Powering The Future

2012 ANNUAL REPORT

ANNUAL REPORT
FOR THE YEAR ENDED

31 DECEMBER 2012

CORPORATE INFORMATION

REGISTERED OFFICE:

40 Main Street
Georgetown
Guyana
South America

AUDITORS:

The Auditor General
Audit Office of Guyana
63 High Street
Kingston
Georgetown
Guyana
South America

ATTORNEYS-AT-LAW:

de Caires Fitzpatrick & Karran
80 Cowan Street
Kingston
Georgetown
Guyana
South America

BANKERS:

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

GPL's VISION & MISSION STATEMENT

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 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."

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DEFINITION OF ABBREVIATIONS

AUAEP	Additional Unserved Areas Electrification Programme
BIS	Berbice Interconnected System
CAPEX	Capital Expenditure
CIS	Customer Information System
CSS	Customer Service Standards
DIS	Demerara Interconnected System
ESRA	Electricity Sector Reform Act, No. 11 of 1999
GoG	Government of the Co-operative Republic of Guyana
GPL	Guyana Power and Light Incorporated
GPSU	Guyana Public Service Union
GuySuCo	Guyana Sugar Corporation
HFO	Heavy Fuel Oil
IADB	Inter-American Development Bank
IDP	Infrastructure Development Project
ISO	International Standards Organization
IT	Information Technology
LFO	Light Fuel Oil
M&CC	Mayor and City Council
MD	Maximum Demand
NAACIE	National Association of Agricultural Commercial and Industrial Employees
NDC	Neighbourhood Democratic Council
O&M	Operations and Maintenance
OS&PT	Operating Standards & Performance Targets
PPA	Power Purchase Agreement
PUC	Public Utilities Commission
SAIFI	System Average Interruption Frequency Index
SAIDI	System Average Interruption Duration Index
SCADA	Supervisory Control and Data Acquisition
STC	Standard Terms and Conditions
UAEP	Unserved Areas Electrification Programme
WCD	West Coast Demerara

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **THIRTEENTH (13th) ANNUAL GENERAL MEETING of the Guyana Power & Light Inc. (the Company)** was held on the 27th day of January, 2014 at 14:00 hrs, in the Cabinet Room, Office of the President, New Garden Street, Georgetown for the following purposes:-

1. To receive and consider the Financial Statements of the Company for the year ended December 31, 2012 and the Auditor's and Directors' Reports thereon.

2. To elect Directors for the ensuing year and to fix emoluments of the Directors;

3. To appoint the Company's auditors for the ensuing year and authorize the Directors to fix their remuneration;

4. To transact such other business as may properly come before the Meeting.

Government as the sole shareholder is invited to attend the Meeting and as holder of common shares is entitled to vote at the Meeting.

Dated the 2nd day of January 2014.

BY ORDER OF THE BOARD

Laurian Bancroft

……………………………

Laurian Bancroft

Corporate Secretary

Registered Office:

40 Main Street, Georgetown

CHAIRMAN'S REPORT

Winston Brassington
CHAIRMAN

This thirteenth annual report of the Company highlights the activities, performance achievements and challenges of GPL in 2012. 2012 proved to be yet another challenging year for the Company. GPL experienced an after tax loss of G$7.67B, largely on account of significant increases in fuel costs. With the weighted average cost of crude at US$94.15, HFO US$102.21 and LFO US$137.73, GPL's total cost of fuel in 2012 was G$24.08B, a G$1.66B increase over the 2011 cost. This increase was primarily borne by the Company as there was no concomitant tariff adjustment.

As a result of the stark escalations in fuel prices, the Shareholder made a G$6B injection into the Company which was utilized to subsidize the overall cost of fuel. Fuel remains a major impediment to sustained profitability of the Company and its impact is expected to continue as fuel prices are projected to starkly increase over the next few years. It is therefore essential that Guyana continues to steadfastly pursue alternative forms of energy. The projected implementation of the Amalia Falls Hydro Project, expected to come on line by the end of 2018, will significantly reduce GPL's dependence on fossil fuel and costs of generation vis a vis fuel.

Concomitantly, demand for reliable electricity supply is consistently growing. By the end of 2012, GPL's customer base expanded to 166,878 customers, a net increase of 5,482 customers or 3.4% over 2011. However no new generation was added in 2012.

Gross generation totaled 690GWh with 36GWh coming from Guysuco at Skeldon; 501GWh from GPL owned and Wartsila operated units, and 153GWh from GPL owned and operated generating sets. Generation of energy increased by 6.46% over 2011. GPL installed (nameplate) generating capacity (excluding Guysuco) totaled 148.48MW of which 95.3 MW were HFO and 53.18 MW were LFO. Adjusting the capacity for age and reliability, GPL's derated capacity totaled 118.69 MW. Overall availability in 2012 of generating equipment was 75 %; Wartsila operated plants totaled 93 % and GPL operated plants totaled 48%. It is expected that a further 26MW of Wartsila generation would be added in 2014 with the commissioning of a new Power Station at Vreed-en-Hoop, W.C.D. In addition to increased generation, the new plant is expected to contribute to greater reliability of supply and operating efficiencies.

GPL's revenue and sales collection continued to be commendable in 2012. The Company achieved a 5.43% increase in revenue and a sales collection rate of 100.8%. However, collections from the M&CC and NDCs remained less than desired, with the municipalities owing in excess of G$1.5B at the end of the year.

The Company's performance in customer services and quality standards continued to improve. Enhancements were made to operating procedures and practices in an effort to provide a greater quality of service.

GPL continued its efforts to achieve ISO 9001:2008 quality system certification and achieved partial certification in January 2012. It is expected that the Company would achieve full certification in 2013. In respect of the customer service standards, there were notable improvements in GPL's overall performance. However, there is need for further improvement. GPL's performance in respect of its quality supply standards was mixed. While the frequency of interruptions of supply was not as desired, primarily due to an aged transmission and distribution system, the duration of the interruptions were better than in 2011. The company continues to progressively work towards improving the reliability of supply.

As this report highlights the activities, challenges and performance of GPL in 2012, it is hoped that it provides valuable insight on the Company as it aims to provide a reliable quality supply of electricity services to its customers.

Strategic Objectives - Targets and Achievements

As in previous years, GPL remains committed to reporting annually on achievements of its Strategic Plan. Originally launched in 2008, the Plan is prepared on a five-year horizon and outlines GPL's strategic objectives. The Plan is documented in GPL's Development and Expansion Programme and is updated annually to ensure that the strategic objectives and strategies remain relevant.

The following marks the fourth review of the summarized strategic plan and focuses on the Company's performance against defined targets.

Strategic Objective 1

OPTIMIZE REVENUE COLLECTION:	2011 ACTUAL	2012 TARGET	2012 ACTUAL	2013 TARGET
a. Maximize collection of billing (% of Billing collected)	101.7	99.5	100.8	99.5
b. Maximize level of power billed via loss reduction, new connections, and volume growth (GWH billed)	430.4	467.4	455	497.7
c. Expand customer base (# of new customers added in yr.)	10,108	6,900	5,482	4,800
d. Expand overall revenue based on billed volume (US$ M)	133.6	175	104.9	153.4

GPL's sales collections continue to be commendable. The Company achieved over 100% in collections, reflecting both current efficiencies and collection of arrears. However, collection rates from the Municipalities and NDCs remained significantly low. As at December 2012, the Georgetown Mayor and City Council owed $1,019,426,431.00M and the NDCs similarly indebted to the sum of $504,214,828.00M. The Company continues to aggressively pursue collection of arrears from all debtors.

GPL's customer base expanded to 166,878 in 2012 an increase of 3.4% over 2011. The development of new housing schemes, commercial units and the steady uptake on infrastructure built under the UAEP and AUAEP primarily account for the expansion. The Company expects the trend to intensify based on the ongoing housing developments. GPL recognizes the impact the expanding customer base would have on its infrastructure and ability to supply and continues to vigorously improve its level and quality of service.

Overall revenue growth increased from G$27,532M in 2011 to G$29,028M in 2012 (an increase of 5.43%). This increase was less than that experienced in 2011. Losses rose from an estimated 31.6% in 2011 to 31.7% in 2012.

Strategic Objective 2

MINIMIZE COSTS OF OPERATIONS	2011 ACTUAL	2012 TARGET	2012 ACTUAL	2013 TARGET
a. Employment Numbers (number at end of year)	992	985	975	1261
b. Control Employment Costs (annual US$ '000)	11,889	12,700	12,655	12,700
c. Reduce total technical and commercial losses (%)	31.6	28.65	31.7	29.7
• Reduce generation costs by reducing technical losses (total % remaining at end of period)	14.5	14.65	14.65	13.8
• Reduce generation cost by reducing commercial losses (total % remaining at end of period)	17.1	14.0	17.05	15.9
d. Maximize use of cheap HFO fuel (% HFO in fuel mix)	74	88	83	90

At the end of 2012 the total number of employees was 975 compared to 992 at the end of 2011. The Company continues to strive to ensure that it is adequately staffed while controlling employment costs. It is expected that in 2013 the Company would review its staff compliment as an additional 26MW of Wartsila generation would be installed and outsourced.

The reduction of technical and commercial losses remains a significant challenge for the Company. Losses increased from 31.6% in 2011 to 31.7% in 2012. While the level of Technical losses was restricted to the targeted figure of 14.65%, it nonetheless amounted to a slight increase over 2011. The reduction of technical losses requires significant capital investment and upgrade of the transmission and distribution network. It is hoped that the US$39M infrastructure development project currently ongoing would greatly assist in improving the network and reducing the level of losses.

Non-technical losses also remained significantly high in 2012 at 17.05%. Despite various initiatives implemented by the Company over the years, the rate of reduction in the level of commercial losses has stalled. Theft remains an enormous challenge and the intended benefits from the 2010 amendments to the legal framework to support GPL's loss reduction drive have not materialized. Additionally, issues of corruption (both internally and externally) have affected gains on loss reduction. GPL continues to be plagued by high staff turnover in the Loss Reduction Division.

In spite of the challenges, the Company continues to pursue a menu of initiatives geared towards reducing losses. In 2012, an IADB/GOG Project for the Sustainable Operation of the Electricity Sector and Improved Quality of Service was launched and is expected to improve, amongst other things, the overall efficiency of GPL's system and reduce the level of electricity losses. Further information on the project is provided in the Directors' Report section of this Report.

Strategic Objective 3

IMPROVE CUSTOMER SERVICE (CS)	2011 ACTUAL	2012 TARGET	2012 ACTUAL	2013 TARGET
a. Meet Customer Service Standards and OS&PT	Reported on pages 14 and 18			
b. Implement ISO 9001: 2000 Quality System	At the end of 2011, GPL was audited for Partial certification.	Full Certification	Partial Certification	Full Certification
c. Percentage of calls answered at Call Center	85%	95%	89.3%	85.1%
d. Increase collection outlets	Sure Pay Bill Payment Service became a new collection agent for GPL in 2012.			

Improving Customer Service is a key strategic objective. The Company is committed to enhancing its performance levels to respond to customers' needs. GPL continued its efforts to satisfy the approved CSS and OS&PT for 2011-2012. These standards continue to drive improvements in performance and impose monetary penalties where GPL fails to deliver proper quality of service. Various institutional and operational changes were implemented to ensure compliance with the standards. There were notable performance improvements in 2012 which resulted in a noticeable reduction in the value of penalties imposed on the Company from $17M in 2011 to $5M in 2012. GPL's 2012 OS&PT and CSS performances are reported on pages 14 and 18.

Additionally, the Company continues to strive for ISO 9001:2008 certification. In 2012, GPL attained partial certification in defined areas with full certification targeted for the end of 2013. Implementation of the ISO process is intended to support the achievement of the strategic objective of improving customer service by establishing clearly defined criteria for quality management standard and placing focus on customer requirements and continual improvement.

CERTIFICATE

This is to certify that

Guyana Power & Light Inc.
40 Main Street
Georgetown,
Guyana

with the organizational units/sites as listed in the annex

has implemented and maintains a **Quality Management System**.

Scope:
Generation, System Control & Engineering Services, Internal Auditing, Public Relations, Legal Department, Quality Department, Finance Division and Human Resources Division

Through an audit, documented in a report, it was verified that the management system fulfills the requirements of the following standard:

ISO 9001 : 2008

Certificate registration no.	496013 QM08
Date of certification	2012-01-31
Valid until	2015-01-30

TGA-ZM-02-90

DQS GmbH

Michael Drechsel
Managing Director

Accredited Body: DQS GmbH, August-Schanz-Straße 21, 60433 Frankfurt am Main

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Committed to improving quality of service, the Company continued to expand the number of collection outlets through agency arrangements. In 2012, Sure Pay Bill Payment Service of the Neal and Massy Group of Companies (with a distribution network in excess of 53 locations across GPL's geographical area) became a collection agent of GPL. Customers can pay bills at any of GPL's recognized agents.

Other initiatives towards improving quality of service include Call Center Management where calls are monitored to ensure quality of service, integrated voice response (IVR) services and online account enquiry services. The IVR and on line enquiry services allow customers to access account information via telephone (226-0783) or on GPL's website: www.gplinc.com. Customers are able to access information on the account balances, last payments made, current bills and the payment (due) dates. The Company continues to upgrade these services. In 2013 the Company intends to re-launch its website to provide additional services.

Introducing GPL's Online Service

Strategic Objective 4

ACHIEVE SUSTAINABLE FINANCIAL POSITION	2012 ACTUAL
a. Ensure that revenue collected is sufficient to cover all costs including CAPEX and debt service.	Despite the cash collection rate of 100% of sales, GPL's operations had to be subsidized by GOG to a value of G$6B as a result of rising fuel costs and capital investment costs.
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.	GPL remains creditworthy with excellent cash collection rates (cash as a percentage of billed sales). No new debts were occasioned in 2012. Current debts attract low interest rates. Based on the Final Return Certificate, GPL has the ability to increase tariffs by approximately 26.76%.
• Current ratio	1.80:1
• Debt to equity	82%:18%
• Return on equity	(57.3%)
c. Complete audited accounts and hold Annual Shareholders Meeting within 6 months of year end.	GPL audited financial statements for 2012 were completed April 16, 2013. The Auditor issued a clean audit opinion.
d. Manage GPL finances and to justify concessional financing.	The Company continues to manage its finances prudently and secured financing from Republic Bank Limited for the Frequency conversion and China EXIM Bank (via GoG) to add new substations etc.

GPL continues to pursue the achievement of a sustainable financial position. As in previous years, GPL's revenue growth continued. However, escalations in fuel costs increased overall expenses which necessitated an injection of $6B by the shareholder.

Strategic Objective 5

ACHIEVE NATIONAL OBJECTIVES	2012 ACTUAL
a. Promote conservation of electricity by promoting/educating economic use and avoiding wastage	In 2012, GPL continued Energy Conservation/Energy Efficiency/ Demand Side Management Public Education/Public Awareness Programmes. Programmes varied from School Education, Community Outreach, Radio and Television Discussions, Newspaper Articles, to Expo Interaction with current and potential customers, and were geared to highlight the importance and benefits of energy conservation and demand side management.
b. Maximize use of **renewable** fuel to minimize generation costs and minimize fuel import bill	Progress made in the Amaila Falls Hydroelectric Project. Co-generation was 6.4GWH in 2012 in comparison to 6.9GWH in 2011.
c. Minimize tariffs and maximize efficiencies (low technical and commercial losses, high collections)	In 2012 no increases were implemented despite significant increases in fuel prices. Efficiencies were underachieved.
d. Ensure regulatory compliance with electricity laws and GPL's license	GPL continues to comply with the ESRA and its Licence, as well as all other legal and regulatory requirements.
e. Expand national grid to other parts of country to allow economies of scale and lower average costs	New connections under UAEP as well as new housing developments continued to increase. It is expected that with Hydro, Linden will be connected to the national grid. The Demerara/Berbice interconnection should be a reality by the end of 2013 on completion of the infrastructure development project.

