GUYANA POWER & LIGHT

Powering The Future

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

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

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CHAIRMAN'S LETTER

Winston Brassington
Chairman

The calendar year 2008 marks the ninth report to the Shareholder of Guyana Power & Light Inc. ("GPL" or "Company").

2008 was yet another challenging year for GPL, with an after tax loss of $1.94B on top of a loss of $1.58B in 2007, a 22.8% increase, bringing losses over a two year period to over G$3.52B. This was largely on account of another year of spiralling fuel prices that accounted for a $4 billion increase for the year. Notwithstanding, the overall Guyanese economy continued to grow, with per capita growth totalling 5.6%. Correspondingly, GPL saw a 1.9% increase in generation and a 15.7% increase in revenue, over 2007, the latter being largely on account of a price increase in Februry 08. The net increase in the customers totalled 4,718 partly on account of the expansion under the UAEP/ GOG programmes.

Fuel Costs

The continuing high cost of fuel accounted for 71% of the Company's total expenditure in 2008. In May 2008, GPL experienced a peak price of US$188 per barrel (a 47.7% increase over 2007's peak). In absolute terms, GPL's fuel bill increased by G$4 billion moving from G$14.5 billion in 2007 to G$18.5 billion in 2008, a 28% increase in fuel costs. To cushion the impact of rising fuel prices, Parliament approved a subsidy of $3.7B to GPL of which $3.25B was used, all in an effort to prevent a second tariff increase during the course of the year.

Tariff Increase

Since 2003, GPL Inc. has maintained tariffs at less than the rate permitted by its Licence and has in the process accumulated foregone revenues of over G$15B. Debt write-off by the Government; a reduction in the return on equity from 23% to 8% and conversion of preference shares and debt to equity are some of the measures taken by the Shareholder to further reduce the pressure on tariffs. However, despite all the gains made, the ever increasing cost of fuel has eroded the Company's financial position which has resulted in a halt of its investment programme and a reduction of returns derived from the rate base. Prior to 2008, the last effective increase in tariff was a fuel surcharge of 9% in July 2005. Effective January 1, 2008 the rapid increase in fuel prices precipitated the need to increase tariffs by 15% distributed in the following manner:-

- Tariff 'A' (Residential) consuming up to 75 kWh/mth - an increase of 6%.
- Tariff 'A' (Residential) consuming more than 75 kWh/mth – an increase of 9%.
- Tariffs 'B', 'C', 'D' and 'E' (Small business, Commercial, Industrial and Street Lighting Customers – an increase of 15%.
- The new tariff G (Government) - increase in rates of 20%.

Loss Reduction

Throughout the year the Company struggled with high fuel prices which created a serious cash flow problem that resulted in delayed orders for materials and supplies needed for acceleration of the loss reduction programme. At December 2008, losses were 34.2% compared to 33.9% in 2007 (using a 12 months rolling average) resulting in a 0.3% increase of total losses over 2007. The losses remain quite high with technical losses at end of 2008 estimated at 11.4% and 22.8% for commercial losses.

Renewable Energy

2008 saw continued efforts to pursue renewable energy sources through IPP involvement to meet both capacity and energy needs in the future. This included a 30MW bagasse cogenerated facility at Guysuco's sugar estate at Skeldon; 13.5MW wind power from a Wind Farm at Hope Beach and at least 100MW from the Amaila Falls Hydroelectric Project (AFHEP) on the Kuribrong River.

Sithe Global has shown a strong commitment to the Hydro project despite the ongoing global financial turmoil and has indicated that the equity will be forthcoming provided that the investor can earn a 20% return on equity from the project. Five bids were received for the EPC Contract, three of which were from Chinese Contractors and the other two from an Italian and Indian contractors. Repricing of the Engineering, Procurement & Construction (EPC) is expected in third quarter, 2009. Subject to prices and financing, construction will start in the first half of 2010.

Concessional Financing

On 10th April, 2008 GPL signed an Agreement with the GoG for US$31.355M to finance:

1) Construction of a 20.7MW (Gross) HFO fired plant in Kingston, including a 69kV interconnection.
2) Construction of a 20km, 69kV transmission link between Guysuco's new Skeldon factory and GPL's substation at No.53 Village.
3) Rebuild of the No. 3, 5MW Mirrlees Unit at Canefield, refurbishment of the No.4, 5MW Mirrlees and conversion of the plant to HFO operation.

All three of these projects are expected to be completed in the latter half of 2009 and will result in GPL increasing its use of the relatively cheaper Heavy Fuel Oil (HFO) to 95% up from 62% thus lowering the overall cost of GPL's generation. Consumers can also expect a much higher level of reliability as a result of sufficient generation capacity being available (with a margin).

In October 2008, the GoG signed an MOU with the EXIM Bank of China for US$39.6M in concessional financing to implement GPL's transmission programme. It is expected that the following sub-projects will be financed:

i. Upgrade of the existing Sophia 69kV sub-station.
ii. New 69kV sub-station to serve south Georgetown (New Georgetown sub-station)
iii. 69 kV link from Sophia to New Georgetown Substation
iv. New 69kV sub-station at Diamond
v. 69kV transmission link to West Demerara
vi. New 69kV sub-stations at Versailles and Edingburg
vii. 69kV link between Sophia and Onverwagt

viii. New 69kV sub-station at Good Hope on the East Coast of Demerara
ix. New 69kV sub-station at Mahaica
x. Upgrade and expansion of Onverwagt sub-station
xi. Fiber optic network linking all sub-stations from Skeldon to Edingburg and termination at a new Control Center at Sophia
xii. Supervisory Control and Data Aquisition (SCADA) system for the new Control Center with the capability to manage the integrated Demerara Berbice Interconnected System

Strategic Planning

During 2008, the Board initiated a strategic review and agreed to the following strategic objectives and strategies.

I. **Optimize Revenue Collection**
   a. Maximize collections on billings
   b. Maximize level of power billed via loss reduction, new connections, and volume growth
   c. Expand customer base
   d. Expand overall revenue based on billed volume

II. **Minimize Costs of Operations**
   a. Reduce employment numbers
   b. Control employment costs
   c. Reduce Technical and Commerical Losses
   - Reduce generation costs by reducing technical losses
   - Reduce generation costs by reducing commercial losses
   d. Maximize use of cheap HFO fuel

III. **Improve Customer Service**
   a. Implement consolidated and improved quality systems to address
   - Response to Technical Faults (time to correct, quality of service)
   - Response to Commercial Issues (time to address, quality of service)
   b. Reduce tariffs
   c. Ensure timely connection of applicants for service
   d. Improve System Reliability (average number of annual interruptions per customer-SAIFI)
   e. Improve System Reliability (average duration of annual interruptions per customer SAIDI)
   f. Implement new Customer Information System (CIS)-Enterprise type IT system
   g. Implement ISO 9001: 2000 Quality System
   h. Improve image of GPL as a first class utlity via improving customer service, improving efficiency, and keeping tariffs low

IV. **Achieve Sustainable Financial Position**
   a. Ensure that revenue collected is sufficient to cover all costs including capex and debt service
   b. Ensure that GPL is creditworthty to attract private investment in a 140MW hydroelectic project at a capital costs in excess of US$500M without Government guarantees
   c. Complete audited accounts and hold Annual Shareholders Meetings within 6 months of year end
   d. Manage GPL finances to justify concessional financing from the IADB, GoG and Chinese Government of US$96M necessary to finance the rehabilitation of its transmission

and distribution network rebuild and commercial loss reduction

V. **Achieve National Objectives**
   a. Promote conservation of electricity by promoting/educating economic use and avoiding wastage
   b. Maximize use of renewable fuel to minimize generation costs and minimize fuel import bill
   c. Minimize tariffs and maximize efficiencies (low technical and commercial losses, high collections)
   d. Ensure regulatory compliance with electricity laws and GPL's license
   e. Expand national grid to other parts of the country to allow economies of scale and lower average costs

Management & Employment

In an effort to remove the overlap and duplication of actions relating to field investigations, the Board on March 7, 2008 approved the restructuring of the Internal Audit Division to have the Field Services Department transferred to a newly created "Loss Reduction Division". The Metering Department under the Projects Division was transferred to the Loss Reduction Division along with the Loss Reduction Unit of the Commercial Services Division. Internal Audit became a Department responsible to carry out internal audit functions in its traditional sense.

The former Divisional Director-Commercial Services, Mr. Kesh Nandall, resigned office with effect from 31st July, 2008 while the Divisional Director-Loss Reduction, Mr. Samaroo Ramtahal, also departed the Company with effect from 15th September, 2008. Both individuals have since migrated. A new position of Senior Divisional Director-Finance and Commercial Services, was created and assumed by Mr. Aeshwar Deonarine. The Projects and Operations Divisions were merged and is headed by Mr. Colin Singh.

The former Legal Officer, Mr. Neil Bollers and former Divisional Director - Human Resources, Ms. Donna Tucker, were also demitted from office on September 25, 2008. At December 31, 2008 the positions of Divisional Director-Loss Reduction; Divisional Director- Finance; Divisional Director-Human Resources; Legal Officer and Deputy Chief Executive Officer still remained vacant.

The Regional Managers-Essequibo and Berbice, exchanged positions in July, 2008.

