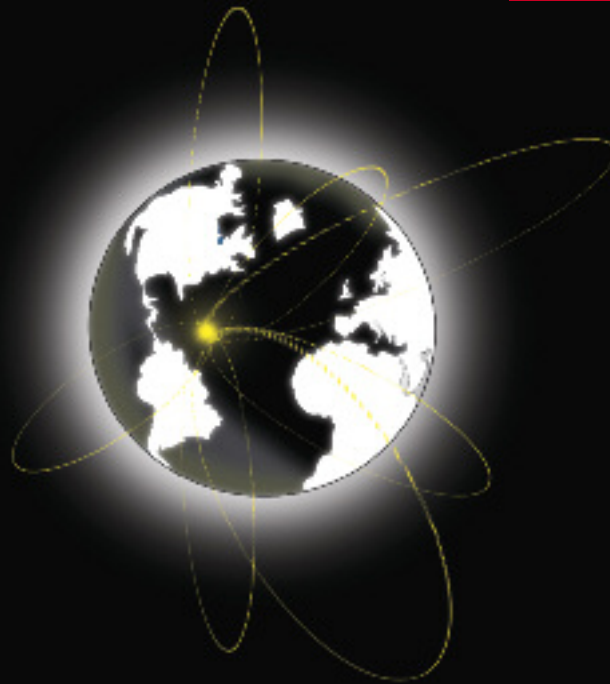




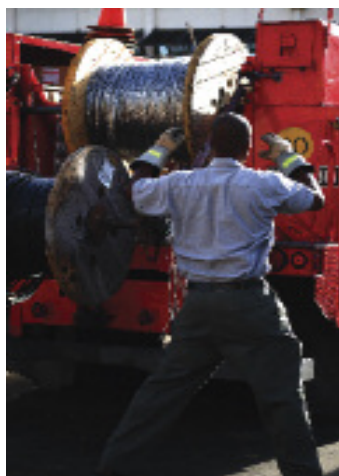
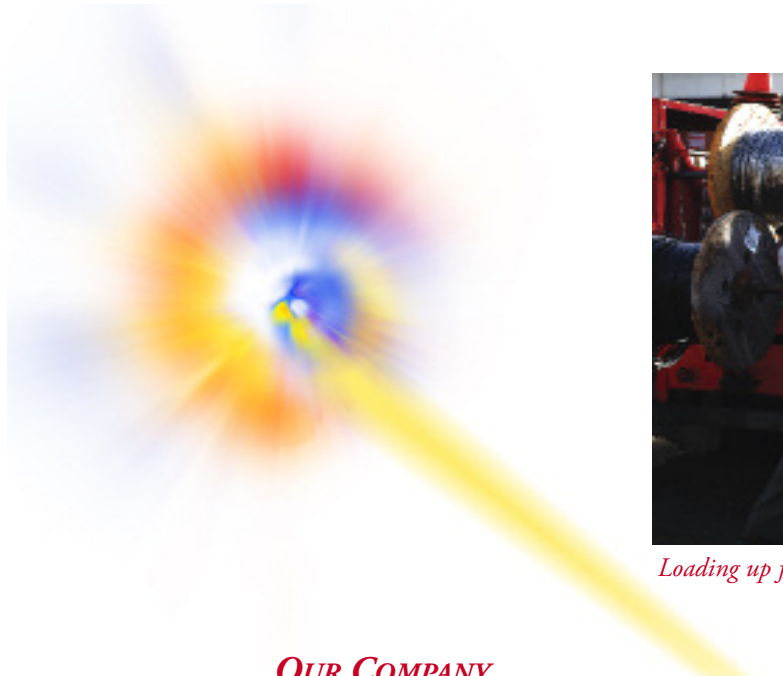
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A N N U A L R E P O R T



barbados

Annual Meeting

The Annual Meeting of Shareholders
will take place at the
Accra Beach Hotel,
Rockley, Christ Church, Barbados,
on Thursday, May 20, 2010 at 5:00 p.m.



Loading up for a day's work



Part of our reliable fleet

OUR COMPANY

Light & Power Holdings Ltd. is an investment company with electricity supply being its core business. The Company has also invested in telecommunication services and operates a self insurance fund.

The Company's wholly owned regulated electric utility, The Barbados Light & Power Company Ltd., has been serving electricity customers in Barbados since 1911. Electricity service is available to the entire island community.

Sixty-two per cent of the shares in Light & Power Holdings Ltd. are held by approximately 2,800 Barbadian shareholders.

The Common Shares of the Company are quoted on the Barbados Stock Exchange.

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LETTER TO THE SHAREHOLDERS

Light & Power Holdings conducts its business principally through its subsidiary, The Barbados Light & Power Co. Ltd., which is engaged in supplying electricity to about 120,000 customers in Barbados. Light & Power Holdings also has an interest in the telecommunications business through its investment in TeleBarbados and its affiliated companies.

Light & Power Holdings recorded Net Income of twenty eight million dollars for the year compared to thirty one million for 2008. This is a rather moderate result considering the shareholders' substantial investment of over six hundred million dollars, primarily in the electric utility business.

The Electricity Business

2 In May 2009, the electricity utility subsidiary, The Barbados Light & Power Company applied to the regulatory authority, The Fair Trading Commission, for an increase in basic electricity rates. This application was necessary because of increased expenses that could no longer be offset by cost containment measures. The last increase in basic rates was ordered more than twenty-six years ago in 1983, by the previous regulatory authority, The Public Utilities Board.

Over the years, the utility has made significant investments in electricity generation and distribution facilities that have improved operating efficiency to meet the electricity needs of customers. However, inflation and other increases in costs of operations required a small rate adjustment at this time to ensure the electricity utility's ability to continue to deliver a secure and reliable supply of electricity to all customers and satisfy lenders of its ability to repay loans and to maintain the confidence of investors by providing them with a fair and reasonable return.

After detailed submissions of information and

comprehensive public hearings, the Fair Trading Commission granted the electricity utility an adjustment in the basic rates, with effect from March 1, 2010, in order to increase the utility's annual revenue by approximately five percent.

The Company is committed to serving Barbados and to providing safe, reliable electric service at a reasonable price. It is appreciated that the difficult economic conditions being experienced all over the world are not the best time for an increase in electricity rates. Indeed, any rate increase is cause for concern. However, the increase in the basic electricity rates is essential if the utility is to meet its customer service obligations in an efficient and reliable manner as required for the continued economic development of Barbados.

In 2009, the cost of fuel to the electric utility was \$236 million, representing the single largest expense. The Fuel Clause Adjustment was first approved over forty years ago by the Public Utilities Board when it became evident that fuel prices can fluctuate widely over relatively short periods. This has allowed the utility to reflect those fuel price fluctuations on electricity bills, without having to request changes in the basic rates.

The utility does not earn a profit on the Fuel Clause Adjustment. It serves strictly as a mechanism for reflecting the costs of the fuel used to generate electricity on a dollar-for-dollar basis.

It is possible that the price of fuel oil used in generating electricity for customers may increase and result in increases in the Fuel Clause Adjustment. In such difficult times residential and business customers are being encouraged to apply the principles of energy efficiency and conservation in order to achieve savings on electricity by using it wisely.

In order to protect its customers and investors, the

POWERING OUR NATION FOR FUTURE GENERATIONS...



Company continues to build its self-insurance fund. During the year, the fund continued to grow, albeit at a modest rate, in a very difficult investment climate.

The Barbados Light & Power Company eagerly anticipates its 100th anniversary which will take place in 2011. Many people have supported this well respected utility as, with renewed commitment, it strives to do better for all stakeholders every year.

***Telecommunications
Investment***

The Company's telecom subsidiary, LPH Telecom Ltd., owns twenty-five percent of TeleBarbados, which, with its expanding wireless and fiber optic infrastructure, provides private leased circuits, high-speed commercial internet, voice services and residential broadband to customers in Barbados. Customers include business enterprises, Government departments and statutory corporations in Barbados which have connected to the TeleBarbados high quality fibre optic and wireless networks. LPH Telecom Ltd. also has a 10% investment in an undersea fiber optic network connecting Barbados with the Caribbean and the rest of the world.

During 2009, our investment in the telecommunications sector continued to perform satisfactorily.

The telecom market continues to feel the pressure to reduce prices and TeleBarbados is moderating operating costs while providing very high quality voice, internet access and private line telecommunication solutions for customers.

The company is actively promoting its fixed wireless

or "land line" voice service which is competitively priced and is an attractive alternative to the traditional fixed line telephony. This income stream is supplemented by payments from international service providers for routing international voice calls initiated by their customers through the TeleBarbados network. This is an important source of revenue for TeleBarbados in a very competitive market.

TeleBarbados offers a range of telecom service products for customers and will continue to seek new and innovative sales opportunities to introduce more customers to its service in order to increase revenues.

The Directors appreciate and thank customers for their business over the years and are grateful to shareholders and lenders for their confidence in the Company. Light & Power employees are driven by the continuing challenge to provide superior service. They actively listen, anticipate needs and seek innovative ways to create a bright future for customers and to strengthen the Company's financial performance.

Frank McConney
On behalf of the Board of Directors,
Light & Power Holdings Ltd.
March 5, 2010



Rolling out cable

POWERING OUR NATION FOR FUTURE GENERATIONS...



REPORT ON OPERATIONS THE BARBADOS LIGHT & POWER CO. LTD.



On the inside of the low speed diesel generating station

2009

ANNUAL REPORT

REPORT ON OPERATIONS OF THE BARBADOS LIGHT & POWER CO. LTD.

2009 - A Difficult Year for the Economy

Barbados braced itself for the impact as the major economies of the world reeled under the worst financial collapse since the Great Depression of the 1930's.

The news from the island's main economic earners was not good, with hotels and tourist attractions experiencing difficulties. Businesses put projects on hold, construction slowed, and manufacturing concerns and retailers were affected as consumer spending dipped. At year-end there was still uncertainty as to whether we were past the worst.

Electricity sales were affected, but the impact was not as severe as on the other sectors of the economy. Sales growth was still positive at 0.9%, but under the ten year average of 3.5%. Total sales for 2009 were 952.2 million kilowatthours with a new customer peak demand of 165.7 million kilowatts.



Focused on customer service - Kathyanne Chase - Customer Services department and Edward Cummings - Distribution department



*...building a better
foundation
for future generations
of Barbadians*

Rohan Seale - *Distribution Manager*

Little Ease in Oil Prices

High crude oil prices, which have contributed to the island's economic woes and placed additional strain on its foreign reserves, continued to impact negatively on electricity costs. 2009 opened with oil prices around US\$40 per barrel following an all time high of US\$145 a barrel in mid 2008, but did not remain low for very long, climbing steadily and ending the year at nearly US\$80 per barrel.

The Fuel Clause Adjustment (FCA) reached 27.42 cents per kilowatthour in November 2009 before dropping slightly to 27.15 cents per kilowatthour in December. Although the FCA was higher in 2008 for commercial customers, the Government subsidy on heavy fuel oil for electricity to residential customers during 2008 kept the FCA at 23.54 cents per kilowatthour. The FCA in November 2009 was therefore the highest ever experienced by residential customers.

The two 30 megawatt low speed diesel generators, which were installed in 2005 at a cost of approximately Bds\$140 million are playing a crucial role in helping to moderate oil price increases through their efficient operation on the least expensive heavy fuel oil. Savings in fuel costs, which were in the order of \$55 million in 2009, are automatically passed to customers through the FCA.

While it is important for the Company to continue investing in more efficient plant and equipment, it is equally important that it seeks to diversify away from oil over the long term. Fuel represents the single largest expense in the generation of electricity. In 2009, the total cost of fuel purchased by the Company was \$236 million, representing 60% of total expenses.