GPL remains committed to achieving national objectives. The Company continued its drive to promote energy conservation with a range of programs and activities. Many of these measures were supported by the IADB. Additionally maximizing renewable energy remained a high priority for the Company with progress being made on the Amalia Falls Hydroelectric Project. While energy supplied from begasse operations was lower than previous years, GPL remains committed to the use of renewable resources for the supply of energy.

Overall GPL's strategic objectives performance in 2012 was satisfactory. The Company remains committed to improving its performance levels and will continue to strive to achieve its strategic objectives. The Company's 2012 performance on additional standards and activities are reported in other sections of this Report. It is hoped that the information outlined provides valuable insight on the Company.

In closing, I would like to thank my fellow directors of the Board for their cooperation and support during the year. Additionally, on behalf of the Board, I would like to thank management and staff for their commitment and hard work during 2012. I would also take this opportunity to extend gratitude to our valued customers for their continued support and understanding as GPL strives to deliver a more efficient and reliable service. Finally, I would like to thank the Government for its support and commitment to the Company.

Winston Brassington
Chairman

GPL's PERFORMANCE STANDARDS

Operating Standards & Performance Targets (OS&PT)

In 2011, new Operating Standards and Performance Targets (OS&PT) were approved for the period 2011-2012. They constitute the standard and quality of service GPL is required to provide and are enforceable by the PUC. The law allows the PUC to impose penalties on the Company were it fails to meet the standards. The OS&PT cover the following areas –

- Customer interruptions
- Voltage Regulation
- Meter Reading& Issuance of bills
- Accounts Receivable
- Accounts Payable
- Technical and Commercial Losses
- Average Availability

EXPLANATION OF TERMS

- **Customer Interruptions**: This is measured in two ways (utilizing industry accepted formulae) -
  a. The system average interruption frequency index (SAIFI) – an average of the number of interruptions experienced per customer for the year; and
  b. The system average interruption duration index (SAIDI) – an average of the duration of outages per customer over the period

  Formulae

  $$\textbf{SAIFI} = \frac{\text{Total Number of Customer Interruptions}}{\text{Total Customers Served}}$$

  Where for each outage the number of customer interruptions equals the number of customers affected by said outage.

  $$\textbf{SAIDI} = \frac{\text{Total Customer Hours of Interruptions}}{\text{Total Customers Served}}$$

  Where for each outage, the number of customer hours equals the product of number of customers affected and duration of outage in hours.

- **Voltage Regulation:** The nominal voltage and frequency levels are indicated in paragraph 3.6 of the Standard Terms & Conditions. GPL seeks to maintain, in stable conditions, voltages of ±5% of the nominal voltage and ± 10% following a system disturbance. Since it is difficult to monitor the voltage delivered to each customer, the Standard is based on number of voltage complaints and the time taken to resolve them.
- **Accounts Receivable**: The status of GPL accounts receivable is stated in its audited annual financial statements. The quoted figures are net of provision for doubtful debts.
- **Accounts Payable**: While most of GPL's Creditors offer 30 days credit, some of the largest ones actually offer up to sixty days. The determination of this target is from the invoice date.
- **Average Availability** : Formula -Availability

  $$= \frac{\text{Available capacity } \mathbf{x} \text{ Total Available Hours}}{\text{Installed capacity } \mathbf{x} \text{ Hours in the period}}$$

OS&PT Targets and Achievements

1. Quality of Supply Standards

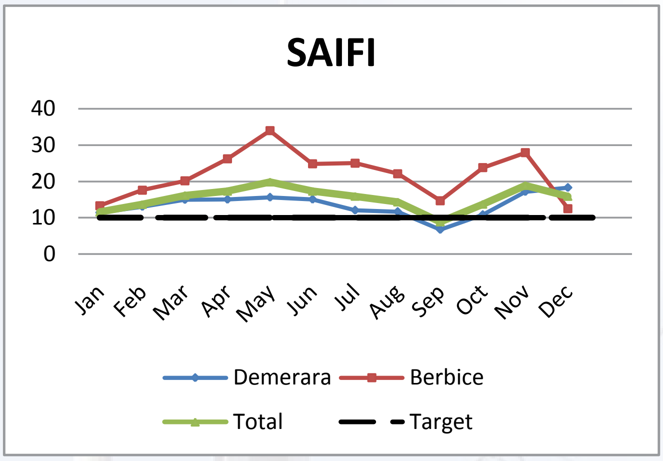
CATEGORY	UNITS	2011 ACTUAL	2012 TARGET	2012 ACTUAL	2013 TARGET
Quality of Supply Standards					
System Average Interruption Frequency Index	SAIFI	156.22	120	180	**140**
System Average Interruption Duration Index	SAIDI	140.55	180	180	**160**
Losses	%	31.6	28.65	31.7	**29.7**
Average Availability	%	62	75	75	**75**
Voltage (resolving customer complaints resulting from Voltage regulation)	Days	<75	<60	<60	<**55**
Frequency Regulation	Hz	+/- 0.2 Hz of nominal frequency	+/- 0.2 Hz of nominal frequency	+/- 0.2 Hz of nominal frequency	+/- 0.2 Hz of nominal frequency

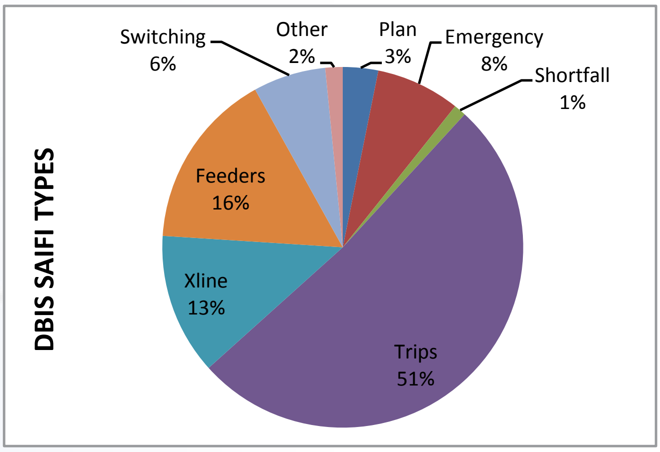
GPL's performance achievements on the system average interruption indices varied. While the system average duration of outages was limited to the targeted 180 hours, the frequency index was not as desired. The number of power interruptions that occurred on feeders (i.e. major 13.8kv primary distribution lines) that supply significant amounts of GPL customers, was substantially high. This was primarily as a result of GPL's aged transmission and distribution network. It is expected that on completion of the US$39M infrastructure development project, there would be improvement in the quality of supply as well as reduction of the effect of interruptions on individual feeders.

Major Factors Affecting SAIFI

Feeder, transmission lines and generator trips accounted for over 80% of customer-interruptions. The Berbice network's ability to satisfy demand was significantly affected by the failure of a major 69kv transformer at the Canefield Power Station. The failure limited GPL's ability to transfer the Power Station's excess capacity to the grid. Additionally, the Berbice network was affected by the unavailability of the 5.5 MW Engine at the Skeldon Plant for most of 2012. Under the PPA with GuySuCo, the Corporation is to provide 8MW of guaranteed capacity to GPL.

In Demerara, the three heavily loaded East Coast feeders contributed to nearly 50% of SAIFI. Where there were sudden losses of generator capacity, an under frequency relay automatically tripped feeders in a predetermined sequence, to prevent a total system shutdown.





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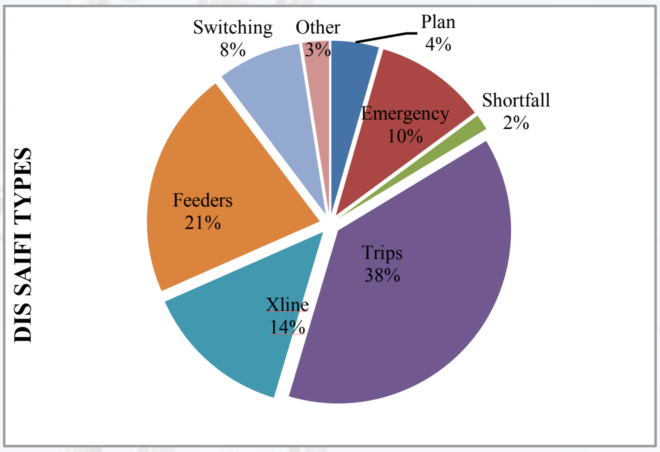
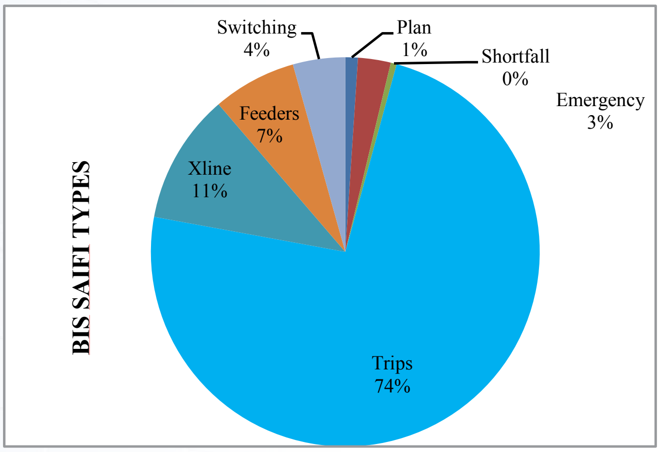




EXPLANATION OF TERMS

- **SHORTFALL** – Insufficient generation capacity to meet demand
- **TRIPS** – Generator(s) trip resulting in outage
- **FEEDERS** – Fault on feeder (13.8 or 11 kV) resulting in outage
- **XLINE** – Fault on transmission line (69kV) resulting in outage
- **PLAN** – Planned maintenance
- **EMERGENCY** – Outage due to need to perform emergency repairs
- **SWITCHING** - Outage to facilitate transfer to alternative circuit
- **OTHER** – Outage due to miscellaneous cause e.g. to facilitate work on Infrastructural Development Program

2. Financial Standards

CATEGORY	UNITS	2011 ACTUAL	2012 TARGET	2012 ACTUAL	2013 TARGET
Financial Standards					
Accounts Receivable	Days	42	50	34	45
Accounts Payable	Days	37	30	76	30
Bad Debt Expense	%	1.5	1.5	1.5	1.5
Meter Readings - Non MD	%	90	90	85	90
Meter Readings - MD	%	97	97	95	97
Issuance of Bills - Non MD	Days	9	10	8	10
Issuance of Bills - MD	Days	9	7	6	7

GPL's financial standards performance was less than desired. While the Company's average performance on accounts payable was approximately 33 days for most of 2012, a few transactions in the last quarter of the year were significantly outside the standard and severely affected overall performance. However, accounts receivable continued to be satisfactory.

Meter readings continued to present a challenge to the Company. GPL's Meter Readers continued to encounter a number of cases of locked gates and vicious dogs as customers seek to strengthen the security of their premises. Meter Readers continued to leave 'self reading' cards for customers to supply 'self reads' to GPL, which the Company would seek to validate at subsequent visits. The Company also continues to encourage customers to replace their post paid meters with prepaid meters, which would better assist them in managing their electricity consumption.

There were notable improvements in issuance of bills. The Company continues to work with the Guyana Post Office Corporation to ensure that the issued bills are dispatched in a timely manner.

Customer Service Standards (CSS)

New Customer Service Standards (CSS) became applicable to GPL in 2011. These standards require the Company to execute various customer related activities within specified time frames. Where the Company fails to meet the standards, it is required to credit monetary sums to customers' accounts.

The Customer Service Standards 2011-2012

The following are the current Customer Service Standards applicable to GPL:-

<table>
<tr><th>Category</th><th colspan="4">Definition of Standard</th></tr>
<tr><td rowspan="9">Connection of a new service.</td><td colspan="4">These standards deal with new supplies.
Where primary or secondary networks are required, the standards are seventy (70) days for provision of commercial service and eighty-four (84) days for a new residential sub-division (mains network only).
Where only a service line and meter are involved, fourteen (14) days is the standard for both commercial and residential cases.
All these times assume that the requirements of the Standard Terms and Conditions are met by the customer prior to work commencing and that the customer is ready for supply.</td></tr>
<tr><td></td><td>2011</td><td>2012</td><td>Penalty</td></tr>
<tr><td colspan="3">Primary or secondary network required (period in days after ST&C conditions fulfilled)</td><td></td></tr>
<tr><td>Commercial service</td><td>70</td><td>70</td><td>$4,000 for each day that the Standard is breached and continuing to a maximum of $40,000.</td></tr>
<tr><td>Residential subdivision</td><td>84</td><td>84</td><td>$2,000 for each day that the Standard is breached and continuing to a maximum of $20,000.</td></tr>
<tr><td colspan="3">Primary or secondary network NOT required (period in days after ST&C conditions fulfilled)</td><td></td></tr>
<tr><td>Commercial service</td><td>14</td><td>14</td><td>$2,000 for each day that Standard is breached and continuing to a maximum of $20,000.</td></tr>
<tr><td>Residential services</td><td>14</td><td>14</td><td>$1,000 for each day that Standard is breached and continuing to a maximum of $10,000.</td></tr>
<tr><td colspan="4"></td></tr>
<tr><th>Category</th><th colspan="4">Definitions of Standard</th></tr>
<tr><td rowspan="5">Reconnection of service after a Customer has rectified the reasons for which the service was disconnected.</td><td colspan="4">The standard is to reconnect no later than two (2) days in Georgetown and three (3) days elsewhere following the day on which the customer meets the requirements of the Standard Terms and Conditions (ST&C) - where the service line and meter are in place and only a simple connection is necessary.

Where a service line and / or meter are required for re-connection, the standard is fifteen (15) days in both the commercial and residential case. This standard, in both cases, is based on the assumption that there is no requirement for additional capacity in which case it would be treated as a new supply.</td></tr>
<tr><td></td><td>2011</td><td>2012</td><td>Penalty</td></tr>
<tr><td colspan="3">Reconnection, service and meter in place (days after ST&C requirements met)</td><td></td></tr>
<tr><td>In Georgetown</td><td>2</td><td>2</td><td>Commercial - $2,000 for first day, $3,000 per day thereafter, to a maximum of $8,000.
Residential - $1,000 first day, $2,000 per day thereafter, to a maximum of $5,000.</td></tr>
<tr><td>Elsewhere</td><td>3</td><td>3</td><td>Commercial - $2,000 first day, $3,000 per day thereafter to a maximum of $8,000.
Residential - $1,000 first day, $2,000 per day thereafter, to a maximum of $5,000.</td></tr>
</table>

Category	Definition of Standard
Billing, service complaints and inquiries	For clarity, the times mentioned in this standard to respond, provide or acknowledge refers to the maximum period by which the relevant correspondence is posted. The standard is ten (10) days to respond for queries received over the counter, via correspondence or by telephone. For inquiries received via telephone the Customer will be provided with a reference number which must be provided if a claim is being made under this Standard. The standard for acknowledgement of written inquiries / complaints would be five (5) days. If the complaint relates to a billing anomaly and does not require a site visit to resolve, the standard to provide an explanation would be seven (7) days of receipt of the original complaint. If the complaint relates to a legal dispute and/or involving the Public Utilities Commission, the standard is 90% will be responded to by twenty-one (21) days and 100% by forty (40) days of receipt of the original complaint where no site visit is required and fifty (50) days where a site visit is required.