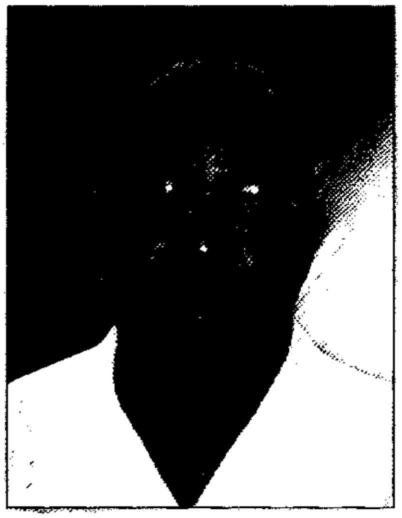
During 2008, as part of the company's effort to reduce costs, employment was reduced by over 175 permanent employees, largely in the T&D Department.

On behalf of the Board, I would like to thank management and staff for their outstanding performance during the year given the challenges that the Company faced. I would also like to thank our customers for their patience and understanding as we try to deliver power that is both reliable and economical.

In closing, I would also like to thank my fellow directors for 2008 - Mr. Narvon Persaud, Mr. Carvil Duncan, Mr. Desmond Mohamed and Mr. Rajendra Singh for their continued cooperation and support during the year 2008.

Winston Brassington
Chairman

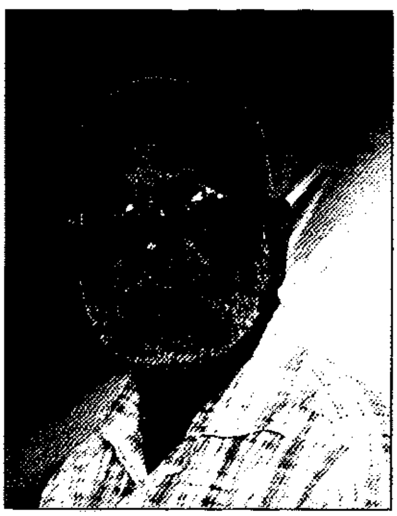
BOARD OF DIRECTORS



Carvil Duncan
Director

Narvon Persaud
Director

Winston Brassington
Chairman



Desmond Mohamed
Director

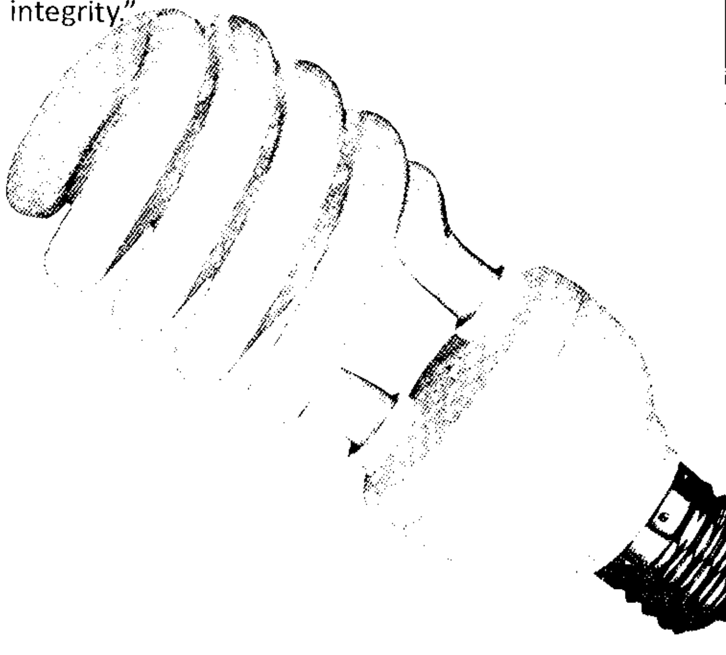
Rajendra Singh
Director

GPL's Vision

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

GPL's Mission

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

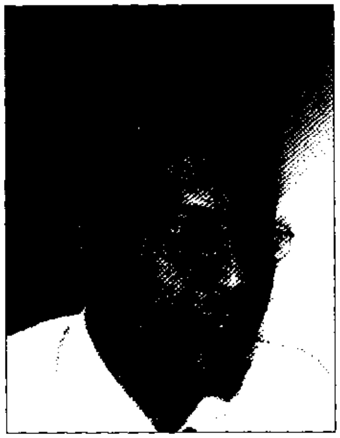


Management Team

Key management personnel at December 2008 were

Renford Homer
Divisional Director -
Information Technology

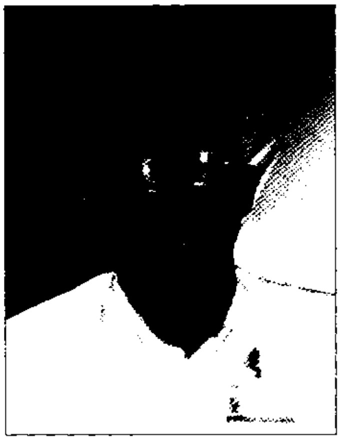
Aeshwar Deonarine
Senior Divisional Director -
Finance & Commerical Services



Colin Singh
Divisional Director -
Operations

Bharat Dindyal
Chief Executive Officer (ag)

Walchum Allen
Regional Manager
Berbice



Nigel Benfield
Regional Manager
Essequibo

Lakshmi Shiwnandan
Corporate Secretary

DIRECTOR'S REPORT

The Directors take pleasure in submitting their Annual Report and Audited Financial Statements for the year ended 31 December 2008.

Principal Activities

The principal activities of the Company are to generate, transmit, distribute and sell electricity to the public. The Company is the main provider of electricity in Guyana with in excess of 142,000 customers.

Guyana Power & Light, Inc. is a vertically integrated electricity generation, transmission and distribution utility. The primary objective of GPL is to provide its customers with a safe and reliable supply of electricity at a price that is least costly and to expand its service to as many new customers as is economically feasible. GPL is proud to take a leading role in the economic development of Guyana and the social well-being of its citizens.

Development and Expansion Programme

In accordance with the Company's Licence, the Electricity Sector Reform Act 1999 and the Public Utilities Commission Act 1999, the Company prepared its Development and Expansion (D&E) Programme for the years 2008 to 2012.

The D&E Programme focused on plans and projections through which the Company will improve its service over the next five years. It also identified strategies to reduce technical and commercial losses. The commercial loss reduction measures were designed to focus on the identification and replacement of defective meters; expanded use of more secure metering for large consumers, identification and eradication of electricity theft in unserved and newly served areas and implementation of a new Customer Information System . GPL has procured a new Customer Information System projected to be implemented by the third quarter of 2010. Sustained reduction of losses is central in GPL's Development & Expansion Programme.

The Programme addressed the need to reduce GPL's dependency on expensive diesel generation and to rely on renewable energy sources and HFO fired capacity to stabilise power generation and meet the energy needs in the immediate future. The medium to long term generation plans embraces the use of renewable sources of energy including commissioning of the 30MW co-generation facility at the Skeldon sugar estate and a 13.5MW Wind Power Farm at Hope Beach complemented with at least 100MW of power from the Amaila Falls Hydroelectric Project.

During the year 2008, GPL Inc. secured concessional financing from the Government of US$31.355M and US$39.6M from the Exim Bank of China to be used towards development of transmission lines and substations. The US$31.355M was intended to be used for the following purposes:-

(i) Build a 20.7MW HFO fired power plant at Kingston and interconnect it via 69kV transmission to Sophia.
(ii) Upgrade and convert to HFO operation, 10MW capacity at Canefield.
(iii) Construct 19km of 69kV transmission lines to interconnect Guysuco's new Skeldon factory.

These projects will position GPL to better manage its generation cost, improve the quality and reliability of its supply, integrate the Demerara and Berbice Systems to reduce reserve capacity and enable an enhanced Merit Order System.

Financial Results

As at 31 December 2008, Net Loss after Taxation was $1.94 billion with Retained Earnings at G$(4.4) billion.

Share Structure

At year-end, there were 55,074,228 Common shares plus one Special share issued, all owned by the Co-operative Republic of Guyana.

Dividends

No dividends were declared in 2008.

Directors

The following Directors served during the year:

Mr. Winston Brassington, Chairman
Mr. Narvon Persaud
Mr. Carvil Duncan
Mr. Desmond Mohamed
Mr. Rajendra Singh (appointed Director with effect from 15th February, 2008)

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

Auditors

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

By Order of the Board

L. Shiwnandan

Lakshmi Shiwnandan
Secretary

Highlights of Operational Activities and Achievements

In the year ended 31 December 2008, GPL achieved a 15.7% increase in revenue and a sales collection rate of 99.7%. Notwithstanding, losses increased by 0.3% while the weighted average price of fuel soared from US$86 per barrel in 2007 to US$93 per barrel in 2008, an increase of US$7 per barrel, or 8% over the 2007 prices. As fuel prices reached record levels in 2008 the Company sacrificed critical investments to maintain its infrastructure while ensuring fuel was available. To buttress the operations of the Company, the National Assembly approved a subsidy of $3.7B to finance the cost of fuel and avert a further tariff increase in the year. To sustain its financial viability, GPL earlier in the year had increased tariffs by 15% while endeavouring to maintain its collection drive and intensify its loss reduction campaign.

