Light & Power Holdings Ltd.

2012 Annual Report

Contents

The Annual Meeting of Shareholders will take place at The Island Inn Hotel, Aquatic Gap, St. Michael on Tuesday, June 11, 2013 at 5:00 p.m.

kaleidoscope

Just as a kaleidoscope relies on the FUSION of human design and the power of light, the business of generating and supplying electric power relies on the FUSION of human design and energy.

The industry's complexity and diversity merge into a kaleidoscope of its own, driven by the symmetry of its planning and use of resources and held together by the fusion of variable energy sources, with a strong focus on the future use of natural, renewable energy from sunlight.

• **KALEIDOSCOPE** (noun) I ke'lido skop I

1. a complex pattern of constantly changing colors and shapes producing symmetrical patterns as colourful, diverse shapes of glass are reflected by mirrors

Company Profile

The core business of Light & Power Holdings Ltd. (LPH) is energy. The Company's strategy is to grow through investments in the electric utility and energy business in the Caribbean region, with an emphasis on cleaner and greener sources of energy.

LPH is a public company listed on the Barbados Stock Exchange. The majority shareholder, Emera Inc. of Canada, holds approximately 80% of the shares in the Company, with the remaining shares held by the National Insurance Board of Barbados (13%) and by approximately 1,700 other shareholders. Emera is invested in electricity generation, transmission and distribution, as well as gas transmission and utility energy services with Cdn$7.5 billion in assets and 2012 revenues of Cdn$2.1 billion.

LPH's main subsidiary, The Barbados Light & Power Company Limited, is a regulated utility which provides electricity to over 124,000 customers in Barbados. LPH also has a 19.1% interest in St. Lucia Electricity Services Limited (LUCELEC), which serves over 60,000 customers in St. Lucia.

Other subsidiaries include LPH Renewable Energy Limited, LPH Telecom Ltd., LPH Real Estate Inc., and LPH Caribbean Holdings Ltd. (a Barbados based International Business Company).
In order to protect its customers and investors, the subsidiary company, The Barbados Light & Power Company has established The Barbados Light and Power Self Insurance Fund to self-insure against damage and consequential loss as a result of hurricane or other risks.

The Board of Directors of Light & Power Holdings Ltd.

From left to right (top):
Sarah R. MacDonald, Sir Henry deB. Forde,
Teresa A. Marshall, Christopher G. Huskilson,
Ernest L. Greaves, Richard L. V. Edghill,
From left to right (bottom):
Peter W. B. Williams, Robert J. Hanf,
Sharon L. Christopher, Andrew A. Gittens,
and Jennifer A. Hunte.

Letter to the Shareholders of

Light & Power Holdings Ltd.

Letter to the Shareholders

Light & Power Holdings Ltd.

Peter Williams
Managing Director

Robert Hanf
Chairman

Dear Fellow Shareholders,

The year 2012 marked the start of a new and exciting chapter in the Company's history as Light & Power Holdings (LPH) set out to build a Caribbean business focused on growth in the regional energy and utility markets, with an emphasis on sustainability.

The LPH strategy responds to the challenges faced by the electric utilities in the Caribbean, which are seeking to reduce their dependency on imported oil and address the myriad complexities involved in running a modern electric utility. This strategy also complements the investment in the Company's wholly owned subsidiary, The Barbados Light & Power Company Limited (BLPC), which is regarded as a leader in the region in electric utility business. We are confident that leveraging the skills and expertise that exist within BLPC will benefit all stakeholders – customers, employees and shareholders – in the electric utility business in Barbados and the region.

OUR FIRST STEPS INTO THE CARIBBEAN

The acquisition of a 19.1% interest in St. Lucia Electricity Services Limited (LUCELEC) from Emera Caribbean, which was announced in 2011 and completed on January 1, 2012, was the first step in the strategy to grow a successful Caribbean energy business. LUCELEC serves over 60,000 customers on the island of St. Lucia, with a license to generate, transmit and distribute electricity to the year 2045. LUCELEC has consistently been one of the top performing utilities in the region and has already proven to be a positive addition to the LPH investment portfolio.

During 2012, LPH explored additional regional investment opportunities and in late November announced its intention to acquire a 52% interest in Dominica Electricity Services Ltd. (DOMLEC) from WRB Enterprises Inc. DOMLEC, a regulated utility, serves approximately 34,000 customers with a peak demand of about 17 megawatts. LPH looks forward to working with the shareholders and management of DOMLEC to add value to its operations.

Discussions also took place with WRB and the Government of Grenada regarding WRB's holdings in Grenada Electricity Services Ltd. (GRENLEC), but agreement has not been reached at the time of writing this report.

STABLE FINANCIAL PERFORMANCE

With the ongoing world recession, 2012 was a challenging year for Barbados and the region. We are therefore pleased to report that LPH's financial performance remained stable in spite of the difficult economic climate.

LPH recorded Comprehensive Net Income of Bds$$44.5 million dollars in 2012 compared with $35 million in 2011. The Company's earnings per share of 227.7 cents compares favourably to 198.5 cents in 2011. The dividend paid was increased to 48 cents per share from 44 cents in 2011. The Company's dividend payout ratio is still conservative at 20% with the retained earnings being used to grow shareholder value through new investments.

Despite recording a second successive year of declining electricity sales our main subsidiary BLPC was able to manage its expenses carefully so as to partially counteract that decline. Growth in electricity sales in St. Lucia was also dampened by the impact of the economic downturn in that country, but our investment in LUCELEC continues to perform well.

SUSTAINABILITY – OUR GOAL

The cost of oil for electricity generation represents a significant portion of the import bill for most islands. This matter is receiving the attention of governments as they undertake reviews of their energy policies with a view to reducing costs, securing their long term energy needs and enhancing sustainability.

Our Company is focused on identifying opportunities to introduce renewable energy sources into the mix for electricity production. While some of these energy sources, such as solar and wind, are intermittent in nature and do not contribute to the grid's capacity needs, they do reduce the use of costly fuel. On this basis, some have reached the point of economic viability.

Solar photovoltaic (PV) is one of the technologies that has become increasingly competitive. Accordingly, LPH established a new subsidiary in 2012 to enter the renewable energy business through the sale of small scale PV systems to residential and commercial customers in Barbados. This is a highly competitive business with several other companies announcing their offerings to the market.

At the core of the LPH strategy is the development of sustainable energy sources. Geothermal energy represents an opportunity to transform electricity generation in the volcanic islands of the Eastern Caribbean. LPH is actively engaged in technical and business assessments regarding future development of geothermal energy.

ENSURING GOOD GOVERNANCE

Our aim is to maintain the highest standards of corporate governance. Accordingly, the Board continued to strengthen its governance practices during 2012, implementing a number of measures including the introduction of a Governance Charter, a "Standards for Business Conduct" and an Ethics Hotline. The Ethics Hotline is a confidential and anonymous resource available to all employees to report concerns about ethical issues in the workplace.

A complement of directors who have the requisite breadth and depth of knowledge and experience is a key aspect of governance and your Board was therefore pleased to welcome Ms. Sharon Christopher, Deputy CEO of First Citizens Bank of Trinidad & Tobago; Mrs. Jennifer Hunte, Director of the National Insurance Department (Ag); and Ms. Teresa Marshall, retired Permanent Secretary in the Ministry of Foreign Affairs and former career diplomat, who were elected as Directors during 2012. Their collective insights and experience have already been of great value.

In September 2012, Ms. Kathy-Ann Christian joined the Company as Corporate Secretary & Legal Counsel for LPH and its subsidiaries. Ms. Christian is an Attorney-at-law, a Fellow of the Institute of Chartered Secretaries and Administrators (United Kingdom) and a graduate of the University of Manchester, Business School in International Compliance with sixteen years' experience, having worked with a regional conglomerate as well as within the financial and insurance industries in Barbados and the region.

The Board takes this opportunity to extend its sincerest thanks to the outgoing Corporate Secretary, Dr. Hartley Richards, who has ably fulfilled this role since 1981.

THANKS TO A DEDICATED TEAM

While electricity has become increasingly accessible and easy to use, from traditional lighting needs to modern mobile devices, the framework in which our business operates is becoming increasingly complex. The Board recognizes that providing a high level of service requires a dedicated and highly skilled team of people and to this end, wishes to thank all employees for their valuable contribution to the success of the Company in these challenging times.

Light & Power Holdings Ltd.
March 20, 2013

Robert Hanf
Chairman

Peter Williams
Managing Director

We wish all the best to Dr. Hartley Richards, Secretary, who retires this year from the Company after over 30 years of service. He is succeeded by Ms. Kathy-Ann Christian

Company Profile

The Barbados Light & Power Company Limited is an investor owned utility serving approximately 124,000 customers throughout 166 square miles of the island of Barbados. It has a generating capacity of approximately 239 MW installed at three generating stations - Spring Garden (153 MW), Garrison (13 MW) and Seawell (73 MW).

Electricity is generated at a frequency of 50 Hz and transmitted at 24 kV and 69 kV to substations throughout the island from where it is distributed on the primary side at 11 kV and 24 kV. The total energy sales for 2012 were around 918 GWh, with a peak demand of 157.4.

BLPC employs approximately 472 employees and is committed to providing a safe and reliable supply of electricity to all of its customers.

The Company received ISO 9001 certification in 2008 and both ISO 14001 and OHSAS 18001 in 2012.

Directors of The Barbados Light & Power Company Limited

Mr. Andrew Gittens (Chairman)
Mr. Richard Edghill
Sir Henry Forde
Mr. Livy Greaves
Mr. Robert Hanf
Mrs. Jennifer Hunte
Mr. Christopher Huskilson
Mr. Mark King (Managing Director)
Mr. Trevor Louisy
Ms. Sarah MacDonald
Mr. Peter Williams

Management Team of The Barbados Light & Power Company Limited

Below, left to right:

Mr. Hal Hunte - Customer Services Manager
Mr. Rohan Seale - Distribution Manager
Mr. Stephen Worme - Chief Operating Officer
Mr. Arthur Lewis - Generation Manager
Mr. Mark King - Managing Director
Mr. Hutson Best - Chief Financial Officer
Mr. Roger Blackman - Business Development Manager
Mr. Roger Babooram - Human Resource Manager

Report on Operations of The Barbados Light & Power Company Limited

The Barbados Light & Power Company Limited

The Barbados Light & Power Company Limited (BLPC) is planning ahead and positioning itself to meet the energy needs of our nation and maintain its relevance in an environment where customers are seeking a variety of renewable energy options. Being customer focused, safeguarding the investment of our shareholders and providing a healthy and productive work environment for our employees is paramount to the way we conduct our business. These were the driving forces behind our Strategic Planning for 2012 - 2015. This Plan identifies five key goals which focus on Reducing Fuel/Generation Costs; Improving Stakeholder Relationships and Market Focus; Achieving Operational Excellence and Financial Performance; promoting the Greening of Barbados; Change Management and securing Employee Engagement.

In an environment of declining sales, BLPC remains steadfast in its Vision "to be a customer-oriented energy provider delivering world class service and reliability while meeting stakeholder expectations". Electricity consumption fell by 1.6% in 2012, the second successive year of sales decline for the Company.

Rethinking Old Ideas

With the Strategic Plan as our guide, we reviewed the structure of the organisation and took the necessary steps to realign our operations more squarely to our goals.

New systems were introduced and functions within BLPC were repositioned to better serve our customers. The Key Account programme, which provides a single point of contact between our Large Power Customers and BLPC, was integrated into the Customer Services Department in order to streamline the flow of information and promote greater cohesion in our service.

During 2012, an e-Billing service was introduced, which further enhanced the ease and convenience with which customers can do business with BLPC by allowing them to receive summarized billing information on their computers or smart phones. The introduction of this service will also help BLPC reduce the cost associated with printing and postage.

A Regulatory Section was established to address critical regulatory functions and guarantee more consistent interactions with the Fair Trading Commission (FTC).