	2011	2012	Penalty
Inquiries - written, OTC or telephone	10	10	$500 per day to a maximum of $3,000
Acknowledge only	5	5	$500 per day to a maximum of $3,000
Billing inquiries - No Site Visit	7	7	$500 per day to a maximum of $3,000
Legal inquiries - No Site Visit	90% - 21 100% - 40	90% - 21 100% - 40	$1,000 per day to a maximum of $5,000
All queries - Site Visit	50	50	$1,000 per day to a maximum of $5,000

Category	Definition of Standard
Response to a written notice from a Customer that a meter may be improperly registering.	The standard for responding to a written notice from a Customer that a meter may be improperly registering would necessitate a perusal of GPL's records and dispatching a written response to the Customer sharing pertinent details and advising the Customer of the provisions of the STC for meter testing. If Customer agrees to Section 6.3 of the STC then GPL will undertake the testing of the meter. Until June 30th 2012, GPL will complete the test by 30 days and thereafter, until December 31st, 2012, by 21 days.

	2011	2012	Penalty
Time to respond to written notification.	7	7	$500 per day to a maximum of $3,000.
Time to complete test.	30	30 – June 21 – July - December	$1,000 per day to a maximum of $5,000.

Category	Definition of Target
Replacement of an improperly registering meter after the improper registration has been confirmed.	The standard for replacing an individual Customer's meter, once the company has determined this to be necessary following a complaint and providing the Customer has rewired the meter interface, where necessary, to the current standard and has obtained an inspection certificate, is sixty (60) days in all cases.

	2011	2012	Penalty
Commercial	60	60	$1,000 per day to a maximum of $5,000.
Residential	60	60	$500 a day to a maximum of $2,500.

GPL's 2012 Customer Service Standards Performance

In 2012, there were notable improvements in GPL's CSS performances.

1. Connection of New Services

Category		Target (days)	Total	Within Standard	Outside Standard	Performance %
New Connections						
Connection of a new service where Primary or secondary network is NOT required	Residential	14	7037	4717	2320	67.03
	Commercial	14	836	516	320	61.72
Connection of a new service where Primary or secondary network is required	Residential	84	136	112	24	82.35
	Commercial	70	54	46	9	85.18

The average time taken to connect new services improved in 2012. However there is need for further improvement. The Company's efforts to complete connections particularly where networks are required continue to be significantly impacted by difficulties in sourcing key materials. The supply of wallaba poles continues to impact GPL's operations and limited available supplies have to be apportioned among maintenance activities, capital progammes, housing electrification projects and meeting customers' demands.

In instances where networks are not required, delays in meeting the standard of 14 days were attributed both to the customer and the Company. In many instances Customers were either unavailable or unprepared (technical requirements for metering not satisfied) for service. Additionally in some instances, GPL's systems were not timely and contributed to failure to meet the standard.

The Company is constantly reviewing its systems in order to satisfy the standard and improve the quality of service. Customers are also encouraged to ensure that all the requirements for service have been established prior to making an application.

2. Reconnections

Category		Target (days)	Total	Within Standard	Outside Standard	Performance %
Reconnections						
Reconnections - service and meter in place	In Georgetown	2	4,733	4,667	66	98.61
	Elsewhere	3	15,436	15,368	68	99.56
Reconnections- service and meter NOT in place	Residential	7	136	90	46	66.17
	Commercial	7	9	5	4	55.55

There were notable improvements in reconnections due to effective monitoring of reconnection orders and implementation. Efforts will continue towards continuously complying with the standard.

3. Response to Repair Calls

Category		Target (days)	Total	Within Standard	Outside Standard	Performance %
Response to repair calls						
	Residential	1.5	1.5	17,354	17,354	100
	Commercial	1	1	1,921	1,921	100

4. Inquiries

Category		Target (days)	Total	Within Standard	Outside Standard	Performance %
Inquiries						
Customer Inquiries	General Inquiries	10	145	126	19	86.90
	Acknowledge only	5	605	597	8	98.68
	Billing Inquiries - No Site Visit requiried	7	9282	9267	15	99.84
Legal Inquiries	PUC/ Legal Inquiries - No Site Visit requiried	90% within 21 days remainder within 40 days	135 150	56 143	79 7	41.48 95.33
	All queries - where Site Visit is requiried	50 days	2086	2064	22	98.95

The Company's performance in responding to inquiries improved significantly in 2012. However it is acknowledged that there is need for continuous improvement. The Company continues to monitor, review and adjust its operating procedures and practices to ensure compliance of the Standards.

5. Replacement of Meters

Category		Target (days)	Total	Within Standard	Outside Standard	Performance %
Replacement of an improperly registering meter after the improper registration has been confirmed.	Residential	60	738	436	302	59
	Commercial	60				

2012 Credits to Customers /GPL Penalties

As prescribed in instances where GPL failed to meet the Standards, penalties (in the form of credits to customers' accounts) were applied. GPL credited $5,129,500 to 1,157customers' accounts in 2012. In 2011, GPL credited $17,752,500 to 2,036 customers' accounts.

This notable reduction underpins GPL's efforts to continuously strive towards achieving its Customer Service Standards.

	2011	2012
Total Credits to Customers	17,752,500	5,129,500
Number of Customers	2,036	1,157

Note: Penalties are applied only in instances where breach of the standard is directly attributable to GPL


GUYANA POWER & LIGHT
COLLECTION
AGENTS
GPL
POST OFFICE
Bill Express
The bill payment place from GraceKennedy
DEMERARA BANK LIMITED
GBTI
Our strength guiding you
SurePay
...the convenient way to pay
POWERED BY
NEAL AND MASSY
Scotiabank
Republic Bank
Guyana Limited
Citizens Bank

DIRECTORS' REPORT

The Directors take pleasure in submitting their Report together with the Audited Financial Statements for the year ended 31 December 2012.

Principal Activities

The principal activities of GPL 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.

GPL is a vertically integrated electric utility company. 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 Programmes

1. GPL Infrastructure Development Project

As previously reported, in October 2009, GPL and the China National Machinery Import and Export Corporation (CMC) signed an agreement for the construction of seven (7) new 69/13.8 kv Substations, the upgrade of three (3) existing substations and approximately 120 km (93.5 km measured) of 69 kv Transmission lines (including 1.8 km Submarine Cable across the Demerara River), and 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 Control Centre at Sophia. The total project cost was slated at US$33,881,618.78 with a provisional sum of US$5,082,242.82 to be utilized to offset any additional cost that may be incurred during construction. Financing for this project was made available by the Government of Guyana by way of a concessional loan in the sum of US$38.963M.

The Project, known as GPL's Infrastructure Development Project, will serve to integrate major load centres along the coast, and will provide the capability to move bulk power from large, efficient, heavy fuel oil fired generating plants in Demerara and Berbice to those load centers. Additionally, new 13.8 kV primary distribution feeder outlets at the substations will allow existing long, overloaded feeders, especially on the East and West Coast Demerara, to be segmented into shorter, more lightly loaded sections. These developments will result in improved quality of supply, system stability, improved voltage regulation, reduction of technical losses, and cater for increasing demand. They will also prepare the system to accept and distribute power from the Amaila Falls Hydroelectric Project. The project had an initial contract period of 912 days and was expected to be completed in March, 2013. However, in November, 2011, the parties agreed to extend the scope of work under a supplementary Agreement and extended the expected completion date of the project by a further 180 days, with a revised completion date of September 06, 2013. The change of scope of works also resulted in the full utilization of the provisional sum of $5,082,242.82.

In late 2012 activities were focused upon completing construction and testing of facilities to bring the First Priority Works onstream. These were:

- Two (2) new 69/13.8 kV substations at Vreed-en-Hoop and Edinburgh, West Demerara,
- A 14 km, 69 kV transmission line linking the two substations,
- The upgraded 69/13.8 kV substation at Kingston, and
- Approximately 2 km of 69 kV submarine cable across the Demerara River from Kingston to Vreed-en-Hoop.

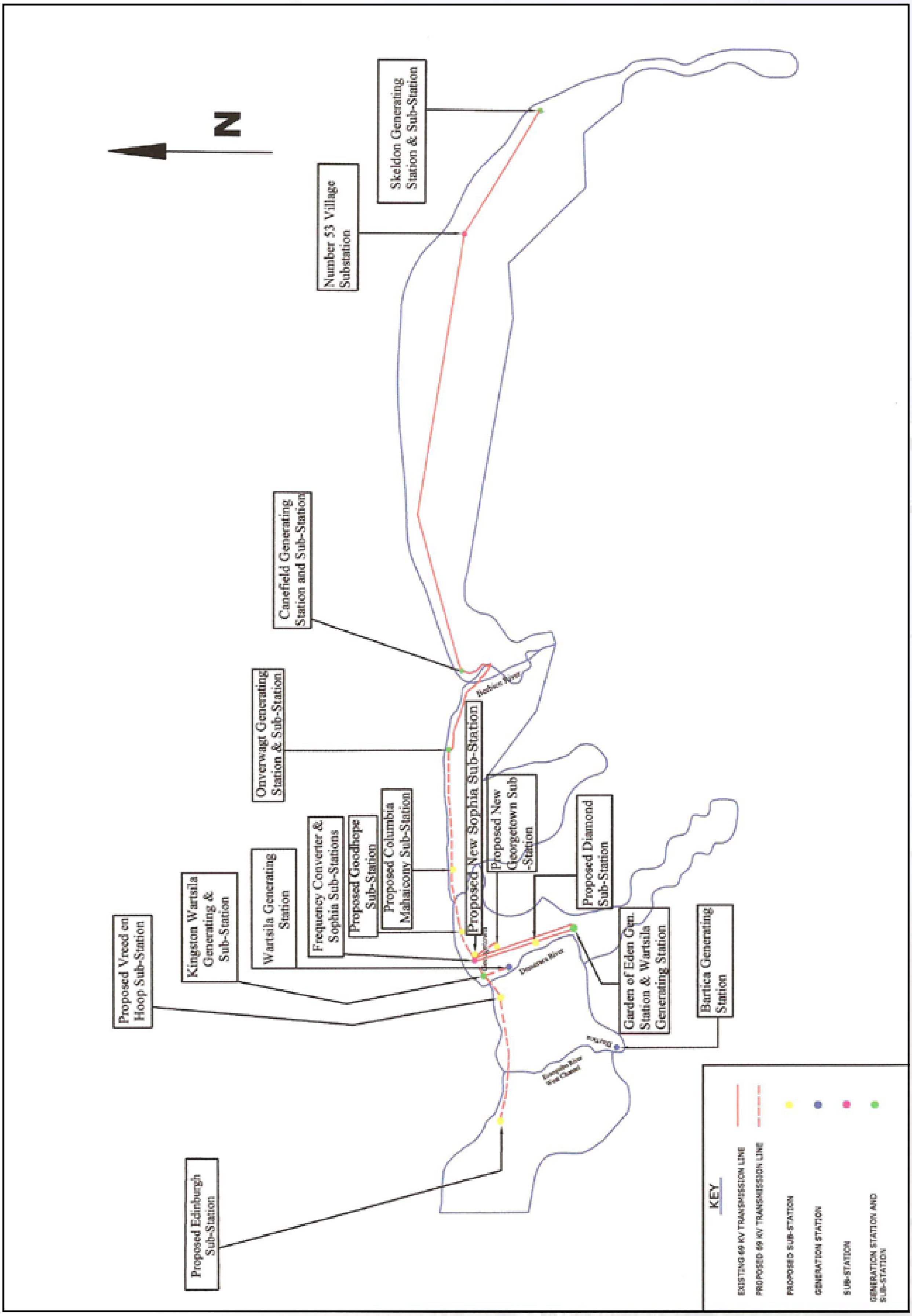
During December 2012, these works were taken over by GPL following successful testing and commissioning.

At the end of 2012, the overall project was approximately 48% completed with 88% of the Procurement Phase (including delivery to Guyana), and 99% of the design phase completed.

Summary of GPL Infrastructure Development Project

PROJECT	BUDGETED COST US$	BENEFITS
Construction of approximately 93.5 km of 69 kV Transmission Lines, linking all sub-stations in Demerara and Berbice: • Kingston to Vreed-en-Hoop • Vreed-en-Hoop to Edinburgh • Extended Sophia to New Georgetown Substation • Sophia to Onverwagt	15,172,722.11	• 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 - • New Georgetown • New Sophia • Golden Grove, EBD • Good Hope, ECD • Mahaicony, ECD • Vreed-en-Hoop, WBD • Edinburgh, WCD Expansion/upgrading of - • Sophia substation • Kingston substation & • Onverwagt, WCB substation Installation of SCADA System.	23,791,139.49	• The modification to three (3) 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.
Revised Contract Amount	**38,963,861.60**	

MAP OF COASTAL LOCATION OF SUBSTATIONS



2. 26MW Wartsila Generating Plant Vreed-en-Hoop Project

In September 2012 a US$26,593,244.00 Turnkey Contract with Wartsila Finland Oy was executed for the Engineering, Procurement, and Construction of a 26 MW HFO Power Plant at Vreed-en-Hoop, WCD. The Plant will consist of three (3) W20V32 engines and is expected to go into commercial operation in the first quarter of 2014. GPL is responsible for the construction of all foundation works required for the Project. In December 2012, Cabinet gave its 'no objection' to the award of a contract for the construction of the foundation works to Correia & Correia Limited in sum of G$483,238,840.00. It is expected that the foundation works would be completed by mid 2013.

GPL is also responsible for the construction of the associated fuel wharf and pipeline facilities that will transfer heavy fuel oil from ocean going vessels to the new Plant. Bid documents for the construction of the wharf and pipelines were prepared during December 2012.

Summary of 26 MW Wartsila Generating Plant, Vreed-en-Hoop Project

<table>
<tr><th>PROJECT</th><th>EXPENDED BY GPL as of end of 2012 US$</th><th>BUDGETED COST US$</th><th>BENEFITS of PROJECT</th></tr>
<tr><td>Construction of 26MW Wartsila Generating Plant</td><td>11,966,959.80</td><td>26,593,244.00</td><td rowspan="3">• Replace 11 MW capacity at Garden of Eden which would be achieving their economic life of 20 years in March 2013 & should be relegated to standby duty as opposed to base load operation.
• Allow GPL to meet the forecasted 85 MW peak in 2013 without having to resort to peak load shedding.
• Strategically locate generation capacity to ensure that as maintenance is undertaken in the future on the transmission system, it has the ability to still deliver power in West Demerara.
• Replace high speed diesel generators with more efficient medium speed, heavy fuel oil fired, base load machines</td></tr>
<tr><td>Construction of Foundation works</td><td>Nil</td><td>483,238,840.00</td></tr>
<tr><td>Construction of Fuel Wharf & Pipeline Facilities</td><td>Nil</td><td>242,136,750.00</td></tr>
</table>

3. Frequency Conversion of Kingston I 22 MW Power Station Project

On April 4, 2012, GPL entered into a US$7,119,833.37 contract with Wartsila Caribbean Inc. for the conversion of the electrical frequency of the 22MW heavy fuel fired power plant, the Kingston I Power Plant, from 50Hz to 60Hz. A financing plan was mutually agreed to by the Parties and comprised of a down payment of US$2,500,000.00, ten monthly payments of US$250,000.00, and twenty four monthly payments of US$88,326.39. By December 2012, the down payment and six of the ten monthly payments were made. The Project installation period is expected to be twenty six weeks with completion scheduled for June 2013.