Performance Highlights

Highlights of the Company's performance in 2008 were:

- Maintained a generally stable electricity supply
- Provision of power to the Guyana National Stadium, Providence and numerous locations around Georgetown for hosting of Carifesta X
- Increase in the rate of collections to 99.7 %
- Avoided steep tariff increase
- Completion of 37.8% service connections under Phase I of UAEP and GOG AUAEP (7,029 or 46.7% of UAEP plus 7,180 or 29.4% of GOG)
- Completed 5,463 defective minor meter replacements & 4,129 interface reconfigurations

Operating Statistics

	UNITS	2008	2007	2006
Operating Revenue	G$'000	22,978,176	19,860,645	18,057,196
Profits Before Tax	G$'000	(2,897,781)	(2,362,164)	(1,581,267)
Fixed Assets	G$'000	11,699,189	11,234,447	10,825,153
Total Capital & Reserves	G$'000	6,251,435	8,190,927	9,771,018
Net Current Assets	G$'000	2,095,468	2,596,203	3,385,041
New Capital Investment	G$'000	3,838,379	2,541,774	2,830,695
Gross Generation	GWh	566	555	524
Billed Sales	GWh	356	351	314
Technical & Commercial Losses	%	34.2%	33.9%	36.4%
Number of New Connections		5,292	8,105	11,046
Gross Capacity	MW	152.0	143.66	133.7
Available Capacity	MW	104.0	124.46	113.6
Peak Demand	MW	91.51	94.8	88.4
Number of Employees		983	1,320	1,280
Employment Cost	G$'000	2,332,561	2,551,254	2,363,172

Key Customer & Sales Statistics

	Units	2008	2007	2006
Customers – Total	No.	142,439	137,721	129,888
Residential	No.	130,399	125,805	118,082
Commercial	No.	11,439	11,344	11,357
Industrial	No.	601	572	449
Sales – Total	G$'000	22,978,176	19,860,645	17,741,546
Residential	G$'000	8,785,358	8,040,737	7,309,160
Commercial	G$'000	4,989,806	4,528,330	4,144,604
Industrial	G$'000	9,203,012	7,291,578	6,287,782
Sales – Total	MWh	355,882	350,922	314,102
Residential	MWh	160,364	155,581	142,459
Commercial	MWh	64,827	70,345	64,371
Industrial	MWh	130,691	124,996	107,272

Metering

The lack of financing in 2008 severely affected the Company's ability to intensify the ITRON programme (secure metering for large industrial and commercial consumers) and accelerate minor meter replacement. However, during the year the Company acquired two Spin Lab Bird Dog Analyzers (Mobile Test Bench) that allow laboratory standard tests of meters to be done in the field.

A contract was signed with Utilisol for goods and services necessary for the implementation of a Pilot Scheme for the Pre-Paid Metering Programme. This Pilot Scheme involves 2,000 split-meter installations in both Demerara and Berbice. It is expected that the pre-paid split meter system will be implemented for all residential and small business consumers.

Billing and Collections

During the year 2008, GPL continued its vigorous efforts to improve collections and effectively manage customer credit. Collections were 99.7% of billings with 81% of monthly bills having actual meter readings.

Unserved Areas Electrification Programme (UAEP)

- While the number of customers accessing legal connection increased by 8.4% over 2007, the rate of uptake continued to remain relatively low in 2008 with only 1,255 new connections completed for the year. 7,029 service connections were completed up to the end of December 2008, equating to 46.7% of the potential 15,171 connections/ lots (funded under UAEP and through SIMAP).

- The upgrade of the Timehri Network that was included in the UAEP Phase II Network Expansion Programme was completed and the old network was removed, except for supply to shops by the Airport and other dwellings on CJIA property that were identified for relocation.

- Materials were ordered and received and contracts signed for commencement of Phase 2 grid extension in January, 2009. This is expected to make power accessible to an additional 6,000 households.

Government of Guyana Additional Unserved Areas Electrification Programme

- By the end of 2008, network expansion to supply 22,392 lots had been completed with 7,180 services actually connected. Of this amount 1,534 service connections were completed in 2008 alone.

Customer Services

The Company remained committed to improving the quality of its customer service on all levels. Among the initiatives developed were:-

- **Launching of Customer Commercial Call Centre and a newly centralised Emergency Call Centre** - the Company remains committed to enhancing its customer service and these new and improved services are evidence of its determination to provide customers with a much improved quality of service.

- **Implementation of ISO 9001 Quality Management System** - certification is being pursued by the Company.

- **Appointment of Community Based Customer Service Representatives** - these individuals will allow Consumers to access a number of the services traditionally provided at GPL's Commercial Offices, in their own communities.

Technical and Commercial Losses

Overall system losses at the end of 2008, using a 12-month rolling average were 34.2% with technical losses estimated at 11.4% and commercial losses running at 22.8 %, altogether 0.3% above the 2007 figure.

Loss Reduction - Commercial

The Company continued its efforts to vigorously pursue several loss reduction initiatives in 2008. Some of these included:

- **Illegal Connections** - 188 raids were conducted during 2008 removing approximately 13,637 illegal connections. Of this, 378 persons were arrested for electricity theft of which 86 persons were convicted (with 2 persons going to jail), 309 cases were pending hearing and 13 cases were dismissed.

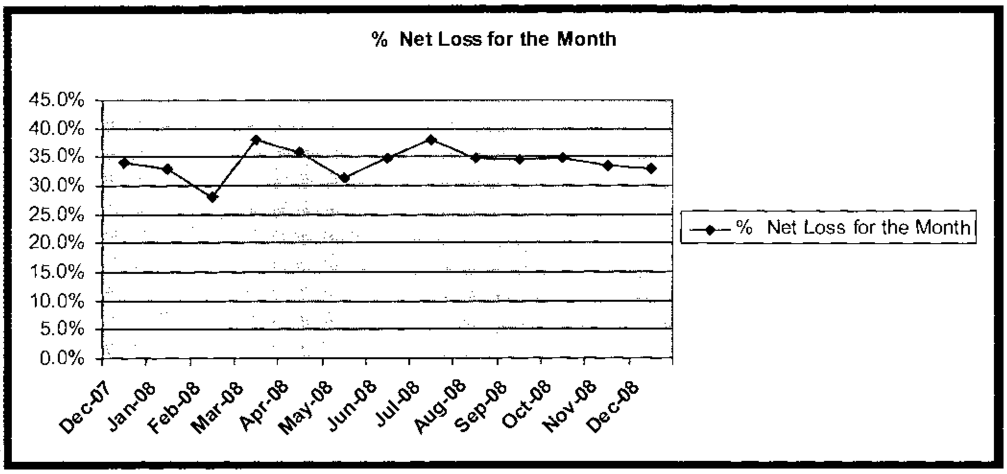
- **Replacement of Defective Meters** - GPL continued with its special project to ascertain the accuracy of meters and security of service connections with the aim of reducing non-technical losses. A total of 5,376 defective meters were replaced and 4,129 interface reconfigurations completed in 2008.

- **Billing System** - Significant progress was made in the procurement of software for the new CIS system, intended to reduce the losses attributable to the weaknesses of the existing billing system. In December 2008, Cabinet approved an award of a contract to Advanced Utility Systems for the supply of the software for the Customer Information System at a value not exceeding US$ 2.8M. Hardware required to facilitate use of the new software was acquired and installed.

- **Zero/Low Consumption Investigations** - 3,250 minor metering investigations with three or more consecutive zero consumptions were carried out during 2008. 51% of the services were disconnected with meter/line removed while 13% of the meters were found to be defective. Another 12,766 investigations of accounts with consumptions ranging from 1-49 units were completed. 44% of these accounts required further verification of meter accuracy by the Bird Dog Plus while 13% of the meters were found to be defective.

- **Disconnection Rechecking Exercises** - 5,044 accounts with outstanding balances were successfully re-checked for their disconnected status and it was found that 77% were found connected of which 13% were illegally reconnected.

Overall System Losses December 2007 – December 2008



Human Resources

The total number of employees at end December 2008 was 983 compared to 1,320 employees at end 2007.

Industrial Relations

GPL maintained a close working relationship with both Unions i.e. NAACIE and GPSU in 2008. 179 employees in the Generation and Transmission and Distribution Departments were made redundant as a result of the Company's modernisation programme.

Salary Awards

The Company offered increases in wages and salaries for its employees of up to 6% in 2008. GPSU resorted to conciliation.

Financial Performance

Results

GPL's Net Loss after Taxation was $1.94 billion in 2008 up from a $1.58 billion loss in 2007. The major contributing factor was the significant fuel price increases which resulted in total expenditure of $18.5 billion for the year. This increase was marginally offset by increases in revenue of $3.1 billion (15.7%). Fuel expenditure accounted for 71% of Total Expenditure in 2008.

Revenue Overview

GPL's revenue consists mainly of sales of electricity and related charges to its customers. The 2008 revenue was G$23 billion, an increase of 15.7% ($3.1 billion) over 2007.

