in default, owes G\$485M; this matter is currently in court. GPL continues aggressively to pursue collection of arrears from all debtors.

Revenue growth was below target largely on account of a lower uptake of customers under the UAEP, lack of generating capacity to meet demand (until December), and lack of progress on reducing losses.

Strategic Objective 2

MINIMIZE COSTS OF OPERATIONS	2009 Target	2009 Actual	2010 Target
a. Reduce Employment Numbers (number at end of year)	914	912	858
b. Control Employment Costs (annual US\$ M)	11.000	10.963	11.492
c. Reduce total technical and commercial losses (%)	29.8	34.3	29.3
<ul style="list-style-type: none"> Reduce generation costs by reducing technical losses (total % remaining at end of period) 	11.1	13.4	12.0
<ul style="list-style-type: none"> Reduce generation cost by reducing commercial losses (total % remaining at end of period) 	18.7	20.9	17.3
d. Maximize use of cheap HFO fuel (% HFO in fuel mix)	95	76	81

Following the installation of 20.7 MW of Wartsila generation commissioned in December, employment levels were reduced to take into account that GPL would operate less of its owned generation. Wartsila O&M contract has now been expanded to 64.5 MW of Wartsilas. GPL will continue to review and reduce its staff levels, which remain high, relative to other Caricom utilities.

Despite various initiatives by GPL to reduce technical and commercial losses, technical and commercial losses increased in 2009 over 2008. Measures underway in 2010 that will assist in reducing losses include:

- Amendments to the PUCA and ESRA that will enhance GPL's capacity to reduce theft and ensure non-payment
- Completion of the new CIS that will allow disparate databases to be integrated and a more comprehensive IT structure for managing its customers
- Increased change out of meters, particularly the installation of digital meters for industrial and large commercial/residential customers.

Despite the multitude of efforts to reduce losses, GPL is disappointed with the poor results in 2009, which continued from 2008. Issues of corruption (both at the consumer and employee level) have had to be addressed but challenges remain. Capacity to implement loss reduction activities was hampered by the high turnover of staff in the loss reduction department and the demand for more teams to implement meter change-outs. Financing of loss reduction activities has not been a problem, but progress in 2009 was stymied by long lead times for the supply of materials and an inadequacy of competent persons. Towards the end of 2009, these bottlenecks were largely removed but still required ongoing monitoring.

A new dimension has emerged as to whether GPL is reducing commercial losses. An independent report in 2010 has confirmed that technical losses of GPL has increased, implying that the level of commercial losses dropped. It is now well known that GPL's transmission and distribution network is approaching its technical limits, and as such, technical losses can be expected to increase. However, technical loss reduction requires substantial investment which is ongoing with the new US\$39M Transmission and Substation project that started in mid 2010.

One key benchmark of cost is the price of fuel and the relative mix of HFO vs. diesel. GPL has been increasing the use of the relatively cheaper priced HFO to diesel. However, the rate of progress in 2009 was lower than planned due to the late completion of the Wartsila plant and the lack of completion of the Canefield conversion.

Additionally, due to transmission network limitations, GPL has had to establish diesel generation at Leonora to cater for the demand on the WCD.

Strategic Objective 3

IMPROVE CUSTOMER SERVICE (CS)	2009 TARGET	2009 ACTUAL	2010 TARGET
a. Implement consolidated and improved quality systems to address:			
<ul style="list-style-type: none">Response to Technical Faults (time to correct; quality of service) (Time in hrs for 90% of jobs to be completed)	16	20	14
<ul style="list-style-type: none">Response to Commercial Issues (time to address; quality of service) (Time in days)	28	35	14
b. Reduce Tariffs (% change over previous year)	↓5%	↓0%	-
c. Ensure timely connection of applicants for service (days)	20	21	13-17 (primary or secondary network not required)
d. Improve System Reliability (average # of annual interruptions per customer [SAIFI])	125	182	135
e. Improve System Reliability ([SAIDI] (hours))	200	217	200
f. Implement new Customer Information System (CIS)--Enterprise type IT System)	At end 2009 GPL was in process of configuring the new CIS to satisfy GPL commercial requirements. Training was provided to all members within the Commercial Services Division.		Implementation in 2 nd quarter, 2010
g. Implement ISO 9001: 2008 Quality System	At end 2009 GPL completed documentation of critical procedures in relevant Departments and held awareness training sessions		ISO Certification by end 2010
h. Improve Image of GPL as first class utility via improving CS, ↑ efficiency, and keeping tariffs low			

Improving Customer Service has been a key strategic objective. New systems to measure GPL's capacity to respond to customers both in terms of timeliness and quality of service have been put in place. The results while better than previous years, still need to improve. These measures will continue to be monitored and improved. Additionally, GPL will continue to face higher standards and requirements with the institutional changes being made to GPL, both in terms of Operating and Customer Service Standards and monetary penalties where GPL fails to deliver a certain quality of service.

Strategic Objective 4

ACHIEVE SUSTAINABLE FINANCIAL POSITION
<ul style="list-style-type: none"> a. Ensure that revenue collected is sufficient to cover all costs including CAPEX and debt service. 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. c. Complete audited accounts and hold Annual Shareholders Meeting within 6 months of year end. d. Manage GPL finances and to justify concessional financing from the IADB, GoG, and Chinese Govt. of US\$96m necessary to finance rehabilitation of its transmission and distribution network and commercial loss reduction.

