



February 9th, 2012

CUC Announces Fourth Quarter and Twelve Month Results for the Period Ended December 31, 2011

Caribbean Utilities Company, Ltd. is listed for trading in United States dollars on the Toronto Stock Exchange under the trading symbol “CUP.U”.

Grand Cayman, Cayman Islands- Caribbean Utilities Company, Ltd. (“CUC” or the “Company”) announced today its unaudited results for the fourth quarter and twelve months ended December 31, 2011 (all figures in United States dollars).

Net earnings for the three months ended December 31, 2011 (“Fourth Quarter 2011”) were \$5.1 million. This represents an increase of 9%, or \$0.4 million, from net earnings of \$4.7 million for the three months ended December 31, 2010 (“Fourth Quarter 2010”). This increase in earnings is the result of an increase in electricity sales and a decrease in maintenance and transmission and distribution expenses as the Company continued to focus on reliability driven capital upgrade projects during the period. Electricity sales were positively impacted by warmer weather conditions during the Fourth Quarter 2011 versus the same period last year. Overall, kilowatt-hour (kWh) sales for 2011 were flat at 554.0 million.

Net earnings for the twelve months ended December 31, 2011 were \$20.4 million, representing a 3% or \$0.5 million increase from net earnings of \$19.9 million for the twelve months ended December 31, 2010. With flat kWh sales, this increase in earnings was driven by an increase in other income and lower financing and maintenance charges.



Higher fuel prices and 4% kWh sales growth drove operating revenues up by 22%, or \$10.3 million, to \$57.7 million for the Fourth Quarter 2011 as compared to \$47.4 million for the Fourth Quarter 2010. Operating revenues increased 21%, or \$38.0 million, to \$218.1 million for the twelve months ended December 31, 2011 from \$180.1 million for the twelve months ended December 31, 2010. The increase in operating revenues was a result of higher fuel factor revenues in 2011 due to an increase in fuel prices. The average Fuel Cost Charge rate per kWh charged to consumers for the twelve months ended December 31, 2011 was \$0.27, a 35% increase from \$0.20 per kWh for the twelve months ended December 31, 2010. Actual fuel and lubricating costs are passed on to consumers without mark-up.

After the adjustment for dividends on Class B Preference Shares, earnings per Class A Ordinary Share for the Fourth Quarter 2011 of \$0.15 was comparable to earnings per Class A Ordinary Share for the Fourth Quarter 2010. After the adjustment for dividends on Class B Preference Shares, earnings per Class A Ordinary Share for 2011 was \$0.68, an increase of 1% over earnings per Class A Ordinary Share in 2010 of \$0.67.

Richard Hew, President and Chief Executive Officer of the Company stated, “The year under review has been a challenging one for CUC and the Cayman Islands. However, the Company was able to finish the year on a positive note with some earnings growth. This is a direct result of steps taken to control the Company’s discretionary operational expenditures while maintaining our focus on safety, efficiency and service reliability. We anticipate that this focus will remain as the economy slowly emerges from this recession.”



Capital expenditures for the Fourth Quarter 2011 were \$10.8 million, a \$5.3 million, or 96% increase from \$5.5 million in capital expenditures for the Fourth Quarter 2010. Capital expenditures for the twelve months ended December 31, 2011 were \$40.6 million, a \$19.2 million, or 90% increase from \$21.4 million in capital expenditures for 2010. Excluding capital expenditures related to repair of units damaged earlier in the year, for which the cost was covered by insurance proceeds (net of deductible), capital expenditure initiatives for 2011 totaled \$34.0 million and included the initiation of the Advanced Metering Infrastructure (AMI) project roll-out and completion of the Eastern Transmission Loop. By the second quarter of 2012 the AMI project will bring efficiencies in meter reading and services such as disconnects and reconnects directly from CUC's offices, provide near real-time electricity consumption information and a 'pay as you go' payment option to aid consumers in monitoring and controlling their electricity consumption.

The Eastern Transmission Loop project will also bring customer benefits through an increase in the reliability and operational flexibility of the Transmission and Distribution System serving all areas of the island from South Sound, east to the districts of East End and North Side.

In November 2011 CUC issued a certificate of need to the Electricity Regulatory Authority (ERA) for 18 megawatts (MW) of new generating capacity to be installed in 2014 and for an additional 18 MW of generating capacity to be installed in either 2015 or 2016 contingent on growth over the next two years. The primary driver for the new generating capacity in 2014 is the upcoming retirements of several of CUC's generating units which are reaching the end of their useful lives. As a result of CUC expressing its need for replacement capacity, the ERA will be conducting a competitive solicitation in 2012 in accordance with CUC's licences which will allow all interested and qualified parties, including CUC, to submit bids to fill the Company's firm capacity requirement.



The Company also recently conducted and completed a competitive bidding process to fill 13 MW of non-firm renewable energy capacity. There are currently no viable renewable energy sources in Grand Cayman that meet CUC's reliability requirements for firm capacity, however, CUC expects that there are third parties that can build and maintain renewable energy plants on the island and sell energy to CUC at a competitive price to diesel.

Mr. Hew added that, "CUC welcomes the competitive bidding process which is being conducted by the ERA for replacement of the retiring firm capacity and also looks forward to completing the bid evaluations which will move the island closer to having medium-to-large scale renewable energy sources. With the Government projecting modest Gross Domestic Product (GDP) growth for 2011, which impacts the rate outlook for the Company, we remain cautiously optimistic about future growth in the economy and a resumption of growth in electricity demand and believe the Company is well positioned to continue to serve the island in an efficient and reliable manner at least cost, while providing a fair return to our shareholders."