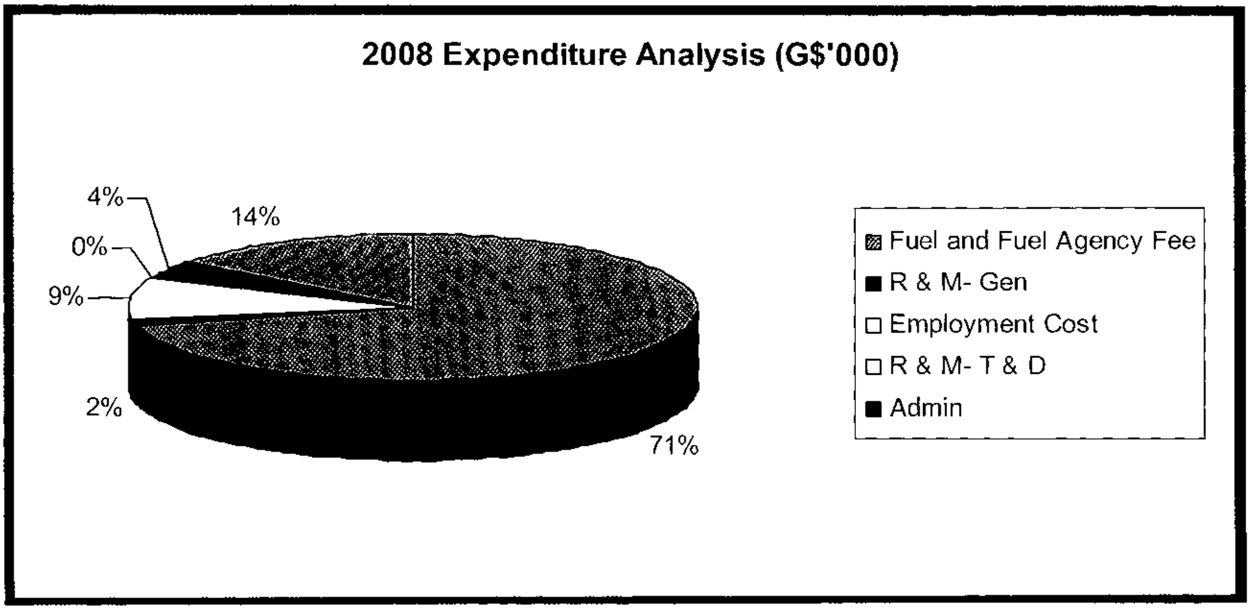
The table below presents the gross sales data for the last three years.

Gross Sales 2006 to 2008

Tariff	Year 2008 Actual MWh	Year 2007 Actual MWh	Year 2006 Actual MWh	Year 2008 Gross Sales G$M	Year 2007 Gross Sales G$M	Year 2006 Gross Sales G$M
A - Residential	160,364	155,581	142,459	9,042	8,040	7,309
B - Commercial	64,827	70,345	64,371	4,922	4,528	4,145
C - Small Industrial	31,333	32,513	29,472	2,306	1,979	1,795
D - Large Industrial	93,089	86,181	73,429	6,386	5,023	4,290
E - Public Lighting	6,269	6,302	4,371	349	288	203
Total	**355,882**	**350,922**	**314,102**	**23,005**	**19,860**	**17,742**

Operating Expenses

Total expenses, including finance charges, for 2008 were 16.9% over 2007 due primarily to a 28% increase in fuel costs and 19% increase in Transmission and Distribution repairs and maintenance. Fuel and Freight costs moved up to 71% of total expenditure from 65% in 2007. These increases were a direct result of the 8% increase in the average price of fuel which rose to US$93 per barrel in 2008 over US$86 in 2007. The other major categories of expense included Employment costs and Generation maintenance, as illustrated in the following chart:-



Debt Financing

There was no borrowing in the year under review except for US$31.355M under the PetroCaribe funds. The Loan Agreement for the US$39.6M from the Chinese Exim Bank has not been signed as yet.

Capital Expenditures

GPL invested G$3,838 million in various capital projects in 2008 which were financed from internally generated funds and by the Government of Guyana compared with G$2,542 million in the previous year.

Renewable Sources of Energy

Three main sources of renewable energy included in the 2008 – 2012 Development & Expansion Programme were:

- 30MW bagasse co-generation facility at Guysuco's sugar estate at Skeldon. The supplemental 10MW HFO fired capacity achieved commercial operation on December 19, 2007 while the 30MW co-generation plant was commissioned in November, 2008.

- 4MW firm wind power capacity from a 13.5MW Wind Farm to be constructed at Hope Beach on the East Coast of Demerara. With the strength of the Euro and the escalating cost of materials, GPL and Delta Caribbean continued to be in discussions for the development of the Wind Farm.

- 100MW Amaila Falls Hydroelectric Project on the Kuribrong River. Significant progress was made on the development of the Amaila Falls Hydropower Project during 2008 with a proposal being made to increase the guaranteed capacity of the project to 140MW. Despite the global financial crisis, the Developer, Sithe Global, remains committed to the project and in the last quarter of 2008 five turnkey EPC (Engineering Procurement and Construction) bids were received.

STATEMENT OF RESPONSIBILITIES AND APPROVAL

Financial Statements

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

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

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

Corporate Governance

GPL supports the principles of corporate governance outlined in recommended best practices. The Company seeks to comply with best practices in so far as it is considered appropriate.
The Board comprises five non-executive members, including the Chairman, appointed by the Government of Guyana. The roles of the Chairman and the Chief Executive are separate.

The Board has overall responsibility for the Company's systems of financial control and for monitoring their effectiveness. These systems are designed to provide reasonable but not absolute assurance against material misstatement or loss. In order to discharge that responsibility in a manner which ensures compliance with laws and regulations, the Board through the appointment of executive managers, has established an organizational structure with clear operating and reporting procedures, lines of responsibility and delegated authority.

The systems of internal financial control include the following:

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

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

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

All of the Committees comprise three members of the Board, with each Committee being chaired by a different member.

The Audit Sub-Committee is chaired by Mr. Desmond Mohamed. This Committee reviews and discusses with the Internal Audit Manager and the external Auditors, the Company's internal accounting controls, internal audit function, choice of accounting policies, internal and external audit programmes, statutory Auditors' report, financial reporting and other related matters. The committee also decides on the remuneration payable to the external independent auditor.

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

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

The Commercial Sub-Committee, chaired by Mr. Winston Brassington focuses on all aspects of commercial activities of the Company including Commercial Services, Billing and Revenue Management. It strives to improve the quality of customer service in ensuring timely and reliable responses to customers. A paramount focus of the Committee also is developing initiatives aimed at reducing commercial losses and electricity theft.

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 1

AUDITED FINANCIAL STATEMENTS

Audit Office of Guyana

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

AG: 46/2008

12 May 2009

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 2008

I have audited the accompanying financial statements of Guyana Power & Light Inc. which comprise the Statement of Financial Position as at 31 December 2008, and the Statement of Comprehensive Incomc, Statement of Changes in Equity and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The audit was conducted in accordance with the Audit Act of 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. This responsibility includes: designing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 appropriateness of accounting policies used and the reasonableness made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as at 31 December 2008, and its financial performance and its cash flows for the year then ended in conformity with International Financial Reporting Standards.

D. SHARMA
AUDITOR GENERAL (ag.)

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEOTGETOWN
GUYANA

PKF Barcellos Marine & Co.

PKF

Accountants &
business advisers

May 12, 2009

HNN:cr

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

We have audited the accompanying financial statements of Guyana Power & Light Inc. which comprise the statement of financial position as at December 31, 2008 and the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary' of significant accounting policies and other explanatory notes.

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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 of December 31, 2008 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF, Barcellos, Narine & Co.

PKF, BARCELLOS, NARINE & CO.

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PKF Barcellos Narine & Co. I 106 Lamaha Street I Georgetown I Guyana

GUYANA POWER & LIGHT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31,2008

ASSETS	Notes	2008 G $ 000	2007 G $ 000
Non Current Assets			
Tangible Fixed Assets	2	11 699 189	11 234 447
Work in Progress	3	2 268 360	991 478
Deferred Tax	4(a)	2 044 080	1 059 073
		16 011 629	13 284 998
Current Assets			
Taxes Recoverable		9 828	9 828
Inventories	5	1 587 032	2 121 953
Receivables	6	3 494 189	2 608 440
Deposits	7	2 159 298	345 337
Related Parties	8(a)	363 933	155 848
Cash Resources		954 512	39 485
		8 568 792	5 280 891
Total Assets		24 580 421	18 565 889
EQUITY AND LIABILITIES			
Capital and Reserves			
Share Capital	9	9 999 361	9 999 361
Promissory Note	10	621 000	621 000
Accumulated Deficit		(4 368 926)	(2 429 434)
		6 251 435	8 190 927
Non Current Liabilities			
Related Party	8(b)	3 930 198	783 109
Advances Customer Financed Projects	1(p) & 11	5 543 274	4 427 577
Provision for Decommissioning	12	242 900	242 900
Customer Deposits	13	1 010 166	855 580
Defined Benefit Pension	14	309 000	387 500
Loan	15	820 124	993 608
		11 855 662	7 690 274
Current Liabilities			
Related Parties	8(c)	4 193 030	428 385
Loan	15	174 996	168 993
Payables	16	1 779 173	1 787 903
Taxation		326 125	299 407
		6 473 324	2 684 688
Total Equity and Liabilities		24 580 421	18 565 889

On behalf of the Board:

CHAIRMAN

DIRECTOR

The attached statements and notes on pages 8 to 30 form an integral part of these financial statements.