Energizing For A Sustainable Future

In 2012, we witnessed heightened levels of interest in renewable energy in Barbados and representatives of the Company participated in the national discussion surrounding the rising cost of conventional energy and the development of a national sustainable energy framework.

BLPC is operating in an environment where solar PV systems are becoming more accessible. The Barbados Government introduced tax incentives to encourage the use of these systems and has proposed a new energy policy framework designed to promote economically viable renewable energy and energy efficiency projects.

In this regard, the Renewable Energy Rider (RER), which was introduced by BLPC in June 2010 with the approval of the FTC as a two year pilot, was extended in 2012 while the FTC conducted a public consultation on its structure. The RER allows customers to connect to the grid and sell any excess electricity generated from renewable sources to BLPC. The consultation, which will inform a decision by the FTC on the proposed terms and conditions to govern a permanent RER, was extended to Friday, February 15, 2013. The terms of the original agreement remain in place, pending a decision by the FTC. Two other pilot programmes, the Time of Use Tariff and the Interruptible Service Rider, which were also approved by the FTC in 2010, were extended under the current conditions until later in 2013. Ninety-four customers benefitted from these initiatives since their introduction and BLPC was pleased to have them extended.

The FTC commissioned an independent review of the Fuel Clause Adjustment (FCA) and released a Consultation Paper seeking the public's views on the way the FCA is administered by BLPC. BLPC looks forward to receiving this input from our customers and working with the FTC on the FCA going forward.

... planning ahead
and positioning
to meet the
energy needs
of our nation

BLPC hosted a power summit organized by the Electric Utility Consultants Inc., (EUCI) which was attended by local, regional and international organizations interested in renewable energy and other aspects of the power industry. The conference provided the opportunity to share our approach to facilitating small renewable energy systems onto our grid and allowed participants to learn about the associated opportunities and challenges.

Similarly, BLPC partnered with the Caribbean Electric Utility Services Corporation (CARILEC), the Caribbean Development Bank (CDB) and the World Bank to host a one-day forum on Regulation in the Energy Industry, which focused on changes in the regulatory framework; the introduction of independent power producers and the issues associated with increased penetration of renewable energy technologies on the grid.

During the annual Energy Week celebrations, BLPC partnered with the Division of Energy and played its part in the national effort to promote energy sustainability among energy consumers in Barbados. A number of BLPC representatives joined other speakers at a workshop that drew attention to developments in the renewable energy sector.

The System Planning and Performance Department was critical in establishing and maintaining our voice and presence at these discussions in which BLPC sought to identify solutions to the high cost of fuel and to prepare our systems to facilitate interconnection with the grid of increased private renewable energy systems. At year-end BLPC was well advanced on the development of an Integrated Resource Plan (IRP) to determine the best possible energy solutions for Barbados.

The Department also worked closely with the Government's natural gas pipeline negotiating team evaluating the feasibility of a gas pipeline between Tobago and Barbados.

Adapting To New Experiences

The past year was also about adapting to change and new experiences. The changes we adopted during 2012 resulted in improvements in operational efficiency and the use of resources.

Ensuring a safe and healthy work environment is paramount in the utility business and we are pleased to report that the Company achieved ISO certification in Occupational Health and Safety Management (OHSAS 18001:2007) and Environmental Management (ISO 14001:2004) standards during 2012 as well as recertification in the Quality Management (ISO 9001:2008) standard. BLPC has made considerable strides in the areas governed by these standards and we will be ensuring full compliance with all safety rules and regulations outlined in the Safety and Health at Work Act which came into effect in January 2013.

A group of our Linemen were the first to successfully complete the new CARILEC Linemen Certification Program. The training emphasised the value of error-free work, safety, teamwork and communication, all of which are vital to improving the level of service that we provide to our customers.

Another change was in the area of financial standards and reporting, where BLPC strengthened its systems and procedures to meet the requirements of the Canadian National Instrument - NI 52-109 securities standard. The aim of NI-52-109 is to improve the quality, reliability and transparency of all filings under securities legislation.

BLPC also adopted the Standards for Business Conduct introduced throughout the Emera group of companies, which direct the way Emera and its affiliates conduct business. These standards are critical to good governance and although they were new to our experience, they were a good fit with our existing Core Values of Excellence, Adaptability, Safety, Courage, Integrity, Social Responsibility, Trust and Mutual Respect. An Ethics Hotline was introduced, which is a confidential and completely anonymous resource available to employees to report any concerns which they may have regarding ethical behaviour in the workplace.

evolving

The Hon. Dr. Esther Byer-Suckoo, Minister of Labour, presenting Mr. Mark King, Managing Director with the OHSAS 18001:2007 Certificate on behalf of the Company.

... we are positioning ourselves to energise a new era

Committing To The Future

BLPC has long recognised the importance of our youth to the continued growth and development of our nation. Through our community outreach programme and our Employee Relations Council, BLPC undertook a number of presentations to assist students taking the 11-Plus examination by providing them with the stationery they needed. Educational presentations throughout the year on electrical safety, power quality, kite flying safety and personal deportment ensured continual contact with our future leaders and customers.

We know the importance of youth in safeguarding our future and during Energy Week we were happy to help them develop a sense of their own energy future through poster, colouring and essay competitions for primary school children and an essay competition for secondary school students. The launch of our competitions, which carried the theme: "The Value of Electricity," coincided with the introduction of a new Energy Badge for the Brownies and Cub Scouts of Barbados. The Student's Planner was made available once again this year and we were pleased to partner with the Virtues Project Caribbean to share character-building tips along with the usual suggestions for time management, goal setting and personal and scholastic development.

In committing to the future, BLPC supported a number of community based activities, which served to reinforce BLPC's social responsibility and its commitment to helping build and sustain stronger communities. BLPC continued to invest in the training and development of employees as they position themselves for future opportunities. Several key personnel were guided through a four-day programme to develop "People Leader Skills." This type of training, which seeks to nurture leadership potential in our employees, bodes well for the organisation's succession planning process and our vision for BLPC and its management.

Helping Each Other

BLPC's employees continue to be the linchpin of its success and it is important that we celebrate their achievements and engage them in all aspects of the business. The appointment of Mr. Roger Babooram, a qualified human resources professional with several years of experience, as Human Resource Manager, has provided BLPC with leadership in this critical area.

As part of the larger Emera group of companies, BLPC can also tap into a wider pool of expertise. Several of BLPC's senior employees have had opportunities to observe operations at Nova Scotia Power, in Halifax, and have benefited from the sharing of experiences in the areas of renewable energy, business development, health and safety and communication.

In keeping with its stated commitment to the support of its employees, BLPC successfully launched the inaugural Barbados Light & Power scholarship. Offered in association with Emera, the scholarship is open to children of current employees and retirees, whose tenure ended within the current calendar year. Zoe Hunte, daughter of Ian Hunte, Shift Charge Supervisor in the Generation Department, edged out seven other extraordinary young people to win the scholarship. Zoe is pursuing studies in Engineering at the University of the West Indies.

Our commitment to helping each other requires that we also help those around us. A number of refurbished computers were donated to some of the nursery schools throughout the island and our employees happily contributed to the "Making Sense of Cents" drive in support of the Alzheimer's Association. Employees also participated in the fight against breast cancer, raising awareness about this deadly disease by organising a BLPC raffle to raise funds for the Barbados Cancer Society. In another effort, they freely donated their used books to the National Library Service in support

Reddy Killowatt was a hit at the Bayley's Primary School.

Linemen standing with their certificates. Left to right: Hugh Thompson, Curtis Brewster, Pedro Bowen, Jerome Jordan, Sherwin Herbert, Carlos Cumberbatch, Robert Waterman and Edward Cummings.

Mr. Mark King, presenting energy stickers to the Brownies and Scouts. Ms. Sandra Reid of the Corporate Communications Section looking on.

... committing to the future, supporting a number of community based activities

Corrie Harris flanked by students from St. Christopher's Primary School.

of a thrust by the Ministry of Education to encourage reading in Barbados. Employees also partnered with the Barbados Association of Reading and the US Embassy to promote reading and literacy in a public lecture titled "Educating All Learners."

BLPC remains committed to service excellence and during 2013 we will continue to "satisfy customer requirements and deliver stakeholder value through operational efficiency and teamwork."

On behalf of the Board, we extend sincere appreciation and gratitude for the commitment and dedication exhibited by the BLPC team during 2012.

The Barbados Light & Power Company Limited
March 20, 2013

Andrew Gittens
Chairman

Mark King
Managing Director

Supervisor of the year 2012 - Tamara Browne, (left) with Tiffani Straker, (right) Employee of the year 2012

2012 was a busy year for the Company...

Mark Griffith, Jeanine Linton, Sandee Simmons and Terry Inniss "making sense of cents."

Employees assisting in the presentation of books to the National Library Service.

Employees interacting with the pupils and staff of the Sunshine Early Stimulation Centre.

Mr. and Mrs Ian Hunte receiving the Scholarship on behalf of their daughter Zoe, from Sandy Bowles, HR Director with Emera.

Hutson Best, Chief Financial Officer, making presentations to Nurse Sybil Blackman of the Barbados Cancer Centre Society.

our caribbean

Photo: Kay Wilson

Photographs: Kristine Dear

BARBADOS

The coordinates of this, the most easterly island of the West Indies, made Barbados the first port of call for international shipping during the historic colonial era. For an island of contrasts, from rugged coastline to rolling hills, open fields and stunning beaches, steeped in history yet modern in its lifestyle, recognition has come to its capital, Bridgetown and its historic Garrison as a heritage site from UNESCO. Tradition reigns alongside vibrant cultural expression and current trends in commerce.

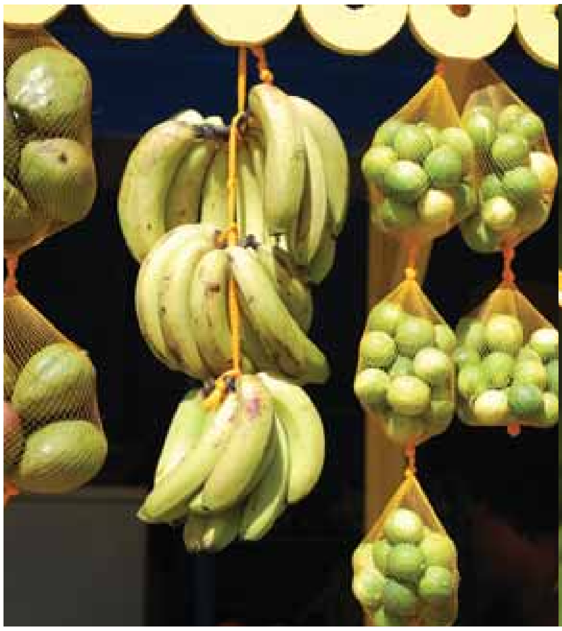
dominica

Photos: Discover Dominica Authority

The Commonwealth of DOMINICA

Known as the “Nature Isle” for its lush scenery, Dominica is one of the few islands of the Caribbean with an authentic, indigenous Carib community. Covered for the most part by rain forests, this unspoiled island has many waterfalls, springs and rivers. This natural beauty, along with a resident colony of sperm whales and amazing underwater coral formations combine to place Dominica at the top of the eco-tourism list.

Photo: St. Lucia Tourist Board



Photographs: Kristine Dear

St. LUCIA

Its iconic Pitons majestically proclaim its volcanic nature and its French based "patois" seasons its music, dance and literature.

Columbus might have sailed right by St. Lucia, but this island is well placed on the international stage with her two Nobel Laureates: Sir Arthur Lewis and Derek Walcott and her world famous annual Jazz Festival.