The growing importance of global warming and climate change, and concerns regarding the emission of greenhouse gases from power generating plants are also driving change towards other energy sources.

Investing in Efficiency - Seeking Alternatives

As renewable energy technologies become more readily available and the cost of these systems drop, it is anticipated that there will be a move away from large, central power generating stations towards smaller, distributed generating units. This change will not happen overnight, but will take many years to achieve.

During 2009 the Company set out its proposed requirements for the interconnection of small, customer owned solar photovoltaic and wind systems into the grid. These units, only a few kilowatts in size, are designed to connect directly to a customer's electrical panel and offset the amount of energy required from the grid, with any excess feeding back into the grid. During November, the Fair Trading Commission held a public consultation on the Company's proposal and at year-end the Company was awaiting the Commission's decision. Several customers have already expressed interest in this opportunity.

Wind and solar energy are intermittent in nature however, and do not add firm generating capacity that can be dispatched as needed to meet customer demand for electricity.

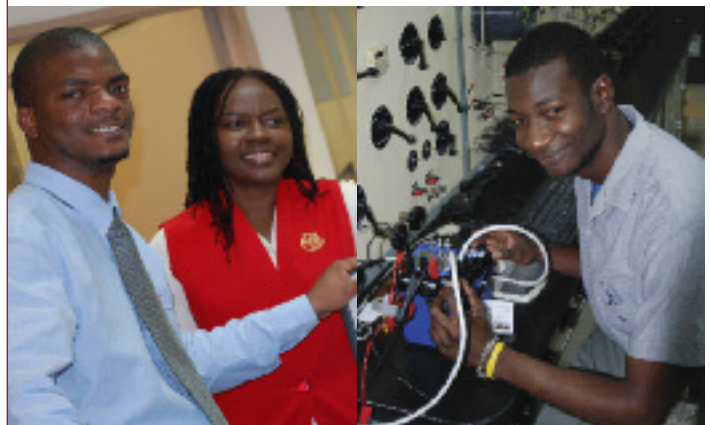
Perhaps the project with the greatest potential is the proposal to import natural gas from Trinidad & Tobago via undersea pipeline. This continues to be an attractive option for Barbados to secure a clean source of energy at a lower cost than oil and on terms that provide price stability over the longer term. Subsequent to year-end the Government of Barbados gave its approval in principle to the project. This will now allow the developers to undertake the detailed technical and economic studies to confirm the results of earlier feasibility studies on the viability of the pipeline.

Indeed, the effort to diversify electricity generation away from oil has not been without its challenges, but it is essential that we do so in the long term national interest and for the benefit of our customers.

It is now over ten years since the Company embarked on the project to construct a 10 megawatt wind farm at Lamberts, St. Lucy and five years since the Company applied for planning permission to undertake the project. At year-end a decision was still awaited on the application. Although this initiative will only produce about 2% of the island's electricity needs, the Company will continue to pursue this opportunity as there will not be any single replacement for oil to meet our future energy needs.

The Company continues to cooperate with the Government of Barbados, through the Barbados Cane Industry Corporation on the proposed upgrade of one of the island's sugar factories to burn bagasse and supply electricity to the grid. This opportunity has long been talked about and it is hoped that good progress will be made during 2010 to bring this important project to fruition.

The Company also understands that the Government will be taking steps to introduce a waste-to-energy plant and expects to hear further word on this matter during 2010.



Working together to satisfy customer requirements. Members of our Customer Services team - John Blades and Valarie Cadogan. Dwayne Best preparing meters for installation



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for future generations
of Barbadians*

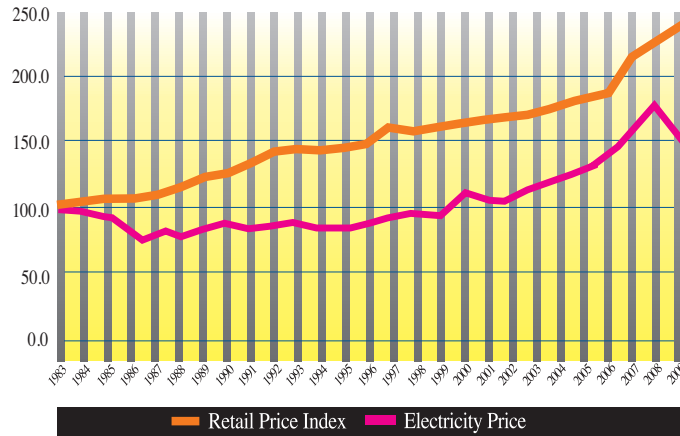
Mark King - *Chief Operating Officer*

New Rates

In order for the Company to meet customer requirements for a safe and reliable electricity supply, it must have adequate revenue to meet its expenses and allow it to finance new plant and equipment. After careful consideration and thorough preparation, the Company submitted its application for a review of electricity rates to the Fair Trading Commission on May 8, 2009. The last increase in basic electricity rates was granted 26 years ago in May 1983 by the Public Utilities Board. Since then the prices of other products and services have also increased as shown by the comparative change in electricity and the retail price index.

The Company has worked hard during the past two or more decades to hold the line on production and distribution costs and continues to do so. While this effort, together with gains in efficiency and growth in sales, helped the Company to maintain the same basic rates since 1983 this was no longer possible at a time when the cost of inputs to

the electricity business have increased significantly. The Company, ever mindful that an increase in electricity rates under any circumstance is an unwelcome event, sought to ensure that its customers understood that an increase in rates was indeed necessary. Accordingly, meetings were held with business groups, service clubs and parish organizations to explain the rationale for the rate review and to assist customers in cutting their electricity costs by providing information on energy saving. These efforts were supported by a well structured media relations and advertising programme.



In developing its proposal for new rates the Company was also mindful of the fact that electricity is an essential service and of the need to provide low-income earners with a reasonable amount of affordable electricity.

The public hearing on the rate application took place over a two and half week period during October, and came at the end of long period of preparation. In its 2007 Annual Report to shareholders, the Company advised that it had engaged consultants to assist in a comprehensive review of its rates and rate structures. In September 2008 the Company gave notice to the Commission of its intent to apply for rates. Several procedural and pre-hearing conferences followed, including a 'depreciation hearing' which was held in January 2009 to determine the lives of plant and equipment used in electricity service and the accounting depreciation to be applied to these assets.

The Commission also held a public consultation on three pilot rates proposed by the Company in its application. These were a Time-of-Use tariff, whereby commercial customers can benefit from a lower electricity price during off-peak hours, an Interruptible Service Rider for commercial customers who agree to have their supply interrupted thus reducing the reserve generating capacity required by the Company, and finally, a Renewable Energy Feed-In tariff rider to permit small, customer-owned wind and solar photovoltaic systems to connect to the grid.

Subsequent to year-end, on January 28, 2010, the Fair Trading Commission approved new electricity rates which, when computed would provide a 10% rate of return on rate base for the 2008 Test Year. These rates are effective March 1, 2010. The Company considers the Commission's decision to be fair and reasonable and one that will allow it to meet its expenses, maintain the confidence of its investors by providing them with a fair return, and satisfy lenders of its ability to repay the loans needed to buy the plant and equipment required for the delivery of service to customers. With the increase, electricity rates in Barbados will still be among the lowest in the Caribbean.

Adapting to Changing Customer Needs

One hundred years ago, in 1909, the Barbados Electricity Supply Corporation came into being and was granted the right to supply electricity to Bridgetown and its environs. It took 2 years to install the generators and cables before electricity was supplied for the first time. The Company will celebrate the 100th Anniversary of this event in 2011.

Our economy, once based on agriculture, has been transformed with high-end tourism and business services now being the main earners. The Company continues to adapt to the changing customer demands for service in a modern business environment.



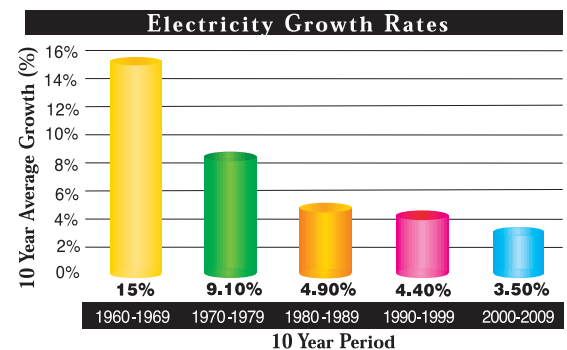
*...building a better
foundation
for future generations
of Barbadians*

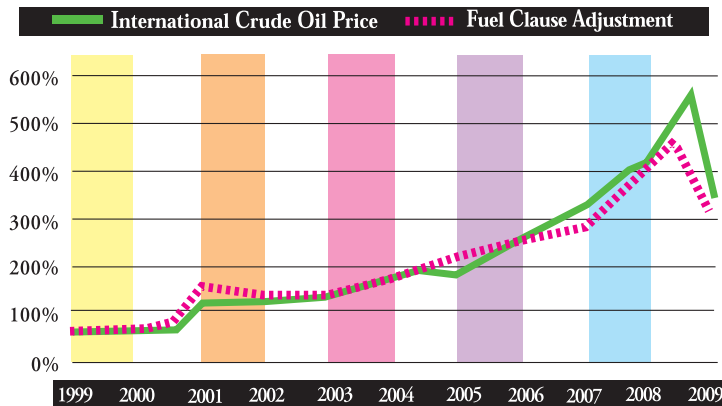
Sandra Franklyn - Manager Information Systems

Major developments in the north of the island, such as the construction of a multi-million dollar marina project at Six Men's in St. Peter which commenced in late 2009, are changing the rural nature of this part of the island.

The Company is prepared to meet the demands of these new activities for a reliable electricity supply. During the year, ABB of Sweden, together with their local sub-contractor, C.O. Williams Construction, completed work on the installation of 24,000 volt underground cables which now form a secure transmission link from the St. Thomas substation to substations in the north of the island. Additional sections of fiber optic cable were installed to facilitate high speed protection systems at some substations to rapidly isolate faults on the transmission system and ensure a higher level of reliability.

Following the positive outcome of its rate application, the Company expects to be able to secure financing to allow it to recommence work on a proposed new generating station at Trents, St. Lucy. This plant is needed to replace generation that is now over 30 years old and is to be retired.





Our past has been characterized by a high rate of growth in the demand for electricity, the need to install new plant and the expansion of our distribution system to meet this rapidly growing demand. In 1980, the Company served approximately 60,000 residential customers at a time when the island's population was about 250,000. Since then, some thirty years later, our population has grown by about 30,000, or approximately 12%, to 280,000. In the same period the customer base has grown by some 67% to over 100,000 residential customers.

Growth in the number of customers has now slowed and this trend is expected to continue. This combined with greater efficiency and customer based sources of renewable energy suggests that electricity growth rates are likely to be modest.

The signals are already there to tell us that our future will be somewhat different and the Company is preparing to face the new challenges.

Increasingly, our customers are 'on-line' and expect to be able to transact business over the internet. In response, the Company launched a customer 'self-service' feature on its website towards the end of 2009. Customers can now go on-line, check their

accounts and electricity usage patterns, and using the appropriate links, make on-line payments through their banks. Customers are taking advantage of the various payment options offered by the Company for their convenience. In 2009, 77% of all transactions for electricity bills were made through agencies, such as Surepay, or through the banks. This figure is up from 70% of the transactions in 2007 and 73% in 2008. However, many customers still prefer to come to our offices to make their payments or for assistance on other matters.

In 2010, an improved bill format will be launched to provide better information to customers on their electricity usage and to accommodate to changes that are expected with the introduction of new rates.

These initiatives are possible because of the Company's investment in a new customer care and billing computer system in 2008.

