You've got the power

Caribbean Utilities Company, Ltd.
P.O. Box 38 GT Grand Cayman Cayman Islands Tel: [345] 949 5200 Fax: [345] 949 4621
E-mail: sparky@cuc-cayman.com Website: www.cuc-cayman.com

Caribbean Utilities Company, Ltd.

2000 Annual Report

information and technology *island style!*

GENERAL DATA

Cover Features

Just another peaceful morning on Seven Mile Beach: beautiful scenery, refreshing orange juice and a laptop computer. Yes, even Grand Cayman has become a high-tech society, and CUC is aggressively developing and applying new information technology as it continues to provide reliable electrical service and maximum customer value to the Island. Our redesigned website, www.cuc-cayman.com, was launched in April 2000 and includes information on bill and meter reading instructions, CUC's Customer Share Purchase Plan, local weather conditions and a fun children's section featuring our mascot, Sparky. Customers will also eventually be able to review and pay their bills on-line, and CUC will use the website to continue to form individual partnerships with its large commercial customers.

Our back cover showcases East End Public Beach and the two new cabanas installed by our Community Involvement Team during its beach restoration project in spring 2000. Volunteers spent several weekends building and painting the cabanas as they previously did for similar restoration projects at the North Side and Seven Mile Beach public beaches. The Community Involvement Team was founded in 1998 and initiates many activities throughout the year designed to provide a greater hands-on approach to community projects and to make a positive difference in the lives of the youth of Grand Cayman.

About the Islands

The Cayman Islands, a United Kingdom Overseas Territory, with an approximate population of 40,000, are comprised of three islands: Grand Cayman, Cayman Brac and Little Cayman. Located 480 miles south of Miami and 180 miles west of Jamaica, the largest island is Grand Cayman with an area of 69.4 square miles. The islands, discovered by Christopher Columbus during his fourth voyage in 1503, were originally named "Las Tortugas" for their large turtle population. A Governor, presently Mr. Peter J. Smith, CBE, is appointed by Her Majesty The Queen. A democratic society, Grand Cayman has a Legislative Assembly comprised of representatives elected from each of the Island's five districts as well as two representatives for the Sister Islands of Cayman Brac and Little Cayman.

About the Company

Caribbean Utilities Company, Ltd., known locally as "CUC", commenced operations as the only public electric utility in Grand Cayman in May 1966. The Company currently has an installed capacity of 115 megaWatts [MW] and a peak load of 68.4 MW experienced in July 2000. Our 222 employees are committed to providing a safe and reliable supply of electricity to over 18,400 customers. The Company has been through many challenging and exciting periods but has kept pace with Grand Cayman's rapid development for the past 34 years. Today we are considered one of the most reliable and efficient power companies in the Caribbean.

Contents

Designed and Produced by:
CUC's Corporate Communications Department

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The Photo Centre
CUC's Corporate Communications Department

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Shareholders

Registered shareholders as of April 30, 2000 were as follows:

Class of Shares	Shareholders	Shares Held
Class A Ordinary Shares	1,577	23,698,447
9% Class B Preference Shares	124	250,000
8% Class C, Series 2 Preference Shares	21	120,150

1,358 Class A Ordinary shareholders holdings approximately 46% of the outstanding shares are resident in the Cayman Islands, while the balance are resident overseas. Holders of Preference Shares are primarily resident in the Cayman Islands.

Annual General & Special Meeting

Shareholders of Caribbean Utilities Company, Ltd. are invited to attend the Annual General & Special Meeting of the Company to be held on Monday, October 30, 2000 at 12:00 p.m. at the Marriott Beach Resort on West Bay Road, Grand Cayman. If you are unable to attend, please complete and return the form of proxy in accordance with the instructions set out in the accompanying meeting materials.

Dividends

Class A Ordinary Shares:

Quarterly dividends are customarily paid during the first week of March, June, September and December. The record date is normally three weeks prior to the payable date.

Class B and C Preference Shares:

Quarterly dividends are paid on the last day of January, April, July and October. Record dates are normally three weeks prior to the payable dates.

Dividend Reinvestment Plan

The Company offers a Dividend Reinvestment Plan to Class A Ordinary and Class B Preference shareholders. Dividends may be reinvested in additional Class A Ordinary Shares. A copy of the Plan and enrollment form may be obtained by writing or calling either of the Company's Registrar and Transfer Agents [address and telephone number in right column].

Customer Share Purchase Plan

The Customer Share Purchase Plan [CSPP], which was launched in January 1995, provides an opportunity for customers resident in Grand Cayman to invest in the Company. Customers may make cash payments of not less than CI$25.00 [US$30.00] per purchase and up to a total of CI$12,000.00 [US$14,400.00] per calendar year for the purchase of Class A Ordinary Shares. Under the CSPP, quarterly cash dividends paid on the shares are reinvested in additional Class A Ordinary Shares. Full details of this Plan may be obtained from CUC's Customer Service Department.

Solicitors

Hunter & Hunter
P.O. Box 190 GT
Grand Cayman

Auditors

PricewaterhouseCoopers
P.O. Box 258 GT
Grand Cayman

Principal Banker

Royal Bank of Canada
P.O. Box 245 GT
Grand Cayman

Registrar & Transfer Agents

CIBC Mellon Trust Company
P.O. Box 7010 Adelaide Street Postal Station
Toronto, Ontario, Canada M5C 2W9
Telephone: [416] 813-4600
Answerline™: [416] 643-5500 or 1-800-387-0825
[Toll free throughout North America]
Fax: [416] 643-5501
Website: www.cibcmellon.ca
E-mail: inquiries@cibcmellon.ca
[Acting as principal agent]

Caribbean Utilities Company, Ltd.
P.O. Box 38 GT
Grand Cayman, Cayman Islands
Attention: Assistant to the Company Secretary
Telephone: [345] 949-5200
Fax: [345] 949-4621
Website: www.cuc-cayman.com
E-mail: sparky@cuc-cayman.com
[Acting as co-agent]

Toronto Stock Exchange Listings

The Company's Class A Ordinary and 8% Class C, Series 2 Preference Shares are listed for trading in U.S. funds on The Toronto Stock Exchange. The stock symbol is "CUP.U" for Class A Ordinary Shares and "CUP.PR.U" for the 8% Class C, Series 2 Preference Shares. Under the existing laws of the Cayman Islands, there is no income or witholding tax applicable to holders of Class A Ordinary or Preference Shares.

Registered Office

Caribbean Utilities Company, Ltd.
P.O. Box 38 GT, Grand Cayman, Cayman Islands
Telephone: [345] 949-5200
Fax: [345] 949-4621
Website: www.cuc-cayman.com
E-mail: sparky@cuc-cayman.com

Financial Results in Brief

	2000 US$	1999 US$	% Change
Operating Revenue	76,469,248	67,058,423	14.03%
Shareholders' Equity	99,057,848	90,705,093	9.21%
Earnings for the Year	17,990,775	14,422,131	24.74%
Capital Expenditures	43,214,201	34,130,802	26.61%
Total Assets	206,379,885	170,546,236	21.01%
Customs Duties & Turnover Fees paid to Government	16,242,075	13,570,158	19.69%
Interest Expense & Preference Dividends	3,078,927	3,704,135	[16.88%]
Dividends	11,481,584	9,617,704	19.38%
Earnings per Class A Ordinary Share	0.73	0.63	15.87%
Dividends per Class A Ordinary Share [Paid and declared]	0.47	0.41	14.63%
Book Value per Class A Ordinary Share	3.97	3.70	7.30%
Class A Ordinary Shares			
Market Price: High	10.70	12.60	
Low	7.85	10.00	
Year-End	10.05	10.30	
8% Class C, Series 2 Shares			
Market Price: High	105.00	107.00	
Low	100.00	100.00	
Year-End	100.00	101.50	

Performance

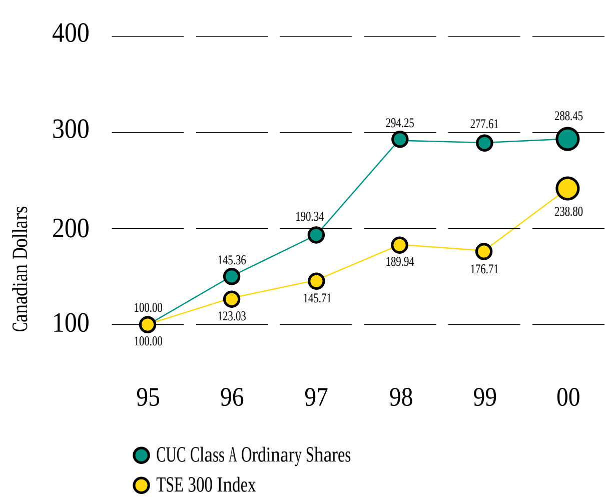
The Company recorded increased revenues, earnings and new peaks in demand. Operating revenues grew by 14.03% and earnings by 24.74%. The dividend payout rate continues to exceed 60% of earnings. Dividends on Class A Ordinary Shares increased by 14.63% from US$0.41 to US$0.47 per share. The Class A Ordinary Shares [CUP.U] traded on The Toronto Stock Exchange at a high of US$10.70 per share. CUC's 8% Class C, Series 2 Preference Shares are also listed on The Toronto Stock Exchange [CUP.PR.U].

Rate of Exchange

The closing rate of exchange on April 30, 2000 as reported by the Bank of Canada for the conversion of United States dollars into Canadian dollars was Cdn.$1.4801 per US$1.00. The official exchange rate for conversion of Cayman Islands dollars into United States dollars, as determined by the Cayman Islands Currency Board, has been fixed since April 1974 at US$1.20 per CI$1.00. Thus, the rate of exchange as of April 30,2000 for the conversion of Cayman Islands dollars into Canadian dollars was Cdn.$1.7761 per CI$1.00. Unless otherwise indicated, all dollar amounts in this Annual Report are given in United States dollars.

Share Performance

Comparison of five-year cumulative total return between CDN.$100.00 invested in CUC Class A Ordinary Shares and The Toronto Stock Exchange [TSE] 300 Index.



2000 was another year of achievement for Caribbean Utilities Company, Ltd. [CUC]. Earnings for the year were $17,990,775 up from $14,422,131 in fiscal 1999, representing a 24.74% increase. Earnings per Class A Ordinary Share increased by 15.87% from $0.63 to $0.73 per share. KiloWatt [KWH] net generation grew to 398.1 million KWHs from 376.3 million KWHs representing a 5.8% increase.

Joseph Imparato, Chairman, and
Peter A. Thomson, President & C.E.O.

New records continue to be achieved in net generation as demand peaked at 68.4 megaWatts [MW] this July which is a 7.5% increase over last summer's peak. CUC is currently supplying in excess of 18,400 customers [an increase of 6.42% over last year].