THE BARBADOS LIGHT & POWER COMPANY LIMITED

		2012	2011	2010	2009	2008
GENERATING PLANT (Megawatts)						
	Steam	**40.0**	40.0	40.0	40.0	40.0
Installed capacity	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		**157.4**	163	167.5	165.7	164.0
GENERATION AND SALES (GWh)						
Gross generation	Steam	**214.3**	189.1	155.3	225.0	204.7
	Diesel	**654.3**	638.6	708.1	682.6	658.6
	Gas turbine	**155.7**	216.3	214.9	160.8	190.4
	TOTAL	**1,024.3**	1,044.0	1,078.3	1,068.4	1,053.7
Net generation		**980.9**	1,001.5	1,036.7	1,022.9	1,010.5
Sales (GWhs)	Domestic	**300.0**	303.2	316.3	308.1	301.0
	Commercial	**618.1**	630.1	644.6	644.1	643.0
	TOTAL	**918.1**	933.3	960.9	952.2	944.0
Load factor (%)		**74.1**	73.1	73.5	73.6	73.1
Losses (%)		**6.2**	6.4	7.2	6.6	6.3
NUMBER OF CUSTOMERS AT YEAR END	Domestic	**105,755**	104,133	102,407	99,748	99,000
	Commercial	**18,339**	18,766	19,699	20,874	19,798
		124,094	122,899	122,106	120,622	118,798
	No. of Streetlights	**29,403**	29,053	29,046	28,425	28,101

Management's Discussion & Analysis

Management's Discussion & Analysis

As at March 20, 2013

This Management Discussion & Analysis (MD&A) provides a review of the results of the operations of Light & Power Holdings Ltd. ("LPH" or the "Group") and its primary subsidiaries during the year ended December 31, 2012 and its financial position as at December 31, 2012. Certain multi-year historical financial and statistical information is also presented.

This discussion and analysis should be read in conjunction with the Group annual audited consolidated financial statements and supporting Notes as at and for the year ended December 31, 2012, prepared in accordance with International Financial Reporting Standards ("IFRS"). For specific rate-regulated transactions and balances, the Group uses guidance from the Code of Federal Regulations of the US Federal Energy Regulatory Commission, as allowed by the Fair Trading Commission ("FTC") in Barbados.

This MD&A has been prepared in accordance with the IFRS Practice Statement 'Management Commentary', which provides a broad non-binding framework for the presentation of management commentary that relates to financial statements that have been prepared in accordance with IFRS.

Forward Looking Information

This MD&A contains "forward-looking information". The words "anticipates", "believes", "could", "estimates", "expects", "intends", "may", "plans", "projects", "schedule", "should", "will", "would" and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words.

The forward-looking information in this MD&A includes statements which reflect the current view with respect to the group's objectives, plans, financial and operating performance, business prospects and opportunities. The forward-looking information reflects management's current beliefs and is based on information currently available to management and should not be read as guarantees of future events, performance or results, and will not necessarily be accurate indications of whether, or the times at which, such events, performance or results will be achieved.

The forward-looking information is based on reasonable assumptions and is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. Factors which could cause results or events to differ from current expectations include: regulatory risk; operating and maintenance risks; catastrophe risk; economic conditions; availability and price of fuel; capital resources and liquidity risk; commodity price risk; competitive pressures; interest rate risk; counterparty risk; foreign exchange; regulatory and government decisions, including changes to environmental, financial reporting and tax legislation; loss of market share; labor relations; and availability of labor and management resources.

Readers are cautioned not to place undue reliance on forward-looking information as actual results could differ materially from the plans, expectations, estimates or intentions and statements expressed in the forward-looking information. All forward-looking information in this MD&A is qualified in its entirety by the above cautionary statements and, except as required by law, LPH undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise.

Structure of MD&A

This MD&A begins with an Introduction and Strategic Overview; followed by the Results of Operations with a summary of the Consolidated Statement of Income, Balance Sheets, Equity & Liabilities, and Statements of Cash Flows; then continues with a discussion on Outlook, Liquidity and Capital Resources, Pension Funding, Transactions with Related Parties, Dividends and Payout Ratios, Risk Management and Financial Instruments, Disclosure and Internal Controls, Significant Accounting Policies and Critical Accounting Estimates, Operating Statistics and Five Year Summary of Results presented on a consolidated basis.

Light & Power Holdings Ltd. (LPH) was founded in 1997 and is publicly traded on the Barbados Stock Exchange.

LPH is majority owned by Emera Inc. ("Emera") of Nova Scotia, Canada. Emera is an energy and services company with Cdn$7.5 billion in assets and 2012 revenues of Cdn$2.1 billion. It invests in electricity generation, transmission and distribution, as well as gas transmission and utility energy services. Emera is listed on the Toronto Stock Exchange under the symbol EMA.

Nature of the business

The core business of the Group is energy. It conducts its business principally through The Barbados Light & Power Company Limited ("BLPC"), its wholly owned subsidiary which serves over 124,000 customers on the island of Barbados. The Group is comprised of the following other key
subsidiaries:

- The Barbados Light & Power Company Limited Self Insurance Fund ("SIF")
- LPH Caribbean Holdings Limited ("LPH Caribbean");
- LPH Real Estate Inc. ("LPH Real Estate");
- LPH Telecom Ltd. ("LPH Telcom"); and
- LPH Renewable Energy Limited ("LPH RE")

Electric Utility Business

BLPC is a vertically integrated regulated electric utility with a total installed capacity of 239 megawatts ("MW") of oil fired generating capacity and transmission and distribution lines connecting substations located throughout the island.

BLPC operates under the Electric Light and Power Act CAP 278 ("Act") and has a non-exclusive license to operate until 2028. BLPC is regulated by the Fair Trading Commission ("FTC") which sets the electricity rates and service standards for electricity customers. BLPC is presently regulated under a cost-of-service model, with rates set to recover prudently incurred costs of providing electricity service to customers, and to provide an appropriate return to investors. The last increase in basic rates for electricity was granted by the FTC in January 2010 and came into effect on March 1, 2010. This increase was the first since 1983. The FTC has approved a fuel clause adjustment ("FCA") mechanism, which allows BLPC to recover fuel expenses from customers through monthly fuel rate adjustments.

Self Insurance Fund

The Self Insurance Fund (SIF) was established in 1993 when BLPC faced the situation where only a limited amount of commercial insurance was available to cover the T&D assets against hurricane. Commercial insurance to cover the loss resulting from storm and hurricane events is still largely unavailable, and where limited cover can be obtained this is prohibitively expensive. The SIF operates under the Insurance Act (Act 1996-32) and the Insurance (Barbados Light and Power Company Limited) (Self Insurance Fund) Regulations, 1998 ("the Regulations"). The SIF covers the risk to BLPC of catastrophe perils including: hurricane, tropical storm, tornado, volcanic eruption, earthquake, flood, overflow of sea and rain accompanying these perils, fire, explosion, riot, strike, malicious damage, machinery breakdown and financial loss (business interruption). The SIF is administered by trustees and is regulated by the Financial Services Commission. The legislation does not allow the assets of the SIF to be mortgaged or assigned by the Company. The SIF only invests in securities rated AA or higher.

LPH Caribbean Holdings

In 2011, LPH established a subsidiary, LPH Caribbean Holdings, an international business company ("IBC") registered in Barbados with the aim of facilitating the tax efficient structure of investments in regional utilities and energy businesses. LPH Caribbean now holds an investment in St. Lucia Electricity Services (LUCELEC), representing 19.1% of the voting shares.

LUCELEC is a vertically integrated electric utility serving more than 60,000 customers, with exclusive license to generate, transmit and distribute electricity on the island of St. Lucia until 2045. The utility has 76 MW of oil fired generating capacity and 1,000 km of electricity transmission and distribution lines.

LPH Real Estate

LPH Real Estate was established to pursue real estate ventures associated with its core business. LPH Real Estate holds a 59 acre property at Lower Estate in St. Michael for future commercial development.

LPH Telecom

LPH Telecom was established to invest in the telecommunications business. Between 2006 and August 2010, LPH Telecom held a 25% interest in Caribbean Fiber Holdings, owner of TeleBarbados and Antilles Crossing which operated an undersea fiber optic cable link between Barbados and St. Croix. The Group sold its interest in the venture in August 2010.

LPH Renewable Energy

LPH Renewable Energy was established in 2012 to invest in renewable energy technology. It currently imports, distributes and installs small distributed renewable energy systems to customers in Barbados.

Objectives and Strategy

In 2012, the Group continued its strategy to grow a successful Caribbean energy business, with an emphasis on improving energy security and sustainability.

The utilities within the Caribbean region face many common challenges - heavy dependence on imported oil, with resulting exposure to price volatility; environmental concerns about global warming and the need to introduce more renewable energy. The increasing complexity involved in running a modern electric utility that requires sophisticated information and communication technologies is making it difficult for utilities with relatively small staff numbers to build competence in all areas that require specialist skills. One of the goals is to leverage the expertise that exists across the regional utilities in which we invest, to the benefit of customers, employees, and shareholders.

2012 Developments

LPH Acquisition

In October 2011, LPH announced its intent to purchase an interest in St. Lucia Electricity Services (LUCELEC), representing 20% of the voting shares, from Emera Caribbean Inc.

LUCELEC is a vertically integrated electric utility serving more than 60,000 customers, with exclusive license to generate, transmit and distribute electricity on the island of St. Lucia until 2045. The utility has 76 MW of oil fired generating capacity and 1000 km of electricity transmission and distribution lines.

The transaction closed on January 1, 2012, when LPH Caribbean Holdings purchased Emera St. Lucia Ltd., the investment company that holds the shares in LUCELEC for US$26.1 million. The terms of the acquisition agreement provide for a potential sales price increase or decrease of up to US$4 million within 30 months of the closing date of the transaction. Any adjustment would be triggered by either an additional public offering by LUCELEC or a change in LUCELEC's allowed return on equity as a result of a change in its regulatory framework. No trigger events have occurred to date.

Development of Renewables

LPH Renewable Energy Ltd. (LPH RE), a subsidiary of Light & Power Holdings Ltd. was incorporated in March 2012 to participate in the renewable energy business throughout Barbados and the wider Caribbean. The company is currently designing, supplying and installing solar PV systems for both domestic and commercial customers.

New Investment

On November 28, 2012 - Light & Power Holdings Ltd. signed a letter of intent to acquire a 52% controlling interest in Dominica Electricity Services Ltd. (DOMLEC) from WRB Enterprises Inc. of Tampa, Florida.

DOMLEC is the sole electric utility for the Commonwealth of Dominica, serving 34,000 customers.

Results of Operations

Financial Results in Brief

(Expressed in thousands of Barbados dollars, unless stated otherwise)

	Twelve months ended Dec 31, 2012 $	Twelve months ended Dec 31, 2011 $	Change %
Basic revenue	193,195	193,822	(0.3)
Fuel revenue	397,529	409,822	(3)
Misc revenue	2,444	3,632	(3)
Operating revenue	**593,168**	**607,276**	**(2)**
Fuel Expense	397,529	409,822	(3)
Operating expenses - other	112,426	118,554	(5)
Depreciation	39,777	39,973	(0.5)
Total Operating expenses	**549,732**	**568,349**	**(3)**
Finance charges	8,164	8,402	(3)
Comprehensive net income	**44,557**	**35,067**	**27**
Cash from operations	**67,790**	**53,373**	**27**
Total customers	124,094	122,899	1
Sales (GWh)	918.1	933.0	(2)
Average Fuel Clause Adjustment (cents)	43.84	43.30	1.2
Basic earnings per share ($ per share)	2.28	1.98	15
Dividends per share ($ per share)	0.48	0.44	9
Market price: Year end ($ per share)	25.70	25.70	-

Sales & Operating Revenue

	Electricity Sales				Operating Revenue	
Customer Class	**2012**	2011	Change %	2012	2011	Change %
Residential	**300.1**	303.2	-1	187.4	190.4	-1.6
Commercial	**608.4**	620.4	-1.9	396.6	406.4	-2.4
Other	**9.6**	9.7	-1	9.2	10.5	-12.4
Total	918.1	933.3	-1.6	593.2	607.3	-2.3

Electricity sales declined by 1.6% to 918.1 million kilowatt-hours in 2012 from 933.3 million kWh in 2011, despite the increase in the customer base to 124,000 in 2012 from 123,000 in the corresponding period.