The Company is also considering the introduction of new technology on its network that will enable remote reading of meters at customer premises as well as the introduction of automatic outage management systems.

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foundation
for future generations
of Barbadians*



*Adaptable, reliable and professional -
Jason Bowen, Nadiège Destang and Amanda Bayley
of our Information Systems department*

A Productive Work Environment

The Company Quality Management system was audited and certified to the most current ISO 9001:2008 Quality Management standard by National Quality Assurance of the United States.

The Company is working to ensure that it complies with the most stringent environmental regulations as it works towards certification under the ISO14001 Environmental Management Standard. A new EcoStream oily water separator was installed at Spring Garden to ensure proper treatment of the wastewater that is discharged to the marine environment. Recycling of used materials is undertaken wherever practicable. These efforts are all in keeping with our role as responsible stewards of our environment.

Preparations are ongoing to meet the requirements of the Occupational Health and Safety Management standard (OHSAS 18001:2007). Safety is paramount in our operations where plant and equipment routinely operate at high voltage, high temperature, and under high pressure. First aid and safety training is undertaken by staff and job hazard analyses are carried out for key tasks.

As a fitting testimony to this, our team of operators at Spring Garden responded quickly and appropriately to a fire that occurred on Christmas Eve in the Steam Station at the Spring Garden Generating Station. Thankfully no one was injured in the event and their response limited the damage to the generating units. At year-end investigation and repairs were underway and the Company was in discussion with its insurers.

Achieving Through People

The operation of an electric utility requires special training and expertise in a diverse number of areas. We are fortunate to have a dedicated and talented team at the Company who are committed to serving their customers.

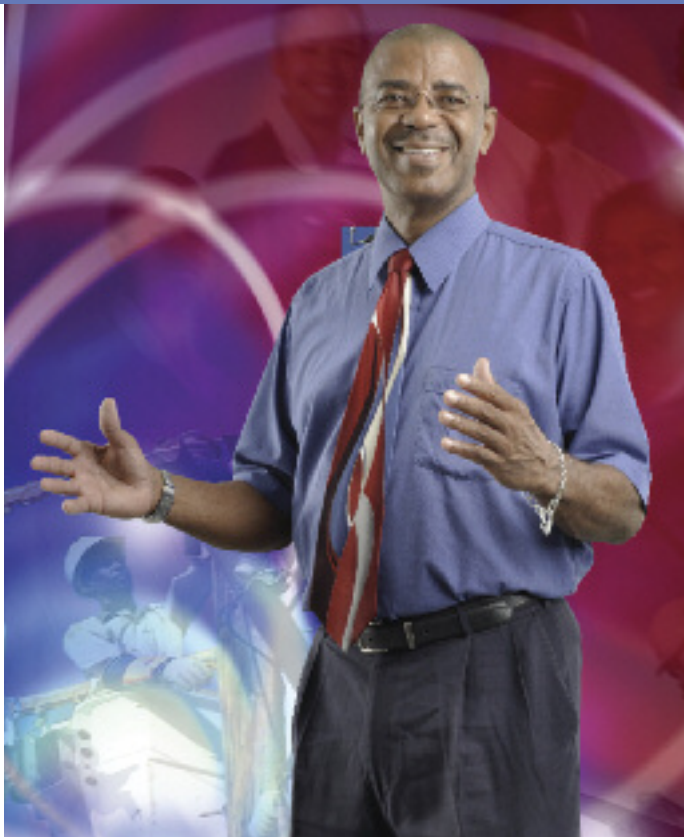
The Company continues to refine its recruitment processes to ensure that it is not only hiring the talent it needs, but hiring persons with positive attitudes who will continue to lead us into the future. We are very proud when our employees deliver a service that meets or exceeds customer expectations and we recognize these efforts on an ongoing basis through the Company's quality award scheme and at our annual awards function. Through regular meetings with all employees, management seeks to engage all employees in issues which affect the business.

We value our relationship with the Barbados Workers' Union, which plays an important role in the building of sound labour practices and a satisfying work environment. During 2009, agreement was concluded with the BWU for the Administrative Support group for a three year period ending December 31, 2011. During the first half of 2010 we expect to begin negotiating a new agreement for the Operations Group. The present agreement ends on June 30, 2010.

We recognize that teamwork is not only built on the job. In this regard, 2009 marked the 25th anniversary of the establishment of the Employee Relations Council. The ERC, as it is familiarly called, has become a key part of the Company's culture and continues to be a vibrant and vital group. The ERC continues to strengthen relationships and build teamwork among our staff through wholesome, healthy events as well as outreach community efforts to those in need.



Excellence in all we do! Pedro Bowen



*...building a better
foundation
for future generations
of Barbadians*

Wayne Yearwood - *Human Resources Manager*

The Company continues to reach into the community and is working with the Principal and staff of the Garrison Secondary School in their transition programme, which develops good study and lifestyle habits among students. The talent and dynamism of our own steelpan group, Reddy Panners, also extends beyond the workplace, building stronger relationships between staff and the community through performances at many charitable events. A high point for the group was when they were selected to play for arriving guests at the NIFCA Gala.

As we approach our 100th anniversary in the year 2011 our Company will continue its pursuit of meeting and exceeding customer requirements. I extend thanks to every member of our team for their hard work and dedication to service during 2009.

Peter W.B. Williams
Managing Director
The Barbados Light & Power Co. Ltd.
March 5, 2010



THE BARBADOS LIGHT & POWER CO. LTD. SENIOR MANAGEMENT

Chief Financial Officer	- Hutson Best
Senior Manager, Generation	- Hallam Edwards
Information Systems Manager	- Sandra Franklyn
Customer Services Manager	- Hallam Hunte
Chief Operating Officer	- Mark King
Distribution Manager	- Rohan Seale
Managing Director	- Peter Williams
Chief Marketing Officer	- Stephen Worme
Human Resources Manager	- Wayne Yearwood

SIMPLIFIED FINANCIAL STATEMENT
THE BARBADOS LIGHT & POWER CO. LTD

How each electricity customer dollar was spent in 2009



100 cents total

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Light & Power Holdings Ltd.

We have audited the accompanying consolidated financial statements of **Light & Power Holdings Ltd.** which comprise the consolidated balance sheet as of December 31, 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

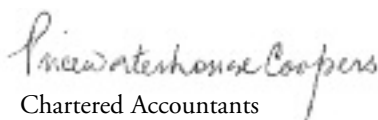
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of **Light & Power Holdings Ltd.** as of December 31, 2009, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.



Chartered Accountants
April 1, 2010
Bridgetown, Barbados

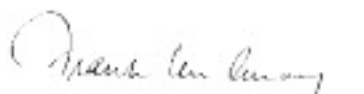


Consolidated Balance Sheet

As of December 31, 2009 (expressed in thousands of Barbados dollars)

	Notes	2009 \$	2008 \$
Assets			
Non-current assets			
Property, plant and equipment	5	598,970	604,130
Investment in associates	6	14,060	15,379
Financial investments available-for-sale	7	97,180	81,834
		710,210	701,343
Current assets			
Cash resources	8	96,425	46,861
Trade and other receivables	9	42,987	49,971
Corporation tax recoverable		190	133
Inventories	10	34,225	30,209
		173,827	127,174
Total assets		884,037	828,517
Equity			
Share capital	11	115,571	115,090
Other reserves	12	228,109	218,890
Retained earnings		278,114	266,285
		621,794	600,265
Non-current liabilities			
Borrowings	13	100,603	95,211
Customers' deposits	14	24,303	22,449
Deferred credits	15	43,567	44,131
Deferred tax liability	16	17,439	18,359
Provisions for other liabilities and charges	17	2,973	2,973
		188,885	183,123
Current liabilities			
Trade and other payables	18	55,466	30,121
Provision for other liabilities and charges	17	2,981	1,471
Current portion of borrowings	13	14,911	13,537
		73,358	45,129
Total equity and liabilities		884,037	828,517

Approved by the Board of Directors on March 11, 2010 and signed on its behalf by:




Frank O. McConney - Director



E. L. Greaves - Director

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



Consolidated Statement of Changes in Equity
For the year ended December 31, 2009 (expressed in thousands of Barbados dollars)

	Preference shares	Common shares	Other reserves	Retained earnings	Total
Balance at January 1, 2008	500	118,574	207,939	252,373	579,386
Comprehensive income					
Net income for the year	–	–	–	31,716	31,716
Available-for-sale – financial investments	–	–	(491)	–	(491)
Total comprehensive income	–	–	(491)	31,716	31,225
Dividends paid	–	–	–	(6,856)	(6,856)
Issue of common shares	–	534	–	–	534
Repurchase of common shares	–	(4,024)	–	–	(4,024)
Transfer to Self Insurance Fund/reserve	–	–	10,948	(10,948)	–
Share issue costs reclassified	–	(494)	494	–	–
Balance at December 31, 2008	500	114,590	218,890	266,285	600,265
Comprehensive income					
Net income for the year	–	–	–	27,455	27,455
Available-for-sale – financial investments	–	–	465	–	465
Total comprehensive income	–	–	465	27,455	27,920
Dividends paid	–	–	–	(6,872)	(6,872)
Issue of common shares	–	627	–	–	627
Repurchase of common shares	–	(146)	–	–	(146)
Transfer to Self Insurance Fund/reserve	–	–	8,754	(8,754)	–
Balance at December 31, 2009	500	115,071	228,109	278,114	621,794

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2009 (expressed in thousands of Barbados dollars)

	Notes	2009 \$	2008 \$
Operating revenue	19	<u>415,392</u>	<u>473,310</u>
Operating expenses			
Fuel		236,552	297,612
Generation		50,005	51,061
General		41,275	36,683
Distribution		11,876	11,738
Insurance		5,259	4,810
Depreciation		38,123	37,275
Foreign exchange loss		127	83
	20	<u>383,217</u>	<u>439,262</u>
Operating income		32,175	34,048
Finance income	21	3,046	4,319
Interest and finance charges		(7,972)	(6,502)
Share of loss of associated companies	6	<u>(1,319)</u>	<u>(1,229)</u>
Income before taxation		25,930	30,636
Taxation credit	16	<u>1,525</u>	<u>1,080</u>
Net income for the year		<u>27,455</u>	<u>31,716</u>
Other comprehensive income:			
Change in fair value of available-for-sale financial assets	7	<u>465</u>	<u>(491)</u>
Total comprehensive income for the year		<u>27,920</u>	<u>31,225</u>
Attributable to shareholders of the Group			
Basic and diluted earnings per share (cents)	23	<u>154.2</u>	<u>166.0</u>

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

Consolidated Statement of Cash Flows

For the year ended December 31, 2009 (expressed in thousands of Barbados dollars)



	2009	2008
	\$	\$
Cash flows from operating activities		
Income before taxation	25,930	30,636
Adjustments for non-cash items:		
Share of loss of associated companies	1,319	1,229
Depreciation	38,123	37,275
Loss on foreign exchange	127	83
Finance income	(3,046)	(4,319)
Interest and finance charges	7,972	6,502
Net change in deferred revenue	42	746
Net change in provisions for other liabilities and charges	1,510	(379)
	71,977	71,773
Operating income before working capital changes	71,977	71,773
Decrease in trade and other receivables	6,906	6,363
(Increase)/decrease in inventories	(4,016)	4,099
Increase/(decrease) in trade and other payables	23,814	(18,446)
	98,681	63,789
Cash generated from operations	98,681	63,789
Interest and finance charges paid	(7,968)	(6,541)
Corporation tax paid	(57)	(51)
	90,656	57,197
Net cash from operating activities	90,656	57,197
Cash flows used in investing activities		
Additions to property, plant and equipment	(33,633)	(52,866)
Purchase of financial investments	(15,008)	(2,590)
Decrease in term deposits	4,000	6,000
Decrease/(increase) in restricted cash	4,445	(4,714)
Increase in investment in associates	-	(2,438)
Proceeds on disposal of property, plant and equipment	9	-
Interest received	3,123	4,319
	(37,064)	(52,289)
Net cash used in investing activities	(37,064)	(52,289)
Cash flows from/(used in) financing activities		
Repurchase of common shares	(146)	(4,024)
Issue of common shares	627	534
Dividends paid	(6,872)	(6,856)
Proceeds from borrowings	20,000	-
Repayment of borrowings	(13,238)	(12,727)
Issue costs	-	96
Customers' contributions	2,192	3,752
Customers' deposits	1,854	2,248
	4,417	(16,977)
Net cash from/(used in) financing activities	4,417	(16,977)
Net increase/(decrease) in cash and cash equivalents	58,009	(12,069)
Cash and cash equivalents - beginning of year	16,018	28,087
Cash and cash equivalents - end of year (note 8)	74,027	16,018

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

1 General information

Light & Power Holdings Ltd. (“the Company”) was incorporated on October 9, 1997 under the Companies Act, Chapter 308 of the Laws of Barbados and is listed on the Barbados Stock Exchange. The principal activities of the Company and its subsidiaries (including the special purpose entity) (“the Group”) include the generation, distribution and supply of electricity, the provision of telecommunication services and the operation of a self insurance fund to manage certain of the Group’s insurance risks.