GPL financial position improved considerably over 2009 with a return to profitability. GPL equity increased in 2009 with the conversion of certain GoG liabilities to equity. Additionally, the level of non-concessional interest bearing debt decreased.

Strategic Objective 5

ACHIEVE NATIONAL OBJECTIVES
<ul style="list-style-type: none"> a. Promote conservation of electricity by promoting/educating economic use and avoiding wastage b. Maximize use of renewable fuel to minimize generation costs and minimize fuel import bill c. Minimize tariffs and maximize efficiencies (low technical and commercial losses, high collections) d. Ensure regulatory compliance with electricity laws and GPL's license e. Expand national grid to other parts of country to allow economies of scale and lower avg. costs

GPL continued its drive to promote energy conservation, with a range of programs that included outreach programs to school children, firms and communities, special training, and overall promotion of the concept. A number of these measures were supported by the IADB.

Renewable energy use remained a high priority with progress being made on the Amaila Falls Hydro. Additionally, Guysuco bagasse operations increased over the previous year. Progress on wind remained a challenge, with limited progress made in 2009 on the Hope Beach Wind Farm project; however, progress was made on system stability study.

GPL made progress on its UAEP program thus expanding the potential network. Efficiencies continue to be mixed, with higher technical and commercial losses but greater utilization of HFO fuel relative to diesel. Overall cost controls were reasonable.

In terms of regulatory compliance, GPL complied with most of the regulatory requirements but fell short on a few (see compliance with OSPT). Rates were maintained at a stable level with no changes in 2009.

Operating Standards & Performance Targets (OS&PT)

As part of the process of ensuring that GPL reports on its OS&PT, GPL will on an annual basis report on its compliance. Additionally, GPL's Development and Expansion Plan will include its rolling OS&PT.

1. Quality of Supply Standards

Category	Units	2009 Target	2009 Actual
Quality of Supply Standards			
System Average Interruption Frequency Index (SAIFI)	No. of times per customer	130	182
System Average Interruption Duration Index (SAIDI)	No. of hours per customer	225	217
Losses	%	32.8	34%
Average Availability	%	75	82%
Voltage	%	± 6% of the nominal voltage & ± 10% following a system disturbance	-
Frequency Regulation	Hz	± 0.2 Hz of the nominal frequency	-

GPL compliance with its quality of supply standards was below target. This was the result of higher levels of power outages due to limited generation capacity and an aged transmission and distribution network. As stated earlier, losses did not decrease despite the efforts. Average availability was higher than target largely on account of the Wartsila managed units that averaged availability in excess of 90%.

2. Customer Service Standards

Category	Units	2009 Target	2009 Actual
Customer Service Standards			
<i>New Connections -</i>	Weeks	Primary or Secondary Network Required	
Commercial Service		10	12
Residential Service		12	9
<i>New Connections -</i>	Days	Primary or Secondary Network NOT Required	
Commercial Service		10-15	16
Residential Service		15-20	21
<i>Reconnections -</i>	Days	Reconnection, service and meter in place	Reconnection, service and meter in place
Georgetown		2	1
Elsewhere		2	2
<i>Reconnections -</i>	Days	Reconnection, service and meter NOT in place	
Commercial		10	11
Residential		15	16
<i>Customer Notification -</i>	Days	7	4
All customers or any Category (Working Days before bill issue date)			
Individual customer (Working Days following bill issue date)		5	4
<i>Billing Complaints and Queries-</i>	Working Days		
Days to acknowledge		3	3
Billing Queries- No site visit		7	NA
Legal Queries, and/or, PUC, and/or Site visit		28	35

GPL level of compliance with its customer service standards requires improvement. On the positive side, GPL has now put systems in place to monitor its performance. On the negative side, GPL needs to reduce the time it takes to serve its customers. These should improve in 2010 with better systems and a full complement of the management team.

3. Financial Standards

Category	Units	2009 Target	2009 Actual
Financial Standards			
Accounts Receivable	Days	63	73
Accounts Payable	Days	43	30
Bad Debt Expense	%	3.0	1.5
Meter Reading & Customer Billings- Non MD	Days	32	39
Meter Reading & Customer Billings- MD	Days	7	6

GPL performed satisfactorily on its financial standards. Receivables levels rose on account of payments from Government being received in 2010. GPL collections on receivables were above target for non-GoG bills. The cycle for meter readings and billings was worse than target for non-MD customers but will improve with the new CIS in 2010.

4. Other Standards

Category	Units	2009 Target	2009 Actual
Other Standards			
Meter Replacements- Commercial	Working Days	8	12
Residential		8	18


Meter replacements need improvement. Shortages of key field personnel and the multiple demands from loss reduction activities limited meter replacements in 2009.