In December, the Company increased its dividend by 14.3% to $0.48 annualised per Class A Ordinary Share reflecting the Company's continuing policy of providing maximum shareholder value.

Growth in electrical demand is forecast by the Company to remain high at 8.5% over the next two years. These forecasts are based in part upon the Island's development plans, which have been approved by the Cayman Islands Planning Authority.

In order to meet this future demand and maintain high standards of reliability and efficiency, CUC in fiscal 2000 experienced the highest level of capital expenditure [US$43.2 million] in the history of the Company. This represents a substantial investment in the future of Grand Cayman, and was directed to increasing capacity and improving the reliability of our electrical system. CUC is adding 24.5 MW to its generating system [representing 21% of installed capacity], completing the rebuild of its North Sound 69KV substation, and undertaking necessary upgrades to its transmission and distribution [T&D] systems. Both these projects are being commissioned under our strategic alliance agreements with MAN B&W Diesel AG of Germany for generation, and ABB Power T&D Company, Inc. of the United States for substation development.

Further enhancements to our T&D network in the form of new substations, and in fiscal 2002 two 69KV submarine cables [one in the North Sound to Rum Point and the other to Morgan's Harbour from the North Sound Plant] will be installed. Once installed, our looped system will be capable of handling 100% of the projected system load for the foreseeable future. It is important to note the long life of these electrical infrastructure investments, which in most cases is up to 40 years.

In accordance with the terms of its Licence with the Government of the Cayman Islands, CUC submitted its returns for the year ended April 30, 2000. These confirmed a 1.5% rate increase to customers on August 1, 2000. This increase is well below the current rate of inflation as evidenced by the Cayman Islands Consumer Price Index [CPI], which was in excess of 5% in 1999.

CUC was able to contain the rate adjustment as a result of increased efficiencies. System losses were maintained at 6.5% comparable to North American standards, with service reliability [Index of Reliability] to the average customer in 1999 exceeding 99.96%. Over the last five years, CUC's fuel efficiency has increased by 5.2%. In light of the recent fuel price volatility we continue to focus on improvements in this area, while looking at changes in new generation technologies to produce electricity. The new technologies are not yet commercially competitive, but improvements are being introduced. The Company is continuing to seek the most efficient alternatives and will ensure that its investment programme has the flexibility to accommodate inclusion of these initiatives.

Using the most advanced technologies at all levels of our operations is crucial to our ability to provide the best possible service. During the past year, we completed the change-out of our business systems. New customer service applications came on-line and we upgraded our billing format. We commissioned in April a computerised telephone system. The system makes it easier for our customers to report outages or obtain information on outages in progress. In addition, we will be migrating to our new computerised Integrated Control System [ICS] this summer. The ICS will automatically monitor the generating plant and T&D system, giving our staff more accurate and up-to-date information, resulting in further increased reliability and efficiency of our power system operation.

The Company recently redesigned its website [www.cuc-cayman.com] as part of a multistage project intended to transform it into a world-class e-business platform. Customers will eventually be able to pay their bills on-line and take advantage of CUC's Energy Smart programmes designed to promote energy conservation. Furthermore, we have begun the building of our own intranet network. This platform will enable our employees to access information across the Company's divisions including real-time generation and other plant information.

To us, customer service is more than simply fulfilling our duties and meeting the basic needs of our customers. It means exceeding our customers' expectations and being there for the customer whether it is part of our duty or not. Creating a service culture is not a simple process with a beginning and an end. It is a long-term commitment which involves every one of our 222 employees. "Customer service is about the daily relationships that exist among employees of CUC and the community we serve." Focussing on this statement and practising it in reality will have a great impact on the results we will achieve during the delivery of our services.

Participating in the signing ceremony with Fortis Inc. in February were [front row] Chairman Joseph Imparato, Fortis Inc. President & C.E.O. Stanley Marshall and President & C.E.O. Peter A. Thomson. [Back row] Hunter & Hunter Attorney Andrew Weaver, Director Rob Imparato, Senior V.P. & Chief Financial Officer Wiliam Forsythe and Company Secretary Scott Hawkes.

To fulfill objectives, we must congratulate our strong team of dedicated employees for their commitment to providing a service second to none in our region. Their loyalty and commitment to the Company is what drives our success. We congratulate Geraude Holness, our Employee of the Year. We extend our appreciation to the 21 long-serving employees recognised this year who have collectively completed a total of 365 years of service to our Company. We also commend the seven Linemen who travelled to the Bahamas in October 1999 to assist with the restoration of electrical services to those Islands following the aftermath of Hurricane Floyd.

While the Organisation for Economic Cooperation and Development [OECD] and Financial Action Task

TO OUR SHAREHOLDERS

Richard Hew, CUC's Vice-President Transmission & Distribution [centre], reviews plans for the Frank Sound substation with ABB representatives John Kemp [left] and Claes Westring.

Force [FATF] continue to provide challenges to the international financial services industry [see page 9 of "Management's Discussion and Analysis"], the Cayman Islands has been proactive in meeting the concerns of these organisations. With respect to OECD, the Cayman Islands has made an advance commitment to implement initiatives for exchange of information on tax matters. In regard to FATF, the Cayman Islands has criminalised money laundering as a serious crime, and the Cayman Islands Government has indicated its intention to take a series of steps necessary to address certain deficiencies in the counter-money laundering system. In both cases, the Cayman Islands has demonstrated its resolve to provide the very highest level of financial services in keeping with international standards.

CUC would like to welcome Fortis Inc. of St. John's, Newfoundland as a strategic equity and utility partner. Fortis recently acquired a 20% equity stake in the Company. We have a long-standing relationship with Fortis and its largest subsidiary, Newfoundland Power. CUC looks forward to synergies in training, procurement, technology and customer focus. Similar to the strategic alliances established by CUC in the areas of transmission and distribution and generation, this alliance will assist us in keeping pace with the demands of high growth while providing reliability and customer service. We would like to welcome Stanley Marshall, President & C.E.O. of Fortis and their Vice-President Finance & C.F.O., Karl Smith, to our Board of Directors.

The CUC family was greatly saddened by the passing in April of Director Dennis H. Foster, CVO, CBE, JP. Mr. Dennis served on CUC's Board of Directors for 14 years. He was a staunch supporter of the Company and his contribution to our operations will be greatly missed.

CUC must continue to maintain a flexible position to respond quickly to change. The challenges we face today are in many ways more complex than those of yesterday. We must operate differently, and be more creative and innovative in meeting the expectations of an increasingly sophisticated customer base. There is no alternative. Choosing the right combination of business strategies – one that is turning to technology for solutions, will be as critical as ever not just for increased shareholder value, but also to enable us to provide cost effective energy solutions to our customers.

We welcome the challenges of the new millennium and congratulate management and staff on the results achieved this year.

On behalf of the Board of Directors,

Joseph Imparato, Chairman

Peter A. Thomson, President & C.E.O.

July 30, 2000

Developing and applying new technology is becoming commonplace at CUC as it continues to grow while providing reliable electrical service and maximum customer value to Grand Cayman. Several major projects have been completed or are underway in generation, transmission and distribution [T&D] and information systems, all of which promise to maintain CUC's position as among the most innovative utilities in the Caribbean. CUC has also maintained its stature as a community leader by initiating and continuing a variety of projects targeted at Cayman's youth.

Generation

The 2000 generation expansion project was completed in June with the commissioning of two 12.25 MW V48/60 engines representing Phase One of the 10-year generation strategic alliance agreement with MAN B&W Diesel AG of Germany [MAN]. The units are located in a new power plant engine room at CUC's North Sound Plant and will replace older, less efficient generating units nearing the end of their economic lives of approximately 20 years.

The MAN project improved upon previous generation expansions in its reliance on cutting-edge and environmentally responsible technology and included the following features:

- The installation of the Computer Controlled Surveillance Engine Diagnosis System [COCOS]. This system uses trend analysis to enable the unit operators to recognise irregularities at an early stage and take remedial action accordingly. COCOS ensures maximum operational reliability, dependability and economic efficiency by providing employees with comprehensive decision-making tools, avoiding lengthy downtimes and achieving significant cost savings.
- The installation of soundproofing materials in the new engine room to reduce the level of noise transmitted to other areas of the power plant.
- The erection of a 140-foot exhaust stack adjacent to the new engine room. The stack is 60 feet higher than CUC's other engine stacks and will significantly improve the dispersion of NOX/SOX emissions, thereby improving the air quality surrounding the plant.
- The implementation of other noise and energy reduction measures such as water-cooling equipment and radiators.

Furthermore, the new generating units have been tied into the computerised Integrated Control System [ICS] currently under installation, which will provide operating staff with more accurate and timely information and create a more consistent and efficient power supply. All of CUC's generating units and the West Bay and Bodden Town substations will be tied into the system using new supervisory control and data acquisition [SCADA] technology. The ICS will be located in CUC's new 3,200-square foot control room building designed to withstand 200-mph winds, and final transfer of all units and T&D systems is scheduled for December 2000.

Another technology-driven project on the generation side is the new Alfa Laval Oily Waste Separation System [OWS] commissioned in January

Phase One of our generation expansion programme was completed in the summer of 2000 with the construction of a new engine room, which houses two MAN B&W 12.25 MW V48/60 units along with a 140-foot exhaust stack. This US$30 million project is part of our 10-year strategic alliance agreement with MAN B&W Diesel AG of Germany.

The new 69KV South Sound substation is due to be completed later this year as part of our transmission and distribution expansion programme.

The control room building was completed in 1999 to house a computerised Integrated Control System [ICS]. When operational, this system will automatically monitor our plant and T&D system while providing operators with more accurate and timely information.

2000. The OWS separates oily waste flow from our generating units and from the cleaning of engine parts into three streams: water, sludge and dirty oil. The environmentally safe water is disposed of onsite while the sludge and dirty oil are collected in tanks for offshore transportation and processing.

Electrical Technicians, Earlton Bramble and Kurt Hislop, test the relay systems on switchgear equipment in the new 69KV gas-insulated switchgear substation which was completed in summer 2000.

T&D Systems

CUC is also undertaking technology-driven capital projects on the T&D side in conjunction with its seven-year substation strategic alliance agreement with ABB Power T&D Company, Inc. [ABB] of the United States. Phase One of this agreement, the rebuilding of the 69KV gas-insulated switchgear [GIS] substation at the North Sound Plant [including the installation of three new 69KV transformers], was completed in summer 2000.