The registered office of the Company is located at Garrison Hill, St. Michael.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention, as modified by the revaluation of available-for-sale financial investments.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

a) Standards, amendments and interpretations effective in the 2009 financial year

The following amendments are effective and have been adopted by the Group as of January 1, 2009.

- **IAS 1 (Revised), ‘Presentation of financial statements’**

The revised standard prohibits the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on retained earnings.

- **IFRS 7 (Amendments), 'Financial instruments' - Disclosures**
The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on retained earnings.
- **IAS 23 (Revised), 'Borrowing costs'** (effective from January 1, 2009). The new standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. The Group has applied IAS 23 (Revised) retrospectively from January 1, 2009; this did not have any impact on the financial statements as the Group currently capitalizes borrowing costs on qualifying assets.
- **IAS 23 (Amendment), 'Borrowing costs'** (effective from January 1, 2009). The amendment is part of the IASB's annual improvement project published in May 2008. The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 'Financial instruments: Recognition and measurement'. This eliminates the inconsistency of terms between IAS 39 and IAS 23. The Group has adapted the IAS 23 (Amendment) to the capitalisation of borrowing costs on qualifying assets from January 1, 2009.
- **IAS 39 (Amendment), 'Reclassification of financial assets'**. An amendment to the standard, issued in October 2008, permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available for sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The amendment has no impact on the Group's financial statements, as the Group has continued to classify these assets as available-for-sale.
- **IFRS 8 (Amendments), 'Operating segments'**. This new standard requires that the Group's external reporting segment be based on the internal reporting to the Group's management team (in its function as the chief operating decision-maker), which makes decisions on the allocation of resources and assesses the performance of the reportable segments. This application of IFRS 8 does not have any material effect for the Group.

b) New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group.

Management has reviewed the new standards, amendments and interpretations to existing standards that are not yet effective and have determined that the following are relevant to the Group's operations. The Group has not early adopted the new standards, amendments and interpretations.

IFRS 9 Financial instruments part 1: Classification and measurement. IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.
- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognize unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, long as they represent a return on investment.
- While adoption of IFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted.

The Group is considering the implications of the standard, the impact on the Group and the timing of its adoption by the Group.

IAS 1 (Amendment)	- Presentation of financial statements (effective on or after January 1, 2010)
IAS 7 (Amendment)	- Statement of Cash Flows (effective on or after January 1, 2010)
IAS 24(Revised)	- Related Party Disclosures (effective on or after January 1, 2010)
IAS 32(Amendment)	- Financial Instruments: Presentation (effective on or after February 1, 2010)
IAS 39 (Amendment)	- Financial Instruments: Recognition and Measurement (effective on or after July 1, 2010)
IFRS 5 (Amendment)	- Measurement of non-current assets (or disposal groups)
IFRS 3 (Revised)	- Business combinations.

The Group will apply IFRS 3 (revised) prospectively to all business combinations from January 1, 2010.

The Group will apply these standards when effective but they are not expected to have a material impact on the Group or the company's financial statements.

c) The following standards, interpretations and amendments to existing standards are not yet effective and are not relevant to the Group's operations:

IAS 19 (Amendment)	- Employee Benefits
IAS 27 (Revised)	- Consolidated and separate financial statements
IAS 29 (Amendment)	- Financial reporting in hyperinflationary economies
IAS 31 (Amendment)	- Interest in joint ventures
IAS 38 (Amendment)	- Intangible assets
IAS 40 (Amendment)	- Investment property
IAS 41 (Amendment)	- Agriculture
IFRS 1 (Amendment)	- First time adoption of IFRS
IFRS 2 (Amendment)	- Share-based payment
IFRS 5 (Amendment)	- Non-current assets held-for-sale and discontinued operations
IFRIC 15	- Agreements for construction of real estate
IFRIC 16	- Hedges of a net investment in a foreign operation
IFRIC 17	- Distribution of non-cash assets to owners

2.2 Principles of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of the parent company and its subsidiaries (including special purpose entities) ("the Group") as disclosed in Note 29. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-company balances and transactions are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies of the Group.

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a) Subsidiaries

Subsidiary companies are entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights and is able to exercise control over the operations.

Subsidiaries are fully consolidated from the date on which control is transferred and continue to be consolidated until the date that such control ceases. The purchase method of accounting is used to account for acquisition of subsidiaries. The cost of acquisition is measured at the fair value of shares issued, assets given up, or liabilities undertaken at the date of acquisition, plus costs directly attributable to the acquisition.

b) Associated companies

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

2 Summary of significant accounting policies ... continued
2.2 Principles of consolidation ... continued

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred

2.3 Foreign currency translation**Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Barbados dollars which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Barbados currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Changes in fair value of monetary securities denominated in foreign currency classified as available-for-sale related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

2.4 Segment reporting

The operating segments of the subsidiary company, The Barbados Light & Power Company Limited are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors of the Group.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historic cost less accumulated depreciation and impairment losses. Cost represents expenditure that is directly attributable to the acquisition of the items and include cost of materials, direct labour, supervision and engineering charges and interest incurred during construction which is directly attributable to the acquisition or construction of a qualifying asset.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Contributions received towards construction of electric plant are credited to the cost of work in progress or are shown as deferred credits in the case where construction has not yet started.

Interest cost on property, plant and equipment is capitalised and included in the appropriate capital asset account until the asset is made available for service.

Land is not depreciated. No depreciation is provided on work-in-progress until the assets involved have been completed and are available for use. For financial reporting purposes depreciation on other property, plant and equipment is calculated by the straight line method using rates required to allocate the cost of the assets less salvage over their estimated service lives as follows:

Generation equipment	2% - 5%
Transmission and distribution	3% - 6%
Other	2% - 33%

When depreciable property, plant and equipment other than motor vehicles and property are retired, the gross book value less proceeds net of retiral expense is charged to accumulated depreciation. For material disposals of motor vehicles and property, the asset cost and accumulated depreciation are removed with any gain or loss credited or charged to current operations.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the statement of income.

2.6 Financial investments

The Group has classified its financial investments as (a) available-for-sale and (b) loans and receivables. Management determines the classification at initial recognition and reviews the designation at every reporting date. The classification depends on the purpose for which the financial investments are acquired.

a) Available-for-sale financial assets

Available-for-sale financial assets are either designated in this category or not classified in any of the other categories. They are non-derivatives that are intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. They are included in non-current assets unless management intends to dispose of it within 12 months.

Available-for-sale financial assets are initially recognised at fair value which includes transaction costs and are subsequently carried at fair value based on current bid prices on the market. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial investments are recognised in other comprehensive income until the financial investment is sold, or otherwise disposed of, or until the financial investment is determined to be impaired at which time the cumulative gain or loss will be included in net income or loss for the period.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of finance income. Dividends on available-for sale equity instruments are recognised in the income statement as part of finance income when the Group's right to receive payments is established.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement.

Interest on available-for-sale is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to secure payment is established.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

The Group's loans and receivables comprise cash resources and trade and other receivables.

Regular purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset.

2.7 Impairment of non-financial assets

Assets that have an indefinite life, e.g., land are not subject to amortisation and are reviewed for impairment annually.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

2.8 Cash and cash equivalents

These consist of cash held in hand and at bank, deposits held at call with banks and other short-term highly liquid investments with original maturities of three (3) months or less. Cash allocated to the Self Insurance Fund is excluded from cash and cash equivalents.

2.9 Trade receivables

Trade receivables are recognised initially at fair value and are subsequently measured at amortised cost less provision for impairment and discounts. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. In addition, a provision for discounts based on historical experience, is created in anticipation of accounts that will be settled prior to the scheduled due date. The amount of the provisions is recognised in the income statement. When a trade receivable is uncollectible it is written off against income. Subsequent recoveries of amounts previously written off are credited to the statement of income.

2.10 Inventories

Inventories of fuel, materials and supplies are stated at the lower of cost or net realisable value. Cost is determined on an average cost basis. Generation spares are carried at cost less provision for obsolescence.

2.11 Share capital

Common shares are classified as equity. Redeemable preference shares are treated as equity because they cannot be converted by the holders thereof at any time nor is the Group mandatorily required to redeem them on a specific date.

Where the Group repurchases without cancellation its own shares, the consideration paid is deducted from equity, until such shares are reissued.

Incremental costs directly attributable to the issue of new shares are shown as a deduction from the proceeds in the statement of changes in equity.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the net proceeds and the redemption value is recognised in the statement of income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has the unconditional right to defer settlement of the liability for at least twelve (12) months after the balance sheet date.

2.13 Taxation**a) Current and deferred income tax**

Taxation expense in the statement of income comprises current and deferred tax. Taxation expense is recognised in the statement of income except to the extent that it relates to items recognised directly in other comprehensive income or directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date.

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted by the balance sheet date and are expected to apply when the asset is realised or the liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which unused tax assets can be utilised.

b) Investment tax credit

The tax credit from investment allowances associated with the acquisition of plant and equipment is being deferred and amortised to income over the useful lives of the respective assets.

c) Manufacturing tax credits

The tax credit from manufacturing allowances associated with the acquisition of plant and equipment is being deferred and amortised to income over the lives of the respective items plant and equipment.

2.14 Customers' deposits

Commercial and all other customers except Barbadian residents categorised under the Domestic Service tariff are normally required to provide security for payment, however, Barbadian residents under this tariff may be asked to provide security if they are delinquent in paying their bills. The cash deposit is refunded with accumulated interest when the account is terminated or arrangements made to provide alternative security (e.g. a banker's guarantee).

Given the long term nature of the customer relationship, customer deposits are shown in the balance sheet as non-current liabilities (i.e. not likely to be repaid within twelve months of the balance sheet date). Interest on deposits is recognised using the effective interest rate method.

2.15 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

2.16 Revenue recognition

Revenue comprises the value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

The Group records revenue, other than fuel clause revenue, as billed to its customers, net of value-added tax and discounts and recognise unbilled revenue at the end of the accounting period to the extent that the revenue cycle for that month does not include the requisite number of days. Fuel clause revenue is recognised on the basis of the amount actually recoverable for the accounting period. This policy is consistently applied.

Interest income is recognised on an accrual basis using the effective interest rate method.