GUYANA POWER & LIGHT, INC.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2008

	Notes	2008 G $ 000	2007 G $ 000
Revenue			
Turnover		22 978 176	19 860 645
Expenditure			
Generation Cost	17	20 977 693	16 924 650
		2 000 483	2 935 995
Other Income		471 199	320 952
		2 471 682	3 256 947
Other Expenses			
Employment Cost	18	2 332 561	2 551 254
Repairs and Maintenance T & D		110 885	93 060
Depreciation	19	1 354 885	1 141 000
Administrative Expenses	20	1 001 891	978 170
Rates and Taxes		43 363	44 953
Loss on Exchange		73	135
Bad Debts		344 673	595 819
PUC Assessment and Licence		25 000	25 000
		5 213 331	5 429 391
Net Loss from Operations		(2 741 649)	(2 172 444)
Interest Expense		156 132	189 720
Net Loss before Taxation		(2 897 781)	(2 362 164)
Taxation	21	958 289	782 073
Net Loss for the year		(1 939 492)	(1 580 091)
Loss per Share in Dollars	22	(35)	(29)

GUYANA POWER & LIGHT, INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008

	Share Capital G$000	Promissory Note G$000	Accumulated Deficit G$000	Total G$000
As at January 1, 2007	9 999 361	621 000	(849 343)	9 771 018
Net Loss for the year	-	-	(1 580 091)	(1 580 091)
At December 31, 2007	9 999 361	621 000	(2 429 434)	8 190 927
As at January 1, 2008	9 999 361	621 000	(2 429 434)	8 190 927
Net Loss for the year	-	-	(1 939 492)	(1 939 492)
At December 31, 2008	9 999 361	621 000	(4 368 926)	6 251 435

GUYANA POWER & LIGHT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 G $ 000	2007 G $ 000
Cash Flow from Operating Activities		
Net Loss Before Taxation	(2 897 781)	(2 362 164)
Adjustments for:		
Depreciation	1 354 885	1 141 002
Interest Expense	156 132	189 717
Amortisation	(252 420)	(196 845)
	1 258 597	1 133 874
Operating Loss Before Working Capital Changes	(1 639 184)	(1 228 290)
Working Capital Changes		
Receivables	(885 749)	(449 925)
Inventories	534 921	(217 310)
Payables	(8 731)	1 071 914
Related Parties	281 558	183 747
	(78 001)	588 426
Cash Used from Operations	(1 717 185)	(639 864)
Pension Benefit Liability	(78 500)	76 100
Interest Paid	(156 132)	(189 717)
	(234 632)	(113 617)
Net Cash Outflow from Operating Activities	(1 951 817)	(753 481)
Cash Flow from Investing Activities		
Purchase of Tangible Fixed Assets	(3 096 508)	(1 397 410)
Increase in Deposit	(1 813 961)	(144 115)
Net Cash Outflow from Investing Activities	(4 910 469)	(1 541 525)
Net Cash Outflow before Financing Activities	(6 862 286)	(2 295 006)
Cash Flow from Financing Activities		
Related Parties	6 422 089	783 109
Net Movement in Loan	(167 481)	(172 864)
Customer Deposits	154 590	143 293
Customer Financed Projects	1 368 115	1 268 457
Net Cash Generated from Financing Activities	7 777 313	2 021 995
Net Increase/(Decrease) in Cash and Cash Equivalents	915 027	(273 011)
Cash and Cash Equivalents - January 1	39 485	312 496
Cash and Cash Equivalents - December 31	954 512	39 485
Represented By:		
Cash on Hand and at Bank	954 512	39 485

1. Incorporation, Principal Activity and Statement of Accounting Policies.

(a) Incorporation and Principal Activity

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

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

These financial statements were approved for issue by the Board of Directors on May 8, 2009.

(b) Statement of Significant Accounting Policies

(i) Basis of Preparation

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

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

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

The preparation in conformity with IFRS requires the use of certain critical accounting estimates and assumptions regarding the future.
It also requires management to exercise its judgment in the process of applying the company's accounting policies.Although these estimates and assumptions are based on management's best knowledge of current events and conditions, actual results could differ from these estimates.

Critical areas that management uses estimates are for assessing the useful lives of Property, Plant and Equipment, impairment of assets, pension obligation and decommissioning of plant.

(ii) Standards, Interpretations and Amendments to Existing Standards Effective in 2008 Financial Year.

- IFRS 7, Financial Instruments: Disclosures, and the complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures

IFRS 7, Financial Instruments: Disclosures requires the Company to disclose its exposure to various types of risk: credit risk, liquidity risk and market risk associated with its financial instruments, how these risks are measured and what strategies are employed by management to hedge against such risk. It also requires the Company to quantify the level of risks it is exposed to at the balance sheet date for the risks identified and all relevant prior year comparatives shown.

1. Statement of Accounting Policies Cont'd:

Four Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period, but are not relevant to the company's operation. These are: IFRIC 7 Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies; IFRIC 8 Operating Segments, Scope of IFRS 2; IFRIC 9 Reassessment of Embedded Derivatives; and IFRIC 10 Interim Financial Reporting and Impairment.

The following standard, amendment and interpretations to existing standards have been published but are not effective for the current financial year are not expected to be relevant to the company's operation:

IAS 23 (Revised) Borrowing Costs.
IFRS 8 Operating Segments .
IFRIC 11 IFRS 2 - Group and treasury share transaction.
IFRIC 12 Service concession arrangements.
IFRIC 13 Customer Loyalty Programmes.
IFRIC 14 IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction.

The revisions to IAS 23 have had no impact on the company's accounting policies. The principal change to the Standard, which was to eliminate the previously available option to expense all borrowing costs when incurred, has no impact on these financial statements because it has always been the company's policy to capitalise borrowing costs incurred on qualifying assets.

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

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

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

1. Statement of Accounting Policies Cont'd:

(d) Revaluation

Surplus from revaluation of land and buildings is credited to revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in statement of comprehensive income. If it reverses a previous decrease in valuation, the surplus would be credited to the statement of comprehensive income to the extent of the decrease previously charged.

A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to the statement of comprehensive income to the extent that it exceeds the balance in the revaluation reserve relating to a previous revaluation, for the same asset.

Depreciation on revalued buildings is charged to the statement of comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the 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.

(e) Depreciation

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

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

(f) 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. Vested assets represent those assets acquired on October 1, 1999 from the Guyana Electricity Corporation (GEC).

1. Statement of Accounting Policies Cont'd:

(g) Leased Assets

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

(h) Inventories - Maintenance Spares

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

(i) Provision for Bad and Doubtful Debts

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

(j) Reporting Currency

These financial statements are stated in Guyana dollars. Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions or at a contracted rate. The resulting monetary assets and liabilities are translated at rates of exchange ruling at the end of the year. Any gains or losses arising from these conversions are accounted for in the Statement of Comprehensive Income.

(k) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, 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 balance sheet date.

(l) Turnover

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

1. Statement of Accounting Policies Cont'd:

(m) Taxation

Tax charged against profits for the year comprises current and deferred tax.

(n) Current Tax

Current tax is the expected tax payable on the taxable income and net property for the year, using tax rates in effect at the balance sheet date and any adjustment to tax payable in respect of prior years. Corporation tax assessed on or charged to the company is limited to a rate of 35% of chargeable profits, while property taxes are computed at the rates in effect from April 9, 1998.

(o) Deferred Tax

Deferred taxation is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates as per the company's agreements with the Government of Guyana. Deferred tax assets are recognised for tax losses carried forward to the extent that it is probable that future taxable profit will be available for utilisation of the unused tax losses.

(p) Grants and Customer Financed Projects

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

(q) 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 December, 31 2005 which revealed a past service deficit of G $206 M with a funding level of 79.5%. (refer to note 14).

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

2. Tangible Fixed Assets	Land and Buildings G $ 000	Generation Facilities G $ 000	Transmission & Distribution Facilities G $ 000	Motor Vehicles G $ 000	Furniture & Equipment G $ 000	Total G $ 000
Cost						
January 1	950 879	9 046 157	7 628 414	116 152	501 167	18 242 769
Additions	481	519 274	1 248 863	23 199	27 810	1 819 627
December 31	951 360	9 565 431	8 877 277	139 351	528 977	20 062 396
Depreciation						
January 1	154 417	3 966 223	2 388 318	60 980	438 384	7 008 322
Charged for the year	21 805	696 192	564 040	15 879	56 969	1 354 885
December 31	176 222	4 662 415	2 952 358	76 859	495 353	8 363 207
Net Book Values:						
December 31, 2007	796 462	5 079 934	5 240 096	55 172	62 783	11 234 447
December 31, 2008	775 138	4 903 016	5 924 919	62 492	33 624	11 699 189

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: 46/2008 12 May 2009

**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 2008**

I have audited the accompanying financial statements of Guyana Power & Light Inc. which comprise the Statement of Financial Position as at 31 December 2008, and the Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The audit was conducted in accordance with the Audit Act of 2004.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as at 31 December 2008, and its financial performance and its cash flows for the year then ended in conformity with International Financial Reporting Standards.

D. SHARMA
AUDITOR GENERAL (ag.)

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEOTGETOWN
GUYANA

PKF Barcellos Marine & Co.

PKF

Accountants &
business advisers

May 12, 2009

HNN:cr

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

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PKF, Barcellos, Narine & Co.

PKF, BARCELLOS, NARINE & CO.