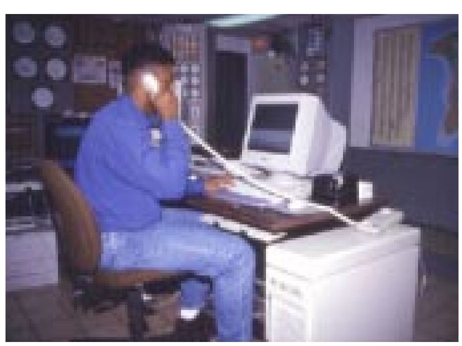
Other new T&D projects include:

- The recent installation of two overhead 24-fibre fibre optic lines from CUC's North Sound Plant to its existing West Bay and Bodden Town substations. The lines are used for relay protection and control of the remote substations from the North Sound Plant.
- The installation in 2002 of two 69KV submarine cables across the North Sound as part of the Company's plans to build a looped transmission system over the next seven years. These cables will be installed in an environmentally friendly manner without dredging the Sound. The new transmission system, when completed, will enable CUC to handle 100% of its system load with maximum reliability.
- The construction of new 69KV GIS substations in South Sound, Frank Sound, East End, Seven Mile Beach and George Town over the next seven years. The GIS substations will be capable of withstanding 150-mph winds and have a 40-year life.
- The construction of a new 69KV transmission circuit from Bodden Town to Frank Sound, a 13KV underbuild circuit and a fibre optic circuit to be completed in May 2001.

Community Involvement

While CUC has taken the lead in applying new technology to its operations, the Company has also taken the lead in community involvement by focusing on the needs of the youth of Cayman and endeavouring to become a positive influence in their lives. CUC's Community Involvement Team's slogan is "Cayman's Youth Deserve All the Power We've Got," and the Company has continued its record as an excellent corporate citizen and influential community leader by providing voluntarism and financial support to many worthy projects, including:

- The hosting of an annual summer vocational programme for John Gray High School students with the support of CUC's strategic alliance partners, MAN, ABB and R.W. Beck. This programme is conducted at the North Sound Plant and combines classroom and hands-on training of basic work and life skills under the supervision of CUC employees.
- Support of after-school programmes such as the NAYA Sporting Club, the John Gray Memorial Church programme and The Academy facilitated by former Jamaican and Cayman Islands National Football Coach, Winston Chung.
- Continuation of friendships with the Lighthouse School and Sunrise Adult Training Centre, for the physically and mentally challenged, via regular events



The processing of fault reports was significantly improved with the installation of an Integrated Voice Response [IVR] system in April that now identifies customers by their telephone numbers.

The Company is committed to improving the lives of Cayman's youth and encourages the development of after-school programmes such as The Academy which highlights the important role of academics and sporting activities.

Frank J. Crothers, a CUC Director and Chairman of CARILEC, praised the contribution CUC has made over the years to the Caribbean community.

[e.g. Christmas stocking and Easter egg decoration parties and "Movie Nights"] and participation in the activities of these very special groups.

- Sponsorship of a locally produced domestic violence and substance abuse awareness film titled "Exposed" in conjunction with MAN.
- Completion of the restoration of the North Side and East End public beach sites in which CUC volunteers constructed and painted new cabanas, reroofed and painted existing cabanas and picnic tables and provided garbage drums and other equipment.
- Construction and donation of children's play centres to five public health clinics on the Island. These play centres, titled CUC Kids Corners, include shelves, tables, chairs and other equipment as well as toys collected during an employee drive.

Mr. Frank J. Crothers has remarked upon CUC's exemplary efforts in the Caribbean community. He is a director of CUC and Chairman of CARILEC [Caribbean Electric Utility Services Corporation], representing over 30 of the electric utilities within the Caribbean region. "For over 20 years, I have been proud of my association with CUC. This year I was particularly impressed when CUC [as it has on previous occasions in conjunction with CARILEC's Hurricane Action Plan] sent seven of its Linemen to assist the power company in the Bahamas with the restoration efforts in the aftermath of Hurricane Floyd, which struck those islands in September of 1999. It is this type of unselfish giving to neighbours in the Caribbean that strengthen the bonds between members of the entire Caribbean community." At the CARILEC C.E.O. Symposium hosted in Aruba in June of this year, the main theme was to harness new technologies for the benefit of our own organisations and the communities in which we live. In Mr. Crothers' keynote address, he remarked, "I was very pleased to recognise CUC for its technological excellence in this area and for being one of the leaders in the region."

CUC is also proud of its record as a technology-driven utility committed to meeting the growth demands of its customers as well as its position as a community leader devoted to improving the lives of Cayman's youth.

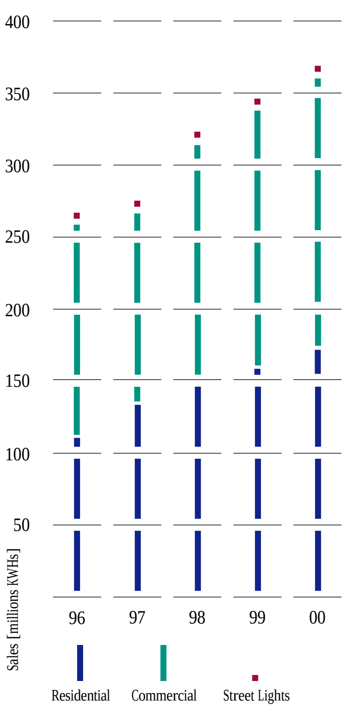
Fourteen high school students participated in our second annual summer vocational training programme designed to teach them basic technical skills in a variety of areas. This programme was developed by the Company's Community Involvement Team, in conjunction with its strategic alliance partners, as part of its efforts to help Cayman's youth develop a positive view of the working world and a greater appreciation of the many careers in the electrical industry.

The Community Involvement Team continues to make a difference by having a hands-on role in community projects. East End's public beach is now much more colourful thanks to volunteers who constructed two new cabanas in April.

Young patients in all district health clinics now enjoy play areas filled with toys and games thanks to our employees who generously donated items to a toy drive coordinated by the Community Involvement Team.

The following Management's Discussion and Analysis should be read in conjunction with the Financial Statements included in this Annual Report. Its purpose is to provide supplemental analysis and background material to provide an enhanced understanding of the Company's business and prospects.

Residential & Commercial Sales



Operating Revenues

Operating revenues increased by 14.03% to $76,469,248, up from $67,058,423 last year. This reflects a 7.03% increase in basic revenue [2000: $66,969,296 versus 1999: $62,572,718] and a 111.78% increase in fuel adjustment revenue. The recent volatility in fuel adjustment revenue reflects the fluctuations in the world price of fuel. The Company's licence provides for adjustments to be made to customers to reflect variations in the cost to the Company of diesel fuel used in the generation of electricity. Such adjustments are made on a monthly basis. Thus, the variations in the cost of diesel fuel are passed on immediately to customers.

Notwithstanding a cooler than average year, kiloWatt-hour [KWH] sales grew at a strong 6.48%. This growth underscores the increase in KWH demand resulting from a strong economy in the Cayman Islands, which is a further sign that the fundamentals of the economy of construction, tourism and financial services remain strong.

The general increase in interest rates has had little impact on the construction boom. A number of projects across the spectrum from hotels to office buildings and shopping malls to apartments and residential buildings are at various stages of completion. Some of the major projects include the following: commencement of the Royal Bank of Canada's new multimillion-dollar financial centre located on prime property in George Town; Deloitte & Touche's Century Yard project, which is the final phase of the Cricket Square Commercial and Financial Centre; and commencement of the Holiday Inn Resort on Seven Mile Beach, due to open in the winter of 2000.

The Royal Bank of Canada's new 40,000-square foot financial centre in George Town is scheduled for completion in 2001. The existing bank, at right, has been operating in Grand Cayman since 1964.

A number of projects were completed during the year and connected to the system, which helped boost the total number of customers to 18,463 [1999: 17,349]. The most significant new commercial customers include a new private hospital, three new hotels and the second Ugland Shipping office tower.

The following table presents sales and customer highlights for the years ended April 30:

	2000	1999	Change
Customers [#]			
Residential	15,533	14,534	6.9%
Commercial	2,930	2,815	4.1%
Total customers	18,463	17,349	6.4%
Sales [1]			
Residential	170,362	159,988	6.5%
Commercial	195,125	183,131	6.5%
Other [street lights, etc.]	3,935	3,820	3.0%
Total sales	369,422	346,939	6.5%
Revenues [2]			
Residential	31,546	29,502	6.9%
Commercial	34,520	32,195	7.2%
Other [street lights, etc.]	903	875	3.2%
Fuel adjustments	9,500	4,486	111.8%
Total operating revenues	76,469	67,058	14.0%

Notes: [1] in thousands of KWHs; [2] in thousands of US$

Government's investment in infrastructure has paralleled the private sector growth. For example, construction of major road systems has been initiated in recent years, and this year witnessed the completion of key parts of the system, including the Harquail and Galleria bypasses. The completion of these two road arteries has significantly improved traffic flow from the airport to the major tourist areas on Seven Mile Beach. In addition, work has been intensified on the Crewe Road bypass, which is designated to accommodate the increased volume of traffic from George Town to the eastern districts. The Crewe Road bypass is expected to be ready in December 2000.

Government is pressing ahead with plans for a major expansion of the port facilities. The $17 million project calls for an increase in the size of the port from 2.6 acres to almost 6 acres. This will accommodate more shipping, including expanded cruise ship business. The macroeconomic effect of this on the overall economy will be significant. Completion date of the new port facilities is set for the end of 2001.

The tourism sector registered another good year. Unlike last year, which saw a decline in hotel room inventory resulting from the closure of the Holiday Inn to make way for the new Ritz-Carlton hotel, this year hotel room inventory actually increased by a total of 295 rooms and suites, with the completion and opening of the Comfort Suites & Resort, Grand Caymanian Beach Club & Resort and Sunshine Suites Hotel.

Air arrivals fell by less than 1% compared with 1999, which registered an increase of 1.7%. Cruise ship arrivals continue to show a strong 12% increase compared to a 11% increase in 1999. Concerns surrounding Y2K had a dampening effect on tourism throughout the Caribbean as a whole, as many people opted to stay at home rather than risk extensive travel in late December 1999 and early January 2000. However, the Cayman Islands were able to maintain overall positive growth by an earlier decision to diversify its tourism base and attract more tourists from Europe. In addition, the mid-Atlantic and northeastern American markets are expected to respond favourably to plans by Continental Airlines and Delta Airlines to commence direct flights from Newark and New York City, respectively, to Grand Cayman in December 2000.