Dividend income is recognised when the Group's right to receive payment is established.

2.17 Employee benefits

The Group operates a fully insured purchased annuity plan pension scheme. This scheme takes the form of a defined benefit scheme in that it defines the amount of pension benefit that an employee will receive upon retirement. Pension costs are accounted for on the basis of contributions payable in the year, as the Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employees service in the current and prior periods (Note 24).

2.18 Share purchase scheme

The employees of the subsidiary company, The Barbados Light & Power Company, have the option to receive their annual bonus in cash and or common shares of the parent company under General By-Law No. 1, Section 12.1 of the parent company's Articles of Incorporation and General By-Laws. The shares are issued at 80% of market value. The 20% discount is recognised as an expense, which is included in employee benefits.

2.19 Bonus plans

The Group recognises a liability and an expense for bonuses on a formula that takes into consideration the profit attributable to the Group's shareholders. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.20 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the period in which the dividend is declared and approved by the Board of Directors.

2.21 Related parties

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Individuals, associates or companies that directly or indirectly control or are controlled by or are under common control with the Group are also considered related parties.

2.22 Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

3 Financial risk management

3.1 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets of the Group include cash and cash equivalents, term deposits, trade and other receivables and available-for-sale financial investments initially measured at fair value.

Financial liabilities of the Group include borrowings, trade and other payables and customer deposits initially measured at fair value and subsequently carried at amortised cost.

The accounting policies for financial assets and liabilities are set out in note 2 or the individual notes associated with each item.

3.2. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange, price risk, cash flow and interest rate risk), liquidity, credit risk and underinsurance risks. The Group's overall risk management policy is to minimise potential adverse effects on its' financial performance and to optimise shareholders' value within an acceptable level of risk.

Risk management is carried out by the Group's management under direction from the Board of Directors.

The Group's exposure and approach to its key risks are as follows:

a) Market risk

i) Foreign currency risk

This is the potential adverse impact on the Group's earnings and economic value due to movements in exchange rates.

The Group is exposed to foreign exchange risk arising primarily from foreign currency borrowings and purchases of plant, equipment and spares from foreign suppliers.

Borrowings have been formally fixed to the United States dollar (US\$) to limit exposure to fluctuations in foreign currency exchange rates, since there is a fixed exchange rate between the Barbados dollar and United States dollar. Additionally most purchases are transacted in United States dollars.

The Group has not entered into forward exchange contracts to reduce its exposure to fluctuations in foreign currency exchange rates.

ii) Price risk

The Group is exposed to equity securities price risk because of financial investments held by the Group and classified on the consolidated balance sheet as available-for-sale. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

The equities held in the portfolio are indexed to the S&P 500 index.

The below table shows the effect of a 5% increase/decrease in equity prices of the Group's available-for-sale financial assets at December 31 with all other variables held constant.

	Impact on other components of equity	
	2009	2008
	\$	\$
Equity securities	109	96

The carrying value of listed securities would increase/decrease as a result in the change of value. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available-for-sale.

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices (copper, aluminum). Prices for these commodities are impacted by world economic events that dictate the levels of supply and demand.

To minimise the risks associated with fluctuations in the prices of these commodities, the Group requests that suppliers bidding for major cable products utilise financial derivatives to hedge against commodity risks.

iii) Cash flow and fair value interest rate risk

Interest rate risk is the potential adverse impact on the earnings and economic value of the Group caused by movements in interest rates. The Group's interest bearing assets expose it to cash flow interest rate risk. Interest margins may increase or decrease as a result of such changes and may reduce or increase losses in the event that unexpected movements arise.

- 3 Financial risk management ... market risk continued
- 3.2 Financial risk factors ... continued
 - a) Market risk ... continued
 - iii. Cash flow and fair value interest rate ... continued

At December 31, 2009 a 10% increase/decrease in interest rates would not have resulted in any significant increase/decrease to profit in 2009 or 2008.

The Group's interest rate risk also arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group's policy is to maintain its borrowings in fixed rate instruments thereby minimising cash flow interest rate risk. Exposure to fair value interest rate risk on its borrowings results from fluctuations in the fair value of borrowings in response to changes in market interest rates. At December 31, 2009 and 2008 all of the Group's borrowings are at fixed rates.

The Group's exposure to interest rates and the terms of borrowings are disclosed in notes 8 and 13.

b) Liquidity risk

Liquidity risk refers to the risk that the Group cannot adequately generate sufficient cash and cash equivalents to satisfy commitments as they become due.

Management monitors the Group's liquidity reserve which comprises an undrawn borrowing facility to meet operational needs so that the group does not breach covenants (where applicable) on its borrowing facilities. Surplus cash is invested in time deposits or other liquid assets. Management monitors cash and cash equivalents (note 8), on the basis of expected cash flows and is of the view that the Group holds adequate cash and credit facilities to meet its short-term obligations. Group finance monitors the group's liquidity requirements to ensure it has sufficient cash.

The following table analyses the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Balances due within 12 months equal their carrying balances. The amounts disclosed in the table for borrowings will not reconcile to the balance sheet as they are the contractual undiscounted cash flows.

3 Financial risk management ... continued
3.2 Financial risk factors... continued
b) Liquidity risk ... continued

	Less than 1 year \$	Between 1 & 2 years \$	Between 2 & 5 years \$	Over 5 years \$	Total \$
At December 31, 2009					
Assets					
Cash and cash equivalents	74,454	–	–	–	74,454
Trade and other receivables	37,566	–	–	–	37,566
Total assets	112,020	–	–	–	112,020
Liabilities					
Borrowings	21,202	36,864	26,629	77,018	161,713
Trade and other payables	47,548	–	–	–	47,548
Customers' deposits	24,303	–	–	–	24,303
Total liabilities	93,053	36,864	26,629	77,018	233,564
At December 31, 2008					
Assets					
Cash and cash equivalents	16,018	–	–	–	16,018
Trade and other receivables	44,280	–	–	–	44,280
Total assets	60,298	–	–	–	60,298
Liabilities					
Borrowings	17,704	39,644	34,351	50,768	142,467
Trade and other payables	24,826	–	–	–	24,826
Customers' deposits	22,449	–	–	–	22,449
Total liabilities	64,979	39,644	34,351	50,768	189,742

Financial investments that cannot be used in daily liquidity management have been excluded from the analysis.

- 3 Financial risk management ... continued
- 3.2 Financial risk factors ... continued
- a) Market risk ... continued

c) Credit risk

Credit risk is the inherent risk that counterparties may experience business failure or otherwise avoid their contractual obligations to the Group.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions as well as credit exposure to customers, including outstanding receivables and committed transactions. The Group's bank deposits and financial instruments are placed with highly rated financial institutions to limit its exposure. Credit risk with respect to trade receivables is substantially reduced due to the policies implemented by management. Deposits are required from commercial customers upon application for a new service and management performs periodic credit evaluations of its general customers' financial condition. Management does not believe significant credit risk exists at December 31, 2009.

The table below presents an analysis of debt securities by rating agency designation at December 31, 2009 and 2008 based on Standard and Poor's or equivalent ratings.

	2009	2008
	\$	\$
Standard and poor ratings		
AAA	35,709	51,847
AA+	8,450	16,575
AA	2,030	7,067
AA-	10,815	2,841
A1+	35,102	-
A+	1,235	-
A	969	909
	94,310	79,239

d) Underinsurance risk

Prudent management requires that a company protect its assets against catastrophe and other risks. In order to protect its customers and investors, the Subsidiary Company, The Barbados Light & Power Company has established a "Self Insurance Fund" in accordance with the Insurance Act - Insurance (Barbados Light & Power Company Limited) (Self Insurance Fund) Regulations 1998 (Act 1996-32) to set aside funds on an annual basis to mitigate this risk. The Fund was required under the Act in order to self insure the schedule of assets of The Barbados Light & Power Company Limited against damage and consequential loss as a result of a catastrophe.

The Fund is periodically reviewed by a risk consultant who makes recommendations to ensure the continued security and solvency of the Fund.

- 3 Financial risk management ... continued
- 3.2 Financial risk factors ... continued
- d) Underinsurance risk ... continued

At December 31, 2009 financial assets of the Fund included in the consolidated financial statements are as follows:

	2009	2008
	\$	\$
Cash and cash equivalents	22,397	26,843
Investments available-for-sale	97,180	81,834
	119,577	108,677

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

In managing capital, the Group estimates its future cash requirements by preparing a budget annually for review and approval by the Board of Directors. The budget establishes the activities for the upcoming year and estimates costs of these activities. Budget to actual variances are prepared monthly and reviewed by the Group's management.

The Group also monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The gearing ratios at December 31, 2009 and 2008 were as follows:

	2009	2008
	\$	\$
Total borrowings (note 13)	115,734	108,972
Less: Cash and cash equivalents (note 8)	(74,027)	(16,018)
Net debt	41,707	92,954
Total equity	621,794	600,265
Total capital	663,501	693,219
Gearing ratio	6%	13%

In accordance with the Trust deed securing certain borrowings, the Group is required to maintain a debt to equity ratio of 1:25. The Group complied with the requirement under the Trust Deed in 2009 and 2008.

3.4 Fair value estimation

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no obligation to act and is best evidenced by a quoted market price, if one exists. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value of cash, short term deposits, trade receivables less impairment provision and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes (note 13) is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The Group adopted amendments to IFRS 7, Financial Instruments - Disclosures for the period ended December 31, 2009, which require all financial instruments measured at fair value to be classified into one of three levels that distinguish fair value measurements by the significance of the inputs used for valuation. Fair value is determined based on the price that would be received for an asset or paid to transfer a liability in the most advantageous market, utilizing a hierarchy of three different valuation techniques, based on the lowest level input that is significant to the fair value measurement in its entirety.

- Level 1 - Quoted prices in active markets for identical assets or liabilities; Instruments included in level 1 comprise primarily US and Euro Market debt securities classified as available-for-sale. The quoted market price used for financial assets held by the group is the current bid price;
- Level 2 - Observable inputs other than Level 1 quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs other than quoted prices that are observable or corroborated by observable market data; and
- Level 3 - Unobservable inputs that are supported by little or no market activity. Valuation techniques are primarily model-based.

The following table presents the group's assets and liabilities that are measured at fair value at December 31, 2009.

	Level 1 \$	Level 2 \$	Total \$
Assets			
Available-for-sale financial assets			
- Equity securities	2,170	-	2,170
- Debt securities	33,157	61,153	94,310
- Mutual funds	700	-	700
	36,027	61,153	97,180

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets is the current bid price at the balance sheet date.

A market price is regarded as active if quoted prices are readily and regularly available-for-sale from an exchange, dealer, broker, industry group, pricing service and those prices represent actual and regularly occurring market transactions on an arm's length basis.

4 Critical accounting estimates and judgements

4.1 Critical accounting estimates and assumptions

The development of estimates and the exercise of judgement in applying accounting policies may have a material impact on reported assets, liabilities, revenues and expenses.

Other than in the establishment of routine provisions against trade receivables, inventories and current provisions for liabilities and other charges no significant estimates or judgements have been required in applying accounting policies which may have a material impact on the group's reported assets, liabilities, revenues and expenses.