By late December 2012, the four 60 Hz alternators to replace the existing 50 Hz ones, and all tools, equipment, and materials for the project arrived in Port Georgetown.

4. GOG/IADB Sustainable Operations of the Electricity Sector Programme

In late 2011, the IADB and GOG agreed to a US$5.5M facility for the Sustainable Operation of the Electricity Sector and Improved Quality of Service. The new investment was viewed as essential for the continued reduction of technical and commercial losses. The Sustainable Operation of the Electricity Sector and Improved Quality of Service Project is administered by GPL under an Administration Agreement with GOG. The general objective of the Project is to improve the overall efficiency of the system by achieving a lower level of electricity losses, improving the operation and maintenance of the distribution network, seeking a shared understanding of main technical, financial and operational issues, continuing the secured metering program, discouraging the culture of theft and gaining commitment to sustainability in the continuation of necessary actions. The expected results include continuous reduction of commercial losses, commencement of parallel efforts to control and reduce technical losses, increase GPL cash collections, and increase the number of legal connections in the distribution network. It is expected that once achieved these results would contribute to improved sustainability of the Company and the quality of the electricity service.

To achieve these objectives, the Project centers on three components:

i) Capacity Building and Energy Conservation;
ii) Rehabilitation of the Low Voltage (LV) Distribution Network;
iii) Commercial Loss Reduction (LR) Actions;

Project Components and Financing

Component	Objectives	Cost (US$)
Component I - Capacity building and energy conservation	This component will finance: a) acquisition of relevant software and training courses in modeling and analysis of power systems, maintenance and monitoring of losses; (b) public awareness campaigns in the rational use of energy and culture of payment; and (c) acquisition of monitoring devices to support actions to reduce electricity losses. The specific objective of this component is the promotion of Energy Efficiency (EE) practices in the distribution network that would contribute to reducing electricity losses. The development of local capacities to model, study, analyze, plan, operate and monitor the generation, transmission and distribution of electricity in the system will also be addressed.	195,000
Component II - Rehabilitation of the LV distribution network	This component will finance: (a) network reconfiguration; (b) network re-conductoring, including the use of special conductors for the secondary network; (c) load balancing; (d) relocation of distribution transformers at load centers; and (e) addition of new electricity distribution transformers and relocation of meters. The specific objective of this component is to support the implementation of specific actions aimed at the distribution system for the reduction of technical losses and the improvement of security, safety and reliability of the system.	3,777,100
Component III - Commercial Loss Reduction (LR) actions	The specific objective of this component is to support the following actions: (a) reduction of illegal connections by increasing security of meters and to the system itself in high-risk areas; (b) replacing defective meters and meter upgrades; (c) installation of additional pre-paid and remotely read meters using handheld communicating sets (Itron Meters), recording of load and energy at LV transformers and improved information processing; (d) capturing and analyzing field data to assist the identification of customers per distribution transformer on the Customer Information System (CIS), re-sequencing of accounts into different cycles and books; recording location of customers' meters using the Geographic Information Systems; and (e) coordination of activities with the Guyana Electrical Inspectorate to reduce electricity theft	825,000
Sub-total		4,797,100
Implementation support (Financial and technical auditing Monitoring & Evaluation, Administration)		490,000
Contingency		212,900
TOTAL		5,500,000

In early 2012, the Project Execution Unit was established and an Annual Operation Plan (AOP) for 2012 prepared. Designs for the rehabilitation of the Low Voltage (LV) distribution network and the Reconfiguration of the LV network in Cummings Park were reviewed and redesigned in keeping with international standards recommended by IDB Consultants. New designs were approved in late 2012 and the procurement of goods for the rehabilitation and reconfiguration of the Low Voltage Network commenced. At the end of 2012, the major contracts awarded were as follows –

Description	Contract Amount ($US)
Procurement of Goods for the Rehabilitation and Reconfiguration of the LV Network Phase 1	677,635.00
Procurement of Smart Metering System	474,811
Procurement of System Modeling Software	73,375
Works for the Reconfiguration of the Cummings Park	28,000

All works are expected to be implemented during 2013. A Social Management Plan formulated in 2012 is expected to be implemented prior to the rehabilitation works.

Financial Results

Net Loss after Taxation (G$7,667,892,000)
Retained Earnings (G$12,987,457,000)

Dividends

No dividends were declared in 2012.

Share Capital

The Company is authorized to issue an unlimited number of Common shares and one special share. As at December 31, 2012 the Company issued 118,229,686 common shares (and 1 special share). All shares are owned by the Government of Guyana.

Directors

The Shareholder appointed the following persons as Directors of the Company for the period July 1, 2012 to June 30 2013.

1. **MR. WINSTON BRASSINGTON**
2. **MR. CARVIL DUNCAN**
3. **MR. NARVON PERSAUD**
4. **MR. DESMOND MOHAMED**
5. **DR. MAHENDER SHARMA**
6. **MR. KOMAL RAMNAUTH**
7. **MR. RADHA KRISHNA SHARMA**

For the period January 1, 2012- June 30, 2012, pursuant to the provisions of the Company's By-laws, the Board of Directors appointed at the Eleventh Annual General Meeting of the Company continued to function.

Directors' Interest

No Director entered into any arrangements to acquire shares or debentures of the Company during 2012. With one exception, the Directors have no interest in any contracts with the Company. Mr. Komal Ramnauth trading under the name and style of Kojac Marketing Agency entered into contracts with GPL for the supply of goods and services to the total value of $64,308.00. The contracts involved the supply of stationery and servicing of equipment. The Director was excluded from any discussion or decision on the award of the contracts and his interests were declared to the Board in keeping with the Company's Code of Governance.

Auditors

In accordance with the Laws of Guyana, the Auditor General is the auditor of the Company. The firm of Nizam Ali & Company Chartered Accountants was subcontracted to conduct the audit of the Company's financial statements.

By Order of the Board

Laurian Bancroft

Corporate Secretary

CORPORATE GOVERNANCE REPORT

GPL's Board of Directors is committed to excellence in good corporate governance and responsible management. The Board continues to operate in accordance with the Corporate Governance Code approved in 2010 which sets out sound corporate governance principles and practices.

The Code is founded on the following governance principles and forms the basis upon which the Board reviews and evaluates the operations and the performance of the Company as well as its own activities:

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 a 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 recognizes that to adequately discharge its responsibilities it must be accountable on the important aspects of its functions, including its role and responsibilities, integrity and ethical behavior, transparency and disclosure. Further, it must establish a corporate culture of accountability, transparency, and fairness, develop capabilities and identify opportunities that allow for value creation and a performing organization. The following is a summarized report on the Company's compliance with its established governance principles.

Board of Directors

The Board retains overall responsibility for directing the business and affairs of the Company. It formulates strategies, policies and reviews its performance and that of the Chief Executive Officer annually. The Code requires that the Board comprise of individuals with the skills and experience necessary to assist in managing the Company's business. Directors are expected to possess the highest level of personal and professional ethics and integrity and must be committed to representing the long-term interests of the shareholder.

Composition

The By-laws of the Company requires that the Board shall compose of no less than seven (7) and no more than ten (10) non-executive Directors. In 2012, the shareholder appointed the following persons to the Board of Directors of GPL:

1. Mr. Winston Brassington, Chairman
2. Mr. Carvil Duncan
3. Mr. Narvon Persaud
4. Mr. Desmond Mohamed
5. Dr. Mahender Sharma
6. Mr. Komal Ramnauth
7. Mr. Radha Krishna Sharma

Board Meetings

During the year 2012, eight (8) general and seven (7) special Board Meetings were held. The minimum and maximum interval between any two Board meetings was 13 days and 35 days respectively. Decisions and deliberations of the Board are supported by the various Committees of the Board.

Board Committees

Development and monitoring of the implementation of Board polices are regulated through various Committees of the Board. Currently, there are six (6) standing Committees of the Board. In keeping with the Code, a minimum of two Directors were appointed to serve on each Committee:-

	Committee	Members
1.	Audit	Desmond Mohamed, Radha Krishna Sharma
2.	Commercial	Mahender Sharma, Desmond Mohamed
3.	Finance	Radha Krishna Sharma, Komal Ramnauth
4.	Remuneration and Human Resources	Carvil Duncan, Radha Krishna Sharma
5.	Technical	Narvon Persaud, Dr. Mahender Sharma
6.	Tender Board	Komal Ramnauth, Carvil Duncan, Narvon Persaud

In 2012 Mr. Desmond Mohamed continued as Chairman of the Audit Committee. This Committee continued to monitor the Company's auditing and accounting processes, internal controls and audit function in keeping with its terms of reference. In 2012 four (4) general meetings of the Committee were held.

The Commercial Committee, chaired by Mr. Winston Brassington (January - June), Dr. Mahender Sharma (July - December) continued its focus on ensuring that the activities of the Commercial Services Division and Loss Reduction Division are in keeping with the Company's strategic plan. There were five (5) general meetings of the Committee in 2012.

Mr. Radha Krishna Sharma chaired the Finance Committee, which has oversight of the Company's financial reporting policies and processes, 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. As its first order of business, the Committee formulated new terms of reference (TORs) and reporting mechanisms systems to ensure compliance. The new TORs were reviewed and approved by the Board. There were two general meetings of the Committee in 2012.

The terms of reference of the Remuneration and Human Resources Committee include consideration of all issues concerning Human Resource Management, HR policies and initiatives. In 2012 the Committee was chaired by Mr. Carvil Duncan and principally focused on human resources management.

The Technical Committee, headed by Mr. Narvon Persaud, evaluates the Company's technical performance and identifies opportunities for improvements in efficiency. It also reviews proposals for investment in the operational infrastructure of the Company. The Committee strives to ensure that GPL's technical operations are optimal to deliver reliable electricity to customers. In 2012 there were eight general meetings of the Committee.

During 2012, Mr. Komal Ramnauth chaired the Tender Board Committee. In keeping with a Board approved Procurement Policy and Procedures Manual, the Tender Board preside over the Company's procurement process. The Manual which was revised in 2012 complies with provisions of the Procurement Act and incorporates international best practices.

Remuneration

The appointment and terms and conditions of remuneration of the Directors of the Board are determined by the Shareholder. Directors of the Board do not receive remuneration.

Ethics, Transparency and Accountability

GPL is committed to conducting business in accordance with the highest standards of business ethics, transparency and accountability and complying with applicable laws rules and regulations. The Board exhibits transparency and accountability by reporting on an annual basis to the Shareholder on its performance and the Financial and Operational performance of the Company.

Organizational Structure

The Board retains overall responsibility for directing the business and affairs of the Company. In order to discharge this responsibility in a manner which ensures compliance with the law 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 its Development and Expansion Programme, Strategic Plan and National objectives, and Management is tasked with ensuring the effective implementation of all Board polices.

Executive Management

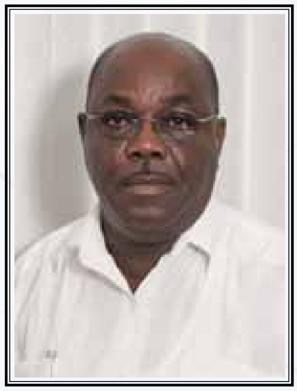
Mr. Bharat Dindyal continued in his appointment as Chief Executive Officer and head of Management. Mr. Dindyal continued to be supported by an executive management team comprising Deputy Chief Executive Officer - Aeshwar Deonarine, Senior Divisional Directors - Renford Homer (Information Technology and Commercial Services) and Mr. Colin Singh (Operations and Projects), and Divisional Directors - Mr. Elwyn Marshal (Operations), Mr. Kumar Sharma (Loss Reduction) and Ms. Sabrina Rampersaud (Finance). However at the end of August 2012, the position of Divisional Director Finance became vacant due to the resignation of Ms. Rampersuad. The position remained vacant for the remainder of the year. It is expected that the position would be filled in 2013.

Remuneration of GPL's management team remains competitive. Additionally, an incentive scheme for each executive manager seeks to enhance performance. The Board remains committed to recruiting and retaining key talent and expertise for the Company.

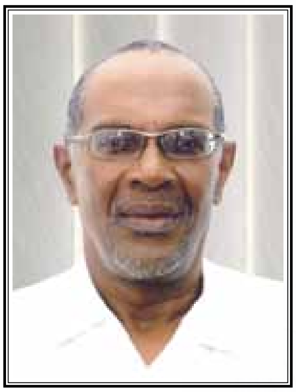
Laurian Bancroft
Corporate Secretary

BOARD OF DIRECTORS

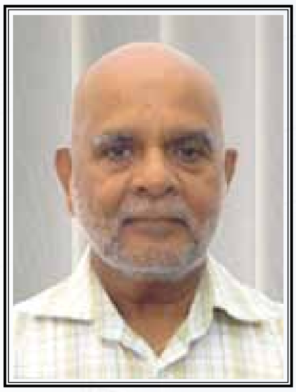
Winston Brassington
CHAIRMAN



Carvil Duncan
DIRECTOR



Narvon Persaud
DIRECTOR



Desmond Mohamed
DIRECTOR

Dr. Mahender Sharma
DIRECTOR

Komal Ramnauth
DIRECTOR

Radha Krishna Sharma
DIRECTOR

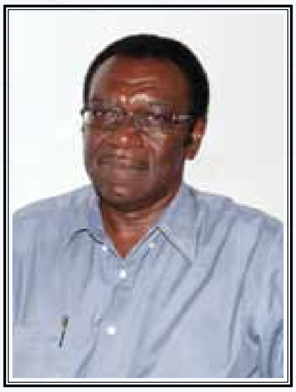
MANAGEMENT TEAM


Bharat Dindyal
Chief Executive Officer


Aeshwar Deonarine
Deputy Chief Executive Officer


Renford Homer
Senior Divisional Director - Information Technology and Commercial Services


Colin Singh
Senior Divisional Director - Operations and Projects


Elwyn Marshall
Divisional Director - Operations


Kumar Sharma
Divisional Director - Loss Reduction


Sabrina Rampersaud
Divisional Director - Finance (July 2012)


Nigel Benfield
Regional Manager - Essequibo


Ayube Bacchus
Regional Manager - Berbice


Laurian Bancroft
Corporate Secretary

HIGHLIGHTS OF OPERATIONAL ACTIVITIES AND ACHIEVEMENTS

The following are highlights of the Company's performance not elsewhere covered in this report.