The following table presents tourism statistics for the years ended April 30:

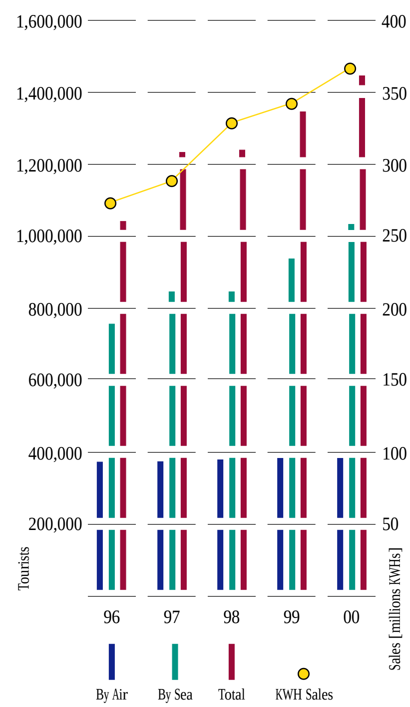
Arrivals	2000	1999	1998	1997	1996
By Air	394,147	397,059	390,502	377,705	371,875
By Sea	1,050,790	937,076	842,714	844,165	725,737

Source: Department of Tourism, Cayman Islands Government

There was a net reduction of 16 bank and trust licences over the previous year. The reduction in total bank and trust licences was due to the recent mergers and acquisitions in the financial sector. Nevertheless, the Monetary Authority reported a total of 23 new licences being issued during the year. The Cayman Islands remains among the top international financial centres, with 45 of the top 50 banks holding licences here.

The Organization for Economic Cooperation and Development [OECD] released a report in 1998 on Harmful Tax Competition with the view of creating a level playing field for its members and all offshore and onshore financial centres. It addressed the impact of tax havens and harmful tax regimes in OECD member and nonmember countries and their dependencies. Recently, the Cayman Islands has made an advance commitment to refrain from harmful tax practices in accordance with the OECD's report. This step will reinforce the Cayman Islands position as a major international financial centre

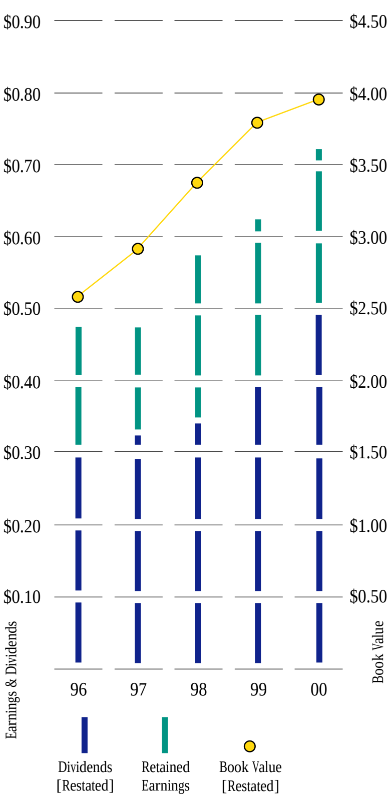
Tourism & Sales



Construction is well underway on the 232-room Holiday Inn Resort overlooking Seven Mile Beach which is due to open in November 2000. The hotel's bar and dive shop is located on the beach.

Cruise ship arrivals continue to increase and recently exceeded the million mark. On any given day, as many as five ships anchor in the beautiful George Town harbour.

Performance per Class A Ordinary Share



through constructive engagement with the OECD, while avoiding the economic sanctions which might otherwise have impeded access to OECD capital markets for Cayman Islands investment vehicles. This compromise represents a preservation of the Cayman Islands fiscal regime, including its tax-neutral regime, indirect form of taxation and framework of confidentiality. Implementation of initiatives for effective exchange of information on tax matters will take place over a three to five-year period. This advance commitment demonstrates the Cayman Islands resolve to provide the very highest level of financial services in keeping with internationally accepted standards.

In July 2000, the United States Department of the Treasury issued an advisory to inform banks and other financial institutions operating in the United States of deficiencies in the counter-money laundering systems of the Cayman Islands. Fifteen other jurisdictions were also the subject of similar advisories. The deficiencies relate to the inability of regulatory authorities to obtain information held by financial institutions regarding their clients' identity absent a court order, and limited access to information. The advisory notes that the Cayman Islands is committed to strict bank secrecy, outside of a limited suspicious transaction reporting and international cooperation regime. These deficiencies have caused the Cayman Islands to be identified by the Financial Action Task Force [FATF] on Money Laundering as noncooperative "in the fight against money laundering." The FATF was created at the 1989 G-7 Economic Summit, and is a 29 member international group that works to combat money laundering.

One of Grand Cayman's many banks, UBS (Cayman Islands) Ltd., a private bank headquartered in Switzerland, occupied their new building in George Town in September 1999.

The advisory provides some counterbalance on other aspects of the Cayman Islands' counter-money laundering system. It notes that the Cayman Islands has criminalised money laundering for all serious crimes, and its record of cooperation with criminal law enforcement authorities in the United States is excellent. Further, the advisory acknowledges that senior Cayman Islands officials have indicated their intention to take a series of necessary steps to address the deficiencies noted above.

The continued success of the Cayman Islands as an international financial centre can be seen in the "Growth in Financial Sector" table on page 12.

Rates and Licence

As outlined in greater detail in the "Capital Expenditures" section, capital expenditures of over $43 million, coupled with a 5% annual inflation in the Cayman Islands, will necessitate a 1.5% tariff rate increase for all customers in August 2000. Inflation over the past five years has amounted to 16.9%, while CUC's rate increases over the same period, including the 1.5% increase in August 2000, will amount to only 4.5%. The Licence provides for customer tariffs to be adjusted upwards or downwards each year to provide the Company with an 15% return on its rate base.

CUC's rates are comparable with utilities in the Caribbean region. Regional island utilities face higher costs than in larger developed countries due to the cost of importation of materials and fuel and the inability to interconnect with other systems to reduce reserve generating capacity.

Operating Expenses

Operating expenses for the years ended April 30 were [US$ thousands]:

	2000	1999	Change
Fuel Costs	31,027	24,774	25.2%
Other generating costs	3,796	3,467	9.5%
General and administration	6,548	7,027	[6.8%]
Customer service and promotion	1,043	917	13.8%
Distribution	1,791	1,753	2.2%
Depreciation and amortisation	8,399	8,175	2.7%
Maintenance	5,500	4,689	17.3%
Total operating expenses	58,104	50,802	14.4%

The increase in fuel prices over the last year has been substantial. Fuel prices per imperial gallon, delivered from our suppliers, Esso and Texaco, increased from an average $1.17 in 1999 to $1.45 in fiscal 2000. Indeed, prices in the last three months of the year averaged $1.63. This had a knock-on affect on revenue and cost. Revenue from the fuel adjustment increased by 111.8%. The Company undertook a number of initiatives to inform its customers of the effects of higher prices on electricity bills.

The fuel expenses increased by 25% while other generating expenses increased by 9.5%.

Year-on-year depreciation expense increased by 2.7%. The new fixed asset registry system significantly improved the accuracy of depreciation computation on a discrete asset basis. This is a significant improvement over our previous system that involved the use of lapsing schedules on a mass assets basis. The Continuing Property Records [CPR] system will eventually link to geographical mapping systems and for the first time provide an integrated fixed asset/ transmission and distribution [T&D] mapping system. The other reason for the rather small increase in depreciation, year-on-year, is that a number of capital projects were still in the construction work-in-progress stage at year-end. Accordingly, depreciation is expected to increase significantly in 2001 as many of these projects are commissioned and depreciation is triggered.

Maintenance expenses increased by 17.3% due to increased scheduled overhaul activity. The 13.8% increase in the customer service and promotion components is reflective of a number of new customer focus initiatives. The other components of operating expense varied due to staffing and related employee expenses and the reclassification of certain expenses.

Other Income and Expenditures

Early repayment of the Commonwealth Development Corporation [CDC] loan contributed to an 8.7% reduction of loan interest expense. The CDC loan was liquidated with proceeds from the 7.64% $30 million Senior Unsecured Notes [due 2014]. The new notes had virtually no impact on interest expense in this fiscal year as the balance of the funds [$25 million] were used to finance capital projects still under construction at year-end and, accordingly, related interest was capitalised as Interest During Construction [IDC]. IDC amounted to $2,315,411 in 2000 [1999: $1,460,831].

The repayment of the CDC loan also enabled the reclassification of all previously issued notes to an unsecured basis. Therefore, except for the Royal Bank of Canada, all of our lenders are unsecured. This will expand both the efficiency and cost-effectiveness of future debt offerings.

The scheduled final 20% redemption of the 8.5% Class C, Series 1 Preference Shares, resulted in a reduction of preference share dividends, which in 2000 was $1,046,200 [1999: $1,237,454].

The 76% increase in foreign exchange gains principally resulted from the retirement of the CDC loan and increased in outlays to our fuel suppliers. Other income includes interest income of $158,641 [1999: $196,842] on investments held in insurance reserves, which now totals $3,085,385 [1999: $2,926,799].

The Pinnacle condominiums on the world-famous Seven Mile Beach, a private residential complex with 42 units, was completed in October 1999.

The Chrissie Tomlinson Memorial Hospital, an 18-bed, state-of-the-art private medical facility, opened in May 2000. Caymanian-owned, this facility provides the latest in highly specialised health care.

Earnings

Earnings for the year of $17,990,775 were 24.7% higher than the $14,422,131 in the previous year. Earnings per share advanced to $0.73 compared with $0.63 for the previous year. Fully diluted earnings, as disclosed in Note 13 to the Financial Statements, were $0.72 per Class A Ordinary Share [1999: $0.62].

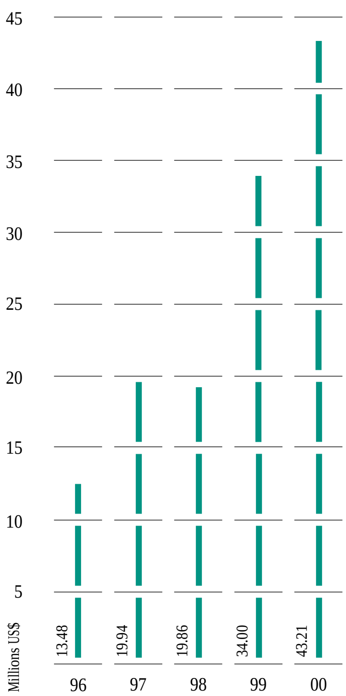
Capital Expenditures

Capital expenditures of $43,214,201 [1999: $34,130,802] were incurred in the year which includes the 2000 MAN diesel generation expansion project [$18,900,092], the rebuilding of the 69KV substation at the North Sound Plant [$13,916,113], and upgrades to the T&D systems [$4,659,145]. The two MAN 12.25 MW units are undergoing reliability testing and will be available in time for the summer peaks. Additionally, the new MAN power station was designed and built to accommodate a third engine, which the Company expects to install in 2003.