CUC's Fourth Quarter Report for the period ended December 31, 2011 is attached to this release. This report contains a detailed discussion of CUC's unaudited fourth quarter financial results, the Cayman Islands economy, liquidity and capital resources, capital expenditures and the business risks facing the Company. The release and Fourth Quarter Report can be accessed at www.cuc-cayman.com (Investor Relations/Press Releases) and at www.sedar.com.

CUC provides electricity to Grand Cayman, Cayman Islands, under an Electricity Generation Licence expiring in 2029 and an exclusive Electricity Transmission and Distribution Licence expiring in 2028. Further information is available at www.cuc-cayman.com.



CUC includes forward-looking statements in this material. Forward looking statements include statements that are predictive in nature, depend upon future events or conditions, or include words such as “expects”, “anticipates”, “plan”, “believes”, “estimates”, “intends”, “targets”, “projects”, “forecasts”, “schedule”, or negative versions thereof and other similar expressions, or future or conditional verbs such as “may”, “will”, “should”, “would” and “could”. Forward looking statements are based on underlying assumptions and management’s beliefs, estimates and opinions, and are subject to inherent risks and uncertainties surrounding future expectations generally that may cause actual results to vary from plans, targets and estimates. Some of the important risks and uncertainties that could affect forward looking statements are described in the Management’s Discussion and Analysis for the twelve month period ended December 31, 2010, in the section labeled “Business Risks” and include but are not limited to operational, general economic, market and business conditions, regulatory developments and weather. CUC cautions readers that actual results may vary significantly from those expected should certain risks or uncertainties materialize, or should underlying assumptions prove incorrect. Forward-looking statements are provided for the purpose of providing information about management’s current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.

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Financial and Operational Highlights

The following Fourth Quarter 2011 press release should be read in conjunction with the Caribbean Utilities Company Ltd. ("CUC" or the "Company") Management Discussion and Analysis ("MD&A") and audited financial statements for the year ended December 31, 2010 included in the Company's 2010 Annual Report. Financial information in this Fourth Quarter 2011 press release has been prepared following the same accounting policies and methods as those used in preparing the most recent interim unaudited financial statements. The financial statements and analysis in this press release were approved by the Audit Committee.

(\$ thousands, except basic earnings per ordinary share, dividends paid per ordinary share and where otherwise indicated)	Three Months Ended December 31, 2011	Three Months Ended December 31, 2010	Twelve Months Ended December 31, 2011	Twelve Months Ended December 31, 2010	Change	% Change
Electricity Sales	16,703	16,117	69,630	69,517	113	0%
Fuel Factor Revenues	41,030	31,325	148,469	110,579	37,890	34%
Operating Revenues	57,733	47,442	218,099	180,096	38,003	21%
Fuel and Lube Costs	41,030	31,325	148,469	110,579	37,890	34%
Other Operating Expenses	10,673	10,030	44,613	43,603	1,010	2%
Total Operating Expenses	51,703	41,355	193,082	154,182	38,900	25%
Earnings for the Period	5,082	4,666	20,390	19,879	511	3%
Basic Earnings per Class A Ordinary Share	0.15	0.15	0.68	0.67	0.01	2%
Dividends paid per Class A Ordinary Share	0.165	0.165	0.660	0.660	-	0%
Peak Load Gross (MW)	94.4	92.6	99.0	102.1	(3.1)	-3%
Net Generation (millions of kWh)	142.2	136.9	594.0	593.5	0.5	0%
Kilowatt-Hour Sales (millions of kWh)	132.6	127.8	554.0	553.8	0.2	0%
Total Customers	26,636	26,151	26,636	26,151	485	2%

Earnings

Net earnings for the three months ended December 31, 2011 ("Fourth Quarter 2011") were \$5.1 million, a 9% or \$0.4 million increase when compared to \$4.7 million for the three months ended December 31, 2010 ("Fourth Quarter 2010"). Operating Income for the Fourth Quarter 2011 decreased when compared to Fourth Quarter 2010 due to increased General and Administrative (G&A) and Depreciation costs partially offset by increased Electricity Sales. This change in Operating Income was offset by a decrease in Finance Charges and an increase in Other Income resulting in an overall increase in earnings quarter over quarter.

Net earnings for the twelve months ended December 31, 2011 were \$20.4 million, representing a 3% or \$0.5 million increase from net earnings of \$19.9 million for the twelve months ended December 31, 2010. Operating Income decreased for the twelve months ended December 31, 2011 when compared to the same period of 2010 as a result of increased G&A and Depreciation costs. This change in Operating Income was offset by a decrease in Finance Charges and an increase in Other Income resulting in an overall increase to earnings year over year.

Earnings per share

After the adjustment for dividends on the preference shares of the Company, earnings on Class A Ordinary Shares for the Fourth Quarter 2011 were \$4.5 million, or \$0.15 per Class A Ordinary Share, as compared to \$4.0 million, or \$0.15 per Class A Ordinary Share for the Fourth Quarter 2010.

After the adjustment for dividends on the preference shares of the Company, earnings on Class A Ordinary Shares for the twelve months ended December 31, 2011 were \$19.5 million, or \$0.68 per Class A Ordinary Share as compared to \$18.9 million, or \$0.67 per Class A Ordinary Share for the twelve months ended December 31, 2010. The Company calculates earnings per share on the weighted average number of Class A Ordinary Shares outstanding. The weighted average Class A Ordinary Shares outstanding were 28,523,127 and 28,351,734 for the years ended December 31, 2011 and December 31, 2010, respectively.