Executive Management & Employment

Effective April 1, 2009 the Board confirmed the appointment of Mr. Bharat Dindyal as Chief Executive Officer. Ms. Sabrina Rampersaud was appointed Divisional Director - Finance with effect from July 1, 2009 and Mr. Kumar Sharma - Divisional Director, Loss Reduction with effect from December 1, 2009. At the end of 2009, the positions of Deputy Chief Executive Officer and Divisional Director - Human Resources remained vacant. These vacancies were filled in 2010. A Divisional Director - Human Resources was recruited but resigned after spending three months with the Company. A new Legal Officer joined the Company on November 1, 2009.

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. Finally, I would like to thank the Government for their recapitalization of GPL and funding of GPL's major capital activities.

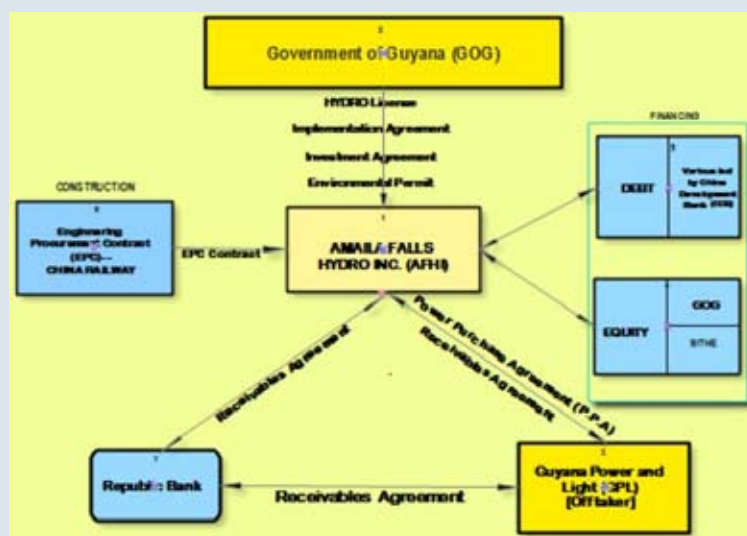
In closing, I would also like to thank my fellow directors for 2009 - Mr. Narvon Persaud, Mr. Carvil Duncan and Mr. Desmond Mohamed for their continuous cooperation and support during the year 2009. Mr. Rajendra Singh who was appointed Director on February 15, 2008 resigned with effect from March 2, 2009 given the exigencies of his job.



Winston Brassington
Chairman

Overview of Amaila Falls Hydro Project

The Amaila Falls hydro project is a private sector-led project. This Build Own Operate Transfer (BOOT) arrangement, is for 20 years from the date of start up, following which the project reverts to GoG at no cost. The life of the 154 MW hydro project is estimated to be over 100 years but the project is being financed and paid off over a 20 year period. After the BOOT period, the operating costs will be very low. As a result of this project, and other savings in costs that GPL can achieve, GPL projects that average tariffs to customers can decline substantially when the hydro comes on stream in 2014.



Sithe Global is the project developer. Sithe directly and indirectly, via its management team, has completed over 15,000 MW of energy projects; its management team has completed over 15 hydro projects around the world.

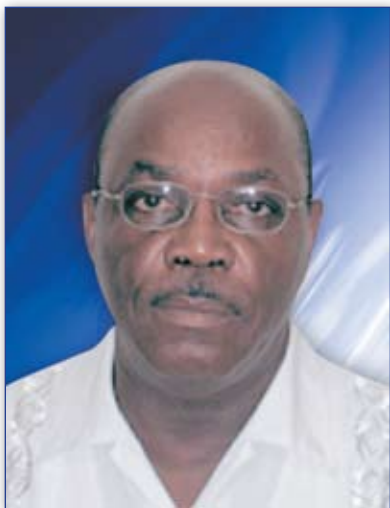
Sithe Global is a subsidiary of Blackstone that maintains an investment portfolio of over US\$100 billion of assets under management. AFHI indicative project finance structure is shown in the table to the left. Discussions among the parties are advanced with construction start expected in the first half of 2011 following completion of the Amaila Falls Access Roads and Financial Close.

The project is expected to supply GPL's current demand, self generators, and Linden. A study completed by Mercados Energeticos earlier this year projects total required energy and peak demand that may be applicable following the hydro (see table below).

Demand Forecast	Year	2009	2010	2014	2015	2020	2025	2030	2035
GDP growth	%	2.2%	2.8%	2.9%	2.9%	3.0%	3.0%	3.1%	3.1%
Total Sales GPL system	GWh	393	418	500	525	677	876	1,140	1,479
	annual growth		6.3%	5.1%	5.1%	5.2%	5.3%	5.5%	5.1%
T & D losses	in %								
Technical		11.4%	10.6%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%
Non-technical		21.6%	19.4%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%
Gross generation GPL system	GWh	587	597	701	737	949	1,229	1,599	2,073
	annual growth		1.7%	4.1%	5.1%	5.2%	5.3%	5.5%	5.1%
Linden Power Company	GWh	66	68	76	79	91	106	123	143
			2.8%	2.9%	2.9%	3.0%	3.0%	3.1%	2.9%
Self generation switching to the grid	GWh	-	-	79	131	152	176	205	239
						3.0%	3.0%	3.1%	3.1%
Total expected demand	GWh	653	665	856	947	1,192	1,511	1,927	2,454
Expected demand growth	%		1.8%	14.5%	10.6%	4.8%	4.9%	5.0%	4.8%
Average load	MW	75	76	98	108	136	172	220	280
Peak demand	MW	108	110	142	157	197	250	319	406

GPL expects that the project will allow GPL to change from an almost total dependence on fossil fuels to being primarily supplied by renewable fuel. AFHI represents a key project under Guyana's LCDS.