The increase in customers was offset by the decline in usage, increased energy conservation efforts, and the reduction by 2.1% in average daily temperatures in 2012 over 2011.

Total operating revenue for 2012 was $593.2 million a decrease of $14.1 million when compared to the 2011 result of $607.3 million. The decrease of 2.3% over the corresponding period was mainly the result of fuel prices.

The cost of fuel is recovered through the Fuel Clause Adjustment (FCA) mechanism that is applied to electricity bills. The average FCA for 2012 was 43.84 cents per kWh compared to 43.30 cents per kWh for 2011.

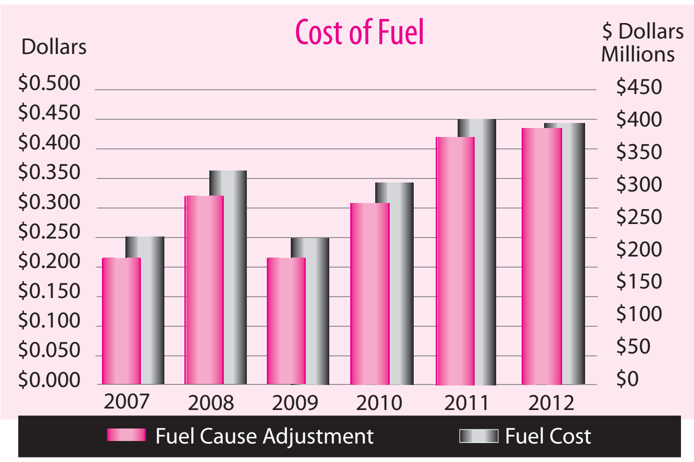
Electricity sales revenue registered a decrease of $0.6 million to $193.2 million from $193.8 million.

Operating Expenses

Total operating expenses of $549.7 million for the fiscal year 2012 decreased by 3% compared with $568.3 million for 2011.

Fuel expense is the major contributor to total operating expenses. Continuing from the trend in 2011, fuel prices continued to be high in 2012, however, consumption was 3% lower than in the corresponding period with the major contributing factor being the reduction in consumer usage.

Operating expenses were 5% lower in 2012 than in 2011. This was primarily due to the Company's overall efforts at achieving improved efficiencies to help mitigate the impact of the expected reduction in revenue resulting from declining sales.



Consolidated Comprehensive Net Income

Consolidated Net Income for 2012 was $44.6 million compared to $35.1 million over 2011. This increase is mainly attributable to the favorable increase in the fair value of the available-for-sale assets of $4.3 million related to investments in the Self Insurance Fund, as well as the share of profits of $3.9 million from the acquisition of Emera St. Lucia.

Cash Flows from Operating Activities

Cash flow provided by operations was $67.8 million representing an increase of $14.5 million from $53.3 million for 2011. This increase is primarily due to higher income in 2012 and an increase in the receivables that is offset by the decrease in trade payables and inventory.

Cash Used in Investing Activities

Cash used in investing activities in 2012 was $73.1 million compared to $35.4 million in 2011 an increase of $37.7 million. The increase arose primarily from the investment in Emera St. Lucia Ltd. for $51.9 million which is offset by a decrease in capital expenditure of $13.7 million.

Cash From/(Used in) Financing Activities

Cash from financing activities totaled $9.5 million in 2012 as compared to cash used of $16.6 million for the corresponding period in 2011. Additional borrowings at the end of the fiscal year of $28 million contributed to the increase in cash inflows to facilitate the investment in Emera St. Lucia.

Summary of Cash Flow

(Expressed in thousands of Barbados dollars, unless stated otherwise)

	Twelve months ended Dec 31, 2012 $	Twelve months ended Dec 31, 2011 $	Change	Change %
Opening cash & cash equivalents	122,618	121,239	1,379	1
Cash provided by/(used in):				
Operating activities	67,790	53,373	14,417	27
Investing activities	(73,142)	(35,350)	(37,792)	107
Financing activities	9,511	(16,644)	26,155	(157)
Closing cash & cash equivalent	126,777	122,618	4,159	3

Outlook

Economic Conditions

The Barbadian economy continues to be negatively affected by the prolonged global recession. Gross Domestic Product (GDP) was stagnant at the end of 2012 as the weak economic performance amongst Barbados' main trading partners gave rise to reduced economic activity within the tourism, manufacturing and agriculture sectors. The unemployment rate increased marginally to 11.7% and the rate of inflation stood at 6.5% at the end of 2012.

Government finances and sovereign credit conditions continued to be a major problem for Barbados leading to deterioration in its sovereign credit ratings. Standard & Poor's downgraded the country's rating in July 2012 from BBB - to BB+ on the back of a weak fiscal profile, challenging economic conditions and rising debt burden. The rating agency maintains a neutral outlook for Barbados due to its political stability, strong institutions and ability to absorb further fiscal deterioration. In December 2012, Moody's revised the country's sovereign rating from Baa3 to Ba1 and assigned a negative outlook. The deterioration of the country's sovereign credit ratings however had no impact on the Group's borrowing cost in 2012.

The prevailing weak economic environment coupled by increased conservation efforts of customers resulted in a 1.6% decline in electricity sales at the end of 2012.

Economic Prospects

Barbados is expected to maintain a stable political environment in the aftermath of the General Elections, with a strong and liquid financial sector. Barbados' fiscal deficit is however expected to remain a major challenge in 2013 as moderate increases in prices and sluggish personal and corporate tax revenues constrain fiscal improvements. The economy is projected to grow marginally by 0.7% during 2013, employment is expected to be stable and inflation moderate. These projections, according to the Central Bank of Barbados are based on the most recent IMF forecast of average growth of 1.7 percent for Barbados' major trading partners (like the US, UK & Canada), as well as an improvement in consumer expnditure in these markets.

Barbados - Energy Policy & Legislation

The Government of Barbados, with support from the Inter-American Development Bank ("IDB"), embarked on the development of a sustainable energy framework for Barbados. The main prongs of this project are the promotion of energy efficiency and the introduction of renewable sources of energy. Government has announced that it expects to have the policy reflected in new legislation during 2013. In preparation for the adoption of this policy and any resulting new legislation, BLPC has embarked on an Integrated Resources Plan ("IRP") which is intended to form the basis of future generation expenditure. The IRP is expected to be completed during the first half of 2013 and submitted to the FTC for approval.

Liquidity and Capital Resources

The Group generates cash primarily through the generation, transmission and distribution of electricity through its regulated electric utility. The utility's customer base is diversified by both sales volumes and revenues among customer classes.

The Group is financed substantially from two main sources:

1. Shareholders' equity 2012 – 88% (2011 – 89%);
2. Borrowings from banks in the form of secured debentures 2012 – 12% (2011 – 11%);

The Group also holds Customer Deposits and benefits from Government manufacturing and investment tax allowances.

Over the years, the Group has reinvested a significant amount of earnings to finance new generating capacity and transmission & distribution facilities that were needed to meet the growth in demand for electricity. Equity holders have therefore provided the largest source of capital to the Group.

In addition to equity financing, the Group has sourced financing from financial institutions. Financing is largely secured by debenture on the assets of BLPC and has been fully disbursed to BLPC. The Group's borrowings are all at fixed interest rates which, traditionally would expose the Group to fair value interest rate risk, however the Group's debt is not traded.

Customer deposits are held by BLPC as security in the event of non-payment of bills. There is no concentration with regard to these deposits and management does not associate any significant risk to liquidity with this source of financing.

Government financing in the form of manufacturing and investment tax credits are deferred and recognized in the statement of income over the useful life of the related BLPC assets. Management does not associate any significant risk to liquidity with this source of financing.

BLPC has an overdraft facility of Bds $15 million.

Given the recent reduction in electricity sales and expected reduction in growth, the generation expansion plan for BLPC is currently under review by management subject to completion of the IRP.

BLPC's customer base is fairly diversified in terms of customer groups, but is concentrated in the island of Barbados and as such significantly exposes the group to the associated risks of a single geographic and economic location. Circumstances that could affect the group's ability to generate liquidity from this source include general economic downturn in Barbados, the loss of one or more large customers, regulatory decisions affecting rates and changes in environmental legislation.

Capital Structure

	Dec. 31, 2012 $ 000	Proportion	Dec.31, 2011 $ 000	Proportion
Total debt	98,587	12%	85,219	11%
Shareholder's equity	724,850	88%	689,260	89%
Total	823,437	100%	775,479	100%

A loan for Bds$28.4 (US$14.2) million was successfully negotiated during the year to Finance the LUCELEC investment. Notwithstanding this, the Company is not heavily leveraged and considers that it has the capacity to finance its Caribbean energy business through additional borrowings and new equity.

Capital Expenditure

Capital expenditures for 2012 were $27.3 million, a $13.7 million decrease from $41.0 million in 2011. The 2012 Capital expenditures relate primarily to various upgrades in the generation plant, construction of new distribution facilities, and routine capital works associated with the distribution network.

Financial Position

The below table is a summary of significant changes to the Company's Balance Sheet from December 31, 2011 to December 31, 2012.

Balance Sheet Account	Increase/ (Decrease) (millions)	Explanation
Property, Plant and Equipment	(14.6)	No significant additions were made in 2012 offset by depreciation expense
Inventory	(3.3)	Decrease in inventory due mainly to obsolescence provision
Trade & other payables	(11.5)	Decrease due mainly to timing of fuel payments
Borrowings	2.1	New loan to fund acquisition of Emera St. Lucia (ESL) net of repayments on existing loans
Customers' deposits	4.0	Increase in new deposits and interest on deposits
Current portion of borrowings	10.2	Increase in borrowings offset by repayments made during this fiscal year

Pension Funding

The Group has two pension plans which were brought into compliance and registered under the Occupational Pension Benefits Act (2003) ("Pension Act") in January 2012. The adjustments required to bring the plans into compliance with the requirements of the Pension Act are not expected to be of significant cost to the Group. The plans are Defined Benefit plans with benefits guaranteed by a third party and as such accounted for as a Defined Contribution plan. The group has not covenanted with the employees to provide a defined benefit, rather committed to pay a premium as required by the guarantor in the plan contracts, into the plan for the benefit of the employees. In the view of management, while this exposes the employees to counter party risk, it does not expose the Group to any such risk of default by the guarantor.

Transactions with Related Parties

Due to the similar nature of business done by other Emera companies and the potential for economies of scale and other synergistic benefits since Emera became a majority shareholder, the Group has had certain transactions with related parties. These transactions are primarily charges for work done by Emera for the Group. These include but are not limited to business development, technical planning, controls enhancement, treasury management and insurance audits. Management is of the view that being a part of the larger Emera group brings several benefits of this nature as well as opportunities yet to be explored. Related party transactions at December were $1.5 million compared with $0.7 million in 2011.

Dividends and Payout Ratios

The Company recorded earnings per share of $2.28 in 2012 compared to $1.99 cents in 2011. The dividend paid was increased by 10%, from the 44 cents paid in 2011 to 48 cents per share in 2012. Payout ratios were 21% and 22% respectively in 2012 and 2011.

Risk Management and Financial Instruments

The Group's risk management activities are focused on those areas that most significantly impact profitability, quality of income and cash flow. These risks include, but are not limited to, exposure to operational risk, economic conditions, hurricane & catastrophe, currency and regulatory risks.