Operating Statistics

	UNITS	2012	2011	2010
Operating Revenue	G$'000	29,028,087	27,532,838	26,567,288
Profits/(Losses) Before Tax	G$'000	(4,872,770)	(4,535,137)	947,738
Fixed Assets	G$'000	22,514,198	20,080,553	16,754,103
Total Capital & Reserves	G$'000	8,499,298	10,167,190	11,978,386
Net Current Assets	G$'000	6,333,647	6,854,282	9,402,039
New Capital Investment	G$'000	9,209,681	8,596,289	2,934,000
Gross Generation	GWh	690	653	626
Billed Sales	GWh	455	430	415
Technical & Commercial Losses	%	31.70	31.60	31.30
Number of New connections		8,012	6,993	5,795
Gross Capacity (Note 1)	MW	158.48	202.07	166.02
Available Capacity	MW	123.69	131.00	121.46
Peak Demand	MW	109.46	103.86	100.57
Employees (Number at year end - permanent and temporary)		975	992	1,006
Total Employment Cost (including capitalized amounts)	G$'000	2,649,770	2,487,076	2,403,232

Note 1: Gross/Installed Capacity

At the end of 2012, GPL's installed (nameplate) capacity totaled 158.48 MW, with 108.9 .MW located in Demerara, 37.2 MW (including 10MW of GuySuCo owned Skeldon Wartsila units) located in Berbice, and 12.38 MW located in Essequibo. After accounting for derating (for age and condition) and the then unavailability of the GuySuCo 5.5 MW Wartsila unit at Skeldon, this figure was reduced to 123.69. MW. Of this number, 98.52 MW (including the 5 MW of Guysuco's Wartsila units) is considered reliable and 93.9 MW - 89.3 MW Wartsila Units and one 4.6 MW Mirrlees unit - operate with HFO. All other units are diesel-fired. GPL considers its remaining available capacity of 25.18 MW to be unreliable. These (nameplate capacity 52.53 MW) consist of 23.7 MW of high speed, mobile and stationary Caterpillar units, 24 MW of mainly medium speed, base load type units that have exceeded their normal operational life expectancy and 4.8 MW of units that are inoperable and for which GPL has initiated the process for having the units "written off".

A Summary is Provided in the Matrix Below:

	Installed Capacity	Derated Capacity	Reliable Capacity	Unreliable Capacity
Demerara	108.9	87.7	80.3	7.4
Berbice	37.2	25.6	13.6	12
Essequibo	12.385	10.4	4.62	5.78
Total	158.485	123.7	98.52	25.18

Key Customer & Sales Statistics

	Units	2012		2011		2010	
Customers – Total	No.	166,878	%	161,396	%	151,288	%
Residential	No.	151,480	90.77	146,620	90.84	137,513	90.90
Commercial	No.	14,817	8.88	14 ,241	7.79	13,166	8.70
Industrial	No.	581	0.30	561	0.347	609	0.40
Sales – Total	G$'000	29,028,087	%	27,532,838	%	26,567,288	%
Residential	G$'000	11,520,441	39.69	10,963,968	39.82	10,442,944	39.31
Commercial	G$'000	5,991,806	20.64	5,605,065	20.36	5,661,059	21.31
Industrial	G$'000	11,515,839	39.67	10,963,805	39.82	10,463,284	39.38
Sales – Total	MWh	455,093	%	430,457	%	413,545	%
Residential	MWh	205,934	45.25	195,085	45.32	185,067	44.75
Commercial	MWh	79,797	17.53	74,344	17.27	75,083	18.16
Industrial	MWh	169,361	37.21	161,028	37.41	153,394	37.09

Metering

A total of 573 ITRON meters were installed in 2012 bringing the total installed to 2775. 7,764 defective minor meters were replaced and 3563 meter interfaces were upgraded in accordance with the new wiring regulations.

In 2012, 13,261 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 technical 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 100% of billings with 95% of monthly bills for large consumers having actual meter readings and 85% of residential and small business consumers having actual readings.

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

In 2012, 940 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 12,811. This amount equated to 64.63% 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 11,975 new service connections completed equating to 53.74% of the total lots. Overall the rate of uptake remained relatively low with 58.87% of total potential customers accessing electricity legally.

UEAP Statistics

Project	Total No. House Lots	Total No. new connections in 2012	Total no. of new connections as at Dec 2012	Uptake as a percentage of Total lots (%)
UAEP	19,821	940	12,811	64.63
GOG	22,285	962	11,975	53.74
Total	42,106	1,902	24,786	58.87

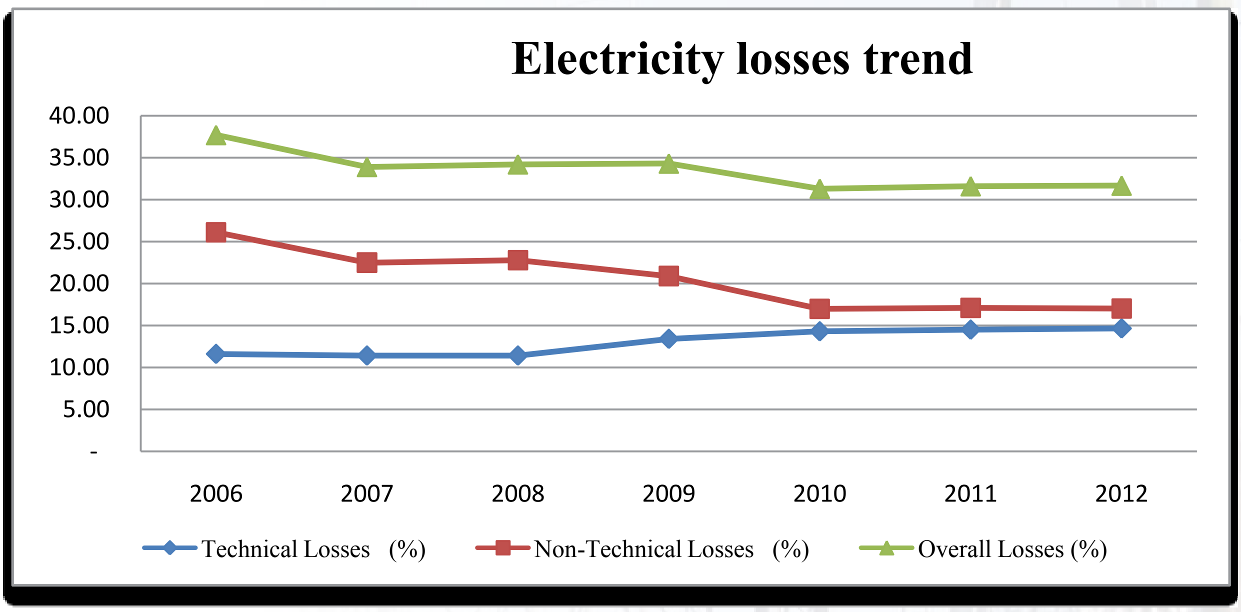
** While 22,461 lots can benefit under the UAEP Project, 2,640 lots are in Linden which is outside GPL's authorised area. Thus, GPL has no data on service connections completed in 2012 in the Linden area.*

Technical and Commercial Losses

GPL continues to be plagued with significant challenges in reducing losses. At the end of 2012, losses increased to 31.7% compared to 31.6% in 2011. At the end of the year technical losses were estimated at 14.65%, an increase of 0.15% over 2011 and commercial losses, 17.02%, a decrease of 0.08% over 2011. Since 2006, the Company's primary focus has been the reduction of non-technical losses. Through the implementation of a Strategic Loss Reduction Plan formulated by international consultants, non-technical losses reduced by 11.69% moving from 28.79% at the end of December 2005 to 17.5% at the end of December 2011. However the reduction was non-linear during the period and tapered off between 2010 and 2011.

Electricity Losses Trend

Year	Technical losses (%)	Non-technical losses (%)	Overall losses (%)
2005	11.6	28.79	40.39
2006	11.6	26.1	37.7
2007	11.4	22.5	33.9
2008	11.4	22.8	34.2
2009	13.4	20.9	34.3
2010	14.3	17	31.3
2011	14.5	17.1	31.6
2012	14.7	17.0	31.7



The focus on non-technical losses has been primarily driven by the fact that it is less capital intensive than technical losses. However, the sustainable benefits are not guaranteed, particularly given the ingrained culture of electricity theft. Tackling commercial loss reduction requires a menu of initiatives which must be constantly reviewed and modified in order to make meaningful reduction in losses. In 2011, in addition to the meter replacement programme, GPL continued its efforts to reduce the number of illegal connections.

Statistics on Raids

Activity	2008	2009	2010	2011	2012	TOTAL
Raids (Carried out)	188	142	192	162	123	807
Raids (Illegal Connections removed)	13,637	5,422	9,113	5,658	5,604	39,434
Illegal connection found & removed as a result of complaints/information received from third parties	1,915	1,326	1,724	1,145	1,871	7,981
TOTAL (Illegal Connections)	15,552	6,748	10,837	6,803	7,475	47,415

Statistics on Prosecutions

Activity	2008	2009	2010	2011	2012	TOTAL
Arrest	382	411	575	420	292	2,080
Conviction	62	198	211	11	11	493
Pending	76	200	402	405	281	1,364
Struck out	102	48	33	6	2	191
Not charged	31	10	1	0	0	42
Withdrawn	1	3	0	0	0	4
Dismissal	61	26	47	8	2	144

Summary of Loss Reduction Activities

Activities	Achievement for 2012	Projections for 2013
Electricity Theft		
Illegal Connections • Raids carried out • Illegal Connections removed	 123 7,475	 144 6,036
Metering		
• ITRON Installation (New service and Replacement) • New Interface • Defective Meter Replacement • Meter testing using Portable Test Bench • Prepaid Meters (New service and Replacement)	573 3,563 7,764 9,703 13,261	1,060 3,000 6,000 10,000 14,000
Billing		
• Zero Consumption Investigation • Low Consumption Investigation	1,648 4,791	4,992 8,004

Human Resources

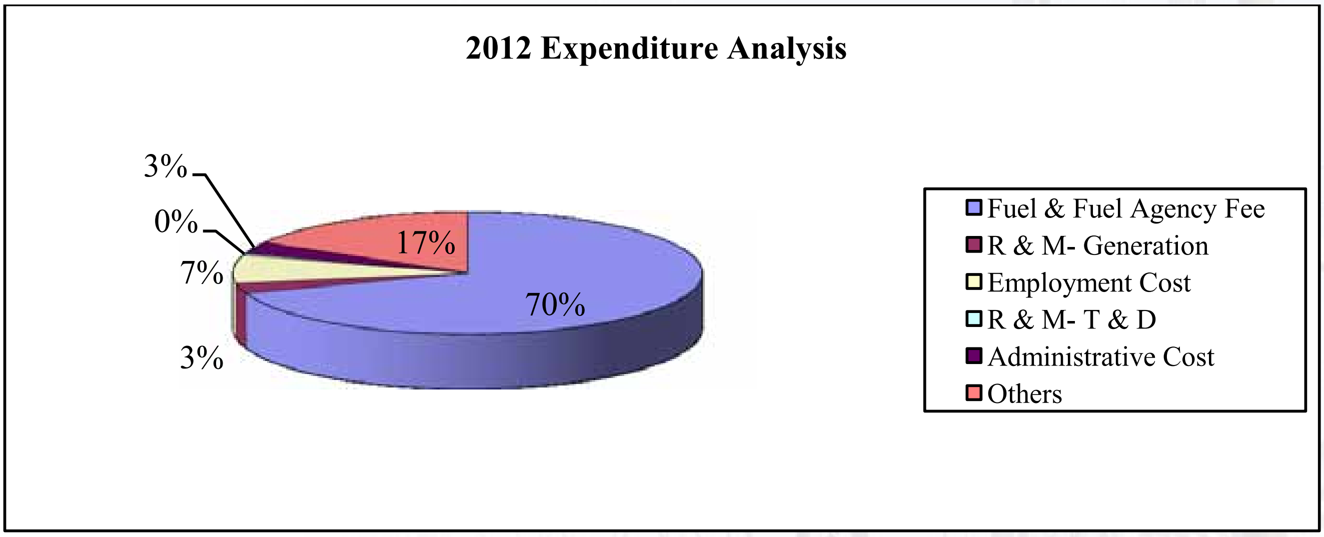
Throughout 2012 GPL continued to actively address the challenges of recruiting, developing and providing adequate working conditions for its proficient and committed work force. Recruitment of staff with the requisite skills and competencies continued throughout the year. At the end of 2012, the total number of permanent employees was 975 compared to 992 at the end of 2011. The Company also engaged contracted workers to meet short term needs. The training of staff remained an area of high priority. 61 training programmes involving 667 staff members were held in 2012. Areas of training included the Apprenticeship Programme, Technician Certification, Supervisory Management, and Health and Safety courses. Additionally, a number of specialized courses, targeting critical areas of need, were conducted. The Company also facilitated industrial and work study attachments for students from the University of Guyana and other tertiary institutions.

Additionally, Staff Welfare remained a high priority for the Company throughout the year. Meetings were held at all locations to address various welfare problems encountered by staff. Home visits to persons with prolonged illnesses or affected by industrial accidents were routinely undertaken. Additionally, GPL's Health, Safety and Environmental Unit intensified its focus on training and audit of facilities to ensure the maintenance of safe and healthy work environments.

Financial Highlights (Operating Expenses)

Total expenses, including finance charges, for 2012 increased by 6% above 2011 due primarily to a 1% increase in fuel expenses, 10% increase in Operation and Maintenance of Generating Units, 30% increase in maintenance cost and 6% increase in employment cost.

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



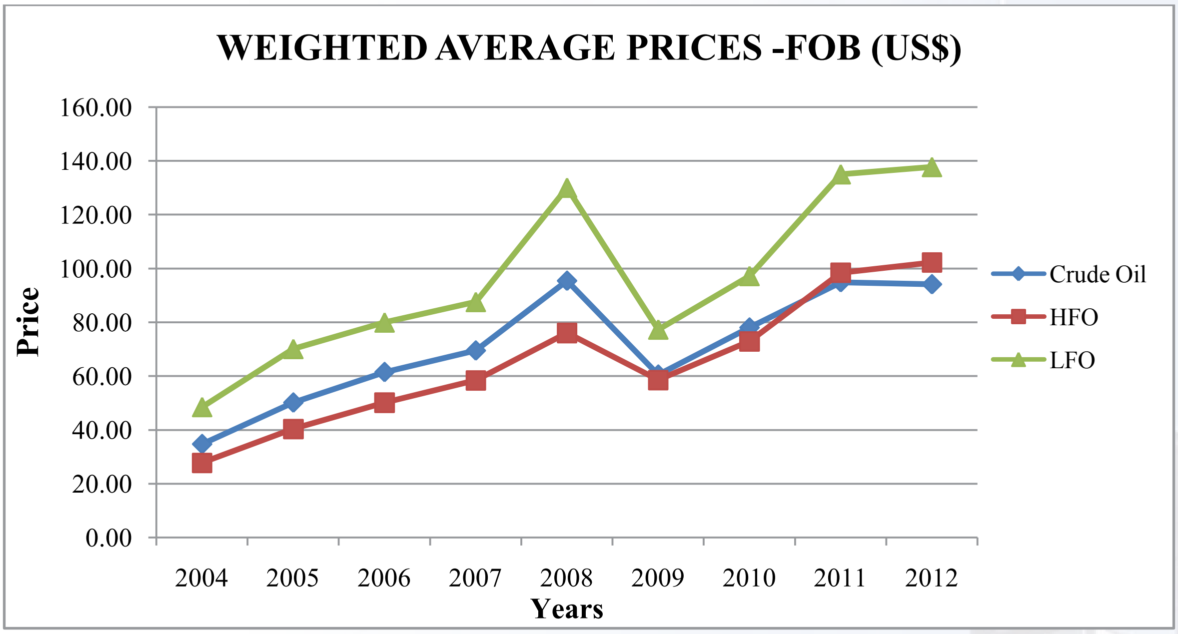
Fuel is GPL's largest expense accounting for 70% of the company's total expenditure in 2012, a 1% increase from 2011 figures. Fuel costs accounted for G$24.1 billion in expenditure for the year compared to G$22.5 billion in 2011. The weighted average price of fuel stabilized at US$108 per barrel in 2011 to US$109 per barrel in 2012, an increase of $US1 per barrel, or 0.92% above 2011 prices.