BOARD OF DIRECTORS



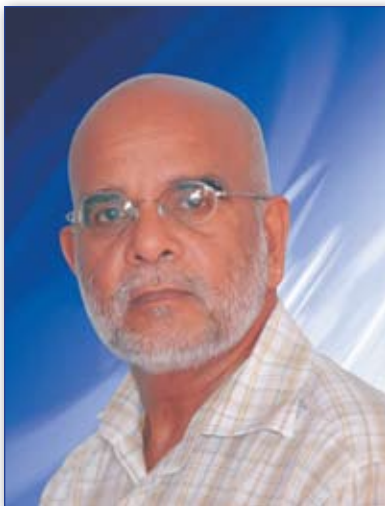
Carvil Duncan
Director



Winston Brassington
Chairman



Narvon Persaud
Director



Desmond Mohamed
Director

GPL's Vision

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

GPL's Mission

"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."

MANAGEMENT TEAM



Colin Singh
Divisional Director-
Operations/Projects



Aeshwar Deonarine
Senior Divisional Director
Finance & Commercial Services



Lakshmi Shiwnandan
Corporate Secretary



Renford Homer
Divisional Director –
Information Technology



Bharat Dindyal
Chief Executive Officer



Sabrina Rampersaud
Divisional Director- Finance



Kumar Sharma
Divisional Director-
Loss Reduction



Nigel Benfield
Regional Manager- Essequibo



Walchum Allen
Regional Manager- Berbice

DIRECTOR'S REPORT

The Directors take pleasure in submitting their Annual Report together with the Audited Financial Statements for the year ended 31 December 2009.

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.

Capital Programme

In April of 2008, GPL signed a Loan Agreement with the GoG for US\$31.355M to finance:

- 1) Construction of a 20.7MW Heavy Fuel Oil-fired plant at Kingston, including a 69kV interconnection.
- 2) Construction of a 20km, 69kV transmission link between Guysuco's new co-generation plant at Skeldon and GPL's substation at No.53 Village, Berbice.
- 3) 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.

On December 4, 2009 the 20.7MW HFO fired plant at Kingston was commissioned. It is expected that this plant will significantly contribute to GPL satisfying current demand.

The 69kV transmission interconnection between No. 53 Village and Skeldon will be completed in the first quarter of 2010. This line would allow GPL to significantly improve dispatch of power generated at Skeldon.

Similarly, it is anticipated that the Canefield rehabilitation and conversion to HFO operation will be completed by the end of 2010. The successful completion of this project will ensure there is adequate generation capacity in Berbice based on HFO and cogeneration sources.

Summary of Major Capital Projects

PROJECT	EXPENDED BY GPL as of end 2009 US\$	PROJECT STATUS	BENEFITS
1. 20.7 MW Wartsila Power Plant – Turnkey Project	28,301,560	Completed:- December 2009	<ul style="list-style-type: none"> 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
2. 69 kV Transmission Line - Sophia to Kingston	1,260,805	Completed: November 2009	<ul style="list-style-type: none"> Connection of new 20.7 MW power plant to the Demerara Interconnected System
3. 69 kV Transmission Line - Skeldon to No.53 Village		Projected Completion:- March 2010	<ul style="list-style-type: none"> Maximize the transfer of power from Guysuco's Skeldon co-generation facility to the Berbice Interconnected System Utilization of renewable fuel (bagasse) and HFO
4. Canefield Power Station - Rebuild of No. 3 Engine & Conversion of Nos. 3 & 4 to HFO Usage	1,179,736	Projected Completion:- December 2010	<ul style="list-style-type: none"> Increase the base load generating capacity at Canefield and utilization of HFO. Displacement of old, inefficient, LFO fired generating sets at Canefield and Onverwagt.
TOTAL	30,742,101		

Future Major Projects

In October 2009, a US\$33.881M contract with the China Machinery Import & Export Corporation (CMC) was signed for the construction of 7 new substations and upgrade of 2 existing substations in order to reduce technical losses, increase quality of power supply and meet increasing demand. Additionally a fiber optic network linking all substations from Skeldon in the East, Edinburgh in the West and Garden-of-Eden in the South will link a Supervisory Control and Data Acquisition (SCADA) system at a new Control Center System at Sophia.

Summary of Future Major Projects

PROJECT	BUDGETED COST US\$	BENEFITS
<p>Construction of approximately 110 km of 69 kV Transmission Lines, linking all sub-stations in Demerara and Berbice :</p> <ul style="list-style-type: none"> Kingston to Versailles, Versailles to Leonora Sophia to New Georgetown Substation. Sophia to Onverwagt 	15,352,734	<ul style="list-style-type: none"> 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
<p>Construction of seven (7) new 69/13.8 kV substations, including seventeen (17) new 13.8 kV feeder outlets/switchgear:</p> <p>New Substations -</p> <ul style="list-style-type: none"> North Georgetown South Georgetown Diamond, EBD Good Hope, ECD Mahaica, ECD Versailles, WBD Edinburgh, WCD <p>Expansion/upgrading of -</p> <ul style="list-style-type: none"> Sophia substation & Onverwagt, WCB substation <p>Installation of SCADA System.</p>	18,528,885	<ul style="list-style-type: none"> 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. <p>SCADA will allow:</p> <ul style="list-style-type: none"> 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	
Provisional Sum	5,082,243	
Contract Price	38,963,865	

These facilities will result in a dramatic improvement in the quality and reliability of service while enabling the Company to reduce its operating cost.