Sales

KiloWatt-hour sales for the Fourth Quarter 2011 increased 4% to 132.6 million in comparison to 127.8 million for the Fourth Quarter 2010. Sales were positively impacted by warmer weather conditions that affected customer air conditioning usage. The average temperature for the Fourth Quarter 2011 was 1.5 degrees Fahrenheit higher than the average temperature experienced during the Fourth Quarter 2010.

KiloWatt-hour sales for the twelve months ended December 31, 2011 were 554.0 million comparable to 553.8 million for the twelve months ended December 31, 2010. The average temperature for 2011 was 82.3 degrees Fahrenheit compared to 81.9 degrees for 2010.

Total customers as at December 31, 2011 were 26,636, an increase of 2% compared to 26,151 customers as at December 31, 2010. The Company connected 180 customers for the three month period ended December 31, 2011 comprising 107 residential customers and 73 commercial customers.

According to reports from the Cayman Islands Government ("Government") the number of work permit holders on island has declined substantially since 2009. This has caused some rental properties to remain empty with an active connection. Added to this is continued economic uncertainty which has led to increased conservation efforts, most significantly in the residential customer class. The Cayman Islands have a high proportion of foreign nationals that provide labour in various sectors of the economy. At the close of 2009 there were 23,531 work permits in effect in the Cayman Islands, as at the end of September 2011 that number had dropped to 19,920. The Economic and Statistics Office, a department of the Government, attributed the decline in the number of work permits to "the sharp slowdown in construction, the largest employer of foreign labour".

The following tables present sales and customer highlights:

Customers (#)	December 2011	December 2010	Change %
Residential	22,731	22,311	2%
Commercial	<u>3,905</u>	<u>3,840</u>	2%
Total Customers	26,636	26,151	2%

Sales (thousands kWh)	Three Months Ended December 31, 2011	Three Months Ended December 31, 2010	Twelve Months Ended December 31, 2011	Twelve Months Ended December 31, 2010	% Change
Residential	61,693	59,973	258,765	262,545	-1.4%
Commercial	69,318	66,282	289,043	284,966	1.4%
Other (street lighting, etc.)	<u>1,567</u>	<u>1,557</u>	<u>6,174</u>	<u>6,240</u>	-1.1%
Total Sales	132,578	127,812	553,982	553,751	0.0%

Operating Revenues

Operating revenues increased by 22%, or \$10.3 million, to \$57.7 million for the Fourth Quarter 2011 from \$47.4 million for the Fourth Quarter 2010 as a result of higher fuel prices and increased electricity sales. Operating revenues increased 21%, or \$38.0 million, to \$218.1 million for the twelve months ended December 31, 2011 from \$180.1 million for the twelve months ended December 31, 2010. This increase was the result of higher fuel factor revenues in 2011 as a result of fuel price increases.

Total operating revenues were as follows:

Revenues (thousands \$)	Three Months Ended December 31, 2011	Three Months Ended December 31, 2010	Twelve Months Ended December 31, 2011	Twelve Months Ended December 31, 2010	Change	% Change
Residential	8,046	7,824	33,592	34,086	(494)	-1%
Commercial	8,551	8,201	35,596	35,077	519	1%
Other (street lighting, etc.)	<u>106</u>	<u>92</u>	<u>442</u>	<u>354</u>	88	25%
Electricity Sales Revenues	16,703	16,117	69,630	69,517	113	0%
Fuel Factor Revenues	<u>41,030</u>	<u>31,325</u>	<u>148,469</u>	<u>110,579</u>	37,890	34%
Total Operating Revenues	57,733	47,442	218,099	180,096	38,003	21%

Electricity sales revenue increased \$0.6 million, or 4%, in the Fourth Quarter 2011 to \$16.7 million when compared to electricity sales revenues of \$16.1 million for the Fourth Quarter 2010 due to warmer weather conditions.

Electricity sales revenue increased \$0.1 million, in the twelve months ended December 31, 2011 to \$69.6 million when compared to electricity sales revenues of \$69.5 million for the twelve months ended December 31, 2010. Electricity sales revenues for the twelve months ended December 31, 2011 were higher mainly due to an increase in kWh sales in the Commercial category.

Fuel factor revenues for the Fourth Quarter 2011 totaled \$41.0 million, a 31% increase from the \$31.3 million in fuel factor revenues for the Fourth Quarter 2010. The average Fuel Cost Charge rate per kWh charged to consumers for the three months ended December 31, 2011 was \$0.29, a 32% increase from \$0.22 per kWh for the three months ended December 31, 2010. CUC passes through 100% of fuel costs to consumers on a two-month lag basis.

Fuel factor revenues for the twelve months ended December 31, 2011 totaled \$148.5 million, a 34% increase from the \$110.6 million in fuel factor revenues for the twelve months ended December 31, 2010. Fuel factor revenues increased due to an increase in the cost of fuel (see "Power Generation" section for further details). The average Fuel Cost Charge rate per kWh charged to consumers for the twelve months ended December 31, 2011 was \$0.27, a 35% increase from \$0.20 per kWh for the twelve months ended December 31, 2010. CUC passes through 100% of fuel costs to consumers on a two-month lag basis.

Operating Expenses

Total operating expenses for the Fourth Quarter 2011 increased 25% to \$51.7 million from \$41.4 million for the Fourth Quarter 2010. Total operating expenses for the twelve months ended December 31, 2011 increased 25% to \$193.1 million from \$154.2 million for the twelve months ended December

31, 2010. The main contributing factor to the increase in operating expenses was higher power generation expenses which were comprised predominantly of fuel costs.