GPL's Fuel Expenses, Total Expenses and Turnover for the Years 2004 to 2012

Year	Total Expenses US$000	Fuel Expenses US$000	Fuel as% of total expenses	Turnover US$000	Fuel as% of total 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
2011	159,070	109,674	69	134,307	82
2012	168,417	117,245	70	140,913	83

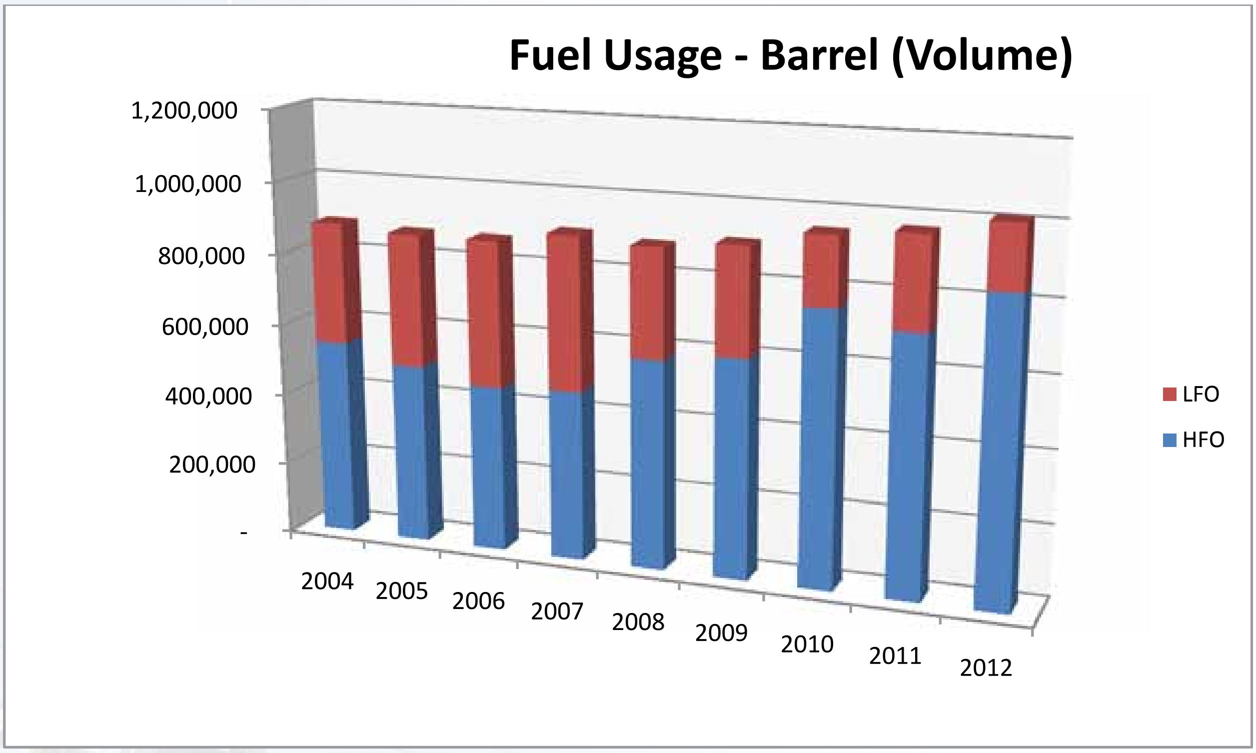
Fuel Prices 2004-2012, of HFO, Diesel and Crude Oil

	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
2011	94.87	98.44	135.03
2012	94.11	102.21	137.73



Average Fuel Mix 2004 - 2012 and Costs

Year	Barrels - Volume		Total Barrels Volume	Mix %		Annual Cost - US$'000		Total Annual Cost - US$'000
	HFO	LFO		HFO	LFO	HFO	LFO	
2004	546,449	336,833	883,282	62	38	15,166	16,336	31,502
2005	499,274	370,302	869,576	57	43	20,124	25,951	46,075
2006	462,177	407,296	869,473	53	47	23,170	32,557	55,727
2007	471,955	428,983	900,938	52	48	27,561	37,563	65,124
2008	581,375	305,805	887,180	66	34	44,212	39,763	83,975
2009	607,584	301,057	908,641	67	33	35,552	23,276	58,828
2010	761,245	189,587	950,832	80	20	55,502	18,429	73,931
2011	716,978	252,663	969,641	74	26	70,576	34,116	104,692
2012	838,420	174,188	1,012,608	83	17	85,693	23,991	109,684


Fuel Usage - Barrel (Volume)
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
2004
2005
2006
2007
2008
2009
2010
2011
2012
LFO
HFO

GPL'S LONG SERVICE AWARD - 2012

On an annual basis, GPL rewards the loyalty and service of its employees who have achieved the significant twenty-fifth (25th) year milestone of employment, through The Long Service Recognition Award Programme. All categories of employees are eligible for the Award which is currently in its ninth year and the awardees are honoured at a ceremony where they are presented with a token of appreciation.

The following persons were honoured in 2012:

Name of Awardee	Current Position	Dates of Entry	Department Served
Denise Martindale	Corporate Systems Development & Support Manager	June 22, 1987	Information Technology
George Ting A Kee	Former Administration Manager	February 16, 1987	Administration
Abiola Dorrie Johnson	Internal Audit Officer	February 09, 1987	Internal Audit
Godfrey Success	Electrical Engineer	October 03, 1987	Metering
Denise Fraser	P & I Engineer	February 02, 1987	System Control & Engineering Services
Bowani Harold Sankar	Inventory Accounting Officer	August 17, 1987	Procurement & Inventory Accounting
Gunwantie Rampersaud	Confidential Secretary	June 01, 1987	Training & Development
Pierre Callender	Senior Network Technician	June 15, 1987	T&D Area Central
Andrew Jagroop	Superintendent	February 06, 1987	Office of the Network Operations Manager
Donna Welch	Supervisor	December 10, 1987	Procurement & Inventory Accounting
Nancy Benjamin	Supervisor	March 03, 1987	Commercial Head Office
Trevor Edwards	Network Patrolman	September 03, 1987	T&D No. 53 Outpost
Reginald Ramdeen	Senior Network Technician	November 18, 1987	T&D No. 53 Outpost
Sylvester Ross	Line Journeyman	February 09, 1987	T&D Onverwagt
Stephen Edwards	Former Line Journeyman I	November 18, 1987	T&D Onverwagt
Donna Clarke	Stenographer	November 09, 1987	T&D Area South
Collie Grant	Operations Technician	May 18, 1987	Generation Canefield
Colvin Bakker	Supervisor Meter Reading	February 9, 1987	Commercial – Head Office
Somenauth Doonauth	Line Journeyman III	March 09, 1987	T&D Area West
Marlyon Robertson	Meter Reader	November 16, 1987	Commercial - Onverwagt
Rudolph Samuels	Operations Technician	September 20, 1987	Generation Onverwagt
Dennis Moffett	Former Meterman III	September 07, 1987	Commercial - West Demerara
Mary Ann Baxter	Senior Customer Services Clerk	November 16, 1987	Commercial - West Demerara
Lynden Marks	Driver/Mechanic	February 10, 1987	T&D Anna Regina
Rosaline Bovell	Customer Services Clerk	July 20, 1987	Commercial - Onverwagt
Roy Singh	Tree Trimmer I	August 10, 1987	T&D Area Central
Cary Williams	Line Journeyman I	March 02, 1987	T&D Bartica
Deon Latcha	Meter Reader	September 01, 1987	Commercial - Hampshire

STATEMENT OF RESPONSIBILITIES AND APPROVAL

Financial Statements

The Electricity Sector Reform Act 1999 requires that the Audited Financial Statements be prepared in accordance with the Companies Act 1991. The integrity and objectivity of the financial information presented in the Financial Statements is the responsibility of the Management of GPL. The Statements are 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 audited the financial statements as prepared by Management and upon completion of such examination has expressed his opinion in the following statements to the Shareholder - **Appendix 1**

Going Concern

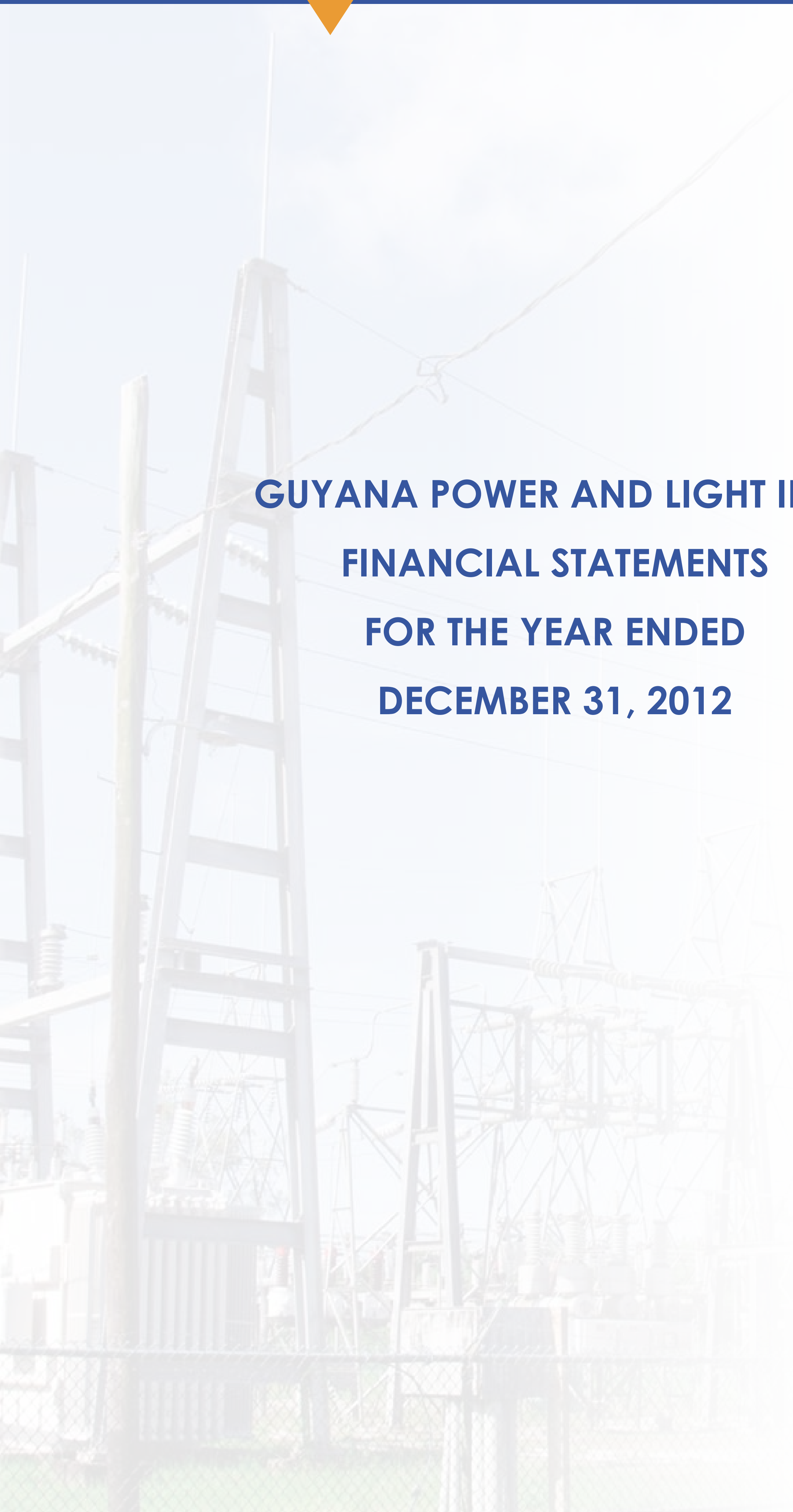
The Financial returns are prepared on a going concern basis and the Board, after making appropriate enquiries, is satisfied that GPL has adequate resources to continue its operations for the future.

On Behalf of the Board

Winston Brassington

Chairman

APPENDIX - I



GUYANA POWER AND LIGHT INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2012

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: 78/2013 14 May 2013

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 2012

Chartered Accountants Nizam Ali and Company have audited on my behalf the financial statements of Guyana Power and Light Inc. for the year ended 31 December 2012, as set out on pages 2 to 29. 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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 or 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 presents fairly, in all material respects, the financial position of the Guyana Power and Light Inc. as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Companies Act 1991.

AUDIT OFFICE OF GUYANA

D. SHARMA
AUDITOR GENERAL

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

Nizam Ali & Company
Chartered Accountants
215 'C' Camp Street
North Cummingsburg
Georgetown

Tel: (592)-227-8825
Tele/Fax: (592)-225-7085
E-mail: nizamali@gol.net.gy

REPORT OF CHARTERED ACCOUNTANTS
NIZAM ALI AND COMPANY
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF GUYANA POWER AND LIGHT, INC.
FOR THE YEAR ENDED DECEMBER 31, 2012

AUDITORS' REPORT

To the Shareholder of Guyana Power and Light Inc.

We have audited the accompanying financial statements of Guyana Power and Light Inc. which comprise the statement of financial position as at December 31, 2012 and the statement of comprehensive income, changes in shareholder's 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 the 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 the Audit Office of Guyana Auditing Standards and International Standards on Auditing. 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Companies Act 1991.

Nizam Ali & Company
Chartered Accountants
Georgetown, Guyana

May 13, 2013

Guyana Power and Light, Inc.
Statement of Financial Position
As at December 31, 2012
With Comparative Figures for 2011
(Expressed in Guyana Dollars)

ASSETS	Notes	2012 $'000	2011 $'000
Non current assets			
Property, plant and equipment	5	22,514,198	20,080,553
Intangible fixed assets	6	643,291	643,291
Work-in-progress	7	10,581,708	5,993,192
Deferred tax	8	-	1,965,201
		33,739,197	**28,682,237**
Current assets			
Taxes recoverable		9,828	9,828
Inventories	9	5,123,127	4,382,268
Receivables	10	5,368,663	4,587,394
Deposit	11	23,172	145,637
Related parties	12 (a)	2,991,807	2,514,631
Cash resources		693,933	69,035
		14,210,530	**11,708,793**
Total Assets		**47,949,727**	**40,391,030**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	21,486,755	15,486,755
Accumulated deficit		(12,987,457)	(5,319,565)
		8,499,298	**10,167,190**
Non current liabilities			
Deferred tax	8	781,322	-
Related parties	12 (c)	20,831,134	16,453,557
Advances customer financed projects	14	6,872,434	6,636,630
Provision for decommissioning	15	242,900	242,900
Customer deposits	16	1,597,616	1,422,654
Defined benefit pension	17	409,000	358,400
Loan	18	839,140	255,188
		31,573,546	**25,369,329**
Current liabilities			
Bank overdraft		-	190,320
Related parties	12 (b)	1,655,831	1,425,792
Loan	18	208,512	198,281
Deferred income	19	3,747	50,770
Payables	20	5,634,069	2,611,961
Taxation		374,724	377,387
		7,876,883	4,854,511
Total equity and liabilities		**47,949,727**	**40,391,030**

On behalf of the Board

CHAIRMAN *DIRECTOR*

The accompanying notes form an integral part of these financial statements.