Financial Results

As at 31 December 2009, Net Profit after Taxation was G\$1.81 billion with Retained Earnings at G\$(2.6) billion.

Share Structure

Issued shares increased from 55,074,288 common shares and 1 special share in 2008, to 77,020,895 common shares and 1 special share in 2009. All shares are owned by the Government of Guyana. The increase in issued shares was as a direct result of approval by Government of Guyana of the conversion of G\$3,366M in net liabilities and G\$621,000,000 Promissory Note to ordinary shares.

Dividends

No dividends were declared in 2009.

Directors

The following Directors served during the year:

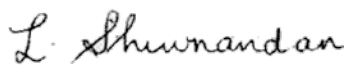
Mr. Winston Brassington, Chairman
Mr. Carvil Duncan
Mr. Narvon Persaud
Mr. Desmond Mohamed

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



Lakshmi Shiwnandan
Corporate Secretary

HIGHLIGHTS OF OPERATIONAL ACTIVITIES AND ACHIEVEMENTS

GPL achieved a 4% increase in revenue and a sales collection rate of 91.1%. The weighted average price of fuel dropped from US\$93 per barrel in 2008 to US\$ 65 per barrel in 2009, a decrease of US\$28 per barrel, or 30% below the 2008 prices. This reduction in fuel prices has directly contributed to the return to profitability of the Company.

Performance Highlights

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

- ❖ Frequency standardisation to 60Hz in five (5) major sections of Georgetown. Estimated load converted was 1.4 MW.
- ❖ Implementation of Oracle Financial Software & KRONOS time and attendance system.
- ❖ Completion of Phase II of the Un-served Areas Electrification Programme (UAEP) making power accessible to approximately 6,000 potential customers.

Operating Statistics

	UNITS	2009	2008 (Restated)	2007 (Restated)
Operating Revenue	G\$'000	23,972,759	22,978,176	19,860,645
Profits/(Losses) Before Tax	G\$'000	2,919,550	(2,897,781)	(2,362,164)
Fixed Assets	G\$'000	17,134,535	11,699,189	11,234,447
Total Capital & Reserves	G\$'000	11,425,027	6,251,435	8,190,927
Net Current Assets	G\$'000	6,862,667	2,095,468	2,596,203
New Capital Investment	G\$'000	12,598,175	3,838,379	2,541,774
Gross Generation	GWh	586	564	555
Billed Sales	GWh	370	356	351
Technical & Commercial Losses	%	34.3%	34%	33.9%
Number of New Customers		6,868	5,292	8,105
Gross Capacity ¹	MW	163.5	152.0	143.66
Available Capacity	MW	124.3	104.0	124.46
Peak Demand	MW	94.9	91.51	94.8
Employees (Number at year end -permanent and temporary)		912	983	1,320
Total Employment Cost (including capitalised amounts)	G\$'000	2,365,881	2,401,187	2,637,965

Note 1: Gross/Installed Capacity

At the end of 2009, GPL's installed (nameplate) capacity totaled 163.5 MW, with 109.3 MW located in Demerara, 43.2 MW (including 10MW of Guysuco owned Skeldon Wartsila units) located in Berbice, and 11 MW located in Essequibo. After accounting for deration, this figure is reduced to 144 MW. Of this number, 92.7 MW (including the 10 MW of Guysuco's Wartsila units) is considered reliable. Of the 92.7 MW, 79.1MW are Wartsila Units operating with HFO. All other units are diesel-fired. GPL considers its remaining capacity of 51.5 MW to be unreliable. These consist of 30.3 MW of high speed, mobile and stationary Caterpillar units, and 21.2 MW of mainly medium speed, base load type units that have exceeded their normal operational life expectancy.

A summary is provided in the matrix below:

	Installed Capacity	Derated Capacity	Reliable Capacity	Unreliable Capacity
Demerara	109.3	97	73.7	23.1
Berbice	43.2	37	14.6	22.6
Essequibo	11	10.2	4.4	5.8
Total	163.5	144.2	92.7	51.5

Key Customer & Sales Statistics

	Units	2009		2008		2007	
Customers – Total	No.	147,035	%	142,439	%	137,721	%
Residential	No.	133,397	90.72%	130,399	91.55%	125,805	91.35%
Commercial	No.	13,041	8.87%	11,439	8.03%	11,344	8.24%
Industrial	No.	597	0.41%	601	0.42%	572	0.41%
Sales – Total	G\$'000	23,972,759		22,978,176		19,860,645	
Residential	G\$'000	9,383,848	39.15%	8,785,358	38.23%	8,040,737	40.49%
Commercial	G\$'000	5,135,778	21.42%	4,989,806	21.72%	4,528,330	22.80%
Industrial	G\$'000	9,453,133	39.43%	9,203,012	40.05%	7,291,578	36.71%
Sales – Total	MWh	370,310		355,882		350,922	
Residential	MWh	166,335	44.92%	160,364	45.06%	155,581	44.33%
Commercial	MWh	66,800	18.04%	64,827	18.22%	70,345	20.05%
Industrial	MWh	137,175	37.04%	130,691	36.72%	124,996	35.62%

Metering

A total of 811 ITRON meters were installed bringing the total installed to 1,325. 5,315 defective minor meters were replaced and 3,359 meter interfaces were upgraded in accordance with the new wiring regulations.