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DECEMBER 31,2008

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On behalf of the Board:

CHAIRMAN

DIRECTOR

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GUYANA POWER & LIGHT, INC.
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FOR THE YEAR ENDED DECEMBER 31, 2008

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Other Expenses			
Employment Cost	18	2 332 561	2 551 254
Repairs and Maintenance T & D		110 885	93 060
Depreciation	19	1 354 885	1 141 000
Administrative Expenses	20	1 001 891	978 170
Rates and Taxes		43 363	44 953
Loss on Exchange		73	135
Bad Debts		344 673	595 819
PUC Assessment and Licence		25 000	25 000
		5 213 331	5 429 391
Net Loss from Operations		(2 741 649)	(2 172 444)
Interest Expense		156 132	189 720
Net Loss before Taxation		(2 897 781)	(2 362 164)
Taxation	21	958 289	782 073
Net Loss for the year		(1 939 492)	(1 580 091)
Loss per Share in Dollars	22	(35)	(29)

GUYANA POWER & LIGHT, INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008

	Share Capital G$000	Promissory Note G$000	Accumulated Deficit G$000	Total G$000
As at January 1, 2007	9 999 361	621 000	(849 343)	9 771 018
Net Loss for the year	-	-	(1 580 091)	(1 580 091)
At December 31, 2007	9 999 361	621 000	(2 429 434)	8 190 927
As at January 1, 2008	9 999 361	621 000	(2 429 434)	8 190 927
Net Loss for the year	-	-	(1 939 492)	(1 939 492)
At December 31, 2008	9 999 361	621 000	(4 368 926)	6 251 435

GUYANA POWER & LIGHT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 G $ 000	2007 G $ 000
Cash Flow from Operating Activities		
Net Loss Before Taxation	(2 897 781)	(2 362 164)
Adjustments for:		
Depreciation	1 354 885	1 141 002
Interest Expense	156 132	189 717
Amortisation	(252 420)	(196 845)
	1 258 597	1 133 874
Operating Loss Before Working Capital Changes	(1 639 184)	(1 228 290)
Working Capital Changes		
Receivables	(885 749)	(449 925)
Inventories	534 921	(217 310)
Payables	(8 731)	1 071 914
Related Parties	281 558	183 747
	(78 001)	588 426
Cash Used from Operations	(1 717 185)	(639 864)
Pension Benefit Liability	(78 500)	76 100
Interest Paid	(156 132)	(189 717)
	(234 632)	(113 617)
Net Cash Outflow from Operating Activities	(1 951 817)	(753 481)
Cash Flow from Investing Activities		
Purchase of Tangible Fixed Assets	(3 096 508)	(1 397 410)
Increase in Deposit	(1 813 961)	(144 115)
Net Cash Outflow from Investing Activities	(4 910 469)	(1 541 525)
Net Cash Outflow before Financing Activities	(6 862 286)	(2 295 006)
Cash Flow from Financing Activities		
Related Parties	6 422 089	783 109
Net Movement in Loan	(167 481)	(172 864)
Customer Deposits	154 590	143 293
Customer Financed Projects	1 368 115	1 268 457
Net Cash Generated from Financing Activities	7 777 313	2 021 995
Net Increase/(Decrease) in Cash and Cash Equivalents	915 027	(273 011)
Cash and Cash Equivalents - January 1	39 485	312 496
Cash and Cash Equivalents - December 31	954 512	39 485
Represented By:		
Cash on Hand and at Bank	954 512	39 485

1. Incorporation, Principal Activity and Statement of Accounting Policies.

(a) Incorporation and Principal Activity
The company was incorporated in the Cooperative Republic of Guyana on September 29, 1999 under the Companies Act, 1991.

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

These financial statements were approved for issue by the Board of Directors on May 8, 2009.

(b) Statement of Significant Accounting Policies

(i) Basis of Preparation

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

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

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

The preparation in conformity with IFRS requires the use of certain critical accounting estimates and assumptions regarding the future.
It also requires management to exercise its judgment in the process of applying the company's accounting policies.Although these estimates and assumptions are based on management's best knowledge of current events and conditions, actual results could differ from these estimates.

Critical areas that management uses estimates are for assessing the useful lives of Property, Plant and Equipment, impairment of assets, pension obligation and decommissioning of plant.

(ii) Standards, Interpretations and Amendments to Existing Standards Effective in 2008 Financial Year.

- IFRS 7, Financial Instruments: Disclosures, and the complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures

IFRS 7, Financial Instruments: Disclosures requires the Company to disclose its exposure to various types of risk: credit risk, liquidity risk and market risk associated with its financial instruments, how these risks are measured and what strategies are employed by management to hedge against such risk. It also requires the Company to quantify the level of risks it is exposed to at the balance sheet date for the risks identified and all relevant prior year comparatives shown.

1. Statement of Accounting Policies Cont'd:

Four Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period, but are not relevant to the company's operation. These are: IFRIC 7 Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies; IFRIC 8 Operating Segments, Scope of IFRS 2; IFRIC 9 Reassessment of Embedded Derivatives; and IFRIC 10 Interim Financial Reporting and Impairment.

The following standard, amendment and interpretations to existing standards have been published but are not effective for the current financial year are not expected to be relevant to the company's operation:

IAS 23 (Revised) Borrowing Costs.
IFRS 8 Operating Segments .
IFRIC 11 IFRS 2 - Group and treasury share transaction.
IFRIC 12 Service concession arrangements.
IFRIC 13 Customer Loyalty Programmes.
IFRIC 14 IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction.

The revisions to IAS 23 have had no impact on the company's accounting policies. The principal change to the Standard, which was to eliminate the previously available option to expense all borrowing costs when incurred, has no impact on these financial statements because it has always been the company's policy to capitalise borrowing costs incurred on qualifying assets.

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

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

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

1. Statement of Accounting Policies Cont'd:

(d) Revaluation

Surplus from revaluation of land and buildings is credited to revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in statement of comprehensive income. If it reverses a previous decrease in valuation, the surplus would be credited to the statement of comprehensive income to the extent of the decrease previously charged.

A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to the statement of comprehensive income to the extent that it exceeds the balance in the revaluation reserve relating to a previous revaluation, for the same asset.

Depreciation on revalued buildings is charged to the statement of comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the 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.

(e) Depreciation

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

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

(f) 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. Vested assets represent those assets acquired on October 1, 1999 from the Guyana Electricity Corporation (GEC).

1. Statement of Accounting Policies Cont'd:

(g) Leased Assets

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

(h) Inventories - Maintenance Spares

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

(i) Provision for Bad and Doubtful Debts

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

(j) Reporting Currency

These financial statements are stated in Guyana dollars. Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions or at a contracted rate. The resulting monetary assets and liabilities are translated at rates of exchange ruling at the end of the year. Any gains or losses arising from these conversions are accounted for in the Statement of Comprehensive Income.

(k) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, 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 balance sheet date.

(l) Turnover

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

1. Statement of Accounting Policies Cont'd:

(m) Taxation

Tax charged against profits for the year comprises current and deferred tax.

(n) Current Tax

Current tax is the expected tax payable on the taxable income and net property for the year, using tax rates in effect at the balance sheet date and any adjustment to tax payable in respect of prior years. Corporation tax assessed on or charged to the company is limited to a rate of 35% of chargeable profits, while property taxes are computed at the rates in effect from April 9, 1998.

(o) Deferred Tax

Deferred taxation is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates as per the company's agreements with the Government of Guyana. Deferred tax assets are recognised for tax losses carried forward to the extent that it is probable that future taxable profit will be available for utilisation of the unused tax losses.

(p) Grants and Customer Financed Projects

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

(q) 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 December, 31 2005 which revealed a past service deficit of G $206 M with a funding level of 79.5%. (refer to note 14).

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

2. Tangible Fixed Assets	Land and Buildings G $ 000	Generation Facilities G $ 000	Transmission & Distribution Facilities G $ 000	Motor Vehicles G $ 000	Furniture & Equipment G $ 000	Total G $ 000
Cost						
January 1	950 879	9 046 157	7 628 414	116 152	501 167	18 242 769
Additions	481	519 274	1 248 863	23 199	27 810	1 819 627
December 31	951 360	9 565 431	8 877 277	139 351	528 977	20 062 396
Depreciation						
January 1	154 417	3 966 223	2 388 318	60 980	438 384	7 008 322
Charged for the year	21 805	696 192	564 040	15 879	56 969	1 354 885
December 31	176 222	4 662 415	2 952 358	76 859	495 353	8 363 207
Net Book Values:						
December 31, 2007	796 462	5 079 934	5 240 096	55 172	62 783	11 234 447
December 31, 2008	775 138	4 903 016	5 924 919	62 492	33 624	11 699 189

	2008	2007
3. Work in Progress	G $ 000	G $ 000
Balance - January 1	991 478	1 144 365
Additions	2 018 752	-
Transfers to Non Current Assets	(741 870)	(152 887)
Balance - December 31	2 268 360	991 478

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

4. Deferred tax asset and liability are attributable to the following.

(a) Deferred Tax Asset/(Liability)

Tax Loss Carried Forward	1 347 577	809 304
Defined Benefit Pension Liability	108 150	135 625
	1 455 727	944 929
Property, Plant and Equipment	588 353	114 144
	2 044 080	1 059 073

5. Inventories

Fuel	262 068	682 002
Spares	1 031 186	1 284 967
Goods in Transit	293 778	154 984
	1 587 032	2 121 953

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

6. Receivables		2008 G $ 000	2007 G $ 000
(i)	Customer Accounts	8 226 973	7 168 125
	Others	509 578	338 005
		8 736 551	7 506 130
	Less:		
(ii)	Provision for Bad Debts	5 242 362	4 897 690
		3 494 189	2 608 440

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

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

All monies collected after this date have been allocated to the company. The amount stated as receivables in note 6 represents only the amounts attributable to the company. The amount currently due to the Guyana Electricity Corporation under this agreement is G $409M against which G $ 98.597M relates to subsidies receivable from the Government of Guyana with respect to headline rates as more fully described in note 8.