Operational Risks

Operational risks are those risks normally inherent in the operation of generating, transmission and distribution facilities. The Company's facilities are subject to the risk of equipment failure due to deterioration of the asset from use or age, latent defects and design or operation error, among other things. These risks could lead to prolonged equipment downtimes for maintenance and repair, disruptions of power generation, customer service interruptions, and could result in injury to employees and the public. Accordingly, to ensure the continued performance of the physical assets, the Company determines expenditures that must be made to maintain and replace the assets.

The operation of an electric utility is accompanied by the risks associated with fuel management and a variety of equipment that operates at high pressure and temperature, and high voltage. The Company has a HSEQ (Health, Safety, Environment, & Quality) Management System which seeks to ensure that proper procedures are in place to manage these risks. The Company has attained ISO certification in Occupational Health and Safety Management (OHSAS 18001:2007) and Environmental Management (ISO 14001:2004) standards during 2012 as well as recertification in the Quality Management (ISO 9001:2008) standard.

Economic Conditions

The general economic condition in Barbados influences electricity sales as with most utility companies. Sluggish economic activity, reduction in disposable incomes, employment and construction are all factors that help determine the amount of sales generated. As the Company supplies electricity to all hotels and large properties, its sales are therefore partially based on tourism and related industry fluctuations.

Hurricane and Catastrophe Risk - Self Insurance Fund

The Company's facilities are subject to the effects of severe weather conditions principally during the hurricane season months of June through November. Despite our best preparations there will always be some risk. The weather can affect electric sales volumes and associated revenues and also generally result in increased operating costs associated with restoring power to customers.

In order to mitigate some of this risk, the Company maintains a Self Insurance Fund to provide for coverage in the event of a hurricane or other catastrophe. A study conducted in 2011 indicated that the amount held in the fund of approximately $128.4 million was adequate to cover reasonable risk. Based on the study, management decided to maintain contributions to the fund at $1.6 million in 2012.

Currency Exposure

The Company's revenues are in Barbados dollars, while some of its debt obligations are in US dollars and the majority of its equipment and supplies are purchased overseas, requiring foreign currency. The Company therefore depends on the stability of the Barbados dollar 'peg' against the US dollar.

Disclosure and Internal Controls

Management is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"). The objective of these procedures is to improve the quality, reliability and transparency of information that is filed or submitted under securities legislation.

The Managing Director and the Chief Financial Officer have designed, with the assistance of Group employees, DC&P and ICFR to provide reasonable assurance that material information is reported to them on a timely basis; financial reporting is reliable; and that financial statements prepared for external purposes are in accordance with IFRS.

The Managing Director and the Chief Financial Officer have evaluated, with the assistance of Group employees, the effectiveness of the group's DC&P and ICFR and based on that evaluation have concluded DC&P and ICFR were effective at December 31, 2012.

There were no material changes in the Group's ICFR for the year ended December 31, 2012.

Significant Accounting Policies and Critical Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related amounts of revenues and expenses, and disclosure of contingent assets and liabilities. Significant areas requiring the use of management estimates have been disclosed in the consolidated financial statements of the group. Actual results may differ from these estimates.

March 20th 2013

Peter Williams - Managing Director

Hutson Best - Chief Financial Officer

Light & Power Holdings Ltd.

	2012 $ 000s	2011 $ 000s	2010 $ 000s	2009 $ 000s	2008 $ 000s
Property plant and equipment	**1,126,402**	1,107,118	1,074,542	1,052,658	1,027,454
Less accumulated depreciation	**(559,392)**	(525,470)	(491,131)	(453,688)	(423,324)
Net fixed assets	**567,010**	581,648	583,411	598,970	604,130
Revenue and expenses					
Operating revenue	**593,168**	607,276	508,139	415,392	473,310
Expenses					
Fuel	**(397,529)**	(409,822)	(306,803)	(236,552)	(297,612)
Operating and maintenance	**(112,320)**	(118,434)	(118,698)	(108,415)	(104,292)
Depreciation	**(39,777)**	(39,973)	(38,769)	(38,123)	(37,275)
Loss on exchange	**(106)**	(120)	(269)	(127)	(83)
Operating income	**43,436**	38,927	43,600	32,175	34,048
Finance income	**3,971**	6,051	4,897	3,651	4,319
Income before interest and taxation	**47,407**	44,978	48,497	35,826	38,367
Interest and finance charges	**(8,164)**	(8,402)	(8,692)	(7,972)	(6,502)
Share of income/(loss) of associated companies	**3,897**	–	7,543	(1,319)	(1,229)
Income before taxation	**43,140**	36,576	47,348	26,535	30,636
Taxation (charge)/credit	**(2,896)**	(1,240)	(1,702)	920	1,080
Net income	**40,244**	35,336	45,646	27,455	31,716
Deduct					
Preference dividends	–	–	–	(27)	(27)
Common dividends	**(8,260)**	(7,573)	(6,865)	(6,872)	(6,829)
Transfer to Self Insurance Fund reserve	**(1,442)**	(2,672)	(5,885)	(8,754)	(10,948)
Reinvested earnings	**30,542**	**25,091**	**32,896**	**11,802**	**13,912**

ERNST & YOUNG

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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, 2012 and the consolidated statements of changes in equity, comprehensive income, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

Chartered Accountants
Bridgetown, Barbados
March 20, 2013

Financial Statements

Light & Power Holdings Ltd.

Consolidated Balance Sheet

As of December 31, 2012

(expressed in thousands of Barbados dollars)

	Notes	2012	2011
Assets		$	$
Non-current assets			
Property, plant and equipment	5	567,010	581,648
Investment in associates	6	53,191	–
Financial investments - available-for-sale	7	124,071	106,353
		744,272	688,001
Current assets			
Cash resources	8	135,810	144,661
Trade and other receivables	9	76,339	76,864
Corporation tax recoverable		552	313
Due by associated companies		20	–
Inventories	10	38,276	41,543
		250,997	263,381
Total assets		995,269	951,382
Equity			
Share capital	11	115,606	116,313
Other reserves	12	242,601	236,846
Retained earnings		366,643	336,101
		724,850	689,260
Non-current liabilities			
Borrowings	13	77,078	74,949
Customers' deposits	14	33,338	29,323
Deferred credits	15	41,765	41,555
Deferred tax liability	6	23,277	20,381
		175,458	166,208
Current liabilities			
Trade and other payables	18	68,323	79,860
Due to parent company	19	1,500	693
Due to related party		5	–
Provisions for other liabilities and charges	17	3,624	4,091
Current portion of borrowings	13	21,509	11,270
		94,961	95,914
Total equity and liabilities		995,269	951,382

Approved by the Board of directors on March 20, 2013 and signed on its behalf by:

Robert Hanf - Director

E.L. Greaves - Director

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

Light & Power Holdings Ltd.

Consolidated Statement of Changes in Equity

For the year ended December 31, 2012

(expressed in thousands of Barbados dollars)

	Common shares $	Other reserves $	Retained earnings $	Total $
Balance at December 31, 2010	115,777	234,443	311,010	661,230
Comprehensive income				
Net income for the year	–	–	35,336	35,336
Available-for-sale - financial Investments	–	(269)	–	(269)
Total comprehensive income	–	(269)	35,336	35,067
Dividends paid (44¢ per share)	–	–	(7,573)	(7,573)
Issue of common shares	710	–	–	710
Repurchase of common shares	(174)	–	–	(174)
Transfer to Self Insurance Fund reserve	–	2,672	(2,672)	–
	536	2,672	(10,245)	(7,037)
Balance at December 31, 2011	116,313	236,846	336,101	689,260
Comprehensive income				
Net income for the year	–	–	40,244	40,244
Available-for-sale - financial Investments	–	4,313	–	4,313
Total comprehensive income	–	4,313	40,244	44,557
Dividends paid (48¢ per share)	–	–	(8,260)	(8,260)
Issue of common shares	590	–	–	590
Repurchase of common shares	(1,297)	–	–	(1,297)
Transfer to Self Insurance Fund reserve	–	1,442	(1,442)	–
	(707)	1,442	(9,702)	(8,967)
Balance at December 31, 2012	115,606	242,601	366,643	724,850

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

Light & Power Holdings Ltd.

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2012
(expressed in thousands of Barbados dollars)

	Notes	2012 $	2011 $
Operating revenue	20	593,168	607,276
Operating expenses			
Fuel		397,529	409,822
Generation		45,543	54,423
General		50,097	45,900
Distribution		11,723	13,140
Insurance		4,957	4,971
Depreciation		39,777	39,973
Foreign exchange loss		106	120
	21	549,732	568,349
Operating income		43,436	38,927
Finance and other income	22	3,971	6,051
Finance and other cost		(8,164)	(8,402)
Share of income of associated company	6	3,897	–
Income before taxation		43,140	36,576
Taxation	16	(2,896)	(1,240)
Net income for the period		40,244	35,336
Other comprehensive income:			
Change in fair value of financial investments available-for-sale	7	4,313	(269)
Total comprehensive income for the year		44,557	35,067
Attributable to shareholders of the Group basic and diluted earnings per share (cents)	24	227.7	198.5

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

Light & Power Holdings Ltd.

Consolidated Statement of Cash Flows

For the year ended December 31, 2012
(expressed in thousands of Barbados dollars)

	2012 $	2011 $
Cash flows from operating activities		
Income before taxation	43,140	36,576
Adjustments for non-cash items:		
Share of income of associated company	(3,897)	–
Depreciation	39,777	39,973
Loss on foreign exchange	106	120
Gain on disposal of property, plant and equipment	(5)	(8)
Investment and interest income	(3,976)	(5,203)
Finance and other costs	8,164	8,402
Net change in deferred revenue	210	(1,363)
Net change in provisions for other liabilities and charges	(467)	(1,206)
Operating income before working capital changes	83,052	77,291
Decrease /(increase) in trade and other receivables	525	(21,119)
Decrease/(increase) in inventories	3,267	(7,477)
(Decrease)/increase in trade and other payables	(11,537)	12,403
Increase in due to parent company	807	693
Cash generated from operations	76,114	61,791
Interest and finance charges paid	(8,133)	(8,410)
Corporation tax paid	(191)	(8)
Net cash from operating activities	67,790	53,373
Cash flows used in investing activities		
Additions to property, plant and equipment	(27,281)	(41,039)
Purchase of financial investments	(43,887)	(71,596)
Redemption of financial investments	28,484	69,949
Decrease in term deposits	6,080	8,691
Decrease/(increase) in restricted cash - Self Insurance Fund	6,762	(6,763)
Investment in associated company	(51,928)	–
Proceeds on disposal of property, plant and equipment	5	8
Dividends received	2,620	–
Interest received	6,003	5,400
Net cash used in investing activities	(73,142)	(35,350)
Cash flows used in financing activities		
Repurchase of common shares	(1,297)	(174)
Issue of common shares	590	710
Dividends paid	(8,260)	(7,573)
Repayment of borrowings	(15,936)	(15,190)
Proceeds from borrowing	28,258	–
Customers' contributions	2,141	2,829
Customers' deposits	4,015	2,754
Net cash from/(used in) financing activities	9,511	(16,644)
Net increase in cash and cash equivalents	4,159	1,379
Cash and cash equivalents - beginning of year	122,618	121,239
Cash and cash equivalents - end of year (Note 8)	126,777	122,618

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 operation of a self-insurance fund to manage certain of the Group's insurance risks and investments in real estate.

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

On January 25, 2011 Emera Inc., an energy and services company registered in Canada, increased its investment in Light & Power Holdings Ltd ("LPH") and its wholly-owned subsidiaries to 79.7 per cent thus making Emera the majority sharholder. At December 31, 2012 the ownership stood at 80.2 per cent.

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 consolidated 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 consolidated financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2.1.1 Changes in accounting policy and disclosures

- ***a) New and amended standards, and interpretations adopted by the group***

  The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of January 1 2012. The adoption of the revised standard did not have a significant change on the financial statements of the Group.