4.2 Critical judgements in applying the entity's accounting principles

Special Purpose Entity/(SPE) - Self Insurance Fund

The Group has established a special purpose entity (SPE) (Note 3.2 (d)) primarily for the purpose of building an insurance fund to cover risk against damage and consequential loss to certain generating, transmission and distribution systems. In making a judgement that the Group controls the SPE, management considered that in substance, the activities of the SPE are being conducted on behalf of the Group according to a specific business need so that the Group alone obtains benefits from the SPE's operations. Additionally, because the Group has rights to all the benefits of the SPE it is therefore exposed to the risks incident to the activities of the SPE and in this case the SPE is consolidated.

a) Impairment of available-for-sale financial assets

The Group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If all of the declines in fair value below cost were considered significant or prolonged, the Group would suffer an additional loss of \$0.13 million in its 2009 financial statements, being the transfer of the accumulated fair value adjustments recognised in other comprehensive income on the available-for-sale financial assets to the income statement.

b) Fire claim

On December 24, 2009 there was a fire at the Spring Garden generation site of the subsidiary company, The Barbados Light & Power Company Limited which caused damage to the steam generators. At year end the estimated cost of the repairs to the unit attributable to the Self Insurance Fund is \$1.0 million.

The full extent of the cost of repairing the damage caused by the fire, to the company is not yet known, as such management's best estimate has been reflected in these financial statements. If management's estimate were to change by 10% the provision would increase or decrease by \$0.2 million.

5 Property, plant and equipment

	Generation \$	Transmission & distribution \$	Other \$	Work in progress \$	Total \$
At December 31, 2009					
Cost	463,823	411,267	89,393	88,175	1,052,658
Accumulated depreciation	(248,860)	(163,096)	(41,732)	–	(453,688)
Net book amount	214,963	248,171	47,661	88,175	598,970
For the year ended December 31, 2009					
Opening net book amount	227,424	249,613	50,171	76,922	604,130
Additions and transfers	1,351	15,396	3,260	11,253	31,260
Retirals	1,531	181	(9)	–	1,703
Depreciation charge	(15,343)	(17,019)	(5,761)	–	(38,123)
Closing net book amount	214,963	248,171	47,661	88,175	598,970
At December 31, 2008					
Cost	462,652	400,267	87,613	76,922	1,027,454
Accumulated depreciation	(235,228)	(150,654)	(37,442)	–	(423,324)
Net book amount	227,424	249,613	50,171	76,922	604,130
For the year ended December 31, 2008					
Opening net book value	240,309	239,681	42,443	69,858	592,291
Additions and transfers	968	26,314	13,153	7,064	47,499
Retirals	1,458	157	–	–	1,615
Depreciation charge	(15,311)	(16,539)	(5,425)	–	(37,275)
Closing net book amount	227,424	249,613	50,171	76,922	604,130
No interest was capitalised during 2009 (2008 - 1.7 million).					

5 Plant, property and equipment ... continued

If plant, property and equipment were stated on the revaluation cost basis, the net book value would be as follows:

	Generation \$	Transmission and distribution \$	Other \$	Work in progress \$	Total \$
At December 31, 2009					
Cost	755,347	780,207	130,836	88,175	1,754,565
Accumulated depreciation	(421,182)	(338,868)	(41,509)	–	(801,559)
Net book amount	334,165	441,339	89,327	88,175	953,006
For the year ended December 31, 2008					
Cost	719,132	757,639	128,201	76,922	1,681,894
Accumulated depreciation	(383,682)	(322,413)	(35,280)	–	(741,375)
Net book amount	335,450	435,226	92,921	76,922	940,519

6 Investment in associates

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	2009 \$	2008 \$
Balance - beginning of year	15,379	14,170
Investment in associates	–	2,438
Share of loss for year	(1,319)	(1,229)
Balance - end of year	14,060	15,379

The Group has a 100% ownership in LPH Telecom Limited, a telecommunications company incorporated in Barbados.

6 Investment in associates ... continued

The Group's share of the results of its principal associates and its share of the assets and liabilities are as follows:

	Interest	Assets	Liabilities	Revenues	Profit/ (loss)
	%	\$	\$	\$	\$
2009					
Caribbean Fiber Holdings, LP	25	32,709	8,063	4,571	(1,319)
2008					
Caribbean Fiber Holdings, LP	25	18,152	5,885	3,928	(1,229)

 7 **Investments - available-for-sale**

	2009	2008
	\$	\$
Balance at beginning of year	81,834	79,818
Additions net of redemptions	15,008	2,590
Unrealised foreign exchange loss	(127)	(83)
	96,715	82,325
Change in fair value		
Gain recognised in other comprehensive income during the year	847	95
Amounts reclassified from equity to finance income during the year	(382)	(586)
	465	(491)
Balance at end of year	97,180	81,834

There were no disposals or impairment provisions for financial investments in 2009 or 2008.

7 Investments available-for-sale ... continued

Available-for-sale financial assets include the following:

	2009	2008
	\$	\$
Listed securities		
US Common Shares	2,170	1,919
US Mutual funds	700	676
US Corporate Bonds, Debentures, Short and Medium term notes	61,154	47,896
US Government Bonds	33,156	31,343
	97,180	81,834

These available-for-sale financial investments include assets held in trust on behalf of the Self Insurance Fund that are not available to the Group for use in its operations.

At December 31, 2009 the maturity profile of debt securities is as follows:

	2009	2008
	\$	\$
Maturity within 1 year	63,488	54,601
Maturity in 1 - 5 years	30,822	24,638
	94,310	79,239

The maximum exposure to credit risk at the reporting date is the fair value of the debt securities classified as financial investments.

The available-for-sale financial assets are denominated in United States dollars. The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities. None of these financial instruments is either past due or impaired.

8 Cash resources

	2009	2008
	\$	\$
Cash in hand and at bank	15,978	5,029
Short term bank deposits	58,049	10,989
	<hr/>	<hr/>
Cash and cash equivalents	74,027	16,018
Term deposits	–	4,000
Term deposits - Self Insurance Fund	20,849	17,744
Cash at bank - Self Insurance Fund	1,549	9,099
	<hr/>	<hr/>
Cash resources	96,425	46,861
	<hr/>	<hr/>

The interest rates on short-term bank deposits range between 2.50% and 3.60 % (2008 - 4.00% and 6.50%) per annum. These deposits have an average maturity of 90 days.

The interest rates on the fixed term bank deposits in 2008 range between 4% and 6.5%.

The cash and term deposits of \$22.4 million (2008 - \$26.8 million) in the Self Insurance Fund are not available for use in the Group's operations.

9 Trade and other receivables

	2009	2008
	\$	\$
Trade receivables	31,837	40,332
Less provision for impairment and discounts	(450)	(450)
	<hr/>	<hr/>
Trade receivables, net	31,387	39,882
Other receivables	5,729	3,948
Prepayments	5,871	6,141
	<hr/>	<hr/>
	42,987	49,971
	<hr/>	<hr/>

The fair values of trade and other receivables equal their carrying values due to the short term nature of these assets.

9 Trade and other receivables ... continued

The movement in the provision for impairment was as follows:

	2009	2008
	\$	\$
Balance - beginning of year	450	380
Increase in provision	–	70
Balance - end of year	450	450

Based on the historic trend and expected performance of customers, the Group believes that the above allowance for doubtful receivables sufficiently covers the risk of default.

Direct write offs for impaired receivables to the statement of income were \$0.4 million (2008 - \$0.5 million).

The ageing of trade and other receivables is as follows:

	2009		2008	
	Trade receivables	Other receivables	Trade receivables	Other receivables
	\$	\$	\$	\$
Less than 30 days	24,128	5,035	20,934	1,875
31 - 60 days	5,194	129	9,479	189
61 - 90 days	1,300	237	1,339	1,012
Over 90 days	1,215	328	8,580	872
	31,837	5,729	40,332	3,948

Due to the nature of the business and based on historical information, trade receivables that are less than 61 days past due are not considered impaired. As of December 31, 2009, trade receivables of \$29.3 million (2008 - \$30.4 million) were fully performing.

As of December 31, 2009, trade and other receivables of \$3.0 million (2008 - \$11.8 million) were past due but not impaired. The ageing analysis of these trade and other receivables is as follows:

	2009		2008	
	Trade receivables	Other receivables	Trade receivables	Other receivables
61 - 90 days	1,300	237	1,339	1,012
Over 90 days	1,215	328	8,580	872
	2,515	565	9,919	1,884

10 Inventories

	2009	2008
	\$	\$
Fuel	10,929	7,358
Materials and spares	21,571	21,849
Goods in transit	1,725	1,002
	<u>34,225</u>	<u>30,209</u>

The cost of inventories written down and recognised as an expense during the year is included in operating expenses in the amount of \$1.4 million (2008 - \$1.3 million).

11 Share capital

Authorised

- 100,000 - 5.5% Cumulative preference shares
- 500,000 - 10% Cumulative redeemable preference shares
- 100,000,000 - Common shares
- 10 - Class A redeemable preference shares

Issued

	2009	2008
	\$	\$
100,000 - 5.5% Cumulative preference shares	500	500
17,147,691 (2008 - 17,106,110) common shares of no par value	115,071	114,590
	<u>115,571</u>	<u>115,090</u>

	2009	2009	2008	2008
	No.	\$	No.	\$
Common shares				
Shares outstanding - beginning of year	17,106,110	114,590	17,412,611	118,574
Repurchased during the year	(12,719)	(146)	(353,161)	(4,024)
Costs reclassified	-	-	-	(494)
Issued during the year	54,300	627	46,660	534
	<u>17,147,691</u>	<u>115,071</u>	<u>17,106,110</u>	<u>114,590</u>
Balance - end of year				

The Directors of the Company have agreed to set aside 600,000 common shares to be issued to the employees of Light & Power Holdings Ltd. and the subsidiary company, The Barbados Light & Power Co. Ltd. under General By-Law No 1, Section 12.1 of the Articles of Incorporation and General By-Law of the Company. In November 2009, 54,300 common shares at \$11.55 per share were issued under this Scheme.

The Company also repurchased 12,719 shares at prices ranging from \$11.42 to \$11.44 per share, which were cancelled.

12 Other reserves

	2009	2008
	\$	\$
i) Capital reserve		
Balance - beginning and end of year	<u>109,522</u>	<u>109,522</u>
ii) Self Insurance Fund		
Balance - beginning of year	109,368	98,911
Transfer from retained earnings	8,754	10,948
Change in fair value of investments	<u>465</u>	<u>(491)</u>
Balance - end of year	<u>118,587</u>	<u>109,368</u>
iii) Share issue costs		
Balance - beginning of year	-	(494)
Reclassified to capital	<u>-</u>	<u>494</u>
	-	-
Total other reserves	<u>228,109</u>	<u>218,890</u>

i) This represents an amount of retained earnings that was capitalised in the subsidiary company, The Barbados Light & Power Co. Ltd. and is no longer available for distribution.

ii) Funds set aside by the subsidiary company, The Barbados Light & Power Co. Ltd., to build an insurance reserve to cover risk against damage and consequential loss to its transmission and distribution system in the event of a catastrophe.

Under the Insurance Regulation 1998, the Self Insurance Fund shall only be utilized by the subsidiary company, The Barbados Light & Power Co. Ltd. for the purpose of replacing or reinstating the self insured assets which are damaged by catastrophe and compensating for any financial loss suffered as a result of such damage. Where the Fund is utilized for any other purpose any monies withdrawn shall be subject to corporation tax.

The total funds set aside plus investment income accrued less related expenses is consolidated with the group's accounts in accordance with IAS 27 - SIC 12.

iii) This represents the incremental costs directly attributed to the Offering of Rights issue. In accordance with IAS 32, these costs are shown as a deduction from equity.