In August, GPL introduced prepaid meter technology for its residential and small business consumers. This technology is expected to deliver the double benefit of reducing technical losses through energy conservation while at the same time improving customer service. Forty- Seven (47) consumers have opted for the prepaid service during the year.

The Company acquired ten (10) additional Spin Lab Bird Dog Analyzers (Mobile Test Bench) to support the meter testing programme. These allow laboratory standard tests of meters to be done in the field.

Billings & Collections

GPL continued its vigorous efforts to improve collections and effectively manage customer credit. Collections were 91.1% of billings with 87 % of monthly bills having actual meter readings.

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

The number of customers increased by 7% over 2008 with 1,528 new connections completed for the year 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 8,557. This amount equated to 43% of the potential connections/lots funded under UAEP and through SIMAP.

Under the GoG Additional Unserved Areas Electrification Programme, network expansion to supply 22,392 lots had been completed with 8,465 new service connections completed equating to 38% of the total lots.

Overall the rate of uptake remained relatively low with 17,022 (40%) of total potential customers accessing electricity legally.

UAEP Statistics

Project	Total No. House Lots	Total No. new connections 2009	Total no. of new connections as at 2009	Uptake as a percentage of Totals lots
UAEP	19,821*	1,528	8,557	43%
GOG	22,285	1,285	8,465	38%
Total	42,106	2,813	17,022	40%

**While 22,461 lots can benefit under the UAEP Project, 2,640 of those lots are in Linden, which is outside GPL's authorized area. GPL has no data on service connections completed in 2009 in the Linden area.*

Technical and Commercial Losses

Despite vigorously pursuing reduction of losses, GPL continues to face significant challenges in this area. Moreover while the Company has extended its network under the UAEP to service potentially 42,000 households, the culture of electricity theft continues to prevail with approximately 60% of households yet to take up service.

Sadly, and in the midst of the Company's efforts to reduce the numbers of illegal connections, in May of 2009 GPL's Chief Security Officer was executed, resulting in a disruption to sustained raids. However, in late 2009, with the support of the Police, GPL recommenced its activities.

Statistics on Raids				
Activity	2007	2008	2009	TOTAL
Raids (Carried out)	185	188	142	515
Raids (Illegal Connections removed)	9,864	13,637	5,422	28,923
Illegal Connections found & removed as a result of complaints/information received from third parties	0	1,915	1,326	3,241
TOTAL (Illegal Connections)	9,864	15,552	6,748	32,164

Despite numerous arrests, prosecution and conviction of persons found committing offences under the ESRA, was protracted. In addition in most instances, the Court imposed statutory fines instead of jail sentences. The total number of persons jailed in 2009 was five (5) compared to one (1) in 2008 and three (3) in 2007. Unfortunately, the prevailing culture of electricity theft continues to exist.

Statistics on Prosecutions				
Activity	2007	2008	2009	TOTAL
Arrest	410	382	411	1,203
Conviction	48	62	198	308
Pending	16	76	200	292
Struck out	170	102	48	320
Not charged	14	31	10	55
Withdrawn	0	1	3	4
Dismissal	137	61	26	224

At the end of the year, losses increased to 34.3% compared to 34.0% (restated) in 2008 (using a 12 months rolling average) resulting in an increase of total losses of 0.3% over the 2008 figure. Technical losses at end of the year were estimated at 13.4% and 20.9% for commercial losses.

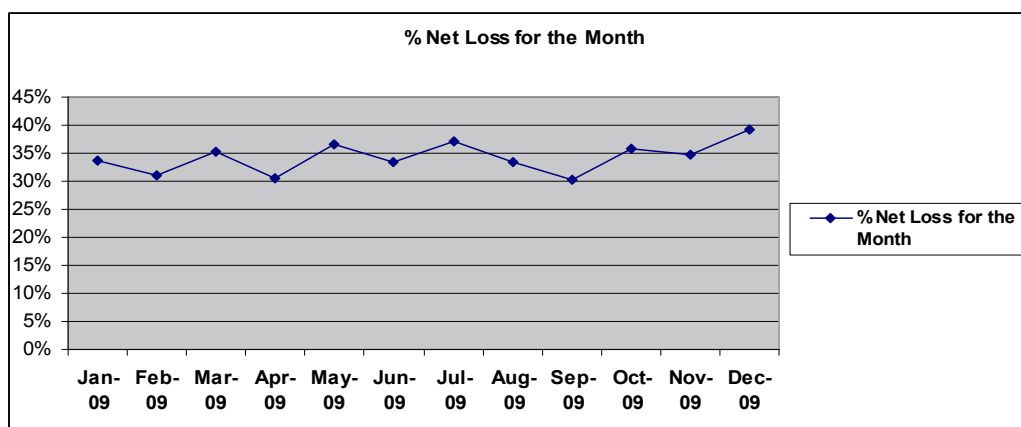
To address its commercial losses, GPL approved the implementation of the Customer Information System (CIS) which is expected will reduce losses attributable to the weaknesses of the existing billing system. The new application will support the entire commercial operation of the Company and is to be implemented in the second quarter of 2010.