Guyana Power and Light, Inc.
Statement of Comprehensive Income
For the Year Ended December 31, 2012
With Comparative Figures for 2011
(Expressed in Guyana Dollars)

	Notes	2012 $'000	2011 $'000
Revenue			
Turnover		29,028,087	27,532,838
Expenditure			
Generation costs	21	27,078,136	25,872,951
		1,949,951	1,659,887
Other expenses			
Employment costs	22	2,606,846	2,449,161
Repairs and maintenance - T & D		164,265	155,703
Depreciation	23	2,187,520	1,964,638
Administrative expenses	24	1,088,362	1,216,567
Rates and taxes		24,518	12,383
Loss on exchange		62,649	7,076
Bad debts		419,721	408,291
PUC assessment and license		50,480	51,000
		6,604,361	6,264,819
Net loss from operations		(4,654,410)	(4,604,932)
Interest expenses		1,011,451	471,625
		(5,665,861)	(5,076,557)
Other income		793,091	541,420
Net comprehensive loss before taxation		(4,872,770)	(4,535,137)
Taxation	25	(2,795,122)	1,223,941
Net comprehensive loss for the year		(7,667,892)	(3,311,196)
Loss per share	26	(65)	(39)

The accompanying notes form an integral part of these financial statements.

Guyana Power and Light, Inc.
Statement of Changes in Shareholder's Equity
For the Year Ended December 31, 2012
With Comparative Figures for 2011
(Expressed in Guyana Dollars)

	Share capital *(Note 13)* $'000	Accumulated Surplus/ (Deficit) $'000	Total $'000
At January 1, 2011	13,986,755	(2,008,369)	11,978,386
Capital contribution during the year	1,500,000	-	1,500,000
Profit for the year	-	(3,311,196)	(3,311,196)
At December 31, 2011	**15,486,755**	**(5,319,565)**	**10,167,190**
At January 1, 2012	15,486,755	(5,319,565)	10,167,190
Capital contribution during the year	6,000,000	-	6,000,000
Net loss for the year	-	(7,667,892)	(7,667,892)
At December 31, 2012	**21,486,755**	**(12,987,457)**	**8,499,298**

The accompanying notes form an integral part of these financial statements.

Guyana Power and Light, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2012
With Comparative Figures for 2011
(Expressed in Guyana Dollars)

	2012 $'000	2011 $'000
Cash flows from operating activities		
Net comprehensive loss before taxation	(4,872,770)	(4,535,137)
Adjustments for:		
Depreciation	2,187,520	1,964,638
Deferred Income	(47,024)	45,643
Defined pension benefit liability	50,600	40,200
Interest expense	1,011,451	471,625
Amortisation	(398,437)	(384,767)
	2,804,110	2,137,339
Operating loss before working capital changes	**(2,068,660)**	**(2,397,798)**
Working capital changes		
Receivables	(781,269)	280,273
Inventories	(740,859)	(373,628)
Payables	3,022,107	257,362
Related parties	(247,136)	(663,704)
	1,252,843	(499,697)
Cash used in operations	**(815,817)**	**(2,897,495)**
Taxes paid	(832,584)	(75,486)
Net cash outflow from operating activities	**(1,648,401)**	**(2,972,981)**
Cash flow from investing activities		
Purchase of intangible asset	-	(39,087)
Purchase of tangible fixed assets	(9,209,681)	(8,596,250)
Increase in deposit	122,465	72,858
Net cash outflow from investing activities	**(9,087,216)**	**(8,562,479)**
Cash flow from financing activities		
Non-current related parties	4,377,578	7,418,913
Net movement in loans	594,183	(185,027)
Capital contribution during the year	6,000,000	1,500,000
Interest paid	(1,011,451)	(471,625)
Customer deposits	174,962	119,791
Customer financed projects	634,241	209,557
	10,769,513	**8,591,609**
Net increase (decrease) in cash and cash equivalents	**33,896**	**(2,943,851)**
Cash and cash equivalents - January 1	(121,285)	2,822,566
Cash and cash equivalents - December 31	**(87,389)**	**(121,285)**
Represented By:		
Cash on hand and at bank	693,933	69,035
Bank overdraft	-	(190,320)
	693,933	(121,285)

The accompanying notes form an integral part of these financial statements.

Guyana Power and Light, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2012
(Expressed in Guyana Dollars)

1. 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.

2. New standards and interpretations not yet adopted

The following new interpretation and amendments to existing guidance have been published and are effective for the current financial period but they do not have a significant impact on the Company's financial reporting.

IAS 24	Related Party Disclosures (Revised)
IFRS 7	Financial Instruments: Disclosures- Enhanced derecognition disclosures requirement
IAS 1	Presentation of Financial Statements
IAS 34	Interim Financial Reporting
IFRS 7	Financial Instruments: Disclosures
IFRIC 14	Prepayments of a minimum funding requirement

The following standards and amendments to existing guidance have also been published but are not mandatory for the current financial period. Except for IFRS 9, they are not expected to have a significant impact on the company's financial reporting.

IAS 32	Offsetting financial assets and financial liabilities
IAS 12	Income taxes (amendment)
IFRS 10	Consolidated financial statements
IFRS 11	Joint Venture
IFRS 12	Disclosures in interest in other entities
IFRS 13	Fair value measurement
IAS 1	Presentation of financial statements (amendment)
IAS 19	Employee benefits (amendment)
IFRIC 20	Stripping cost in the production phase of a surface mine.

IFRS 9 will be effective for the financial period beginning on November 1, 2013. It sets out a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach of IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. Management is reviewing the provisions of this standard to determine the impact, if any, against current practices.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the previous year.

3.1 Basis of preparation

The financial statements are prepared in Guyana dollars in accordance with International Financial Reporting Standards (IFRS). They have been prepared under the historical cost convention method as modified by the valuation of financial assets available for sale and financial assets at fair value through profit or loss and no account has been taken for the effects of inflation.

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, contingent assets and contingent liabilities at the date of the financial statements and income and expenses during the year. Actual results could differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

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)

These financial statements were approved for issue by the Board of Directors on April 8, 2013.

3.2 Property, Plant and Equipment

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

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 assets 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 the 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 constructing of the tangible assets are capitalised as part of the cost of those asset. 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.

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 the 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.

3. Summary of significant accounting policies, continued

3.2 Property, plant and equipment, continued

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.

Fixtures and equipment are stated at cost less 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 finance 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.

Depreciation on all property, plant & equipment is charged on a 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
Buildings	33 years	33 years
Generation Plant – New	20 years	20 years
Generation Plant – Mobile	N/A	10 years
Generation Plant – Other	10 years	10 years
Transmission & Distribution Networks	13 years	13 years
Motor Vehicles	2 years	5 years
Office and Computer Equipment	3 years	3 years

3.3 Impairment of long-lived assets

At the end of each reporting period, the company reviews the carrying amounts of its long-lived 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 the 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.

3. Summary of significant accounting policies, continued

3.3 Impairment of long-lived assets, continued

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

3.4 Work-in-progress

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

3.5 Leased assets

Plant and equipment 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.

3.6 Inventories - maintenance spares

These are valued at the lower of cost and net realisable value. The weighted average cost method is primarily used to determine cost.

3.7 Provision for bad and doubtful debts

Provision is made in these financial statements for amounts included in receivables of which the eventual cash realisation is considered remote. The provision has been estimated at 1.5% of turnover (excluding revenue from prepaid sales) based on previous experience and is provided for in thestatement of comprehensive income as at December 31, 2012.

3.8 Foreign currency

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).

Transactions 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.

3. Summary of significant accounting policies, continued

3.9 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 can be recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.10 Turnover

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

3.11 Taxation

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

Statutory tax
The tax payable is based on the taxable profit for the year. Taxable profit differs from the net profit as reported in the statement of comprehensive income because it includes items of income and expenses that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The current tax charge is calculated using tax rate that have been enacted at the date of the statement of financial position.

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 base used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all 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 differences arise 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 assets 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 the tax rates (and the tax laws) that have been enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence 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 assets against current tax liability.

Statutory and deferred tax for the period
Current and deferred taxes are recognised as an expense or income in the statement of comprehensive income, 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 business combination.

3. Summary of significant accounting policies, continued

3.12 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 as at December 31, 2012 which revealed a past deficit (refer to note 17).

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's 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 hybrid method as charged or credited to income over the average remaining lives of the related employees.

3.13 Advances customer financed projects

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

3.14 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and short term highly liquid investments that are both readily convertible into known amounts of cash and so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

3.15 Comparatives

Certain comparatives were restated to conform with the presentation of the current year.

4. Critical accounting estimates and judgment in applying accounting policies

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 judgments in the process of applying the company's accounting policies. Management evaluates estimates and judgment 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
Provisions are 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.

Judgment in applying the company's policies

The company exercises judgment in the following areas:

- Provisions for bad debts
- Depreciation
- Pension obligation
- Intangible fixed asset
- Deferred income

5. Property, plant and equipment

	Land and Buildings $'000	Generation Facilities $'000	Transmission & Distribution Facilities $'000	Motor Vehicles $'000	Furniture & Equipment $'000	Total $'000
Cost/Valuation						
January 1,	1.062.014	19.840.167	11,991,059	153.518	749,064	33.795.822
Additions	4.993	673.781	3,878,821	40,096	23,474	4,621,165
December 31.	1.067,007	20,513.948	15,869,880	193,614	772,538	38,416,987
Depreciation						
As at January 1.	243,911	7,384.437	5,224,193	136.359	726,369	13,715.269
Charged for the year	23,889	1.266.052	905,679	11.375	(19,475)	2,187,520
December 31.	267,800	8,650.489	6,129,872	147,734	706,894	15,902,789
Net Book Values:						
As at December 31. 2012	799,207	11.863.459	9.740,008	45.880	65,644	22,514,198
As at December 31, 2011	818,103	12,455.730	6,766,866	17,159	22,695	20,080,553

6. Intangible Asset

	2012 $ '000	2011 $ '000
Balance at beginning of year	643,291	604,204
Additions	-	39,087
Balance at end of year	643.291	643.291

This represents the cost of the Customer Information System (CIS) and Pre-Paid software that were capitalised based on the recognition criterias set out under the International Accounting Standard (IAS) 38. This standard prescribes an assessment for impairment at the end of each reporting year in accordance with IAS 36.

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7. Work-in-progress

	2012 $'000	2011 $'000
Balance - January 1	5,993,192	2,688,030
Additions	8,477,718	7,885,183
CWIP Expensed/Reversed from Contribution	-	-
Transfers to Stock	-	-
Transfers to Tangible Fixed Assets	(3,889,202)	(4,580,021)
Balance - December 31	10,581,708	5,993,192

Work - in - progress represents amount spent on tangible fixed assets which have not been completed at the end of the financial year.

8. Deferred tax assets and liabilities are attributable to the following

	2012 $'000	2011 $'000
Deferred Tax		
Balance at beginning of year	1,965,201	689,998
Movement	(2,746,523)	1,275,203
Balance at end of year	(781,322)	1,965,201
Components of deferred tax		
Unused tax losses (see note)	-	2,515,607
Timing difference	(781,322)	(550,406)
	(781,322)	1,965,201

Note
During the year the management has taken a decision to discontinue recognising deferred tax asset on unused tax loss until there is sufficient evidence that the company will have ssufficient taxable profit to offset. All previously recognised deferred tax asset has been derecognised in the current year. The unused tax loss at Decemeber 31, 2012 on which no deferred tax asset is recognised amounts to

9. Inventories

	2012 $'000	2011 $'000
Fuel	590,684	635,695
Spares	3,520,651	2,325,615
Goods in Transit	1,011,792	1,420,958
	5,123,127	4,382,268

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

10. Receivables

		2012 $'000	2011 $'000
	Customer accounts	9,546,985	9,564,818
	Others	2,649,609	1,430,786
		12,196,594	10,995,604
	Less		
(i)	Provision for bad debts (i)	(6,827,931)	(6,408,210)
		5,368,663	4,587,394

(i) A general provision of 1.5% on turnover excluding revenue from prepaid sales.

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11. Deposit accounts

		2012 $'000	2011 $'000
	Letters of Credit	12	12
(i)	Republic Bank (Guyana) Ltd. - Cash Collateral A/cs	1,517	1,536
(ii)	Unserved Areas Electrification Programme Counterpart A/c	21,643	144,089
(iii)	Unserved Areas Electrification Programme IDB A/c	-	-
Total		**23,172**	**145,637**

(i) Represents amounts held against letters of credit for the purchase of supplies from Hexing Electrical Company Limited for the use in the Unserved Areas Electrification Programme.

(ii) & (iii) These 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.

12. Related parties

		2012 $'000	2011 $'000
(a)	**Current assets**		
(i)	Agent - Bill Direct	184,264	184,264
(ii)	Receivable- Guyana Sugar Corporation	2,807,543	2,330,367
		2,991,807	**2,514,631**
(b)	**Current liabilities**		
(i)	Guyana Electricity Corporation - Customer Deposits	12	12
(ii)	Related Party Payable-Guysuco	1,289,491	1,059,453
(iii)	Government of Guyana - Petro Caribbean Loan	366,328	366,327
		1,655,831	**1,425,792**
(c)	**Non-current liabilities**		
(i)	Government of Guyana - Infrastructural development	5,940,469	4,779,626
(ii)	Government of Guyana - Petro Caribbean Loan	13,898,900	10,932,731
(iii)	Government of Guyana - IDB Loan	991,765	741,200
		20,831,134	**16,453,557**

12. Related parties, continued

(a)(i) This represents amount owed by collection agent - Bill Direct for remittances received from GPL's customers which were not remitted to GPL. This matter has since been addressed legally by the company's internal and external lawyers.

(ii) This represents amount owing by Guyana Sugar Corporation for Heavy Fuel Oil loaned and/or utilised from GPL's inventory.

(b)(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 of 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 stale dated cheque.

(ii) This represents amount owing to the Guyana Sugar Corporation for electricity purchased under the Power Purchase Agreement.

(iii) This represents financing under the Petrocaribe Loan Agreement between the Government of Guyana and the Guyana Power & Light Inc. towards the purchase of five (5) Caterpillar sets and for financing of three (3) capital projects. Interest is charged at 3% per annum and repayment is over a fifteen (15) year period, which commenced in December 2010.

(c)(i) This represents financing under the GPL Infrastructure Development Project -Government Concessional Loan Agreement between the Government of Guyana and the Export-Import Bank of China. Interest is charged at 4% per annum and repayment is over a twelve (12) year period, with a five (5) years moratorium.

(ii) See b(iii) above.

(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.

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13. Stated / issued capital	Number	Minimum Issue Price $	2012 Value $'000	2011 Value $'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 to common shares	18,496,667	182	3,366,394	3,366,394
(vi) Promissory note to common shares	3,450,000	180	621,000	621,000
(vii) Conversion of subsidy	8,241,758	182	1,500,000	1,500,000
New issues:				
(viii) Conversion of subsidy	32,967,033	182	6,000,000	-
	118,229,686		21,486,755	15,486,755

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.

(v)& (vi) 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.

(vii) During 2011 the company converted G$1.5B of fuel subsidy granted by the Government of Guyana (GOG) to share capital.