13 Borrowings

	2009	2008
	\$	\$
Royal Bank of Canada BDS \$24,812 (2008 - BDS\$25,000) repayable by 2021 in annual instalments of blended principal and interest at a rate of 7%.	24,812	25,000
European Investment Bank - Protocol 11 US\$4,053 (2008 - US\$5,991) repayable by 2011 in semi-annual instalments of blended principal and interest at a rate of 6.23%.	8,264	12,215
European Investment Bank - Protocol 111 US\$14,923 (2008 - US\$18,387) repayable by 2013 in semi-annual instalments of blended principal and interest at a rate of 4.27%.	30,425	37,486
National Insurance Board - Debenture Stock Certificates (Total facility BDS\$20,000) repayable in full in 2020. Interest is payable semi-annually at a rate of 5%.	20,000	20,000
48 First Caribbean International Bank (Cayman) Ltd. US\$6,000 (2008 - US\$7,000) repayable by 2015 in semi-annual instalments of blended principal and interest at a rate of 5.98%.	12,233	14,271
National Insurance Board - Debenture Stock Certificates (Total facility BDS\$20,000) repayable in full in 2024. Interest is payable semi-annually at a rate of 6.85%.	20,000	-
Total long term borrowings	115,734	108,972
Add: Accrued interest	301	284
Less: Issue costs	(521)	(508)
	115,514	108,748
Less: Current portion including accrued interest	(14,911)	(13,537)
Non-current portion	100,603	95,211

The long-term loans, with the exception of the European Investment Bank loans, are secured under a Debenture Trust Deed, which creates a first and floating charge on the Company's property, present and future. The Debenture Trust Deed restricts the subsidiary company from issuing debentures ranking pari passu with the floating charge created, unless the Company can meet the earnings coverage ratio and the equity/debt ratio set out in the Trust Deed. The subsidiary company, The Barbados Light & Power Co. Ltd, may however issue a first security to manufacturers in respect of individual items of plant and machinery of up to 90% of the purchase price thereof and for a period not exceeding fifteen years. The financial ratios were met by the subsidiary company for 2009.

The European Investment Bank loans are guaranteed by the Government of Barbados.

13 Borrowings ... continued

The maturity of borrowings is as follows:

	2009	2008
	\$	\$
Less than 1 year	14,610	13,252
Between 1 and 2 years	26,235	29,721
Between 2 and 5 years	15,168	26,435
Over 5 years	59,721	39,564
Total	115,734	108,972

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2009	2008	2009	2008
	\$	\$	\$	\$
Borrowings	101,124	95,720	94,891	89,586

The fair value of current borrowings equals their carrying amount as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 6.85% (2008 - 6.85%).

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14 Customers' deposits

Commercial and non-resident customers are required to pay a security deposit for energy connections that are refundable when service is no longer required. Interest accrues on these deposits at a rate of 8% per annum (2008 - 8% per annum).

	2009	2008
	\$	\$
Balance - beginning of year	22,449	20,201
New deposits	1,618	1,580
Deposits refunded	(1,358)	(797)
Net interest	1,594	1,465
Balance - end of year	24,303	22,449

15 Deferred credits

	2009	2008
	\$	\$
Accumulated investment tax credit	25,030	26,761
Accumulated manufacturing tax credit	16,861	15,736
Customer contributions for work not yet started	1,676	1,634
	<u>43,567</u>	<u>44,131</u>

16 Taxation

a) Corporation tax expense

	2009	2008
	\$	\$
Current tax	—	—
Deferred tax	(920)	(1,928)
Deferred investment tax credit	(1,731)	(1,196)
Deferred manufacturing tax credit	1,126	2,044
	<u>(1,525)</u>	<u>(1,080)</u>

The tax on income before taxation differs from the theoretical amount that would arise using the corporation tax rate of 25% for the following reasons:

	2009	2008
	\$	\$
Income before taxation	<u>25,930</u>	<u>30,636</u>
Corporation tax at 25% (2008 - 25%)	6,483	7,659
Effect of different tax rate in subsidiary 15% (2008 - 15%)	(1,939)	(2,156)
Depreciation on assets not qualifying for capital allowances	71	71
Tourism development fund allowance	(22)	(21)
Environmental allowance	(7)	(7)
Tax loss on which the deferred tax asset is not recognised	224	161
Share of loss of associate	330	307
Income not subject to tax	(2,189)	(2,737)
Manufacturing allowance net of deferred portion	(1,808)	(1,774)
Investment tax credit net of deferred portion	(2,668)	(2,583)
	<u>(1,525)</u>	<u>(1,080)</u>

b) Deferred tax liability

The net deferred tax liability is calculated in full on temporary differences under the liability method using a tax rate of 15% (2008 - 15%). The movement on the account is as follows:

	2009	2008
	\$	\$
Balance - beginning of year	18,359	20,287
Transfer to the income statement - current year credit	(920)	(1,928)
	<hr/>	<hr/>
Balance - end of year	17,439	18,359

The deferred tax liability on the balance sheet consists of the following components:

	2009	2008
	\$	\$
Accelerated tax depreciation	164,092	200,031
Taxed provisions	(15,264)	(13,854)
Unutilised tax losses	(32,569)	(63,782)
	<hr/>	<hr/>
	116,259	122,395
	<hr/>	<hr/>
Deferred tax liability at corporation tax rate 15% (2008 - 15%)	17,439	18,359

The Group has a deferred tax asset of \$0.9 million arising from losses in the parent company (2008 - \$0.7 million) that has not been recognised due to the uncertainty of its recovery in future periods.

Accelerated tax depreciation and taxed provisions have no expiry dates. The expiry dates of the unutilised tax losses are disclosed in note 16 (c).

c) Tax losses

The group has tax losses of \$36.4 million (2008 - \$66.7 million) available to be carried forward and applied against future taxable income. The losses are as computed by the Group in their tax returns. The losses and their expiry dates are as follows:

Income year	Losses incurred	Incurred	Losses utilised	Losses carried forward	Expiry date
	\$	\$	\$	\$	
2000	15	-	15	-	-
2001	11	-	11	-	-
2002	9	-	9	-	-
2003	9	-	9	-	-
2004	13	-	13	-	-
2005	7,582	-	7,582	-	-
2006	20,912	-	20,912	-	-
2007	4,755	-	2,717	2,038	2016
2008	33,430	-	-	33,430	2017
2009	-	896	-	896	2018
	<hr/>	<hr/>	<hr/>	<hr/>	
	66,736	896	31,268	36,364	

17 Provisions for other liabilities and charges

	Environmental restoration \$	Bonuses \$	Regulatory Fees \$	Total \$
At beginning of year	2,973	1,049	422	4,444
Charged to income				
- Additional provisions	-	2,590	4,280	6,870
- Unused amounts reversed	-	(356)	-	(356)
Used during year	-	(2,193)	(2,811)	(5,004)
At end of year	2,973	1,090	1,891	5,954

	2009 \$	2008 \$
Analysis of total provisions		
Non-current (environmental restoration)	2,973	2,973
Current	2,981	1,471
	5,954	4,444

a) Environmental restoration

The subsidiary company, The Barbados Light & Power Company Limited commenced investigations to identify and assess potential remedial work to be done at the Garrison Generating Plant site which was tested for free hydrocarbons (mixture of diesel fuel and bunker C) in the subsurface. A provision is recognised for the value of costs to be incurred for the recovery of the hydrocarbons and for restoration of the site.

b) Performance and other bonuses

The provision for profit-sharing is payable within three (3) months of finalisation of the audited financial statements. The provision for other bonuses is payable before December 31, 2010.

c) Regulatory fees

The subsidiary Company, The Barbados Light & Power Company Limited is regulated by the Fair Trading Commission (FTC) which determines amounts to be levied upon utility service providers annually. The Company is also currently involved in reviewing the rate structure which was fixed in 1983. The provision for regulatory fees represents the estimated liability for annual FTC fees as well as professional fees for consultants assisting with the recently concluded rate review process.

18 Trade and other payables

	2009 \$	2008 \$
Trade payables	40,254	16,723
Accrued expenses	9,635	8,442
Social security and other taxes	5,577	4,956
	55,466	30,121

19 Segment Information

Management has determined the operating segments based on the reports reviewed by the Board of Directors (BOD) of the group that are used to make strategic decisions.

The BOD considers the business from a product perspective as the group operates only in Barbados. Management considers the performance of segments from the perspective of the generation, transmission and distribution of electricity and the self insurance of the assets of the electricity business. There are no other segments monitored by the BOD.

The reportable operating segments derive their revenue primarily from the generation, transmission and distribution of electricity and the insurance segment from transfers from the electricity segment and return on investments.

The BOD assesses the performance of the operating segments based on earnings before tax (EBT). Interest income earned by the parent company is not allocated to segments.

The segment information provided to the Board of Directors for the reportable segments for the year ended December 31, 2009 is as follows:

	Generation, transmission and distribution of electricity	Self insurance	Total 2009
	\$	\$	\$
Segment revenue	415,392	–	415,392
Inter-segment revenue	–	–	–
Revenue from external customers	415,392	–	415,392
Inter-segment transfers	(7,660)	7,660	–
Finance income	–	2,268	2,268
EBT	19,391	8,754	28,145
Depreciation and amortisation	(38,117)	–	(38,117)
Interest expense	7,972	–	7,972
Income tax credit	1,525	–	1,525
Total assets	731,740	119,618	851,358
Property, plant and equipment	595,154	–	595,154
Total liabilities	262,130	1,029	263,159

19 Segment information ... continued

The segment information for the year ended December 31, 2008 is as follows:

	Generation, transmission and distribution of electricity	Self insurance	Total 2009
	\$	\$	\$
Segment revenue	473,310	–	473,310
Inter-segment revenue	–	–	–
Revenue from external customers	473,310	–	473,310
Inter-segment transfers	(7,656)	7,656	–
Investment income	–	3,396	3,396
EBT	21,562	10,947	32,509
Interest expense	6,501	–	6,501
Depreciation and amortisation	(37,261)	–	(37,261)
Income tax credit	1,080	–	1,080
Total assets	685,819	109,388	795,207
Property, plant and equipment	600,307	–	600,307
Total liabilities	228,126	20	228,146

Transfers between segments are carried out at arm's length. The revenue from external parties reported to the BOD is measured in a manner consistent with that in the income statement.

A reconciliation of earnings before taxes of segments to profit before tax is provided as follows:

	2009	2008
	\$	\$
Reportable segments	28,145	32,509
Share of loss of associated company	(1,319)	(1,229)
Other	(896)	(644)
Profit before tax	25,930	30,636

The amounts provided to the BOD with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

Investment in shares and debt securities (classified as available-for-sale financial assets) are held by the Insurance segment. Investment in associates and cash resources held by the parent company are not considered to be segment assets.

	2009 \$	2008 \$
Segment assets for reportable segments	851,358	795,207
Investments in associates	14,060	15,379
Cash resources	15,703	14,044
Corporation tax recoverable	120	64
Property, plant and equipment	14	19
Consolidations and adjustments	2,782	3,804
Total assets per balance sheet	884,037	828,517

The amounts provided to the BOD with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

	2009 \$	2008 \$
Reported segment liabilities for reportable segments	263,159	228,147
Unallocated:		
Trade and other payables	103	105
Consolidations and adjustments	(1,019)	-
Total liabilities per balance sheet	262,243	228,252

Revenues from external customers are derived from the generation, distribution and supply of electricity. The breakdown of this revenue by customer type is as follows:

	2009 \$	2008 \$
Large power	101,912	117,230
Secondary voltage power	152,672	176,465
Domestic service	126,913	144,133
General service	26,866	28,026
Street lightning	4,539	5,239
Miscellaneous	2,490	2,217
Total revenue	415,392	473,310

Revenue of approximately \$65.5 million (2008 - \$81.0 million) was derived from a single customer. This revenue is attributable to the electricity supply and distribution segment.

The amounts provided to the BOD are measured in a manner consistent with that of the financial statements.