- ***IAS 1 Financial Statement Presentation'*** issued December 2010. The amendments to IAS 1 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and therefore has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after July 1, 2012.

b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning January 1, 2012 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

- **IAS 12, *'Income Taxes (amendment) - Deferred Taxes: Recovery of Underlying Assets'.*** The amendment clarified the determination of deferred taxes on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying value will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after January 1, 2012 and has no effect on the Group's financial position, performance or disclosures.

- **IFRS 1, *'First-Time Adoption of International Financial Reporting Standards (Amendments), – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters.*** The IASB provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. The amendment is effective for annual periods beginning on or after July 1, 2012. The amendment has no impact on the Group.

- **IFRS 7, *'Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements'.*** The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognized assets to enable the users to evaluate the nature of, and risks associated with, such involvement.

  The amendment is effective for annual periods beginning on or after July 1, 2011. The Group does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

c) New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2012 and not early adopted.

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:-

- **IAS 19, *'Employee Benefits (Amendment)'*** amended June 2011. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Group is currently assessing the full impact of the remaining amendments. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- ***IAS 27, 'Separate Financial Statements (as revised in 2011)'*** issued in May 2011. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- ***IAS 28, 'Investments in Associates and Joint Ventures (as revised in 2011)***' issued in May 2011. As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- ***IAS 32, 'Offsetting Financial Assets and Financial Liabilities',*** effective January 1, 2014. These amendments clarify the meaning of "currently has the enforceable right to set-off" by stating that right of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. The amendments also clarify that rights of set-off must not be contingent on a future event. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

- *IFRS 1*, ***'Government Loans- Amendment to IFRS 1,'*** effective January 1, 2013. The amendment has added an exception to the retrospective application of IFRS 9 Financial instruments (or IAS 39 Financial Instruments: Recognition and Measurement, as applicable) and IAS 20 Accounting for Governments Grants and Disclosure of Government Assistance. These amendments require first-time adopters to apply the requirements of IAS 20 prospectively to Government loans existing at the date of transition to IFRS. However, entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and to Government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan.

- *IFRS 7,* ***'Disclosures- Offsetting Financial Assets and Financial Liabilities',*** effective January 1, 2013. These amendments require an entity to disclose information about rights of set-off and related arrangements. The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set-off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set off in accordance with IAS 32.

- *IFRS 9,* ***'Financial instruments',*** issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until January 1, 2015, but is available for early adoption. The group is yet fully to assess IFRS 9's impact. However, initial indications are that it may affect the group's accounting for its debt available-for-sale financial assets, as IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

- *IFRS 10,* ***'Consolidated Financial Statements',*** issued in May 2011. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation - Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The standard is not expected to have an effect on the Group's financial statements.

- IFRS 11, ***'Joint Arrangements',*** issued in May 2011. IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. The standard is not expected to have an effect on the Group's non-consolidated financial statements.

- IRFS 12, **'*Disclosure of Interests in Other Entities*',** issued in May 2011. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Group is yet to assess IFRS 12's full impact on its financial statements.

- IFRS 13, ***'Fair Value Measurement'*** issued in May 2011. The standard establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after January 1, 2013.

- IFRIC 20***, 'Stripping costs in the production phase of a surface mine',*** effective January 1, 2013. This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. The interpretation may require mining entities reporting under IFRS to write off stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body.

d) Annual improvements May 2012

Except for IAS 16, the following improvements will not have an impact on the Group:

- IFRS 1, First-time Adoption of International Financial Reporting Standards
- IAS 1, Presentation of Financial Statements
- IAS 16, Property Plant and Equipment
- IAS 32, Financial Instruments, Presentation
- IAS 34, Interim Financial Reporting

These improvements are effective for annual periods beginning on or after January 1, 2013.

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. The consolidated financial statements are available at the Company's registered office.

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

The Group's investment in its associate, an entity in which the Group has significant influence, is accounted for using the equity method.

Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The income statement reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit or loss of an associate is shown on the face of the income statement and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of losses of an associate' in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

Operating segments 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 includes 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.

The Group includes borrowing costs directly attributable to the acquisition, construction or production of qualifying assets as part of the cost of that asset 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).

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 them within 12 months.

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

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.

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.

Impairment of financial assets

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. In the case of debt securities classified as available-for-sale, a breach of contract such as default or delinquency in interest or principal payments, or evidence of significant financial difficulty of the issuer is considered as an indicator of impairment. 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 other comprehensive income and recognised in the income statement.

In the case of loans not quoted in an active market, a breach of contract such as default or delinquency in interest or principal payments, or evidence of significant financial difficulty of the issuer is considered as an indicator of impairment. If any such evidence exists, the impairment loss measured as the difference between the carrying value and the net recoverable amount is recognised in the income statement.

2.7 Impairment of non-financial assets

Assets that have an indefinite life, e.g. and 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 amounts due from customers for electricity or other services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not they are presented as non-current assets. 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 provision 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 comprehensive 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.

Where the Group repurchases without cancellation of 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 Preference shares

Preference shares are treated as a liability. This class of shares requires the Group to deliver cash in the form of interest on an annual basis and the shares also carry the right to receive cash on liquidation or otherwise require that dividends, whether accrued or not, be paid to the holders prior to any repayments to holders of common shares. They therefore meet the definition of a liability and have been reclassified as a long term liability and presented under borrowings in the statement of financial position. The interest paid is treated as a finance cost.

2.13 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.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan.

2.14 Taxation

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. In this case, the tax is also recognised directly in equity.

The current tax is the expected tax payable on taxable income for the period and is calculated on the basis of the tax rates enacted or substantially enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2.15 Tax credits

Investment and manufacturing credits

Investment and manufacturing allowances associated with the acquisition of plant and equipment are being deferred and amortised to income over the estimated useful lives of the respective assets.

2.16 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.

2.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

2.18 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 does not recognize any unbilled portion which exists at the end of the accounting period. Fuel clause revenue is recognised on the basis of the amount actually recoverable for the accounting period. The unbilled revenue at period-end is not material.

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.

2.19 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 25).

2.20 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.

2.21 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.

2.22 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.

2.23 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.

2.24 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.

2.25 Repurchased shares

Own equity instruments that are reacquired are recognised at cost and deducted from equity. No gain or loss is recognised in income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in other reserves. Voting rights related to repurchased shares are nullified for the Group and no dividends are allocated to them.

(expressed in thousands of Barbados dollars)

3 Financial risk management

3.1 Financial instruments by category

At December 31,2012

	Loans and receivables $	Available-for-sale $	Total $
Assets as per balance sheet			
Available-for-sale financial assets	–	124,071	124,071
Trade and other receivables excluding pre-payments	72,867	–	72,867
Cash resources	135,810	–	135,810
Total	208,677	124,071	332,748

	Liabilities at fair value through the profit and loss $	Other financial liabilities at amortised cost $	Total $
Liabilities as per balance sheet			
Borrowings	–	98,587	98,587
Trade and other payables excluding statutory liabilities	–	61,375	61,375
Customer deposits	–	33,338	33,338
Total	–	193,300	193,300

At December 31,2011

	Loans and receivables $	Available-for-sale $	Total $
Assets as per balance sheet			
Available-for-sale financial assets	–	106,353	106,353
Trade and other receivables excluding pre-payments	68,619	–	68,619
Cash resources	144,661	–	144,661
Total	**213,280**	**106,353**	**319,633**

(expressed in thousands of Barbados dollars)

	Liabilities at fair value through the profit and loss $	Other financial liabilities at amortised cost $	Total $
Liabilities as per balance sheet			
Borrowings	–	86,219	86,219
Trade and other payables excluding statutory liabilities	–	77,040	77,040
Customer deposits	–	29,323	29,323
Total	–	192,582	192,582

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.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk arising primarily from foreign currency borrowings, available-for-sale investments 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. At December 31, 2012 borrowings of $37.4 million (2011 - $23.7 million) are designated in United States dollars. At December 31, 2012 available-for-sale investments designated in US$ amount to $124.1 million (2011 - $106.4 million).

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

(expressed in thousands of Barbados dollars)

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, 2012 and December 3, 2011 with all other variables held constant.

	Impact on other components of equity	
	2012 $	2011 $
Equity securities	1,161	81

The carrying value of listed securities would increase/decrease as a result in the change of value with the impact recognised in other comprehensive income.

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 (copper, aluminium). 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 largely carry fixed interest rates and as such expose it to fair value interest rate risk. At December 31, 2012, a 50 points increase/decrease in interest rates would result in an increase/decrease in the fair value of the available-for-sale debt securities of $0.2 million (2011 - $.5 million) which would be recognised directly in the other comprehensive income.

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.

(expressed in thousands of Barbados dollars)

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, 2011 and 2010 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.

Cash flow forecasting is performed in the operating entities of the Group. Management monitors the Group's liquidity reserve which comprises undrawn borrowing facility to meet operational needs so that the group does not breach covenants (where applicable) on its borrowing facilities. 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.

The table below 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 below table for borrowings will not reconcile to the balance sheet as they are the contractual undiscounted cash flows.

	Less than 1 year $	**Between 1 & 2 years $**	**Between 2 & 5 years $**	**Over 5 years $**	**Total $**
At December 31, 2012					
Assets					
Cash and cash equivalents	126,777	–	–	–	126,777
Trade and other receivables	74,494	–	–	–	74,494
Total assets	201,271	–	–	–	201,271
Liabilities					
Borrowings	25,835	17,572	23,814	68,299	135,520
Trade and other payables	68,323	–	–	–	68,323
Customers' deposits	–	33,338	–	–	33,338
Total liabilities	94,158	50,910	23,814	68,299	237,181

(expressed in thousands of Barbados dollars)

	Less than 1 year $	Between 1 & 2 years $	Between 2 & 5 years $	Over 5 years $	Total $
At December 31, 2011					
Assets					
Cash and cash equivalents	122,618	–	–	–	122,618
Trade and other receivables	69,608	–	–	–	69,608
Total assets	192,226	–	–	–	192,226
Liabilities					
Borrowings	16,135	16,009	9,849	76,206	128,199
Trade and other payables	77,040	–	–	–	77,040
Customers' deposits	–	29,323	–	–	29,323
Total liabilities	93,175	45,332	19,849	76,206	234,562

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

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 reputable 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, 2012. Further analysis of the Group's trade receivables is disclosed in Note 9.

(expressed in thousands of Barbados dollars)

The table below presents an analysis of debt securities by rating agency designation at December 31, 2012 and December 31, 2011 based on Standard and Poor's or equivalent ratings.

	2012 $	2011 $
AAA	3,807	12,595
AA+	11,021	11,973
AA	36,756	21,571
AA-	-	20,643
A	1,939	2,925
	53,523	69,707

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 established 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.

At December 31, 2012 financial assets of the Fund included in the consolidated financial statements are as follows:

	2012 $	2011 $
Cash and cash equivalents	9,033	22,043
Investments, available-for-sale (Note 7)	124,071	106,353
	133,104	128,396

(expressed in thousands of Barbados dollars)

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 debt to equity ratio. This ratio is calculated as total equity divided by total borrowings.

The debt to equity ratios at December 31, 2012 and December 31, 2011 were as follows:

	2012 **$**	**2011** **$**
Shareholder's equity	**724,850**	689,260
Total borrowings (Note 13)	**98,242**	85,924
Debt to equity ratio	**1:7.38**	1:8.02

In accordance with the Trust Deed securing certain borrowings, the Group is required to maintain a debt to equity rate of 1:1.25. The Group complied with the requirement under the Trust Deed in 2012 and 2011.

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.

(expressed in thousands of Barbados dollars)

IFRS 7, Financial Instruments - requires disclosure for 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, 2012 and December 31, 2011.

	Level 1 $	Level 2 $	Total $
2012			
Assets			
Available-for-sale financial assets			
- Equity securities	23,227	–	23,227
- Debt securities	–	53,523	53,523
- Mutual funds	–	47,321	47,321
	23,227	100,844	124,071
2011			
Assets			
Available-for-sale financial assets			
- Equity securities	1,628	–	1,628
- Debt securities	–	69,707	69,707
- Mutual funds	–	35,018	35,018
	1,628	104,725	106,353

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.