It is expected that the introduction of the new Customer Information System (CIS) in 2010, coupled with the acceleration of the ITRON Meter Replacement Programme and the Prepaid Metering Programme, would help to reduce commercial losses to a sustainable level.

Some of the major loss reduction initiatives that the Company has undertaken in 2009 in an on-going effort to reduce losses to a sustainable level include:-

Summary of Loss Reduction Activities		
Activities	Achievement for 2009	Projections for 2010
Electricity Theft		
Illegal Connections		
• Raids to be carried out	142	196
• Illegal Connections removed	5,422	9,600
Metering		
• ITRON Installation		
Metering (Replacement)	811	1,400
• New Interface	3,359	6,000
• Defective Meter Replacement	5,315	8,898
• Meter testing using Portable Test Bench	5,313	3,204
• Prepaid Meters	47	7,500
Billing		
• Zero Consumption Investigation	5,942	1,200
• Low Consumption Investigation	7,348	9,600

Overall System Losses – December 2009



Human Resources

The total number of employees at the end of the year was 902 compared to 983 employees at the end of 2008. With the completion of the new 20.7MW Power Plant at Kingston, a total of 93 employees were made redundant in 2009, 24 being from GPSU category and 69 from NAACIE.

Throughout the year GPL continued to engage the Unions and maintained a close working relationship with them. Both Unions accepted a total increase 6% in wages and salaries for their members for 2009.

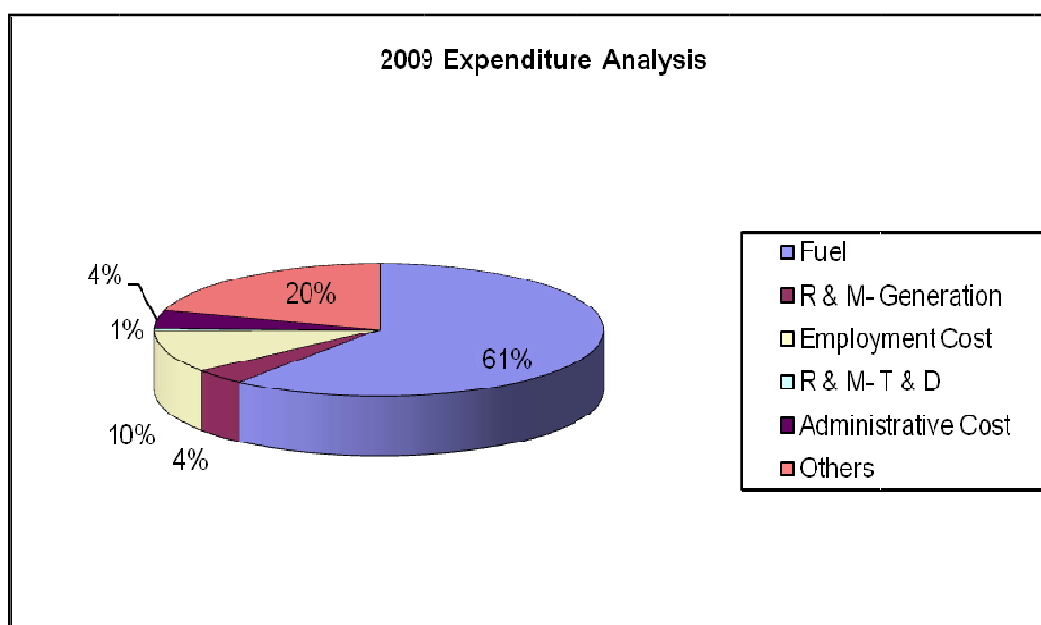
Financial Highlights

Operating Expenses

Total expenses, including finance charges, for 2009 were 18% below 2008 due primarily to a 29% decrease in fuel expenses, 22% decrease in purchased power, 8% decrease in administrative expenses and 3% in employment cost.

Fuel costs accounted for \$13.1 billion in expenditure for the year compared to \$18.5 billion in 2008. Fuel and Freight costs declined to 61% of total expenditure from 71% in 2008. These decreases were a direct result of the 30% decrease in the average price of fuel which fell from US\$93 per barrel in 2008 to US\$65 in 2009.

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



Capital Expenditures

GPL invested G\$6,885 million in various capital projects in 2009 which were financed from internally generated funds and a \$3.2 billion loan from the Government of Guyana compared with G\$3,838 million in the previous year.

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 judgment 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.

Corporate Governance

GPL continues to comply with best practices on corporate governance.

The Board comprises five non-executive members, including the Chairman, appointed by the Government of Guyana. The roles of the Chairman and the Chief Executive are separate.