The rebuilt 69KV substation is the first phase of a strategic development plan to implement a more traditional T&D system with power being transmitted to substations and distribution taking place from the substations. The plan calls for the construction of three additional substations [South Sound, Frank Sound and Seven Mile Beach] and the rebuilding of the Bodden Town and West Bay substations. All of the new substations will be enclosed, gas-insulated switchgear units. In addition, government has granted a coastal works licence to the Company to lay two 69KV submarine transmission lines under the North Sound to complete the loop to the West Bay peninsular and eastern districts. Eventually, this system will be controlled by and interfaced to the production operations by the computerised Integrated Control System [ICS]. The objectives of this T&D strategic plan are to keep pace with the ever increasing demand on the system, reduce system losses, maintain a 99.96% Index of Reliability, and to extend the useful life of the assets.

The Company's new accounting and information system, which is a significant improvement over the old system, was phased in during the year. The new system integrates financial, operational, and customer service sides of the Company. Management expects the new information system will be a major catalyst to improved efficiency and productivity.

Capital Expenditures



Growth in Financial Sector

[Data for years ended December 31]

	1999	1998	1997	1996	1995
Bank and Trust Licences	571	587	594	583	567
Registered Companies	50,951	45,169	41,163	37,919	33,982
Mutual Funds	2,271	1,979	1,685	1,335	1,059
Mutual Fund Administrators	176	161	139	124	102
Captive Insurance Companies	597	485	449	418	390

Source: Cayman Islands Monetary Authority

Sunshine Suites Hotel which boasts 132 units is located near to the Islands' only championship golf course, The Links at Safehaven.

Hard Rock Cafe, overlooking the scenic George Town harbour, opened in April 2000 and is popular with tourists and locals alike.

Management's Discussion And Analysis

Capital Resources

The Company entered into a strategic equity partnership with Fortis Energy [Bermuda] Ltd., a wholly-owned subsidiary of Fortis Inc., of Newfoundland, Canada. Pursuant to a private placement, the Fortis group purchased 4,750,000 shares from treasury at a price of US$11.50 per share. In a substantial issuer bid, the Company then purchased the same number of shares back from existing shareholders at a price of US$11.50. As the offering was oversubscribed, a proration factor of approximately 46.2% was applied to all shares tendered. The effect of the Fortis transaction was cash and shareholders' equity neutral. Fortis now owns 20% of issued and outstanding Class A Ordinary Shares and is the second largest shareholder behind West Indies Power Corporation Limited [WIPCO], which owns 32.1% of issues and outstanding Class A Ordinary Shares. Fortis has agreed under a standstill agreement with the Company that for a period of five years, Fortis will not increase its ownership level above 20% [except in limited circumstances].

As more fully disclosed in Notes 9 and 10 to the Financial Statements, and consistent with Canadian GAAP, the Fortis transaction has resulted in reallocation in the equity structure of the Balance Sheet between Share Premium and Retained Earnings. Share Premium increased by $35,779,050, with a similar reduction to Retained Earnings. Except for the write-off of the share issue and buy back expenses to Share Premium, aggregate Shareholder's Equity was otherwise unaffected by the Fortis deal.

The other significant financing event in fiscal year 2000 was the issuance of a $30 million Senior Unsecured Notes. The debt offering was privately placed with four institutional investors in the United States. Proceeds from the Notes were used to retire the CDC loan and partially fund the Company's $43.2 million capital programme.

During the year, the Company issued an aggregate of 538,262 Ordinary Shares pursuant to the exercise of stock options previously granted or under the Company's Customer Share Purchase Plan, Employee Share Purchase Plan, Employee Long service Bonus Plan, or Dividend Reinvestment Plan.

On October 31, 1999, the Company redeemed the final 20,001 of its 8.5% Cumulative Redeemable Class C, Series 1 Preference Shares.

Morritt's Tortuga Club & Resort which features 178 timeshare units, recently broke ground for the Morritt's Grand due to be completed in 2001. At right is the Royal Reef Resort another timeshare property located on Grand Cayman's tranquil eastern shores.

Harbour Place, a five storey retail and commercial complex towers over the harbour front in downtown George Town. The building, located in an area that caters to cruise ship arrivals, will be ready for occupancy in November 2000.

We congratulate our strong team of dedicated employees for their commitment to providing a service second to none in our region. The employees featured earned awards for Long Service and Employee of the Month – their loyalty is what drives the success of CUC.

Twenty-one employees were honoured for 10, 15, 20, 25 and 30 years of service at the 2000 Long Service Awards ceremony held in April. Recipients were [back row from left]: Alfonso Green, Fred Jackson, Ruth Williams, Geraude Holness [1999 Employee of the Year], Whitman Ebanks; [front row] Val Whittaker, David Ritch [Director], Leoany Williams, Thomas Bennett, Linsey Ebanks and James Bernard. Recipients who were unable to attend the ceremony included Arthur McLaughlin, Gene Eden, James Sherieff, Ronald Minzett, Dilbert McLaughlin, Alvis McLean, Eddie Johnson, Jennifer Elliott, Aurelio Rochez and Lloyd Douglas.

Derron Watson, Industrial Electrician Apprentice, and James Sherieff, Industrial Electrician, of the Electrical Maintenance Department.

Angella McLean, Customer Service Representative, of the Customer Service Department.

1999 Employee of the Year and Supervisor Line Services,
Geraude Holness, of the Line Department.

Marlene Galbraith, Assistant to the Company Secretary, of the Executive Division.

Johnny Ebanks, Lineman Foreman, of the Line Department.

Daniel Tathum, Materials Traffic Coordinator, of the Materials Management Department.

Fuel & Oil Our generators consume an average of 21.8 million gallons of diesel fuel and 180,000 gallons of lube oil each year to meet electrical demand.	19¢
Duty to Government Duty to the Government on fuel and materials amounted to over US$16.2 million.	11¢
Labour & Materials Our dedicated employees and well-maintained equipment provide a safe and reliable electricity service.	14¢
Loans & Loan Interest US$9.3 million was paid in interest and principal repayments on loans and preference shares.	8¢
Capital Expenditures US$43.2 million was spent on the plant expansion, upgrading the transmission and distribution system, and connecting over 1,000 customers.	38¢
Dividends Approximately 86% of our registered shareholders are resident in the Cayman Islands. They receive quarterly dividends on their investment.	10¢
Total	100¢

The two MAN B&W 12.25 MW V48/60 medium speed diesel generating units, above, will be available for this summer's peak demand, and will allow the Company to meet the growth in demand for electricity of approximately 8.5% per annum, a very high rate of growth for a company the size of CUC.

AUDITORS' REPORT TO THE SHAREHOLDERS OF CARIBBEAN UTILITIES COMPANY, LTD.

We have audited the balance sheets of Caribbean Utilities Company, Ltd. [the "Company"] as at April 30, 2000 and April 30, 1999 and the statements of earnings and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2000 and April 30, 1999 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in Canada.

PricewaterhouseCoopers
Chartered Accountants
Grand Cayman, Cayman Islands

July 18, 2000

Balance Sheet

As at April 30, 2000 [expressed in United States Dollars]

	Note	2000 $	1999 $
ASSETS			
CURRENT ASSETS			
Cash and due from banks		11,078,009	14,669,342
Accounts receivable	2	6,901,492	5,369,858
Inventories		3,033,962	2,624,264
Prepayments		579,843	426,910
		21,593,306	23,090,374
LONG-TERM INVESTMENTS	4	3,085,385	2,926,799
PROPERTY, PLANT AND EQUIPMENT	3	177,740,856	142,364,359
OTHER ASSETS	5	3,960,338	2,164,704
TOTAL ASSETS		206,379,885	170,546,236
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Current portion of long-term debt	6	735,160	2,332,446
Current portion of redeemable preference shares	8	–	2,000,100
Accounts payable and accrued expenses		12,984,033	10,373,059
Consumers' deposits		3,017,551	2,999,437
Consumers' advances for construction		40,718	86,600
Dividends declared		2,822,613	2,433,468
		19,600,075	20,225,110
LONG-TERM DEBT	6	75,706,962	47,601,033
REDEEMABLE PREFERENCE SHARES	8	12,015,000	12,015,000
		107,322,037	79,841,143
SHAREHOLDERS' EQUITY			
Share capital	9	1,661,556	1,629,517
Share premium	10	88,806,170	51,215,595
Redetermination surplus	12	1,349,058	1,702,004
Retained earnings		7,241,064	36,157,977
		99,057,848	90,705,093
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		206,379,885	170,546,236

Signed on behalf of the Board,

Joseph A. Imparato
Director

Peter A. Thomson
Director

The accompanying Summary of Accounting Policies and Notes form an integral part of these Financial Statements.
Auditors' Report page 17.

Statement Of Earnings And Retained Earnings

For the year ended April 30, 2000 [expressed in United States Dollars]

	Note	2000 $	1999 $
OPERATING REVENUES		76,469,248	67,058,423
OPERATING EXPENSES			
Power generation		34,823,240	28,240,946
General and administration	7, 17	6,548,131	7,026,950
Consumer service and promotion		1,043,342	916,799
Distribution		1,790,974	1,753,011
Depreciation and amortisation		8,398,714	8,174,624
Maintenance		5,499,763	4,689,496
		58,104,164	50,801,826
OPERATING INCOME		18,365,084	16,256,597
OTHER INCOME / [EXPENSES]			
Interest expense, preference dividends and guarantee fees		[3,078,927]	[3,704,135]
Foreign exchange gain		1,075,882	612,590
Other income		1,628,736	1,257,079
		[374,309]	[1,834,466]
EARNINGS FOR THE YEAR	13	17,990,775	14,422,131
RETAINED EARNINGS – BEGINNING OF YEAR		36,157,977	30,956,904
		54,148,752	45,379,035
TRANSFER FROM REDETERMINATION SURPLUS	12	352,946	396,646
EXCESS PREMIUM ON REDEMPTION OF ORDINARY SHARES	10	[35,779,050]	–
DIVIDENDS – Paid		[8,658,971]	[7,184,236]
– Declared		[2,822,613]	[2,433,468]
RETAINED EARNINGS – END OF YEAR		7,241,064	36,157,977
Earnings per Class A Ordinary Share	13	0.73	0.63

The accompanying Summary of Accounting Policies and Notes form an integral part of these Financial Statements.
Auditors' Report page 17.