(viii) During 2012 the company converted G$6B of fuel subsidy granted by the Government of Guyana (GOG) to share capital.

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14. Advances customer financed projects

In accordance with the accounting policy described in note 3.13, 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.

	2012 $'000	2011 $'000
Contributions:		
At January 1	8,483,025	8,273,468
Contributions during the year	634,241	209,557
At December 31	9,117,266	8,483,025
Amortisation:		
At January 1	(1,846,395)	(1,461,628)
Amortisation during the year	(398,437)	(384,767)
At December 31	(2,244,832)	(1,846,395)
Net deferred income at December 31	6,872,434	6,636,630

15. Provision for decommissioning

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, 2012.

16. Customer deposits

This represents monies collected from customers prior to the provision of service. Up to October 31, 2011 interest was accrued at the rate of 7% per annum. Subsequently, the rate of interest has been reduced to 2.4% per annum.

Amounts initially paid by customers along with accumulated interest are refunded when customers cease to utilise the service.

17. Defined benefit pension scheme

(a) Description of scheme

The Guyana Power and Light Inc.'s 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 contributions 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 members' own contributions with interest plus, if the member has more than 10 years service, the company's contributions with interest.

(iii) The number of permanent employees at the end of the period was 802 (2011 - 795).

(b) Items for inclusion in the statement of financial position.

	2012 $'000	2011 $'000
Defined benefit obligation	3,369,500	2,568,900
Fair value of assets as per actuarial valuation	(2,268,200)	(2,017,100)
	1,101,300	551,800
Unrecognised (loss)	(692,300)	(193,400)
Net IAS 19 defined benefit liability	409,000	358,400

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17. Defined benefit pension scheme, continued

(c) Reconciliation of opening and closing statement of financial position entries

	2012 $'000	2011 $'000
Opening defined benefit liability	358,400	318,200
Plus net pension cost	127,600	113,700
Less:		
Company contributions paid	(77,000)	(73,500)
	409,000	358,400

(d) Items for inclusion in the statement of comprehensive income

	2012 $'000	2011 $'000
Current service cost	123,600	110,500
Interest on defined benefit obligation	125,700	114,100
Expected return on scheme assets	(121,700)	(110,900)
	127,600	113,700

(e) Actual return on scheme assets

	2012 $'000	2011 $'000
Expected return on scheme assets	121,700	110,900
Actuarial gain on scheme assets	108,000	43,500
Actual return on scheme assets	229,700	154,400

(f) Summary of main assumptions

	2012 % pa	2011 % pa
Discount rate	5	5
Salary increases	8	8
Expected return on assets	6	6

18. Loan

		2012 $'000	2011 $'000
(i)	Republic Bank (Guyana) Limited - US$	105,382	202,234
(ii)	Republic Bank (Guyana) Limited	130,270	251,235
(iii)	Republic Bank (Guyana) Limited	812,000	-
		1,047,652	453,469
	Repayable within one year	208,512	198,281
	Repayable within two to five years	27,140	255,188
	Repayable after five years	812,000	-
		839,140	255,188
		1,047,652	453,469

18. Loan, continued:

(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$ 3.1 M and repayment commenced in 2004 with interest 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$ 1,117 M and repayment commenced in 2004. Interest is charged at 3% per annum below Republic Bank (Guyana) Limited prime rate.

(iii) This loan is repayable over a 10 year period. The principal sum was G$ 1,015 M and repayment commenced in 2013. Interest is charged at 8% per annum.

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.

19. Deferred income

	2012 $'000	2011 $'000
	3,747	50,770

This represents prepaid services sold at the end of the year but not consumed. The company's policy is to account for 90% of prepaid sales in any given month as deferred income.

20. Payables

	2012 $'000	2011 $'000
Trade creditors	3,931,299	2,009,176
Employment costs	157,662	77,163
Other accruals	1,545,108	525,622
	5,634,069	2,611,961

21. Generation costs

	2012 $'000	2011 $'000
Fuel	24,089,144	22,430,300
Fuel agency fee	63,384	52,922
Operations and maintenance contract	1,458,272	1,321,872
Purchased power	215,731	299,834
Repairs and maintenance - generation facilities	907,835	698,595
Rental of equipment - generation	343,770	1,069,428
	27,078,136	25,872,951

22. Employment costs

	2012 $'000	2011 $'000
Gross salaries	2,435,242	2,293,080
Social security costs	94,284	88,642
Pension costs	77,320	67,439
	2,606,846	2,449,161

23. Depreciation

	2012 $'000	2011 $'000
Buildings	23,889	23,869
Plant and machinery	1,266,052	1,008,468
Transmission and distribution networks	905,679	839,433
Motor vehicles	11,375	18,854
Equipment	(35,295)	34,185
Computer equipment	15,820	39,829
	2,187,520	1,964,638

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24. Administrative expenses

		2012 $'000	2011 $'000
Administrative Expenses		1,088,362	1,216,567
The following expenses were charged in the above amounts:			
Repairs and maintenance	- Motor vehicles & tools	40,278	33,053
	- Buildings	21,412	28,066
	- Equipment	12,670	27,009
Audit Fees		8,836	7,428

25. Taxation

	2012 $'000	2011 $'000
Property tax	48,599	51,262
Total current taxes	48,599	51,262
Derecognition of deferred tax asset	2,515,607	-
Origination of timing differences - others	230,916	(1,275,203)
Total Deferred Taxes	2,746,523	(1,275,203)
	2,795,122	(1,223,941)

Reconciliation of effective tax rate	2012 $'000	2012 $'000
Net comprehensive loss before tax	(4,872,770)	(4,535,137)
Corporation tax calculated at the enacted rate	(1,461,830)	(1,360,540)
Valuation allowance	1,461,830	-
Derecognition of deferred tax asset	2,515,607	-
Deferred Tax -Pension Liability	230,220	(12,060)
Tax rate adjustment - prior year	-	98,226
Expenses not deductible for tax purposes	696	(829)
Property taxes	48,599	51,262
Total tax included in statement of comprehensive income	2,795,122	(1,223,941)

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26. Earnings per share in dollars

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

	2012 $'000	2012 $'000
Net loss after taxation	(7,667,892)	(3,311,196)
Divided by: Weighted average number of ordinary shares	118,229,686	85,262,653
Loss per share in dollars	(65)	(39)

27. Foregone revenues

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 2012 amounted to G$27.866bn of which G$6.398bn was utilized as notional expenses in computing the Final Return Certificate for 2012.

28. Compensation to key management personnel

The remuneration paid to 29 (2011- 32) key management personnel during the year was as follows:

	2012 $'000	2011 $'000
(a) Short-term employee benefits	331,074	312,420
(b) Post-employment benefits	6,222	6,477
	337,296	318,897

29. Contingencies

(a) The company is a defendant or plantiff in several matters for which the ultimate liability or asset of the company, if any, has not been determined. Management does not believe that the outcome of these proceedings will have material adverse effect on the company's result of operations and accordingly no provision is necessary.

(b) No provision for decommissioning has been made for the new Kingston power plant.

30. Financial instruments and financial risk management

Categories of financial instruments

Financial instruments as at the date of the statement of financial position include 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.

	Loans and receivables $'000	Financial liabilities $'000	Total $'000
December 31, 2012			
Financial assets			
Receivables	5,368,663	-	5,368,663
Deposits	23,172	-	23,172
Related parties	2,991,807	-	2,991,807
Cash resources	693,933	-	693,933
	9,077,575	-	9,077,575
Financial liabilities			
Customers deposits	-	1,597,616	1,597,616
Related parties	-	22,486,965	22,486,965
Loans	-	1,047,652	1,047,652
Payables	-	5,634,069	5,634,069
	-	30,766,302	30,766,302

30. Financial instruments and financial risk management, continued

	Loans and receivables $'000	Financial liabilities $'000	Total $'000
December 31, 2011			
Financial assets			
Receivables	4,587,394	-	4,587,394
Deposits	145,637	-	145,637
Related parties	2,514,631	-	2,514,631
Cash resources	69,035	-	69,035
	7,316,697	-	7,316,697
Financial liabilities			
Customers deposits	-	1,422,654	1,422,654
Related parties	-	17,879,349	17,879,349
Loans	-	453,469	453,469
Payables	-	2,611,961	2,611,961
Bank overdraft	-	190,320	190,320
	-	22,557,753	22,557,753

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 of Directors 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.

30. Financial instruments and financial risk management, continued

(i) Credit risk, continued

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

On statement of financial position

	2012 $'000	2011 $'000
Receivables	5,368,663	4,587,394
Deposits	23,172	145,637
Related parties	2,991,807	2,514,631
Cash resources	693,933	69,035
	9,077,575	7,316,697

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

Management of investment and cash resources

Table showing exposure by location

	Guyana $'000	North America $'000	Others $'000	Total $'000
December 31, 2012				
Financial assets				
Receivables	3,364,535	2,004,127	-	5,368,662
Deposits	21,655	1,517	-	23,172
Related parties	2,991,807	-	-	2,991,807
Cash resources	688,593	5,340	-	693,933
	7,066,590	2,010,984	-	9,077,574
Financial Liabilities				
Customer deposits	1,597,616	-	-	1,597,616
Related parties	2,647,596	13,898,902	5,940,467	22,486,965
Loans	1,047,652	-	-	1,047,652
Payables	1,846,220	3,787,849	-	5,634,069
	7,139,084	17,686,751	5,940,467	30,766,302
Net liability gap	(72,494)	(15,675,767)	(5,940,467)	(21,688,728)

30. Financial instruments and financial risk management, continued

(i) Credit risk, continued

Management of investment and cash resources, continued

	Guyana	North America	Others	Total
December 31, 2011				
Financial assets				
Receivables	4,587,394	-	-	4,587,394
Deposits	145,637	-	-	145,637
Related parties	2,514,631	-	-	2,514,631
Cash resources	69,035	-	-	69,035
	7,316,697	-	-	7,316,697
Financial Liabilities				
Customer deposits	1,422,654	-	-	1,422,654
Related parties	1,425,793	11,673,930	4,779,626	17,879,349
Loans	453,469	-	-	453,469
Payables	1,520,912	1,091,049	-	2,611,961
Bank overdraft	190,320	-	-	190,320
	5,013,148	12,764,979	4,779,626	22,557,753
Net liability gap	2,303,549	(12,764,979)	(4,779,626)	(15,241,056)

30. Financial instruments and financial risk management, continued

(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 $'000	Two to five years $'000	Over five years $'000	Total $'000
December 31, 2012				
Assets				
Receivables	5,368,663	-	-	5,368,663
Deposits	23,712	-	-	23,712
Related parties	2,991,807	-	-	2,991,807
Cash and bank	693,593	-	-	693,593
Total assets	9,077,775	-	-	9,077,775
Liabilities				
Customers deposits	6,510	26,040	1,565,066	1,597,616
Related parties	1,655,831	7,189,628	13,641,506	22,486,965
Loans	203,922	65,914	777,816	1,047,652
Payables	5,634,069	-	-	5,634,069
Total liabilities	7,500,332	7,281,582	15,984,388	30,766,302
Net assets/ liabilities	1,577,443	(7,281,582)	(15,984,388)	(21,688,526)

30. Financial instruments and financial risk management, continued

(ii) Liquidity risk, continued

	Up to one year $'000	Two to five years $'000	Over five years $'000	Total $'000
December 31, 2011				
Assets				
Receivables	4,587,394	-	-	4,587,394
Deposits	145,637	-	-	145,637
Related parties	2,514,631	-	-	2,514,631
Cash and bank	69,035	-	-	69,035
Total assets	7,316,697	-	-	7,316,697
Liabilities				
Customers deposits	6,510	26,040	1,390,104	1,422,654
Related parties	1,425,792	5,035,429	11,418,128	17,879,349
Loans	198,281	255,188	-	453,469
Payables	2,611,961	-	-	2,611,961
Bank overdraft	190,320	-	-	190,320
Total liabilities	4,432,864	5,316,657	12,808,232	22,557,753
Net assets/ liabilities	2,883,833	(5,316,657)	(12,808,232)	(15,241,056)

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30. Financial instruments and financial risk management, continued

(iii) Interest rate risk, continued

December 31, 2012	Weighted average effective interest rate %	Up to one year $'000	Two to five years $'000	Over five years $'000	Non interest bearing $'000	Total $'000
Assets						
Receivables		-	-	-	5,368,663	5,368,663
Deposits		23,172	-	-	-	23,172
Related parties		-	-	-	2,991,807	2,991,807
Cash and bank		-	-	-	693,933	693,933
		23,172	-	-	9,054,403	9,077,575
Liabilities						
Customers deposit	6	6,510	26,040	1,565,066	-	1,597,616
Related parties	3.25	366,328	7,189,628	13,275,181	1,655,828	22,486,965
Loans	10	203,922	65,914	777,816	-	1,047,652
Payables		-	-	-	5,634,069	5,634,069
		576,760	7,281,582	15,618,063	7,289,897	30,766,302
Interest sensitivity gap		(553,588)	(7,281,582)	(15,618,063)	1,764,506	(21,688,727)

December 31, 2011

December 31, 2011	Weighted average effective interest rate %	Up to one year $'000	Two to five years $'000	Over five years $'000	Non interest bearing $'000	Total $'000
Assets						
Receivables		-	-	-	4,587,394	4,587,394
Deposits		145,637	-	-	-	145,637
Related parties		-	-	-	2,514,631	2,514,631
Cash and bank		-	-	-	69,035	69,035
		145,637	-	-	7,171,060	7,316,697
Liabilities						
Customers deposit	6	6,510	26,040	1,390,104	-	1,422,654
Related parties	3.25	366,327	5,035,429	11,051,800	1,425,793	17,879,349
Loans	10	198,281	255,188	-		453,469
Payables		-	-	-	2,611,961	2,611,961
Bank overdraft		190,320	-	-	-	190,320
		761,438	5,316,657	12,441,904	4,037,754	22,557,753
Interest sensitivity gap		(615,801)	(5,316,657)	(12,441,904)	3,133,306	(15,241,056)

30. Financial instruments and financial risk management, continued

(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$107,660 (2011 G$164,468), if the exchange rate is to increase by 1%.

	Financial Assets $'000	Financial Liabilities $'000	Net Liability $'000	% Change $'000	Impact on profit $'000
December 31, 2012					
G$ equivalent of US Dollars	2,010,985	12,776,979	(10,765,994)	1	(107,660)
December 31, 2011					
G$ equivalent of US Dollars	6,792	16,453,556	(16,446,764)	1	(164,468)

(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 the shareholders.

APPENDIX - II

REVISED NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **TWELFTH (12th) ANNUAL GENERAL MEETING of the Guyana Power & Light Inc. (the Company)** will be held on the 27th day of January, 2014 at 14:00 hrs, in the Cabinet Room, Office of the President, New Garden Street, Georgetown for the following purposes:-

1. To receive and consider the Financial Statements of the Company for the year ended December 31, 2011 and the Auditor's and Directors' Reports thereon.

2. To elect Directors for the ensuing year and to fix emoluments of the Directors;

3. To appoint the Company's auditors for the ensuing year and authorize the Directors to fix their remuneration;

4. To transact such other business as may properly come before the Meeting.

Government as the sole shareholder is invited to attend the Meeting and as holder of common shares is entitled to vote at the Meeting.

Dated the 2nd day of January 2014.

BY ORDER OF THE BOARD

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Laurian Bancroft

Corporate Secretary

Registered Office:

40 Main Street, Georgetown