Operating expenses were as follows:

<i>(\$ thousands)</i>	Three Months Ended December 31, 2011	Three Months Ended December 31, 2010	Twelve Months Ended December 31, 2011	Twelve Months Ended December 31, 2010	Change	% Change
Power Generation Expenses	41,794	31,711	151,714	113,214	38,500	34%
General and Administration	2,429	2,128	9,254	8,418	836	10%
Consumer Service	344	294	1,616	1,718	(102)	-6%
Transmission and Distribution	396	611	1,998	2,178	(180)	-8%
Depreciation	5,124	4,757	20,570	20,034	536	3%
Maintenance	1,535	1,785	7,622	8,284	(662)	-8%
Amortization of Intangible Assets	81	69	308	336	(28)	-8%
Total Operating Expenses	51,703	41,355	193,082	154,182	38,900	25%

Power Generation

Power generation costs for the Fourth Quarter 2011 increased \$10.1 million, or 32%, to \$41.8 million when compared to \$31.7 million for the Fourth Quarter 2010. Power generation costs for the twelve months ended December 31, 2011 increased \$38.5 million, or 34%, to \$151.7 million when compared to \$113.2 million for the twelve months ended December 31, 2010. The increase is due to higher fuel costs.

Power generation expenses were as follows:

<i>(\$ thousands)</i>	Three Months Ended December 31, 2011	Three Months Ended December 31, 2010	Twelve Months Ended December 31, 2011	Twelve Months Ended December 31, 2010	Change	% Change
Fuel costs (net of deferred fuel charges)	40,166	30,756	145,550	108,301	37,249	34%
Lube costs (net of deferred lube charges)	864	569	2,919	2,278	641	28%
Other generation expenses	764	386	3,245	2,635	610	23%
Total Power Generation expenses	41,794	31,711	151,714	113,214	38,500	34%

The Company's average price per imperial gallon ("IG") of fuel for the Fourth Quarter 2011 increased to \$4.72 from \$3.85 for the Fourth Quarter 2010. The Company's average price per IG of fuel for the twelve months ended December 31, 2011 increased to \$4.63 from \$3.45 for the twelve months ended December 31, 2010.

The Company's average price per IG of lubricating oil for the Fourth Quarter 2011 increased to \$15.89 from \$12.71 for the Fourth Quarter 2010. The Company's average price per IG of lubricating oil for 2011 Fourth Quarter Report | December 31, 2011

the twelve months ended December 31, 2011 increased to \$14.12 from \$11.01 for the twelve months ended December 31, 2010.

Diesel fuel and lubricating oil costs are recovered from consumers within the fuel factor revenues line item. The Fuel Tracker Account is comprised of total diesel fuel and lubricating oil costs to be recovered from consumers.

Other generation expenses for the Fourth Quarter 2011 totaled \$0.8 million, a \$0.4 million increase when compared to \$0.4 million for the Fourth Quarter 2010. Other generation expenses for the twelve months ended December 31, 2011 totaled \$3.2 million, a \$0.6 million increase when compared to \$2.6 million for the twelve months ended December 31, 2010. This difference is primarily due to an increase in waste oil disposal costs.

General and Administration (“G&A”)

G&A expenses for the Fourth Quarter 2011 totaled \$2.4 million, an increase of \$0.3 million, or 14%, from \$2.1 million for the Fourth Quarter 2010. This increase is the result of expenditures related to additional personal protective equipment for employees and insurance expenses.

G&A expenses for the twelve months ended December 31, 2011 totaled \$9.3 million, an increase of \$0.9 million, or 10%, from \$8.4 million for the twelve months ended December 31, 2010. This increase was the result of higher legal, administrative payroll and insurance expenses. The increased legal and payroll costs are expected to be temporary in nature. Fortis Inc. owns a controlling interest in CUC. The increase in insurance costs in 2011 was tempered as the Company purchases insurance collectively with the Fortis group of companies which leads to efficiencies and more competitive rates.

General Expenses Capitalised (“GEC”) totaled \$0.7 million for the Fourth Quarter 2011, \$0.2 million higher than \$0.5 million for the Fourth Quarter 2010. The Company capitalizes certain overhead costs not directly attributable to specific capital assets but which do relate to the overall capital expenditure program.

Consumer Services (“CS”)

CS expenses for the Fourth Quarter 2011 totaled \$0.3 million, comparable to \$0.3 million for the Fourth Quarter 2010.

CS expenses for the twelve months ended December 31, 2011 totaled \$1.6 million a decrease of \$0.1 million, or 6%, from \$1.7 million for the twelve months ended December 31, 2010. This decrease was the result of lower customer claims in 2011.

Transmission and Distribution (“T&D”)

T&D expenses for the Fourth Quarter 2011 totaled \$0.4 million, a decrease of \$0.2 million, or 33%, from \$0.6 million for the Fourth Quarter 2010.

T&D expenses for the twelve months ended December 31, 2011 totaled \$2.0 million a decrease of \$0.2 million, or 9%, when compared to T&D expenses of \$2.2 million for the twelve months ended December 31, 2010. These decreases were partially due to increased capitalized labour in 2011 as the T&D Division focused on capital projects, and partially due to efforts to control discretionary costs.

Depreciation of Property, Plant and Equipment (“Depreciation”)

Depreciation expenses for the Fourth Quarter 2011 totalled \$5.1 million, an increase of \$0.3 million, or 6%, from \$4.8 million for the Fourth Quarter 2010.