(ii) A general provision of 1.5% on turnover.

7. Deposit Accounts		2008 G $ 000	2007 G $ 000
	Letters of Credit	12	13
i.	Republic Bank (Guyana) Ltd. - Cash Collateral	1 558	1 549
ii.	Unserved Areas Electrification Programme Counterpart	462 865	320 930
iii.	Unserved Areas Electrification Programme /IDB	8 948	3 720
iv.	Government of Guyana /Rural Electrification	17	19 125
v.	Wartsila Escrow	1 685 898	-
		2 159 298	345 337

i. Republic Bank cash collateral accounts represent collateral amounts against letters of credit for the purchase of supplies from Hexing Electrical Company Limited for the use in the Unserved Areas Electrification programme.

ii-iv. All other deposit accounts 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 are restricted to these programmes.

v. Escrow account represents balance of monies available from funds transferred from Petrocaribe Loan to Wartsila Escrow Account by Government of Guyana.

			2008 G $ 000	2008 G $ 000
8.	Related Parties			
(a)	Current Assets			
	(i)	Guyana Electricity Corporation - Customer Deposits	13 359	12 840
	(ii)	Government of Guyana	101 832	101 832
	(iii)	Government of Guyana - Cuban Project	41 221	41 176
	(iv)	Guysuco	207 551	-
			363 933	155 848
(b)	Non Current Liability			
	(i)	Government of Guyana	3 930 198	783 109
(c)	Current Liabilities			
	(i)	Guyana Electricity Corporation - Customer payments	311 289	311 288
	(ii)	National Industrial and Commercial Investment Limited	117 097	117 097
	(iii)	Government of Guyana	3 275 000	-
	(iv)	Government of Guyana Overpayment on Electricity Account	489 644	-
			4 193 030	428 385

(a) (i) This represents amounts receivable from the Guyana Electricity Corporation with respect to the repayment of customer deposits made on their behalf.

(ii) This represents amounts previously billed to National Industrial and Commercial Investment Limited in respect of the rental of power modules and transformers used at Linden. However, this balance is actually due and payable by the Government of Guyana.

(iii) Amounts to be refunded by the Government of Guyana for the Cuban Project.

(iv) This represents amount owing by Guyana Sugar Corporation for Heavy Fuel Oil loaned and/or utilised from Guyana Power and Light Inc. inventory.

(b) (i) This represents five CAT Generator sets purchased on behalf of the company. Interest is charged at 3% perannum and repayment is over a fifteen (15) years period, commencing on December 3, 2009. This also represents monies available from funds transferred from Petrocaribe Loan.

(c) (i) This represents the amount remaining due to the Guyana Electricity Corporation for amounts collected on its behalf in respect of electricity sold prior to the incorporation of Guyana Power and Light Inc. in accordance with the Operating and Agency Agreement. Government subsidies receivable amounting to G S98.597M in respect of headline rates have been offset against amounts owing to the Guyana Electricity Corporation leaving a balance of G$311M.

8. Related Parties Cont'd:

(ii) This represents the balance due to National Industrial and Commercial Investment Limited in respect of the rental of power modules and transformers.

(iii) This represents amount received as fuel subsidy repayable to the Government of Guyana.

(iv) This represents amount overpaid by the Government of Guyana on their Electricity Account.

9. Stated/Issued Capital		Number	Issued Price G $	2008 Value G $ 000	2007 Value G $ 000
Authorised:					
(i)	Common Shares	Unlimited	100	-	-
(ii)	Class A Preference Shares	12 000 000	100	-	-
(iii)	Class B Preference Shares	12 000 000	100	-	-
(iv)	Special Share	1	100	-	-
	Issued:				
	Common Shares	55 074 228	182	9 999 361	9 999 361
	Special Share	1	-	-	-
				9 999 361	9 999 361

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.

	2008 G $ 000	2007 G $ 000
10. Promissory Note	621 000	621 000

This amount is outstanding to the Government of Guyana and is convertible into common shares as stipulated in a Promissory Note dated October 1, 1999. No interest is payable on this amount.

11. Grants and Customer Financed Projects

In accordance with the accounting policy described in note 1 (p), 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.

	2008 G $ 000	2007 G $ 000
Contributions:		
At January 1	4 939 672	3 671 215
Contributions during the year	1 368 116	1 268 457
At December 31	6 307 788	4 939 672
Amortisation:		
At January 1	512 095	315 250
Amortisation during the year	252 419	196 845
At December 31	764 514	512 095
Net Deferred Income at December 31	5 543 274	4 427 577

12. Provision for Decommissioning

This represents an amount provided 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, 2008.

	2008 G $ 000	2007 G $ 000
13. Customer Deposits	1 010 166	855 580

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

14. Defined Benefit Pension Scheme

(a) Description of Scheme

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

(i) A pension payable for life based on completed service and final average salary at retirement, or
(ii) The benefit otherwise payable on termination of service, which is a refund of member's own contributions with interest plus, if the member has more than 10 years service, the company's contributions with interest.
(iii) The number of employees at the end of the period was 783 (2007-983).

		2008	2007
(b)	Items for Inclusion in the Statement of Financial Position	G $ 000	G $ 000
	Defined Benefit Obligation	2 324 200	2 485 100
	Fair Value of Assets	(1 673 500)	(1 697 300)
		650 700	787 800
	Unrecognised Gain	(341 700)	(400 300)
	Net IAS 19 Defined Benefit Liability	309 000	387 500
(c)	Reconciliation of Defined Benefit Liability		
	Opening Defined Benefit Liability	387 500	311 400
	Plus Net Pension Cost	(3 700)	154 700
	Less:		
	Company Contributions Paid	(74 800)	(78 600)
		309 000	387 500
(d)	Items for Inclusion in Revenue Accounts		
	Current Service Cost	98 700	110 200
	Interest on Defined Benefit Obligation	109 100	117 000
	Expected Return on Scheme Assets	(96 600)	(92 900)
	Amortised Net Loss	10 000	20 400
	Curtailments/Settlements	(124 900)	-
		(3 700)	154 700
(e)	Actual Return on Scheme Assets		
	Expected Return on Scheme Assets	96 600	92 900
	Actuarial Gain on Scheme Assets	21 900	23 300
	Actual Return on Scheme Assets	118 500	116 200
(f)	Summary of Main Assumptions	%	%
	Discount Rate	5.00	5.00
	Salary Increases	8.00	8.00
	Expected Return on Assets	6.00	6.00

15. Loan	2008 G $ 000	2007 G $ 000
(i) Republic Bank Limited - Trinidad	418 210	474 031
(ii) Republic Bank (Guyana) Limited	576 910	688 570
	995 120	1 162 601
Repayable within one year	174 996	168 993
Repayable within two to five years	773 622	742 628
Repayable after five years	46 502	250 980
	820 124	993 608
	995 120	1 162 601

(i) This loan is repayable over a 10 year period. The principal sum was US$ 3.1 M and repayment commenced in 2004. Interest is charged at 1% per annum over the USD prime rate.

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

Security

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

16. Payables	2008 G $ 000	2007 G $ 000
Trade Creditors	1 432 674	1 097 067
Employment Costs	132 857	144 778
Other Accruals	213 642	546 058
	1 779 173	1 787 903

17. Generation Cost

	2008 G $ 000	2007 G $ 000
Fuel	18 480 578	14 436 042
Fuel Agency Fee	59 172	39 716
Operations and Maintenance Contract	1 381 671	1 268 789
Repairs and Maintenance - Generation Facilities	456 594	553 217
Power Purchased	285 334	22 117
Rental of Equipment - Generation	314 344	604 769
	20 977 693	16 924 650

18. Employment Costs

Gross Salaries	2 170 466	2 368 910
Social Security Cost	91 866	104 382
Pension Cost	70 229	77 962
	2 332 561	2 551 254

19. Depreciation

Buildings	21 805	21 674
Plant and Machinery	696 192	593 335
Transmission and Distribution Networks	560 040	508 298
Motor Vehicles	15 880	12 790
Equipment	36 909	4 572
Computer Equipment	20 059	331
	1 354 885	1 141 000

20. Administrative Expenses

The following expenses were charged in the above amounts:

Repairs and Maintenance - Motor Vehicles & Tools	25 700	23 700
- Buildings	28 945	60 223
- Equipment	12 716	10 498
Audit Fees	6 500	5 500

21. Taxation

	2008 G $ 000	2007 G $ 000
Property	26 718	44 163
Origination of timing differences - tax losses carried forward	538 273	400 251
Origination of timing differences - others	446 734	425 985
Total Deferred Taxes	985 007	826 236
	958 289	782 073

Reconciliation of Effective Tax Rate	2008 G $ 000	2007 G $ 000
Net Loss Before Tax	(2 897 782)	(2 362 163)

		2008		2007
Corporation tax calculated at the enacted rate	35.00 %	(1 014 223)	35.00 %	(826 757)
Deferred Tax - Pension Liability	(0.95)%	27 475	(0.00)%	-
Expenses not deductible for tax purposes	(0.06)%	1 741	(0.02)%	521
Property Taxes	(0.92)%	26 718	(1.87)%	44 163
Total Tax Charge	33.07 %	(958 289)	3.11 %	(782 073)

22. Loss per Share in Dollars

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

	2008 G $ 000	2007 G $ 000
Net Loss for the year	(1 939 492)	(1 580 091)
Divided by:		
Weighted average number of ordinary shares	55 074	55 074
Loss per Share in Dollars	(35)	(29)

23. Commitments

There are Cumulative Preference Dividends amounting to $4 496.4M which have not been provided for in the statement of comprehensive Income and the statement of financial position. (Refer note 24 d).