Statement Of Cash Flows

For the year ended April 30, 2000 [expressed in United States Dollars]

	2000 $	1999 $
OPERATING ACTIVITIES		
Earnings for the year	17,990,775	14,422,131
Items not affecting working capital:		
Depreciation and amortisation	8,398,714	8,174,624
Loss on disposal of fixed assets	93	209,139
[Increase] / decrease in deferred gain on foreign exchange	[68,423]	49,160
	26,321,159	22,855,054
Net increase in non-cash working capital balances related to operations	[1,827,682]	[1,043,999]
	24,493,477	21,811,055
FINANCING ACTIVITIES		
Proceeds from issue of debt	32,631,568	25,000,000
Repayments of debt	[6,122,925]	[1,998,795]
Dividends paid	[11,092,439]	[9,126,949]
Net proceeds from issue of ordinary share capital	55,548,776	12,396,443
Net payments to redeem ordinary share capital	[53,705,211]	–
Preference shares redeemed	[2,000,100]	[3,000,000]
	15,259,669	23,270,699
INVESTING ACTIVITIES		
Purchase of investments	[158,586]	[196,843]
Proceeds of sale of fixed assets	28,308	67,720
Purchase of property, plant and equipment	[43,214,201]	[34,130,802]
	[43,344,479]	[34,259,925]
[DECREASE] / INCREASE IN NET CASH	[3,591,333]	10,821,829
NET CASH – BEGINNING OF YEAR	14,669,342	3,847,513
NET CASH – END OF YEAR	11,078,009	14,669,342
Supplemental disclosure of cash flow information:		
Cash interest paid during the year	6,453,756	4,274,637

The accompanying Summary of Accounting Policies and Notes form an integral part of these Financial Statements.
Auditors' Report page 17.

SUMMARY OF ACCOUNTING POLICIES

For the year ended April 30, 2000 [expressed in United States Dollars]

The financial statements of Caribbean Utilities Company, Ltd. [the "Company"] have been prepared in accordance with accounting principles generally accepted in Canada. Principal accounting policies are as follows:

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH & DUE FROM BANKS

Cash and due from banks comprises cash on hand, bank demand deposits and bank fixed deposits maturing within three months.

ACCOUNTS RECEIVABLE

Accounts receivable are included in the balance sheet after making a provision for doubtful accounts.

INVENTORIES

Inventories, which include fuel and lube oil, are valued at the lower of cost [including freight] on a first-in, first-out basis and net realisable value.

PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment is stated on the basis of an appraised valuation at November 30, 1984 with subsequent additions at cost.

The cost of additions to property, plant and equipment is the original cost of contracted services, direct labour and material, interest on funds used during construction and indirect charges for administration and other expenses.

Interest during construction is capitalised monthly based on the cost of the long-term borrowings.

Depreciation is provided on cost or appraised value of fixed assets, except for freehold land which is not depreciated, on a straight line basis over the estimated useful lives of the assets as follows:

	Years
Buildings	50
Plant and equipment	20 - 40
Motor vehicles	5 - 15
Computer and office equipment	5

Leasehold land is amortised over the remaining life of the lease.

LONG-TERM INVESTMENTS

Long-term investments are stated at cost. When there has been a loss in value of investments that is other than a temporary decline, the investments will be written down to recognise the loss.

OTHER ASSETS

Other assets, excluding deferred foreign exchange gains, fuel costs and debt issue expenses, are being amortised over thirty years on a straight line basis commencing with the year ended April 30, 1976.

DEFERRED FUEL COSTS

Pursuant to the terms of the Licence [Note 1], the Company is entitled to recover from consumers any increase in the cost of fuel, over a set base cost price. These costs are recovered in subsequent periods, in the form of a surcharge on consumer billings, known as the "Fuel Factor".

Costs incurred and not yet recovered from consumers pursuant to the Fuel Factor are deferred and offset against the relating future revenues recovered from consumers. Movements in deferred fuel costs are recorded as movements in non-cash working capital balances in the Statement of Cash Flows [page 20].

Auditors' Report page 17.

SUMMARY OF ACCOUNTING POLICIES

For the year ended April 30, 2000 [expressed in United States Dollars]

DEFERRED DEBT ISSUE EXPENSES

Deferred debt issue expenses are being amortised over the term of the debt on a straight line basis from the dates of the relevant debt issue closings.

REDETERMINATION SURPLUS

The redetermination surplus which arose primarily from a revaluation of property, plant and equipment in November 1984 is being credited to retained earnings over twenty years commencing with the year ended April 30, 1985 [Note 12].

FOREIGN EXCHANGE

Current assets and current liabilities denominated in foreign currencies including long-term debt payable within one year, are translated to United States Dollars at the year end rates of exchange and the resulting gains or losses are included in the results for the year.

The portion of long-term debt denominated in foreign currencies and not payable within one year is translated to United States Dollars at the year end rates of exchange. Exchange gains or losses arising therefrom are deferred and are amortised over the remaining term of the long-term debt.

At April 30, 2000 the year end rates of exchange used in the financial statements were:

Pounds Sterling to US Dollars	US$1.00	STG	0.64
Italian Lira to US Dollars	US$1.00	Lira	2117.99

The rate of exchange between US Dollars and Cayman Islands Dollars is fixed at US$1.00 = CI$0.84.

OPERATING REVENUE

Revenue derived from the sale of electricity is taken to income on a bills rendered basis. No account is taken of unread consumption at the end of the financial year.

SEGMENTAL INFORMATION

The Company operates in one business segment, electricity generation and distribution and in one geographical area, Grand Cayman, Cayman Islands.

FAIR VALUES

The fair value of financial assets and liabilities has been determined from market values where available, after taking into account transaction costs that would be incurred to exchange or settle the underlying financial instrument. Where financial instruments with an immediate or short-term maturity are considered to approximate to cost this fact is disclosed. Fair value of financial assets and liabilities for which no market value is readily available is determined by the Company using predetermined future cash flows discounted at an estimated market rate. In establishing an estimated market rate, the Company has evaluated the existing transactions, as well as comparable industry and economic data and other relevant factors such as pending transactions or subsequent events.

EXECUTIVE STOCK OPTION PLAN

The Company grants options to purchase ordinary shares under the Executive Stock Option Plan. No compensatory expense is recognised for options granted or shares purchased under option. On exercise of options, proceeds up to the par value of the shares issued are credited to ordinary share capital, any proceeds in excess of the par value of shares issued are credited to share premium in the period in which the options are exercised.

Auditors' Report page 17.

Notes To Financial Statements

For the year ended April 30, 2000 [expressed in United States Dollars]

1. INCORPORATION, ACTIVITY & LICENCE

The Company was incorporated on April 30, 1966 under the laws of the Cayman Islands. West Indies Power Corporation Limited ["WIPCO"], a company incorporated under the laws of the Cayman Islands, owns 32.1% [1999: 32.8%] of the issued Class A Ordinary Shares of the Company.

The principal activity of the Company is to generate and distribute electricity on Grand Cayman, Cayman Islands, under a licence from the Government of the Cayman Islands [the "Government"] originally dated May 10, 1966, amended November 1, 1979 and renewed for a further twenty-five years on January 17, 1986. Amendments to the twenty-five year licence [the "Licence"] dated January 17, 1986, as amended by a Supplementary Licence dated October 16, 1989, have been negotiated and incorporated into a further Supplementary Licence executed on November 15, 1994.

There is a provision in the Licence for subscribers' tariffs to be adjusted each year to provide the Company with a Rate of Return of 15%. The 15% Rate of Return is fixed for the term of the Licence and does not take into consideration actual interest charges, unless they are in excess of 15% per annum, and costs of capital incurred by the Company.

Within twenty-one days of the end of each financial year, the Company is obliged to furnish the Government with an Interim Return setting out the results of the operations for that financial year. Not later than three months after the end of such financial year, the Company is under an obligation to submit to the Government audited accounts together either with a certificate by the auditors certifying that the particulars in the Interim Return accord with the audited accounts, or alternatively, with a Final Return which does so accord with the audited accounts. Also submitted to the Government at this stage is a recommendation by the auditors as to what adjustments, if any, are necessary to the tariff rates by way of increases or decreases to give effect to the provision for the 15% Rate of Return.

Additionally, the Licence provides for adjustments to be made to the rates billed to consumers to reflect variations in the cost to the Company of diesel fuel used in the generation of electricity. Such adjustments are made on a monthly basis.

The Licence also requires the Company to pay duty on all foreign purchases at the rate of 10%, to pay duty on fuel at the rate of CI$0.50 per imperial gallon, and to pay a turnover fee of 5/8 of 1% based on the previous year's revenue, payable quarterly in arrears.

2. ACCOUNTS RECEIVABLE

	2000	1999
	$	$
Billings to consumers	6,625,549	4,856,255
Due from directors	22,633	21,481
Employee Share Purchase Plan	45,461	144,402
Due from principal shareholder [WIPCO]	1,580	57,064
Other receivables	206,269	290,656
	6,901,492	5,369,858

Employee Share Purchase Plan

The Company provides interest free advances to employees to purchase Class A Ordinary Shares, with such advances recovered through payroll deductions over the next twelve months. The maximum annual participation is 1,000 Class A Ordinary Shares per employee. Employees can participate in the plan on either May 1 or November 1.

3. PROPERTY, PLANT & EQUIPMENT

	Cost/Appraised Value	Accumulated Depreciation	2000 Net	Cost/Appraised Value	Accumulated Depreciation	1999 Net
	$	$	$	$	$	$
Transmission & Distribution	80,836,519	24,481,858	56,354,661	60,813,024	22,506,838	38,306,186
Generation	133,750,318	33,084,874	100,665,444	113,255,788	28,027,624	85,228,164
Other:						
Land	1,170,193	–	1,170,193	1,170,193	–	1,170,193
Buildings	12,219,440	1,700,642	10,518,798	11,531,933	1,431,569	10,100,364
Equipment, Motor Vehicles and Computers	15,050,037	6,018,277	9,031,760	12,767,973	5,208,521	7,559,452
Total Other	28,439,670	7,718,919	20,720,751	25,470,099	6,640,090	18,830,009
Property, Plant & Equipment	243,026,507	65,285,651	177,740,856	199,538,911	57,174,552	142,364,359

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For the year ended April 30, 2000 [expressed in United States Dollars]

3. PROPERTY PLANT & EQUIPMENT [continued]

Included in Property, Plant & Equipment are a number of capital projects in progress with a total cost of $57,530,465 [1999: $18,152,504]. These projects, which include capitalised interest on borrowings of $2,315,411 [1999: $1,460,831], relate primarily to the installation of two 12.25 MW MAN B&W engines, the Integrated Control System [ICS] and the Supervisory Control and Data Acquisition [SCADA] project, several transmission and distribution projects and a new computer system.

Also included in property, plant and equipment, is leasehold land with a cost of $32,967 [1999: $32,967] and related accumulated depreciation of $10,646 [1999: $10,077] and freehold land with a cost of $4,807,404 [1999: $4,807,404]. In addition, engine spares valued at $6,395,994 [1999: $6,233,357] are included in "Generation". Fixed assets pledged as security are detailed in Note 6.