Depreciation expenses for the twelve months ended December 31, 2011 totalled \$20.6 million, an increase of \$0.6 million, or 3%, from \$20.0 million for the twelve months ended December 31, 2010. Depreciation expenses increased as a result of growth-related additions to fixed assets in prior periods.

In October 2010 the temporary cessation of depreciation on a 16 MW unit began and the temporary cessation of depreciation on a 7.59 MW unit began in March 2011. The 16 MW unit was taken out of service due to an overspeed failure and placed back in service in July 2011. The 7.59 MW unit was taken out of service due to a major mechanical failure and has not been placed back in service. This unit is near the end of its estimated useful life and an economic analysis is in progress to determine if the unit should be repaired or retired. The cost of the repairs for both units is covered by the Company's insurance policy subject to the deductible (see 'Insurance – Terms & Coverage' in the Business Risks section of the Fiscal 2011 MD&A for greater detail).

In accordance with CUC's T&D and Generation licences when an asset is impaired or disposed of, before the original estimated useful life, the cost of the asset is reduced and the net book value is charged to accumulated depreciation. This treatment is in accordance with rate regulated accounting and differs from the GAAP treatment of a loss being recognized on the statement of earnings. The amount charged to accumulated depreciation is net of any proceeds received in conjunction with the disposal of the asset. This amount within accumulated depreciation is to be depreciated as per the remaining life of the asset when the unit is placed into service. In the case of the 16 MW unit which was taken out of service in October 2010, insurance proceeds will be applied to accumulated depreciation and as the asset is repaired the costs incurred will be capitalized.

Maintenance

Maintenance expenses for the Fourth Quarter 2011 totaled \$1.5 million, a decrease of \$0.3 million from \$1.8 million for the Fourth Quarter 2010.

Maintenance expenses for the twelve months ended December 31, 2011 totaled \$7.6 million, a decrease of \$0.7 million from \$8.3 million for the twelve months ended December 31, 2010.

Maintenance expenses for the three and twelve months ended December 31, 2011 were expected to be lower than those seen in 2010 due to various capital projects scheduled in 2011. Certain upgrades to generating units are considered capital in nature as the upgrades extend the life or increase the output of the unit.

The Company currently has an installed generating capacity of 151.23 MW and in addition to this had installed 15 MW of leased temporary generation capacity for the summer to facilitate on-going planned generator maintenance and repairs. Of this leased capacity 12 MW have been returned and 3 MW remains in service. The rental cost for the temporary generation is expected to total \$1.2 million. This cost is expected to be covered by the Company's property and machinery breakdown insurance. The temporary generation costs are not included within maintenance or any operating expenditure line item.

Amortization

Amortization of intangible assets for the Fourth Quarter 2011 totaled \$0.08 million, an increase of \$0.01 million from \$0.07 for the Fourth Quarter 2010. Amortization of intangible assets for the twelve months ended December 31, 2011 totalled \$0.3 million comparable to \$0.3 million for the twelve months ended December 31, 2010.

Amortization represents the monthly recognition of the expense associated with software purchases as well as other intangible assets such as the costs associated with the license negotiations. The licence negotiations ceased in 2008 and the costs associated with the negotiations are being amortized over 20 years on a straight-line basis.

Finance Charges

Finance charges for the Fourth Quarter 2011 totaled \$2.1 million, a decrease of \$0.2 million from \$2.3 million for the Fourth Quarter 2010. Finance charges for the twelve months ended December 31, 2011 totaled \$8.7 million, a decrease of \$0.4 million from \$9.1 million for the twelve months ended December 31, 2010. This decrease was attributable to higher Allowance for Funds Used during Construction ("AFUDC") in the Fourth Quarter of 2011.

The T&D Licence provides for AFUDC. This capitalisation of the 'Financing Cost' is calculated by multiplying the Company's Cost of Capital rate by the average work in progress for each month. The cost of capital rate for 2011 is 8.75% as agreed with the ERA in accordance with the T&D Licence and will be reviewed annually. The AFUDC amount for the Fourth Quarter 2011 totaled \$1.0 million, a \$0.3 million increase when compared to \$0.7 million for the Fourth Quarter 2010.

The AFUDC amount for the twelve months ended December 31, 2011 totaled \$3.5 million, a \$0.5 million increase when compared to \$3.0 million for the twelve months ended December 31, 2010. This increase was attributable to higher capital expenditure.

Foreign exchange gains and losses are the result of monetary assets and liabilities denominated in foreign currencies that are translated into United States dollars at the exchange rate prevailing on the Balance Sheet date. Revenue and expense items denominated in foreign currencies are translated into United States dollars at the exchange rate prevailing on the transaction date. Foreign exchange gains for the Fourth Quarter 2011 totaled \$0.6 million, an increase of \$0.1 million when compared to \$0.5 million for the Fourth Quarter 2010.

Foreign exchange gains totaled \$2.1 million for the twelve months ended December 31, 2011 a \$0.3 million or 17% increase when compared to \$1.8 million for the twelve months ended December 31, 2010.

Other Income

Other income is comprised of pole rental fees, income from pipeline operations, sales of meter sockets, the sale of recyclable metals and other miscellaneous income. Other income totaled \$0.5 million, an increase of \$0.2 million, from \$0.3 million for the Fourth Quarter 2010.

Other income totaled \$1.9 million for the twelve months ended December 31, 2011, an increase of \$0.6 million, from \$1.3 million for the twelve months ended December 31, 2010. Other Income for the twelve months ended December 31, 2011 includes a billing adjustment for a commercial customer. The impact of this adjustment on earnings totaled \$0.4 million.