20 Expenses by nature

	2009	2008
	\$	\$
Fuel	236,552	297,612
Maintenance of plant	28,812	31,167
Employee benefits (excluding amounts charged to capital projects)	42,932	40,199
Depreciation	38,123	37,275
Insurance	5,259	4,810
Other expenses	31,539	28,199
	<hr/>	<hr/>
Total operating expenses	383,217	439,262

Employee benefits comprise:

	2009	2008
	\$	\$
Wages and salaries	41,172	40,960
Social security costs	2,447	2,362
Pension (note 24)	4,521	3,616
Other benefits and share discount	1,420	1,071
	<hr/>	<hr/>
	49,560	48,009

Allocated as follows:

Operating expenses	42,932	40,199
Capitalised	6,628	7,810
	<hr/>	<hr/>
	49,560	48,009

Average number of persons employed by the group during the year

507	504
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21 Finance income

Finance income is comprised as follows:

	2009	2008
	\$	\$
Investment income - Self Insurance Fund	2,268	3,396
Interest income	<u>778</u>	<u>923</u>
	<u>3,046</u>	<u>4,319</u>

22 Related party transactions

Key management compensation

	2009	2008
	\$	\$
Salaries and other short term benefits	3,123	3,367
Directors' fees	89	89
Pension	739	713
Share discount	31	32
	<u>3,982</u>	<u>4,201</u>

23 Earnings per share

The earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares in issue during the year.

	2009	2008
	\$	\$
Profit attributable to equity holders of the Company	27,455	31,716
Less: Income from restricted funds (Self Insurance Fund)	(1,094)	(3,292)
	<u>26,361</u>	<u>28,424</u>
Weighted average number of common shares	<u>17,100,566</u>	<u>17,124,706</u>
Basic earnings per share (cents)	<u>154.2</u>	<u>166.0</u>

The company has no dilutive potential ordinary shares, therefore, diluted earnings per share is the same as basic earnings per share.

24 Retirement benefits

The Group operates a defined benefit pension plan for its employees. It pays a pension premium to fund the post employment benefit plan and does not have a legal or constructive obligation to either:

- a) pay the employee benefits directly when they fall due; or
- b) pay for the benefits if the insurer does not pay all future employee benefits relating to employee service in the current and prior periods.

In light of the above, and due to the fact that benefits due to employees would have been secured by the prior payment of premiums, and the insurer has sole responsibility for paying the benefits, the plan has been accounted for as if it were a defined contribution plan as allowed by IAS 19. Pension cost for the year was \$ 4.5 million (2008 - \$3.6 million)

25 Bank overdraft facilities

The subsidiary company, The Barbados Light & Power Company Limited entered into an agreement with Royal Bank of Canada on September 28, 2007 to create a debenture for \$15 million. This was issued in accordance with the provisions of the Debenture Trust Deed (note 13) to secure overdraft facilities granted to the Company.

26 Capital commitments

The Group has budgeted capital expenditure of \$44.1 million for the 2010 income year of which \$5.4 million was contracted for at December 31, 2009.

27 Contingent liabilities

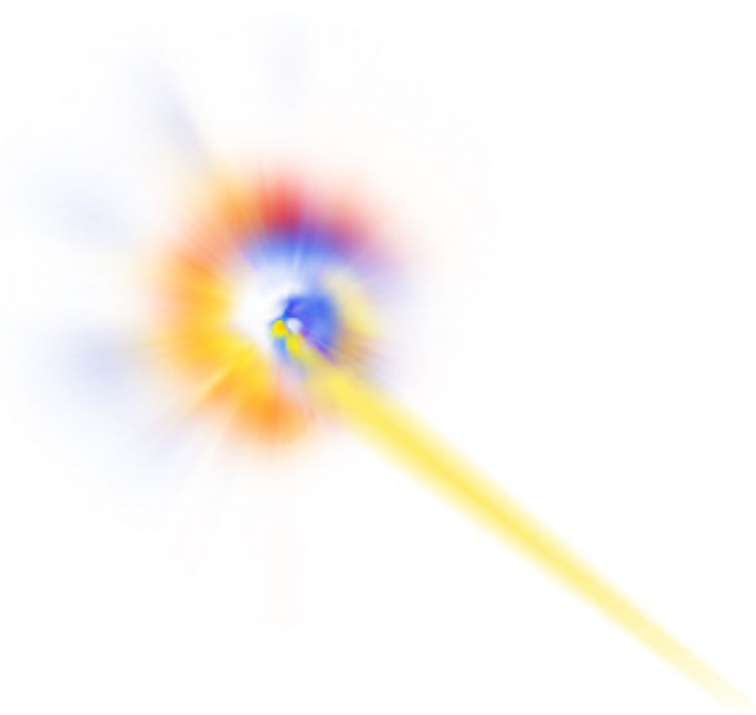
The Group is contingently liable in respect of various claims arising in the ordinary course of business. The amounts are considered negligible and are usually covered by insurance.

28 Subsequent events

- i) On May 8, 2009, the subsidiary company, The Barbados Light & Power Co. Ltd. submitted an application for a review of electricity rates to the Fair Trading Commission (“the Commission”). Subsequent to year-end, the Commission issued its decision on the application. The Commission in its decision and order dated January 25, 2010 approved the requested rate base of \$544.2 million and granted an overall rate of return of 10.00%. The approved rate schedules are effective on all bills from March 1, 2010.
- ii) At a meeting of the Board of Directors on January 7, 2010, the Board approved a dividend of \$0.10 per share that was paid to all members on the register of shareholders at March 8, 2010 for the related year ended December 31, 2009. This dividend has not been reflected in these consolidated financial statements.

29 **Subsidiary and associated companies**

	Country of Incorporation	Equity %
Subsidiaries		
The Barbados Light & Power Company Limited (Generation, Supply & Distribution of Electricity)	Barbados	100%
LPH Telecom Ltd. (Telecommunications)	Barbados	100%
The Barbados Light & Power Company Limited Self Insurance Fund (Special Purpose Entity)	Barbados	100%
Associated company		
Caribbean Fiber Holdings, LP	United States of America	25%



	2009	2008	2007	2006	2005
	\$	\$	\$	\$	\$
Property, plant and equipment	1,052,658	1,027,454	990,172	940,405	891,548
Less accumulated depreciation	(453,688)	(423,324)	(397,881)	(372,620)	(345,348)
Net fixed assets	598,970	604,130	592,291	567,785	546,200
Capital employed	797,877	770,092	763,020	714,065	673,515
Represented by:					
Long term debt (%)	14.5	14.2	15.9	15.3	18.3
Deferred credits (%)	7.4	7.9	8.1	10.7	11.3
Shareholders' equity	78.1	77.9	76.0	74.0	70.4
Total	100.0	100.0	100.0	100.0	100.0
Revenue and expenses					
Operating revenue	415,392	473,310	397,636	361,653	339,231
Expenses					
Fuel	(236,552)	(297,612)	(225,299)	(195,447)	(176,669)
Operating and maintenance	(108,415)	(104,292)	(91,677)	(93,229)	(77,366)
Depreciation	(38,123)	(37,275)	(33,660)	(37,630)	(39,574)
Gain/(loss) on exchange	(127)	(83)	(9)	111	(60)
Operating income	32,175	34,048	46,991	35,458	45,562
Finance income	3,046	4,319	4,962	5,028	3,235
Income before interest and taxation	35,221	38,367	51,953	40,486	48,797
Interest and finance charges	(7,972)	(6,502)	(6,323)	(6,808)	(7,067)
Share of loss of associated companies	(1,319)	(1,229)	(2,195)	(2,800)	-
Income before taxation	25,930	30,636	43,435	30,878	41,730
Taxation credit/(charge)	1,525	1,080	14,915	(512)	(2,779)
Net income	27,455	31,716	58,350	30,366	38,951
Add/(deduct)					
Preference dividends	(27)	(27)	(27)	(27)	(27)
Common dividends	(6,872)	(6,829)	(6,974)	(6,092)	(5,791)
Transfer to Self Insurance reserve	(8,754)	(10,948)	(7,335)	(11,408)	(9,606)
Reinvested earnings	11,802	13,912	44,014	12,839	23,527

Operating Statistics of the subsidiary company The Barbados Light & Power Company Limited

		2009	2008	2007	2006	2005
GENERATING PLANT (Megawatts)						
Installed capacity	Steam	40.0	40.0	40.0	40.0	40.0
	Diesel	113.1	113.1	113.1	113.1	113.1
	Gas turbine	86.0	86.0	86.0	86.0	86.0
	TOTAL	239.1	239.1	239.1	239.1	239.1
PEAK DEMAND		165.7	164.0	162.4	157.0	154.2
GENERATION AND SALES (GWh)						
Gross Generation	Steam	225.0	204.7	261.9	210.0	239.1
	Diesel	682.6	658.6	663.4	706.5	568.3
	Gas turbine	160.8	190.4	123.9	103.9	185.4
	TOTAL	1,068.4	1,053.7	1,049.2	1,020.4	992.8
Net generation		1,022.9	1,010.5	1,002.9	976.4	953.4
Sales (GWh's)	Domestic	308.1	301.0	300.0	294.8	293.7
	Commercial	644.1	643.0	640.8	608.6	591.0
	TOTAL	952.2	944.0	940.8	903.4	884.7
Load factor (%)		73.6	73.1	73.8	74.2	73.5
Losses (%)		6.6	6.3	5.9	7.2	6.9
NUMBER OF CUSTOMERS AT YEAR END						
	Domestic	99,748	99,000	97,801	96,486	95,223
	Commercial	20,874	19,798	18,857	17,775	16,520
	TOTAL	120,622	118,798	116,658	114,261	111,743
No of Streetlights		28,425	28,101	27,846	27,308	26,666



CORPORATE INFORMATION

Company Registered Office, Garrison Hill, St. Michael.

Company Officers

F. O. McConney, G.C.M., Managing Director
H. B. Richards, Secretary

Registrar & Transfer Agent

The Barbados Central Securities Depository Inc.

Attorneys-at-Law

Clarke, Gittens & Farmer
Carrington & Sealy

Auditors

PricewaterhouseCoopers

Dividend Payments

The Board of Directors sets the record and payment dates for quarterly dividends.

At the first meeting for 2010 the Directors declared a dividend of 10 cents per share that will be paid on March 15, 2010.


Projected record dates for the remainder of 2010 are May 31, August 31 and November 29.

Projected payment dates for dividends declared during the remainder of 2010 are June 15, September 15 and December 15.

Common Stock

The common stock of Light & Power Holdings Ltd. is listed and traded on the Barbados Stock Exchange Inc.

BOARD OF DIRECTORS



I. M. Cumming, Chairman
I. St. C. Carrington
R. L. V. Edghill
Sir Henry Forde, K. A., Q.C.
A. A. Gittens
E. L. Greaves
F. O. McConney, G.C.M.
J. R. Wheeler
P. W. B. Williams



SUBSIDIARY AND ASSOCIATED COMPANIES

Additional Information provided in accordance with the rules of the Barbados Stock Exchange Inc.

Principal countries of subsidiary operations and particulars of each company in which an interest of 20% or more is held, are disclosed in Note 29.

Directors interest in the share capital of the Company as at December 31, 2009:

Names of Directors	No. of shares held at December 31, 2009
Frank O. McConney, G.C.M.	62,498
Andrew A. Gittens	49,012
Peter W. B. Williams	25,884
Richard L. V. Edghill	3,000

There has been no change in the ownership interest of the persons listed above between December 31, 2009 and March 31, 2010.

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Interest of persons other than Directors holding more than 5% of the issued shares as at December 31, 2009.

Shareholders	No. of shares held
C.I. Power Company Limited	6,592,351
The National Insurance Board	3,979,388
The Sagicor Group	1,322,238



Garrison Hill, St. Michael, Barbados