24. Contingent Asset/Liability

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

(b) On July 25, 2002 the Public Utilities Commission (PUC) ordered that the company pay G $1.37bn in compensation to customers for being in breach of section 25 of the PUC Act for the period October 1999 through to June 2001 inclusive, however, the company has been granted a stay of execution pending the outcome of civil appeal No. 50 of 2002 filed by the company.

Should the Court uphold the penalty, the company could exercise its option of including foregone revenues as a notional expense in determining future rates of electricity, which would effectively increase rates of electricity, thereby negating the effect of the penalty.

(c) As stated in note 6.1, monies collected from customers after June 30, 2001 have been allocated to the company. No determination has been made of monies collected subsequent to June 30, 2001 in respect of electricity sold prior to the incorporation of the company.

(d) Preference Dividends

Class A and B preference shares which were converted to Common Shares as stated in note 9 (ii & iii) were entitled to a 20% cumulative preferred dividend, which has not been accrued or paid;

	Commulative G $ 000
Class A Preference Shares	2 336 400
Class B Preference Shares	2 160 000
	4 496 400

25. Foregone Revenue

During the period, the Company maintained its policy of foregoing revenues where actual rates charged to customers were lower than that determined by the licence as referred to above. 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 2008 amounted to G$18.081bn of which G$2.340bn was utilised as notional expenses in computing the Final Return Certificate for 2007

26. Compensation to Key Management Personnel

The remuneration paid to the twenty five (25) key management personnel during the year is as follows:

		2008 G $ 000	2007 G $ 000
(a)	Short-term employment benefits	224 115	243 177
(b)	Post-employment benefits	1 175	1 557
		225 290	244 734

27 Financial Instruments and Financial Risk Management.

The company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance. The company has not entered into forward contracts to reduce its risk exposure.

(i) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of discontinuing service to customers that has defaulted with their settlement arrangement as a means of mitigating the risk. The company's exposure and the credit rating of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the divisional director regularly.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings. The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the company's maximum exposure to credit risk. The company only require a deposit which is refunded on cessation of the service. The value of service provided is not restricted to the amount of the deposit.

The maximum credit risk exposure at the end of the year is as follows:

	2008 G $ 000	2007 G $ 000
Receivables	3 494 189	2 608 441
Related Parties	363 933	155 848
	3 858 122	2 764 289

(ii) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors for the company.
The Board has built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements.
The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

December 31, 2008	Up to One year G $ 000	Two to Five Years G $ 000	Over Five Years G $ 000	Total G $ 000
Assets				
Receivables	3 494 189	-	-	3 494 189
Deposits	2 159 298	-	-	2 159 298
Related Parties	248 742	115 191	-	363 933
Cash and Bank	946 807	-	-	946 807
Other	-	-	9 828	9 828
Total Assets	6 849 036	115 191	9 828	6 974 055
Liabilities				
Customer Deposits	5 667	22 669	981 830	1 010 166
Related Parties	4 193 030	1 048 053	2 882 145	8 123 228
Loan	174 996	773 622	46 502	995 120
Payables	1 779 173	-	-	1 779 173
Others	326 125	-	1 172 900	1 499 025
Total Liabilities	6 478 991	1 844 344	5 083 377	13 406 712
Net Liability Gap	370 045	(1 729 153)	(5 073 549)	(6 432 657)

(ii) Liquidity Risk Management Cont'd:

December 31, 2007	Up to One year G $ 000	Two to Five Years G $ 000	Over Five Years G $ 000	Total G $ 000
Assets				
Receivables	2 608 440	-	-	2 608 440
Deposits	345 337	-	-	345 337
Related Parties	41 176	114 672	-	155 848
Cash and Bank	39 485	-	-	39 485
Other	-	-	9 828	9 828
Total Assets	3 034 438	114 672	9 828	3 158 938
Liabilities				
Customer Deposits	4 800	19 200	831 580	855 580
Related Parties	439 845	220 471	551 178	1 211 494
Loan	168 993	742 628	250 980	1 162 601
Payables	1 787 903	-	-	1 787 903
Others	299 407	-	1 251 400	1 550 807
Total Liabilities	2 700 948	982 299	2 885 138	6 568 385
Net Liability Gap	333 490	(867 627)	(2 875 5310)	(3 409 447)

(iii) Interest Rate Risk

As the company has no significant interest bearing assets, the company's income and operating cash flows are substantially independent from changes in market interest rates.

The company's interest rate risk arises from its borrowings. Borrowings issued at variable rates, expose the company to cash flow interest rate risk. Borrowings issued at fixed rates expose the company to fair value interest rate risk.

	Weighted Average Effective Interest Rate %	Up to One year G $ 000	Two to Five Years G $ 000	Over Five Years G $ 000	Non Interest Bearing G $ 000	Total G $ 000
December 31, 2008						
Assets						
Receivables		-	-	-	3 494 189	3 494 189
Deposits	2	-	-	-	2 159 298	2 159 298
Related Parties		-	-	-	363 933	363 933
Cash and Bank	1.5	946 807	-	-	-	946 807
Other Assets		-	-	-	9 828	9 828
		946 807	-	-	6 027 248	6 974 055
Liabilities						
Customer Deposits	7	5 667	22 669	981 830	-	1 010 166
Related Parties	3	-	1 048 053	2 882 145	4 193 030	8 123 228
Loan	12	174 996	773 622	46 502	-	995 120
Payables	11	-	-	-	1 779 173	1 779 173
Others	21	326 125	-	-	1 172 900	1 499 025
		506 788	1 844 344	3 910 477	7 145 103	13 406 712
Interest Sensitivity Gap		440 019	(1 844 344)	(3 910 477)	(1 117 855)	(6 432 657)

(iii) Interest Rate Risk Cont'd:

	Weighted Average Effective Interest Rate %	Up to One year G $ 000	Two to Five Years G $ 000	Over Five Years G $ 000	Non Interest Bearing G $ 000	Total G $ 000
December 31, 2007						
Assets						
Receivables		-	-	-	2 608 441	2 608 411
Deposits	2	1 549	-	-	343 787	345 336
Related Parties		-	-	-	155 848	155 848
Cash and Bank	1.5	39 485	-	-	-	39 485
Other Assets		-	-	-	9 828	9 828
		41 034	-	-	3 117 904	3 158 938
Liabilities						
Customer Deposits	7	4 800	19 200	831 580	-	855 580
Related Parties	3	-	220 471	551 178	439 845	1 211 494
Loan	12	168 993	742 628	250 980	-	1 162 601
Payables	11	455 304	-	-	1 332 599	1 787 903
Others	21	299 407	-	-	1 251 400	1 550 807
		928 504	982 299	1 633 738	3 023 844	6 568 385
Interest Sensitivity Gap		(887 470)	(982 299)	(1 633 738)	94 060	(3 409 447)

(iv) Currency Risk

The company is subject to foreign currency risk to the extent that it trades in currencies other than Guyana currency. The company does not use interest rate swaps or foreign currency options, or other derivative instruments to hedge any foreign currency risk exposure. At balance sheet date, the company's significant currency position was as follows:

Currency Risk

		US $	Total
	G $ 000	G $ 000	G $ 000
December 31, 2008			
Assets			
Receivables	3 494 189	-	3 494 189
Deposits	473 400	1 685 898	2 159 298
Related Parties	363 933	-	363 933
Cash and Bank	941 509	5 298	946 807
Other Assets	9 828	-	9 828
	5 282 859	1 691 196	6 974 055
Liabilities			
Customer Deposits	1 010 166	-	1 010 166
Related Parties	8 123 228	-	8 123 228
Loan	576 910	418 210	995 120
Payables	1 117 339	661 834	1 779 173
Others	1 499 025	-	1 499 025
	12 326 668	1 080 044	13 406 712
Currency Sensitivity Gap	(7 043 809)	611 152	(6 432 657)

(iv) Currency Risk Cont'd:

Currency Risk

		US $	Total
	G $ 000	G $ 000	G $ 000
December 31, 2007			
Assets			
Receivables	2 608 440	-	2 608 440
Deposits	345 337	-	345 337
Related Parties	155 848	-	155 848
Cash and Bank	38 826	659	39 485
Other Assets	9 828	-	9 828
	3 158 279	659	3 158 938
Liabilities			
Customer Deposits	855 580	-	855 580
Related Parties	1 211 494	-	1 211 494
Loan	688 570	474 031	1 162 601
Payables	1 490 476	297 427	1 787 903
Others	1 550 807	-	1 550 807
	5 796 927	771 458	6 568 385
Currency Sensitivity Gap	(2 638 648)	(770 799)	(3 409 447)