The Economy

The Cayman Islands have two main industries; financial services and tourism. These sectors were not immune to the effect of the recent recession experienced worldwide. A fall in Gross Domestic Product ("GDP") of 4% occurred in 2010 (2010 Cayman Islands' Annual Economic Report; released July 2011) as compared to a decrease of 7.5% in 2009. The 2011 Semi-Annual Economic Report was released by the Government in late September 2011 and reported that the Cayman Islands' real GDP grew by an estimated annualised rate of 1.3% for the first half of 2011.

	As at December 2011	As at December 2010	As at December 2009	As at December 2008	As at December 2007
Bank Licences	234	246	266	278	281
Registered Companies	92,964	91,206	92,867	93,693	87,109
Mutual Funds	9,258	9,438	9,523	9,870	9,413
Mutual Fund Administrators	129	134	141	155	152
Captive Insurance Companies	739	738	780	777	765

The tourist demographic is largely comprised of visitors from the United States of America (“US”). In 2011 79% of air arrivals to the country were citizens of the US. As such, the US economy largely impacts that of the Cayman Islands. 2011 air arrivals were up 7% when compared to 2010 and cruise arrivals were down 12% when compared to 2010. Air arrivals have a direct impact on the Company’s sales growth as these visitors are stay-over visitors who occupy the hotels. Cruise arrivals have an indirect impact as they affect the opening hours of the establishments operating for that market.

The following table presents statistics for tourist arrivals in the Cayman Islands for the twelve months ending December 31:

Arrivals	2011	2010	2009	2008	2007
By Air	309,091	288,272	271,958	302,879	291,503
By Sea	<u>1,401,495</u>	<u>1,597,838</u>	<u>1,520,372</u>	<u>1,553,053</u>	<u>1,715,666</u>
Total	1,710,586	1,886,110	1,792,330	1,855,932	2,007,169

The 2010 Cayman Islands’ Annual Economic Report listed the 2010 population at 54,397 as compared to 57,009 estimated in 2008 due to declines in the non-Caymanian workforce. Cayman has a high proportion of foreign nationals who provide labour in various sectors of the economy. The 2011 Cayman Islands’ Semi-Annual Economic Report listed work permits as at June 2011 at 19,920, a 7.5% decline when compared to the same period in the prior year. There was however an increase when compared to the first quarter figure of 19,877. Government attributes the decrease to “the sharp slowdown in construction, the largest employer of foreign labour”.

All data is sourced from the Cayman Islands Government, Cayman Islands Economics & Statistics Office, Cayman Islands Monetary Authority, Cayman Financial Review and Cayman Islands Department of Tourism websites; www.gov.ky www.ESO.ky www.cimoney.com.ky www.caymanfinancialreview.com and www.caymanislands.ky.

Liquidity and Capital Resources

The following table outlines the summary of cash flow:

<i>(\$ thousands)</i>	Three Months Ended December 31, 2011	Three Months Ended December 31, 2010	Twelve Months Ended December 31, 2011	Twelve Months Ended December 31, 2010	Change	% Change
Beginning cash	3,017	3,994	2,363	4,927	(2,564)	-52%
Cash provided by/(used in):						
Operating activities	9,836	8,791	38,097	41,896	(3,799)	-9%
Investing activities	(10,957)	(5,517)	(36,333)	(21,433)	(14,900)	70%
Financing activities	(1,472)	(4,905)	(3,703)	(23,027)	19,324	-84%
Ending cash	424	2,363	424	2,363	(1,939)	-82%

Operating Activities:

Cash flow provided by operations, after working capital adjustments, for the Fourth Quarter 2011, was \$9.8 million an increase of \$1.0 million when compared to \$8.8 million for the Fourth Quarter 2010. This increase was primarily due to increased earnings adjusted for increased depreciation. Cash flow provided by operations, after working capital adjustments, for the twelve months ended December 31, 2011, was \$38.1 million, a decrease of \$3.8 million from \$41.9 million for the twelve months ended December 31, 2010. This decrease was primarily due to a reduction in regulatory deferral balances.

Investing Activities:

Cash used in investing activities totaled \$11.0 million for the Fourth Quarter 2011, an increase of \$5.5 million from \$5.5 million for the Fourth Quarter 2010. This increase is due to increased capital related expenditures. Cash used in investing activities for the twelve months ended December 31, 2011 totaled \$36.3 million, an increase of \$14.9 million from \$21.4 million for the twelve months ended December 31, 2010. This increase is due to increased capital related expenditures.

Financing Activities:

Cash utilised in financing activities totaled \$1.5 million for the Fourth Quarter 2011, a decrease of \$3.4 million from \$4.9 million used in financing activities for the Fourth Quarter 2010. The Company borrowed \$6.0 million in short term debt during the Fourth Quarter 2011.

Cash used in financing activities totaled \$3.7 million for the twelve months ended December 31, 2011, a decrease of \$19.3 million from \$23.0 million used in financing activities for the twelve months ended December 31, 2010. During the twelve months ended December 31, 2011, the Company received \$40.0 million in debt financing. Debt payments for 2011 included current payments for long term debt in addition to the repayment of \$9.0 million of short term debt.