4.1 Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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.

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 $0.24 million in its 2012 financial statements (2011 - $0.09), 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) Impairment of financial assets

When the fair value declines or when there is objective evidence of impairment, management makes assumptions about the declines in value to determine whether it is an impairment that should be recognized in income.

(expressed in thousands of Barbados dollars)

5 Property, plant and equipment

	Generation $	Transmission & distribution $	Other $	Work in progress $	Total $
At December 31, 2012					
Cost	483,752	446,832	102,838	92,980	1,126,402
Accumulated depreciation	(290,805)	(209,562)	(59,025)	–	(559,392)
Net book amount	192,947	237,270	43,813	92,980	567,010
For the year ended December 31, 2012					
Opening net book amount	202,623	242,144	42,637	94,244	581,648
Additions and transfers	4,599	13,390	8,139	(1,264)	24,864
Retirals	30	245	–	–	275
Depreciation charge	(14,305)	(18,509)	(6,963)	–	(39,777)
Closing net book amount	192,947	237,270	43,813	92,980	567,010
At December 31, 2011					
Cost	480,872	435,985	96,017	94,244	1,107,118
Accumulated depreciation	(278,249)	(193,841)	(53,380)	–	(525,470)
Net book amount	202,623	242,144	42,637	94,244	581,648
For the year ended December 31, 2011					
Opening net book amount	204,137	246,442	45,083	87,749	583,411
Additions and transfers	12,875	13,672	3,909	6,495	36,951
Retirals	1,176	75	8	–	1,259
Depreciation charge	(15,565)	(18,045)	(6,363)	–	(39,973)
Closing net book amount	202,623	242,144	42,637	94,244	581,648

No borrowing costs were capitalised during the years 2011 - 2012.

(expressed in thousands of Barbados dollars)

6 Investment in associated company

	2012 $
Investment in associated company	49,294
Share of income in associated company	3,897
Balance - end of year	53,191

During the year, Light & Power Holdings Ltd. purchased a 100% interest at a purchase price of $51.9 million in Emera St. Lucia Limited, a holding company established to carry the investment in St. Lucia Electricity Services Limited (LUCELEC). Light & Power Holdings effectively holds 19.1% of the shareholding of LUCELEC as at December 31, 2012. LUCELEC is a vertically integrated electric utility company serving more than 60,000 customers with an exclusive license to generate, transmit and distribute electricity on the island of St. Lucia to the year 2045.

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 $
2012					
St. Lucia Electricity Services Limited	**19.1%**	**73,238**	**47,649**	**48,367**	**3,528**

7 Financial investments - available-for-sale

	2012 $	2011 $
Balance at beginning of year	106,353	105,313
Additions	43,887	71,596
Redemptions	(30,376)	(70,167)
Unrealised foreign exchange loss	(106)	(120)
	119,758	106,622
Change in fair value		
Gains/(losses) recognised in other comprehensive income during the year	3,982	(734)
Net gains transferred from equity to finance income during the year (Note 12)	331	465
	4,313	(269)
Balance at end of year	124,071	106,353

There were no disposals or impairment provisions for financial investments in 2012 or 2011.

(expressed in thousands of Barbados dollars)

Available-for-sale financial assets include the following:

	2012 $	2011 $
Listed securities		
Common Shares	23,227	1,628
Mutual funds	47,321	35,018
Corporate Bonds, Debentures, Short and Medium term Notes	39,289	54,479
Government Bonds	14,234	15,228
	124,071	106,353

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, 2012, the maturity profile of debt securities is as follows:

	2012 $	2011 $
Maturity within 1 year	21,208	25,032
Maturity in 1 - 5 years	32,315	44,675
	53,523	69,707

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

	2012 $	2011 $
Cash in hand and at bank	18,711	87,716
Short term investments	108,066	34,902
Cash and cash equivalents	126,777	122,618
Term deposits - Self Insurance Fund	8,024	14,272
Cash at bank - Self Insurance Fund	1,009	7,771
Cash resources	135,810	144,661

The interest rates on short-term investments range between 2.5% and 3.44% (2011 - 2.65% and 3.39) per annum at the balance sheet date. These deposits have an average maturity of 90 days.

The interest rate on the fixed term bank deposits was 2.8% (2011 2.5%-3.3%).

The cash and term deposits of $9 million (2011 - $22.0 million) held by the Self Insurance Fund are not available for use in the Group's operations.

(expressed in thousands of Barbados dollars)

9 Trade and other receivables

	2012 $	2011 $
Trade receivables	71,469	59,934
Less provision for impairment and discounts	(1,627)	(989)
Trade receivables, net	69,842	58,945
Other receivables	3,025	9,674
Prepayments	3,472	8,245
	76,339	76,864

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

The movement in the provision for impairment was as follows:

	2012 $	2011 $
Balance - beginning of year	989	575
Increase in provision	638	414
Balance - end of year	1,627	989

Based on the historical 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 comprehensive income were $1.2 million (2011 - $1.1 million).

The ageing of trade and other receivables is as follows:

	2012		2011	
	Trade receivables $	Other receivables $	Trade receivables $	Other receivables $
Less than 30 days	43,510	2,487	40,458	8,354
31-60 days	13,782	149	11,577	274
61 - 90 days	5,792	7	3,383	213
Over 90 days	8,385	382	4,516	833
	71,469	3,025	59,934	9,674

(expressed in thousands of Barbados dollars)

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, 2012, trade receivables of $43.5 million (2011 - $40.5 million) were fully performing.

As of December 31, 2012, trade and other receivables of $28.5 million (2011 - $20.8 million) were past due but not impaired. The ageing analysis of these trade and other receivables is as follows:

	2012		2011	
	Trade receivables $	Other receivables $	Trade receivables $	Other receivables $
31 - 60 days	13,782	149	11,577	274
61 - 90 days	5,792	7	3,383	213
Over 90 days	8,385	382	4,516	833
	27,959	538	19,476	1,320

10 Inventories

	2012 $	2011 $
Fuel	12,769	12,802
Materials and spares	24,587	27,682
Goods in transit	920	1,059
	38,276	41,543

The cost of inventories written down and recognised as an expense during the year is included in operating expenses in the amount of $3.8 million (2011 - $2.1 million).

(expressed in thousands of Barbados dollars)

11 Share capital

Authorised
100,000 - 5.5% Cumulative preference shares of no par value
500,000 - 10% Cumulative redeemable preference shares of no par value
100,000,000 - Common shares of no par value
10 - Class A redeemable preference shares of no par value

Issued

	2012 $	2011 $
17,201,893 (2011 - 17,228,816) common shares	115,606	116,313

	2012		2011	
	No.	$	No.	$
Common shares				
Shares outstanding - beginning of year	17,228,816	116,313	17,207,962	115,777
Repurchased during the year	(49,877)	(1,297)	(6,781)	(174)
Issued during the year	22,954	590	27,635	710
Balance - end of year	17,201,893	115,606	17,228,816	116,313

The Directors of the Company have agreed to set aside 600,000 common shares to be issued to the employees of the Company and its subsidiary company, The Barbados Light & Power Company Limited, in accordance with the Articles of Incorporation and General By-Laws of the Company. As at December 31, 2012, 22,954 common shares at $25.70 per share were issued under this Scheme (December 2011, 27,635 common shares at 25.70).

During the year, 49,877 common shares were repurchased at $25.70 per share (2011 – 6,781 at $25.70 per share).

(expressed in thousands of Barbados dollars)

12 Other reserves

		2012 $	2011 $
i)	**Capital reserve**		
	Balance - beginning and end of year	109,522	109,522
ii)	**Self Insurance Fund**		
	Balance - beginning of year	127,324	124,921
	Transfer from retained earnings	1,442	2,672
	Gain recognised in other comprehensive income during the year	3,982	(734)
	Net gains/(losses) transferred from equity to finance income during the year (Note 7)	331	465
	Balance - end of year	133,079	127,324
	Total other reserves	242,601	236,846

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

ii) Funds set aside by the subsidiary company, The Barbados Light & Power Company Limited, 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 Company 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.

(expressed in thousands of Barbados dollars)

13 Borrowings

	2012 $	2011 $
Royal Bank of Canada Bds$20,804 (2011 - Bds$22,239) repayable by 2021 in monthly instalments of blended principal and interest at a rate of 6.5%.	20,804	22,239
Bank of Nova Scotia US$11,833 repayable by 2015 in semi-annual instalments of blended principal and interest rate of LIBOR + 1.05%	23,459	-
European Investment Bank - Protocol 111 US$3,894 (2011 - US$7,680) repayable by 2013 in semi-annual instalments of blended principal and interest at a rate of 4.27%.	7,896	15,574
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 6.65%.	20,000	20,000
First Caribbean International Bank (Cayman) Ltd US$3,000 (2010 - US$4,000) repayable by 2015 in semi-annual instalments of $0.5 million at a rate of 5.98%.	6,083	8,111
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 6.875%.	20,000	20,000
Total long term borrowings excluding preference shares	98,242	85,924
Redeemable 5.5% cumulative redeemable preference shares Interest payable semi-annually	500	500
Add: Accrued interest on long term loans	125	147
Less: Issue costs of long term loans	(280)	(352)
Total long term borrowings	98,587	86,219
Less: Current portion including accrued interest	(21,509)	(11,270)
Non-current portion	77,078	74,949

(expressed in thousands of Barbados dollars)

Borrowings, with the exception of the European Investment Bank loan and redeemable preference shares, 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 Company Limited, 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 2012 and 2011.

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

The holders of the redeemable preference shares have the right to a preferential dividend at a rate of 5.5% per annum and the right in a winding up to a return of the capital paid up and any arrears of the preferential dividend calculated to the date of payment, but no right to share in surplus assets.

The maturity of borrowings is as follows:

	2012	**2011**
	$	**$**
Less than 1 year	25,683	11,123
Between 1 and 2 years	13,097	11,449
Between 2 and 5 years	7,972	9,321
Over 5 years	51,490	54,031
Total	98,242	85,924

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

	Carrying amount		Fair value	
	2012	2011	2012	2011
	$	$	$	$
Borrowings	76,953	74,801	74,295	73,674

The fair values are based on cash flows discounted using a rate based on the most recent borrowing rate of 6.85% (2011 - 6.85%).

(expressed in thousands of Barbados dollars)

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 (2011 - 8% per annum).