4. LONG-TERM INVESTMENTS

Long-term investments are largely comprised of U.S. Government mortgage and asset backed securities with a market value of $2,840,585 [1999: $2,901,743]. The Company does not consider that the diminution in value is of a permanent nature and has not recognised the resulting unrealised loss.

5. OTHER ASSETS

	2000	1999
	$	$
Other assets	201,435	234,920
Deferred loss [gain] on foreign exchange	9,013	[59,410]
Deferred debt issue expense	1,374,492	1,114,281
Deferred fuel costs	2,375,398	874,913
	3,960,338	2,164,704

6. LONG-TERM DEBT

	2000	1999
	$	$
8.47% Senior Unsecured Loan Notes due 2010	15,000,000	15,000,000
6.47% Senior Unsecured Loan Notes due 2013	25,000,000	25,000,000
7.64% Senior Unsecured Loan Notes due 2014	30,000,000	–
6.2% European Investment Bank #2 due 2005	1,710,554	2,041,778
3% European Investment Bank #3 due 2009	4,231,568	1,600,000
0% MaK America due 2002	500,000	500,000
10% Caterpillar Americas Co. #1 due 2000	–	958,863
10% Caterpillar Americas Co. #3 due 2000	–	249,506
9.25% Commonwealth Development Corporation due 2004	–	4,583,332
	76,442,122	49,933,479
Less Current Portion	735,160	2,332,446
	75,706,962	47,601,033

Long-term debt repayments per fiscal year are estimated as follows:

Year	$
2001	735,160
2002	2,752,556
2003	2,294,175
2004	2,330,068
2005 and later	68,330,163
	76,442,122

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For the year ended April 30, 2000 [expressed in United States Dollars]

6. LONG-TERM DEBT [continued]

All long-term debt is denominated in Cayman Islands or United States dollars with the following exceptions:

		US$ Equivalent
European Investment Bank	Lira	169,729
European Investment Bank	Sterling	164,717

The Company has a line of credit with Royal Bank of Canada ["RBC"] comprising:

1. $4,000,000 Revolving overdraft line
2. $1,000,000 Term loan
3. $1,500,000 Standby Term loan
4. $8,500,000 Standby Letters of Credit

Pursuant to the above facility agreements, RBC agreed to grant letters of credit in favour of European Investment Bank ["EIB"] up to the sum of US$8.5 million [or the equivalent in other acceptable currencies] to secure the obligations of the Company to EIB in respect of finance contracts [dated April 18, 1990 and January 14, 1997] in the same aggregate amount.

As security for the above facilities, RBC has been granted fixed and floating charge debentures totalling US$8.5 million over all assets of the Company [other than land on which the office building is situated]. Effective November 1, 1999, the RBC debentures represent a first charge over the Company's assets.

During the year, the Company restructured its secured debt resulting in the settlement of the Commonwealth Development Corporation debt, and the Senior Secured Noteholders [in connection with the 8.47% Note Agreement dated May 30, 1995 and the 6.47% Note Agreement dated May 21, 1998 together amended September 15, 1999] became unsecured.

Pursuant to a finance contract with EIB dated January 14, 1997 for an aggregate maximum facility of an amount equivalent to 4,000,000 European Currency Units ["ECU's"], the Company pays a subsidised interest at the greater of 3% or the average prevailing rate of comparable loans at the time of drawdown less 3.25%. Under the agreement, notional interest equal to the subsidy is paid into a restricted use funding account held by the Company. These funds can only be used for certain projects mitigating the effect of the Company's activities on the environment. Disbursement of the funds is subject to the prior approval of EIB. As at April 30, 2000, included within cash and due from banks, is an amount totalling $119,554 which represents the Company's contribution into the restricted account [1999: $25,118].

7. RELATED PARTIES

In certain instances, WIPCO provides loan guarantees for the Company's indebtedness for an annual fee equal to 2.5% of the face value of the guaranteed indebtedness. During the year, these fees amounted to $84,099 [1999: $177,638] and are included in general and administration expenses.

8. REDEEMABLE PREFERENCE SHARES

	2000 $	1999 $
Authorised:		
419,666 [1999: 419,666] Class C Preference Shares of $1.00 each [nonvoting]		
Issued and fully paid:		
Nil [1999: 20,001] 8.5% Cumulative, Redeemable Class C, Series 1 Preference Shares [US$1.00 par value plus US$99.00 premium]	–	2,000,100
120,150 [1999: 120,150] 8.0% Cumulative, Redeemable Class C, Series 2 Preference Shares [US$1.00 par value plus US$99.00 premium]	12,015,000	12,015,000
	12,015,000	14,105,100
Less current portion	–	2,000,100
	12,015,000	12,015,000

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For the year ended April 30, 2000 [expressed in United States Dollars]

8. REDEEMABLE PREFERENCE SHARES [continued]

20,001 8.5% Class C, Series 1 Preference Shares were redeemed at the issue price of $100 on October 31, 1999 [1999: 30,000].

8.0% Class C, Series 2 Preference Shares are redeemable at the issue price of $100 as follows: August 20, 2002: 60,075 and June 20, 2003: 60,075.

9. SHARE CAPITAL

	2000 $	1999 $
Authorised:		
60,000,000 [1999: 60,000,000] Class A Ordinary Shares of CI$0.05 each		
250,000 [1999: 250,000] 9% Cumulative, Participating Class B Preference Shares of $1.00 each [non-voting]		
1 Cumulative, Participating Class D Preference Share of CI$0.56 [non-voting]		
Issued and fully paid:		
23,714,147 [1999: 23,175,885] Class A Ordinary Shares	1,411,556	1,379,517
250,000 [1999: 250,000] 9% Cumulative, Participating Class B Preference Shares [US$1.00 par value plus US$19.00 premium]	250,000	250,000
	1,661,556	1,629,517

At the sole option of the Directors, the Company is entitled to redeem all or any of the 9% Cumulative, Participating Class B Preference Shares at any time upon receipt by the Company of an application to redeem such shares.

Share Capital movements for the year are summarised as follows:

a] 84,537 [1999: 68,379] Class A Ordinary Shares were issued under the Customer Share Purchase Plan and Dividend Reinvestment Plans at between $8.82 and $10.39 [1999: $11.32 and $12.08] per share.

b] 12,725 [1999: 21,850] Class A Ordinary Shares were issued under the Employee Share Purchase Plan at between $8.82 and $11.59 [1999: $11.32] per share.

c] 441,000 [1999: 162,200] Class A Ordinary Shares were issued under the Executive Stock Option Plan [Note 11] at between $4.38 and $6.02 [1999: $4.38 and $4.98] per share.

d] 4,750,000 [1999: nil] Class A Ordinary Shares issued to Fortis Energy-Bermuda Ltd. ["the Fortis group"] in March 2000 at $11.50 per share. These shares were issued as part of a strategic alliance developed with the Fortis group. As a result of this issue, the Fortis group holds 20.0% of the issued Class A Ordinary Shares of the Company as at April 30, 2000. As part of the strategic alliance, two senior executives of the Fortis group have been appointed to the Board of Directors of the Company.

e] 4,750,000 [1999: nil] Class A Ordinary Shares redeemed from public shareholders in an issuer bid that took place in April 2000 at $11.50 per share.

f] In April 1999, 1,118,000 Class A Ordinary Shares were issued as a result of public offering at $10.50 per share.

A resolution was passed at the Company's Annual General & Special Meeting on October 23, 1998 to increase the Company's authorised share capital by $3,000,000 comprising an additional 3,000,000 Class C Preference Shares of $1.00 each. As at April 30, 2000, this resolution had not come into effect pending the consent and approval of the Government.

10. SHARE PREMIUM

	2000 $	1999 $
Premium on issue of shares	89,812,650	51,919,755
Expenses relating to share issues	[1,006,480]	[704,160]
	88,806,170	51,215,595

The share premium account reflects a net increase of $37,612,935 as a result of the share capital movements denoted in Note 9. Following the share redemption described in Note 9, an amount of $35,779,050 representing the excess of the aggregate cost over average capital [share capital plus share premium] per share on the shares redeemed has been debited to retained earnings.

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For the year ended April 30, 2000 [expressed in United States Dollars]

11. SHARE OPTIONS

On October 24, 1991 the shareholders of the Company approved an Executive Stock Option Plan, under which certain employees, officers and directors may be granted options to purchase Class A Ordinary Shares of the Company.

The exercise price per share in respect of options granted after August 4, 1995 is equal to the fair market value of the Class A Ordinary Shares on the date of grant. Each option is for a term not exceeding ten years and will become exercisable on a cumulative basis at the end of each year following the date of grant. The maximum number of Class A Ordinary Shares under option shall be fixed and approved by the shareholders of the Company from time to time.

As at April 30, 2000 the position with respect to outstanding unexercised options was as follows:

Date of Grant	Number of Class A Ordinary Shares under Option	Exercise Price	Market Price on date of Grant	Term of Option
November 5, 1995	3,800	$ 4.980	$ 4.980	5 years
August 1, 1996	222,000	$ 6.020	$ 6.020	5 years
May 2, 1998	265,000	$11.000	$11.000	5 years

During the year ended April 30, 2000 options to purchase in aggregate 441,000 [1999: 162,200] Class A Ordinary Shares were exercised having an aggregate value realised by those exercising the options of $1,684,799 [1999: $1,157,484].

12. REDETERMINATION SURPLUS

	2000	1999
	$	$
Balance at beginning of year	1,702,004	2,098,650
Transfer to retained earnings	[352,946]	[396,646]
Balance at end of year	1,349,058	1,702,004

13. EARNINGS PER CLASS A ORDINARY SHARE

Basic earnings per Class A Ordinary Share are calculated using the weighted monthly average number of Class A Ordinary Shares in issue and after adjustment for the dividends on Class B Preference Shares.

	2000	1999
	$	$
Earnings for the year	17,990,775	14,422,131
Dividends for Cumulative Participating Class B Preference Shares	[675,000]	[621,250]
Earnings for the year applicable to Class A Ordinary Shares	17,315,775	13,800,881
Weighted daily average number of Class A Ordinary Shares in issue	23,808,086	22,049,461
Basic earnings per Class A Ordinary Share	0.73	0.63
Fully diluted earnings per Class A Ordinary Share	0.72	0.62

Fully diluted earnings per Class A Ordinary Share shows the effect on earnings per Class A Ordinary Share which would result if all dilutive stock options outstanding for the year ended April 30, 2000 had been exercised at the beginning of the year. The options granted on May 2, 1998 were anti-dilutive as at April 30, 2000.