The Board has overall responsibility for the Company's systems of financial control and for monitoring their effectiveness. These systems are designed to provide reasonable but not absolute assurance against material misstatement or loss. 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 systems of internal financial control include the following:

- Comprehensive budgeting systems with an annual budget approved by the Board.
- Monthly consideration of actual results compared with budgets.
- Clearly defined responsibilities and financial controls.

Additionally, the Board has five sub-committees which focus on areas of paramount importance for exemplary corporate governance. These are:

- (a) Audit Sub-Committee
- (b) Technical Sub-Committee
- (c) Tender Board Sub-Committee
- (d) Commercial Sub-Committee
- (e) Human Resources Sub-Committee

The Audit Sub-Committee is chaired by Mr. Desmond Mohamed. This Committee reviews and discusses with the Internal Audit Manager and the external Auditors, the Company's 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 decides on the remuneration payable to the external independent auditor.

The Technical Sub-Committee, chaired by Mr. Narvon Persaud, deals with all aspects of the Company's technical operations and related projects. The Committee strives to ensure that technical operations are optimal to deliver reliable power to customers. It also endeavours to ensure projects relating to power supply are implemented efficiently and diligently.

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.

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

A handwritten signature in blue ink, appearing to read 'Winston Brassington', is written over a faint, rectangular blue stamp.

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: 50/2010

16 July 2010

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 2009

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 2009, 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 2009, 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.



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

**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, 2009 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' judgment, 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.

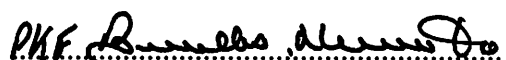
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

/2

Tel (592) 225 8915 (592) 225 8917/8
Fax (592) 226 5340 Email bnpkl@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, 2009 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.


PKF, BARCELLOS, NARINE & CO.

GUYANA POWER & LIGHT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009

ASSETS	Notes	2009 G \$ 000	2008 G \$ 000
Non Current Assets			
Tangible Fixed Assets	2	17 134 535	11 699 189
Work in Progress	3	1 847 071	2 268 360
Deferred Tax	4(a)	<u>1 008 890</u>	<u>2 044 080</u>
		<u>19 990 496</u>	<u>16 011 629</u>
Current Assets			
Taxes Recoverable		9 828	9 828
Inventories	5	2 329 171	1 587 032
Receivables	6	4 793 739	3 494 189
Deposits	7	447 860	2 159 298
Related Parties	8(a)	680 413	363 933
Cash Resources		<u>1 314 028</u>	<u>954 512</u>
		<u>9 575 039</u>	<u>8 568 792</u>
Total Assets		<u>29 565 535</u>	<u>24 580 421</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share Capital	9	13 986 755	9 999 361
Promissory Note	10	-	621 000
Accumulated Deficit		<u>(2 561 728)</u>	<u>(4 368 926)</u>
		<u>11 425 027</u>	<u>6 251 435</u>
Non Current Liabilities			
Related Party	8(b)	6 769 462	3 930 198
Advances Customer Financed Projects	1(p) & 11	6 348 894	5 543 274
Provision for Decommissioning	12	242 900	242 900
Customer Deposits	13	1 160 364	1 010 166
Defined Benefit Pension	14	276 400	309 000
Loan	15	<u>630 116</u>	<u>820 124</u>
		<u>15 428 136</u>	<u>11 855 662</u>
Current Liabilities			
Related Parties	8(c)	366 327	4 193 030
Loans	15	181 628	174 996
Deferred Income	16	1 399	-
Payables	17	1 759 731	1 779 173
Taxation		<u>403 287</u>	<u>326 125</u>
		<u>2 712 372</u>	<u>6 473 324</u>
Total Equity and Liabilities		<u>29 565 535</u>	<u>24 580 421</u>

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, 2009

	Notes	2009 G \$ 000	2008 G \$ 000
Revenue			
Turnover		23 972 759	22 978 176
Expenditure			
Generation Cost	18	<u>15 971 115</u> 8 001 644	<u>20 977 693</u> 2 000 483
Other Expenses			
Employment Cost	19	2 254 644	2 332 561
Repairs and Maintenance - T & D		116 855	110 885
Depreciation	20	1 517 515	1 354 885
Administrative Expenses	21	922 482	1 001 891
Rates and Taxes		31 835	43 363
Loss on Exchange		167	73
Bad Debts		359 591	344 673
PUC Assessment and Licence		<u>25 000</u>	<u>25 000</u>
		<u>5 228 089</u>	<u>5 213 331</u>
Net Income/(Loss) from Operations		2 773 555	(3 212 848)
Interest Expense		<u>403 520</u> 2 370 035	<u>156 132</u> (3 368 980)
Other Income		<u>549 515</u>	<u>471 199</u>
Net Comprehensive Income/(Loss) before Taxation		2 919 550	(2 897 781)
Taxation	22	<u>1 112 352</u>	<u>(958 289)</u>
Net Comprehensive Income/(Loss) for the year		<u><u>1 807 198</u></u>	<u><u>(1 939 492)</u></u>
Earnings/(Loss) per Share in Dollars	23	23	(35)