	2012 $	2011 $
Balance - beginning of year	29,323	26,568
New deposits	3,362	2,334
Deposits refunded	(1,624)	(1,497)
Net interest	2,277	1,918
Balance - end of year	33,338	29,323

15 Deferred credits

	2012 $	2011 $
Accumulated investment tax credit	19,938	21,271
Accumulated manufacturing tax credit	20,020	18,528
Customer contributions for work not yet started	1,700	1,756
Deferred Revenue – other	107	–
	41,765	41,555

16 Taxation

a) Corporation tax expense

	2012 $	2011 $
Deferred tax	2,896	1,240
Taxation charge	2,896	1,240

(expressed in thousands of Barbados dollars)

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:

	2012 $	2011 $
Income before taxation	43,140	36,576
Corporation tax at 25% (2011 - 25%)	10,785	9,144
Effect of different tax rate in subsidiary 15% (2011 - 15%)	(4,288)	(3,491)
Depreciation on assets not qualifying for capital allowances	74	73
Tourism development fund allowance	(21)	(21)
Environmental allowance	(5)	–
Tax loss on which the deferred tax asset is not recognised	1,275	444
Share of gain of associated company	(974)	–
Expenses not subject to tax	(4)	(2)
Income not subject to tax	(361)	(860)
Manufacturing allowance	(2,644)	(2,699)
Investment allowance	(940)	(1,348)
Gain on sale not subject to tax	(1)	–
Tax charge for the year	2,896	1,240

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% (2011 - 15%). The movement on the account is as follows:

	2012 $	2011 $
Balance - beginning of year	20,381	19,141
Transfer to the income statement - current year charge/(credit)	2,896	1,240
Balance - end of year	23,277	20,381

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

	2012 $	2011 $
Accelerated tax depreciation	184,414	177,873
Taxed provisions	(20,632)	(16,289)
Unutilised tax losses	(8,602)	(25,709)
	155,180	135,875
Deferred tax liability at corporation tax rate 15% (2011 - 15%)	23,277	20,381

(expressed in thousands of Barbados dollars)

The Group has a deferred tax asset of $2.7 million (2011 - $1.6 million) arising from losses in the parent company 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 $19.4 million (2011 - $32.2 million) (of which $10.8 million (2011 - $6.6 million) has not been recognised) 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 b/fwd $**	**Incurred $**	Losses utilised/ expired $	Losses c/fwd $	Expiry date
2003	9	–	(9)	–	–
2004	13	–	–	13	2013
2005	981	–	–	981	2014
2006	916	–	–	916	2015
2007	362	–	–	362	2016
2008	26,349	–	(17,106)	9,243	2017
2009	841	–	–	841	2018
2010	1,034	–	–	1,034	2019
2011	1,779	–	–	1,779	2020
2012	–	4,263	–	4,263	2021
	32,284	4,263	(17,115)	19,432	

17 Provisions for other liabilities and charges

	2012 $	**2011 $**
Bonuses & Compensation		
At beginning of year	**4,091**	1,861
Charged to income		
- Additional provisions	**4,990**	3,957
- Unused amounts reversed	**(1,012)**	–
Used during year	**(4,445)**	(1,727)
At end of year	**3,624**	4,091

This is a provision for profit sharing and retroactive pay, payable to employees within three (3) months of finalising the audited financial statements.

(expressed in thousands of Barbados dollars)

18 Trade and other payables

	2012 $	2011 $
Trade payables	36,302	57,366
Accrued expenses	25,073	19,674
Social security and other taxes	6,948	2,820
	68,323	79,860

19 Due to parent company

The amount of $1.2 million (2011 - $0.7 million) represents expenses paid by Emera on the Group's behalf (Note 1).

20 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 reported 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. Although the holding company and its entities do not meet the quantitative thresholds required by IFRS 8, management has concluded that this segment should be reported. This segment is closely monitored by the BOD as a potential growth area and is expected to significantly contribute to Group's revenue in the future.

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 and investments of excess income.

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

(expressed in thousands of Barbados dollars)

The segment information provided to the Board of Directors for the reportable segments for the year ended December 31, 2012 is as follows:

	Generation, transmission and distribution of electricity $	**Self insurance $**	**Holding company $**	**Other Companies $**	**Total 2012 $**
Segment revenue	**593,168**	–	–	–	**593,168**
Inter-segment revenue	–	–	–	–	–
Revenue from external customers	**593,168**	–	–	–	**593,168**
Inter-segment transfers	(1,600)	1,600	–	–	–
Investment income	975	1,199	–	–	2,174
EBT	42,881	1,442	37,751	(831)	81,243
Depreciation	39,765	–	12	–	39,777
Interest expense	7,635	–	27	501	8,163
Income tax credit	2,896	–	–	–	2,896
Share of income from associated company	–	–	3,897	–	3,897
Segment profit	**39,985**	**1,442**	**37,751**	**(831)**	**78,347**
Total assets	**693,578**	**133,103**	**235,472**	**117,240**	**1,179,393**
Property, plant and equipment	557,702	–	99	12,313	570,114
Total liabilities	**244,401**	**22**	**2,297**	**23,699**	**270,419**

Other companies include balances for the following companies of the Group:

- LPH Real Estate Limited
- LPH Renewable Energy Limited
- LPH Caribbean Limited
- Emera St. Lucia Limited

(expressed in thousands of Barbados dollars)

The segment information for the year ended December 31, 2011 is as follows:

	Generation, transmission and distribution of electricity $	Self insurance $	Holding company $	LPH Real Estate $	Total 2011 $
Segment revenue	**607,276**	**–**	**–**	**–**	**607,276**
Inter-segment revenue	–	–	–	–	–
Revenue from external customers	**607,276**	**–**	**–**	**–**	**607,276**
Inter-segment transfers	(1,600)	1,600	–	–	–
Investment income	–	2,529	–	–	2,529
EBT	43,383	2,672	80,108	(66)	126,097
Depreciation	(39,961)	–	(12)	–	(39,973)
Interest expense	8,375	–	27	–	8,402
Income tax credit	1,240	–	–	–	1,240
Segment profit	**42,142**	**2,403**	**80,108**	**(66)**	**124,587**
Total assets	**711,320**	**128,435**	**206,364**	**12,440**	**1,058,559**
Property, plant and equipment	572,386	–	53	12,313	584,752
Total liabilities	**260,129**	**1,110**	**1,972**	**6**	**263,217**

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.

(expressed in thousands of Barbados dollars)

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

	2012 $	2011 $
Reportable segments	81,243	126,097
Share of income of associated company	3,897	–
Gain on intergroup sale	–	(7,207)
Eliminations	(42,000)	(82,314)
Profit before tax	43,140	36,576

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.

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

	2012 $	2011 $
Segment assets for reportable segments	1,179,393	1,058,559
Eliminations	(184,124)	(107,177)
Total assets per balance sheet	995,269	951,382

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.

	2012 $	2011 $
Reported segment liabilities for reportable segments	270,419	263,217
Unallocated:		
Eliminations	–	(1,095)
Total liabilities per balance sheet	270,419	262,122

(expressed in thousands of Barbados dollars)

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:

	2012 $	2011 $
Large power	126,831	130,689
Secondary voltage power	216,950	223,616
Domestic service	187,366	190,411
General service	39,281	40,181
Street lighting	6,807	6,875
Time of use	13,489	11,872
Miscellaneous	2,444	3,632
Total revenue	593,168	607,276

Revenue of approximately $82.4M (2011 - $84.3 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.

21 Expenses by nature

	2012 $	2011 $
Fuel	397,529	409,822
Maintenance of plant	18,367	28,011
Employee benefits (excluding amounts charged to capital projects)	51,546	48,834
Depreciation	39,777	39,973
Insurance	4,957	4,971
Other expenses	37,556	36,738
Total operating expenses	549,732	568,349

Employee benefits comprise:

	2012 $	2011 $
Wages and salaries	47,315	45,163
Social security costs	2,575	2,607
Pension (Note 25)	7,403	6,872
Other benefits and share discount	1,175	1,291
	58,468	55,933
Allocated as follows:		
Operating expenses	51,546	48,834
Capitalised	6,922	7,099
	58,468	55,933

(expressed in thousands of Barbados dollars)

22 Finance and other income

Finance income is comprised as follows:

	2012 $	2011 $
Finance income:		
Investment income - Self Insurance Fund	1,199	2,529
Interest income	2,777	2,674
	3,976	5,203
Other income:		
Revenue – Other	154	-
Manufacturer's and investment tax credit (Note 2.1.2)	(159)	848
Finance and other income	3,971	6,051

23 Related party transactions
Key management compensation

	2012 $	2011 $
Salaries and other short term benefits	6,273	4,475
Directors' fees	133	64
Pension	833	948
Share discount	49	59
	7,288	5,546

	2012 $	2011 $
Due to Emera (Note 19)	1,500	693

(expressed in thousands of Barbados dollars)

24 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.

	2012 $	2011 $
Net income for the year	40,244	36,576
Less: Income from Self Insurance Fund - restricted	(1,008)	(2,368)
Profit attributable to equity holders of the Company	39,236	34,208
Weighted average number of common shares	17,230,340	17,233,545
Basic earnings per share (cents)	227.7	198.5

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

25 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 $7.4 million (2011 - $6.9 million)

26 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.

27 Capital commitments

The Group has budgeted capital expenditure of $29.9 million (2011- $30.5 million) for the 2012 income year of which $5.8 million (2011- $0.4 million) was contracted for at December 31, 2012.

28 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.

(expressed in thousands of Barbados dollars)

29 Subsidiary companies

	Country of Incorporation	Equity %
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%
LPH Real Estate Inc.	Barbados	100%
LPH Renewable Energy Limited	Barbados	100%
LPH Caribbean Holdings Ltd.	Barbados	100%

30 Subsequent events

- An announcement was made on November 28, 2012 that LPH had signed a Letter of Intent for the acquisition of Dominica Electricity Services Ltd. (Domlec).

  On April 10, 2013, Light & Power Holdings Ltd. (LPH) acquired a 52% interest in Dominica Electricity Services Ltd. (DOMLEC) from WRB Enterprises Inc. (WRB) of Tampa, Florida.

  DOMLEC is the sole electric utility for the Commonwealth of Dominica, serving 34,000 customers. The Dominica Social Security Scheme owns 21% of DOMLEC, with the remaining 27% broadly held by other investors.

- At the first meeting for 2013 the Directors declared a dividend of thirteen cents (13¢) per share to be paid on March 15, 2013.

Company Registered Office

Garrison Hill, St. Michael, Barbados

Board of Directors

Mr. Robert J. S. Hanf	- Chairman
Mr. Peter W.B. Williams	- Managing Director
Ms. Sharon L. Christopher	- Director
Mr. Richard L. V. Edghill	- Director
Sir Henry deB. Forde, K.A., Q.C.	- Director
Mr. Andrew A. Gittens	- Director
Mr. E. Livy Greaves	- Director
Mrs. Jennifer A. Hunte	- Director
Mr. Christopher G. Huskilson	- Director
Ms. Sarah R. MacDonald	- Director
Ms. Teresa A. Marshall	- Director

Committees:

Governance Committee

Mr. Richard L. V. Edghill
Ms. Sharon L. Christopher
Sir Henry deB. Forde
Mr. Robert J.S. Hanf effective to January 29, 2013
Ms. Sarah MacDonald effective from January 30, 2013

Audit Committee

Mr. Richard L. V. Edghill
Mr. Robert J. S. Hanf effective to January 29, 2013
Ms. Sarah MacDonald effective from January 30, 2013
Mr. E. Livy Greaves
Mrs. Jennifer A. Hunte

Investment Committee

Mr. Richard L. V. Edghill
Mr. Andrew A. Gittens
Mr. Teresa A. Marshall
Mr. Christopher G. Huskilson
Mr. Robert J. S. Hanf effective to January 29, 2013
Ms. Sarah MacDonald effective from January 30, 2013

Human Resources & Compensation Committee

Mr. E. Livy Greaves
Mr. Andrew A. Gittens
Mr. Robert J. S. Hanf effective to January 29, 2013
Ms. Sharon L. Christopher
Ms. Sarah MacDonald

Company Officers

Mr. Peter W.B. Williams	- Managing Director
Mr. Hutson R. Best	- Chief Financial Officer
Ms. Kathy-Ann M. Christian	- Company Secretary & Legal Counsel

Secretary

Ms. Kathy-Ann M. Christian

Attorneys-At-Law

Clarke Gittens Farmer
Carrington & Sealy

Auditor

Ernst & Young

Bankers

RBC Royal Bank (Barbados) Ltd.

Registrar & Transfer Agent

The Barbados Central Securities Depository

Dividend Payments

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

Projected record dates for the remainder of 2013 are to be May 31, August 30 and November 29.

Projected payment dates for dividends to be declared during the remainder of 2013 are to be June 15, September 18 and December 14.

Common Shares

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

Preference Shares

5 ½ cumulative preference shares of Light & Power Holdings Ltd. are listed and traded on the Barbados Stock Exchange Inc.

Credits

Photography:	Kristine Dear and Andrew Hulsmeier
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Light & Power Holdings Ltd.

Garrison Hill, Garrison, St. Michael, Barbados