The assumption is made that dilutive stock options for the purchase of Class A Ordinary Shares at between $4.375 and $6.020 had been exercised on May 1, 1999 and that the funds derived therefrom had been invested to produce an annual return of 7.5%. The amount of income computed was $230,438 [1999: $507,640].

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For the year ended April 30, 2000 [expressed in United States Dollars]

14. DIRECTORS' & OFFICERS' REMUNERATION

The Company has a total of 13 executive officers, 5 of whom are also directors. For the financial year of the Company ended April 30, 2000, the aggregate cash compensation paid to such directors and officers for their services during the year was $2,229,335 [1999: $2,012,127].

15. CAPITAL COMMITMENTS

The Company signed a turnkey contract dated September 18, 1998 with ABB Power T&D Company, Inc. ["ABB"] for the design and construction of the North Sound Plant 69KV substation rebuild. The contract price is for an amount of $15,339,285 with commitments of approximately $4.5 million outstanding as of April 30, 2000 [1999: $10 million]. In addition, the Company has signed various further contracts during the year ended April 30, 2000 with ABB for the design and construction of other plant including a new substation in Frank Sound, a new substation in South Sound and a submarine cable project to close the transmission loop between Frank Sound and West Bay. The total commitments on these other projects are $27,728,415 of which approximately $21.6 million is outstanding as of April 30, 2000 and will be completed over the next four years.

The Company signed a turnkey contract dated February 5, 1999 with MAN B&W Diesel AG for the supply and installation of two 12.25 MW MAN B&W diesel engine generator sets. The contract price [excluding Government duty] is for an amount of $25,774,000 with commitments of approximately $5.7 million outstanding as at April 30, 2000 [1999: $19.1 million].

The Company had other capital commitments totalling $2,145,768 of which approximately $0.6 million is outstanding as of April 30, 2000 [1999: $1.1 million].

16. INSURANCE COVERAGE - TRANSMISSION & DISTRIBUTION ASSETS

The Company maintains business interruption, machinery breakdown and property insurance [for the estimated replacement cost of buildings and generating plant] with major international insurers.

Included in plant and equipment are certain transmission and distribution assets with an estimated replacement cost of $56,443,338 [1999: $35,084,443]. The Company has obtained $10 million in insurance coverage for these certain transmission and distribution assets for the fiscal year ended April 30, 2001 [2000: $10 million]. In addition, the Company maintains a standby line of credit [Note 6] and a further $2,840,585 [1999: $2,901,743] in investments [Note 4] to cover uninsured losses.

17. PROVIDENT & PENSION PLANS

Up to May 31, 1999 all full-time employees of the Company were required as a term of employment to contribute 5% of their annual wages or salary to the defined contribution Provident Plan and the Company matched such contributions. The Company made a contribution of 7.5% of wages or salary in respect of employees that had completed 15 years of continuous service and had attained the age of 55 years. Additional contributions may have been made by employees.

Effective June 1, 1998 all Caymanian employees of the Company were required to become members of a new defined contribution Pension Plan established for the exclusive benefit of employees of the Company and which complies with the provisions of the National Pensions Law, 1998 [the "Law"]. All non-Caymanian employees were required to join effective January 1, 1999. Contributions are being made and will continue to be made to the new Pension Plan at the minimum rates permissible under the Law. Contributions to the Provident Plan will continue under the historical contribution structure net of the amount of contributions to the new Pension Plan. It is anticipated that contributions to the Provident Plan by the Company will effectively cease in 2003 but that the Provident Plan will continue in existence thereafter until all benefits are paid out or the Trustees terminate the Provident Plan in accordance with the terms of the Trust Deed.

Both the Provident Plan and Pension Plan are administered by an independent trustee.

The combined expenses for the Provident and Pension Plans for the year was $645,307 [1999: $598,026] and are included in general and administration expenses.

18. CONCENTRATION OF CREDIT RISKS

The Company does not believe it is subject to any significant concentration of credit risk. Cash balances are largely in place with major financial institutions. Long-term investments are predominantly in United States government backed securities and major corporations and all positions are held by one major financial institution as custodian on behalf of the Company. Accounts receivable are largely derived from sales of electricity supplied to consumers throughout Grand Cayman. In addition, the Company holds consumers deposits of $3,017,551 [1999: $2,999,437] by way of security.

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For the year ended April 30, 2000 [expressed in United States Dollars]

19. FAIR VALUE OF FINANCIAL ASSETS & LIABILITIES

The carrying amounts reported in the Balance Sheets at April 30, 2000 and 1999 for cash, accounts receivable and accounts payable approximate fair values due to the immediate or short-term maturities of these financial instruments.

The fair value of the redeemable preference shares is approximately $11.9 million [1999: $14.1 million].

The fair value of the long-term debt is approximately $74.3 million [1999: $48.4 million].

20. TAXATION

Under current laws of the Cayman Islands, there are no income, estate, corporation, capital gains or other taxes payable by the Company.

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year disclosure.

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TEN YEAR SUMMARY

[Except where noted, expressed in United States Dollars, thousands]

	2000	1999	1998
Operating Revenues	76,469	67,058	66,478
Other Revenues and adjustments	2,705	1,870	1,784
Total Revenues	79,174	68,928	68,262
Operating Expenses	58,104	50,802	51,776
Income Before Interest	21,070	18,126	16,486
Interest Expense & Preference Dividends	3,079	3,704	3,616
Earnings for the Year	17,991	14,422	12,870
Capitalisation:			
Class A Ordinary Shares [nominal value]	1,412	1,380	1,307
9% Cumulative Participating Class B Preference Shares [nominal value]	250	250	250
Share Premium°	88,806	51,216	38,892
8% Cumulative Fixed Term Class C, Series 2 Preference Shares [$100 each]	12,015	12,015	12,015
8.5% Cumulative Redeemable Class C, Series 1 Preference Shares [$100 each]	–	2,000	5,000
Long-Term Loans	76,442	49,933	26,263
Total Capitalisation	178,925	116,794	83,727
Capital Expenditures	43,214	34,131	19,868
Earnings per Class A Ordinary Share [$/Share]	0.73	0.63	0.57
Dividends per Class A Ordinary Share [$/Share]	0.47	0.41	0.36
Book Value per Class A Ordinary Share	3.97	3.70	3.14
Statistical Record:			
Net KWH Generation [millions of KWHs]	398.09	376.28	347.52
Net KWH Sales [millions of KWHs]	369.42	346.94	326.46
Peak Load [MW] Gross	65.76	61.11	56.33
Plant Capacity [MW]	94.92	94.92	88.37
Total Customers [actual number]	18,463	17,349	16,353

° As disclosed in Note 9 and 10 to the Financial Statements, the Fortis transaction resulted in a reallocation in the equity structure of the Balance Sheet. Share premium increased by $35,779,050, with a similar reduction to Retained Earnings.

TEN YEAR SUMMARY

[Except where noted, expressed in United States Dollars, thousands]

1997	1996	1995	1994	1993	1992	1991
61,047	55,741	50,850	48,226	44,979	39,533	36,966
1,688	1,457	1,112	1,676	1,144	1,117	1,124
62,735	57,198	51,962	49,902	46,123	40,650	38,090
49,759	44,998	40,693	38,602	37,244	33,246	31,598
12,976	12,200	11,269	11,300	8,879	7,404	6,492
2,666	2,557	2,738	3,527	3,650	2,816	1,697
10,310	9,643	8,531	7,773	5,229	4,588	4,795
1,294	1,191	1,169	1,154	921	913	906
250	250	250	250	250	250	250
37,040	29,896	28,693	28,010	14,635	14,290	14,646
12,015	–	–	–	–	–	–
8,000	10,000	10,000	10,000	10,000	10,000	–
26,263	29,524	16,882	19,054	25,368	27,098	24,494
84,862	70,861	56,994	58,468	51,174	52,551	40,296
19,949	13,486	9,297	7,463	11,768	15,167	19,981
0.46	0.46	0.41	0.43	0.31	0.28	0.30
0.33	0.30	0.27	0.24	0.22	0.20	0.18
2.88	2.60	2.49	2.33	1.77	1.72	1.62
311.00	292.50	276.99	261.24	245.84	238.08	227.67
287.29	273.50	254.58	238.20	222.23	209.50	204.85
50.74	47.38	44.60	42.80	38.80	39.40	36.50
72.64	71.41	71.29	71.29	71.29	71.29	63.70
15,482	14,768	14,118	13,471	13,028	12,552	11,817

CORPORATE INFORMATION

Directors

Philip A. Barnes, C.P.A. ^
Financial Controller
TransOcean Bank & Trust Ltd.
Grand Cayman

Ian L. Boxall, J.P. *+
Attorney-at-Law
Boxalls
Grand Cayman

W. Warren Conolly, O.B.E., J.P.
Attorney-at-Law [Retired]
Grand Cayman

Frank J. Crothers *+
Vice-Chairman
Nassau, Bahamas

Bruce D.C. Drake, B.E., P. Eng.
Executive Vice-President & General Manager
Grand Cayman

Timothy Hubbell ^
Senior Assistant Secretary
Ministry of Agriculture, Communications
Environment & Natural Resources
Cayman Islands Government

Joseph A. Imparato *+
Chairman
Grand Cayman

Robert D. Imparato
Management Trainee
Grand Cayman

H. Stanley Marshall
President & Chief Executive Officer
Fortis Inc.
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David E. Ritch, J.P.
Attorney-at-Law
Ritch & Conolly
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Karl W. Smith
Vice-President Finance
& Chief Financial Officer
Fortis Inc.
Newfoundland, Canada

Peter A. Thomson
President & Chief Executive Officer
Grand Cayman

A. Joel Walton ^
Deputy Financial Secretary
Cayman Islands Government

** Member Audit Committee   + Member Remuneration Committee   ^ Government Directors*

Officers

Joseph A. Imparato
Chairman

Peter A. Thomson
President & Chief Executive Officer

Frank J. Crothers
Vice-Chairman

Peter N. Thomson
Vice-Chairman

Bruce D.C. Drake, B.E., P. Eng.
Executive Vice-President & General Manager

William J.N. Forsythe, B. Com., F.C.A.
Senior Vice-President & Chief Financial Officer

Ian L. Boxall
General Counsel

Deborah E. Bergstrom, B.A.
Vice-President Human Resources & Administration

R. Scott Hawkes, B. Com., LL. B., FCIS
Company Secretary

J.F. Richard Hew, B.S.E.E., M.B.A., P. Eng.
Vice-President Transmission & Distribution

Eddinton M. Powell, M. Acc.
Vice-President Finance

Robert L. Smith, B.S.E.E.
Vice-President Production

M. Jerome Wallace, B.E., P. Eng.
Vice-President Planning & Engineering