Financial Position

The following table is a summary of significant changes to the Company's balance sheet from December 31, 2010 to December 31, 2011:

Significant changes in Balance Sheets between December 31, 2010 and December 31, 2011 (\$ millions)	Increase (Decrease)	Explanation
Cash and Cash Equivalents	(1.9)	Decrease due to cash provided by operating activities of \$35.9 million and offset by cash used in financing activities of \$4.2 million and by cash used in investing activities of \$33.7 million.
Accounts Receivable	4.0	Increase due to a billing adjustment in 2011 for two commercial customers and higher fuel costs.
Other Receivable - Insurance	(1.8)	Decrease due to funds received in regards to insurance receivable in relation to overspeed failure on a 16 MW unit.
Regulatory Assets	4.1	In accordance with the regulatory environment the fuel tracker account is classified as a regulatory asset. This amount represents fuel costs incurred by the Company that are recoverable from the customer.
Property, Plant and Equipment	17.3	Net increase is comprised of capital expenditures of (1) \$40.6 million. (2) depreciation expense of \$20.6 million and (3) \$2.6 of insurance & asset sale proceeds.
Accounts Payable and Accrued Expenses	6.7	Change mainly attributable to increase in fuel costs.
Short-Term Debt	(11.0)	Decrease is a result of repayment of \$17.0 million for the RBC Capital Expenditure line of credit in June 2011 offset by a subsequent drawdown of \$6.0 million in December 2011.
Long-Term Debt	24.2	Increase due to \$40 million received in June & July 2011 offset by principal repayments made in June and December and portions allocated to current debt.
Share Premium	1.5	The Company issued 159,824 shares through its share purchase plans.

* See "Depreciation" section for greater detail.

Capital Resources

The Company's principal activity of generation, transmission and distribution of electricity in Grand Cayman, requires CUC to have ongoing access to capital to build and maintain the electrical system for the community it serves.

To help ensure access to capital, the Company targets a long-term capital structure containing approximately 45% equity, including preference shares, and 55% debt. The Company's objective is to maintain investment-grade credit ratings.

The Company sets the amount of capital in proportion to risk. The debt to equity ratio is managed through various methods such as the Class A Ordinary Share rights offering that occurred in 2008.

Certain of the Company's long-term debt obligations have covenants restricting the issuance of additional debt such that consolidated debt cannot exceed 65 per cent of the Company's consolidated capital structure, as defined by the long-term debt agreements. As at December 31, 2011, the Company was in compliance with all debt covenants.

The Company's capital structure is presented in the following table:

Capital structure	December 31, 2011 (\$ millions)	%	December 31, 2010 (\$ millions)	%
Total debt	208.4	54	195.3	53
Shareholder's equity	<u>176.0</u>	<u>46</u>	<u>173.8</u>	<u>47</u>
Total	384.4	100	369.1	100

The change in the Company's capital structure at December 31, 2011 is due to a net increase in total debt. In June 2011, the Company received debt proceeds of \$30 million and in July 2011, the Company received \$10 million of debt proceeds offset by principal payments made in 2011.

The Company's credit ratings under Standard & Poors ("S&P") and the Dominion Bond Rating System ("DBRS") are as follows:

S&P A-/Stable
DBRS A (low)

The S&P rating is in relation to long-term corporate credit and unsecured debt while the DBRS rating relates to senior unsecured debt.

In September 2011 S&P adjusted the Company's 'A' credit rating to 'A-' and adjusted the outlook to stable from negative. This adjustment reflects the S&P's opinion of a weak customer market given the recent declines in population and the negative impact of high fuel costs. The stable outlook reflects S&P's expectation of relatively predictable forecast cash flows and credit metrics.

In July 2011 DBRS affirmed the Company's 'A' credit rating while maintaining the categorisation of low with a Stable trend. Considerations for the rating were a favourable regulatory regime, reasonable credit metrics and a stable island economy and demand for electricity. Impacting the rating were such factors as hurricane event risk and high government levies on fuel purchases.

Credit Facilities

The Company has \$38.5 million of unsecured credit facilities with the Royal Bank of Canada ("RBC") comprised of:

Credit Facilities	(\$ millions)
Corporate Credit Card Line	\$0.4
Letters of Credit	\$6.1
Operating, Revolving Line of Credit	\$7.5
Catastrophe Standby Loan	\$7.5
Demand Loan Facility- Interim Funding of Capital Expenditures	<u>\$17.0</u>
Total	\$38.5

Of the total above, \$24.9 million was available at December 31, 2011.

Capital Expenditures

Capital expenditures for the Fourth Quarter 2011 were \$10.8 million, a \$5.3 million, or 96% increase from \$5.5 million in capital expenditures for the Fourth Quarter 2010. Capital expenditures for the twelve months ended December 31, 2011 were \$40.6 million, a \$19.4 million, or 92% increase from \$21.2 million in capital expenditures for 2010. 2011 capital expenditures included \$4.8 million related to repair of the units discussed in the depreciation section, these cost were covered by insurance proceeds net of a deductible. Included within the various projects is AFUDC totaling to \$3.5 million.

Off Balance-Sheet Arrangements

Disclosure is required of all off-balance sheet arrangements such as transactions, agreements or contractual arrangements with unconsolidated entities, structured finance entities, special purpose entities or variable interest entities that are reasonably likely to materially affect liquidity of or the availability of, or requirements for, capital resources. The Company has no such off-balance sheet arrangements as at December 31, 2011.

Business Risks

The following is a summary of the Company's significant business risks:

Economic Conditions

The general economic condition of CUC's service area, Grand Cayman, influences electricity sales, as with most utility companies. Changes in consumer income, employment and housing are all factors in 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.

Regulation

The Company operates within a regulated environment. As such the operations of the Company are subject to the normal uncertainties faced by regulated companies. Such uncertainties include approval by the ERA of billing rates that allow a reasonable opportunity to recover on a timely basis the estimated costs of providing services, including a fair return on rate base assets. The Company's capital expenditure plan requires regulatory approval. There is no assurance that capital projects perceived as required by the management of the Company will be approved.

Insurance – Terms and Coverage

The Company renewed its insurance policy as at July 1, 2011 for one year under similar terms and coverage as in prior years. Insurance terms and coverage include \$100.0 million in property and machinery breakdown insurance and business interruption insurance per annum with a 24-month indemnity period and a waiting period on Non-Named Wind, Quake and Flood of 60-days. Any named Wind, Quake and Flood deductible has a 45-day waiting period. All T&D assets outside of 1,000 feet from the boundaries of the main plant and substations are excluded, as the cost of such coverage is not considered economical. There is a single event cap of \$100 million. Each "loss occurrence" is subject to a deductible of \$1.0 million, except for windstorm (including hurricane) and earth movement for which the deductible is 2% of the value of each location that suffers loss, but subject to a minimum deductible of \$1.0 million and maximum deductible of \$4.0 million for all interests combined.

In accordance with the Licences when an asset is impaired or disposed of, within the original estimated useful life, the cost of the asset is reduced and the net book value is charged to accumulated depreciation. This treatment is in accordance with rate regulated accounting and differs from the GAAP treatment of a loss being recognized on the statement of earnings. The amount charged to accumulated depreciation is net of any proceeds received in conjunction with the disposal of the asset. Insurance proceeds are included within the criteria.

In addition to the coverage discussed above, the Company has also purchased an excess layer of an additional \$100.0 million limit on property and business interruption (excluding windstorm, earth movement and flood)

The Company's insurance policy includes business interruption which covers losses resulting from the necessary interruption of business caused by direct physical loss or damage to CUC's covered property and loss of revenues resulting from damage to customers' property.

Credit Risk

There is risk that CUC may not be able to collect all of its accounts receivable and other assets. This does not represent a significant concentration of risk. The requirements for security deposits for certain customers, which are advance cash collections from customers to guarantee payment of electricity billings; reduces the exposure to credit risk. CUC manages credit risk primarily by executing its credit collection policy, including the requirement for security deposits, through the resources of its customer service department.

Trade and other accounts receivables	As at December 31, 2011	As at December 31, 2010
Current	10,848	9,556
Past due 31-60 days	1,297	809
Past due 61-90 days	485	348
Past due over 90 days	<u>3,469</u>	<u>1,423</u>
Total Accounts Receivables	16,099	12,136
Less: allowance for doubtful accounts	(156)	(219)
Less: Consumer Deposits and Advances for Construction	<u>(4,357)</u>	<u>(4,178)</u>
Net Exposure	11,586	7,739

As at December 31, 2011, the gross exposure on the balance sheet is \$11.6 million.

Critical Accounting Estimates

The preparation of the Company's financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Estimates are based on historical experience, current conditions and various other assumptions believed to be reasonable under the circumstances. Due to changes in facts and circumstances and the inherent uncertainty involved in making estimates, actual results may differ significantly from the current estimates. Estimates are reviewed periodically and, as adjustments become necessary, are reported in earnings in the period in which they become known.

Future Accounting Pronouncements

Adoption of New Accounting Standards: Due to continued uncertainty around the timing and adoption of a rate-regulated accounting standard by the International Accounting Standards Board, CUC has evaluated the option of adopting United States generally accepted accounting principles ("US GAAP"), as opposed to International Financial Reporting Standards ("IFRS"), and has decided to adopt US GAAP effective January 1, 2012.

Canadian securities rules allow a reporting issuer to prepare and file its financial statements in accordance with US GAAP by qualifying as a U.S. Securities and Exchange Commission ("SEC") Issuer. An SEC Issuer is defined under the Canadian rules as an issuer that: (i) has a class of securities registered with the SEC under Section 12 of the *U.S. Securities Exchange Act of 1934*, as amended (the "Exchange Act"); or (ii) is required to file reports under Section 15(d) of the Exchange Act. The Company is currently not an SEC Issuer. Therefore, on June 6, 2011 Fortis Inc. filed an application with the Ontario Securities Commission (the "OSC") seeking relief, pursuant to National Policy 11-203 – *Process for Exemptive Relief Applications in Multiple Jurisdictions*, to permit Fortis Inc. and its reporting issuer subsidiaries (of which CUC is one) to prepare their financial statements in accordance with US GAAP without qualifying as an SEC Issuer ("the Exemption"). On June 9, 2011 the OSC issued its decision and granted the Exemption for financial years commencing on or after January 1, 2012 but before January 1, 2015, and interim periods therein. The Exemption will terminate in

respect of financial statements for annual and interim periods commencing on or after the earlier of: (a) January 1, 2015; or (b) the date on which the Company ceases to have activities subject to rate regulation.

The Company's application of Canadian GAAP currently relies on US GAAP for guidance on accounting for rate-regulated activities. The adoption of US GAAP in 2012 is, therefore, expected to result in fewer significant changes to the Company's accounting policies as compared to accounting policy changes that may have resulted from the adoption of IFRS. US GAAP guidance on accounting for rate-regulated activities allows the economic impact of rate-regulated activities to be recognized in the financial statements in a manner consistent with the timing by which amounts are reflected in customer rates. CUC believes that the continued application of rate-regulated accounting, and the associated recognition of regulatory assets and liabilities under US GAAP, accurately reflects the impact that rate regulation has on the Company's financial position and results of operations. The Company has received approval from the regulator for the use of US GAAP during the exemption period.

Fortis Inc. as project lead has developed a three-phase plan to adopt US GAAP effective January 1, 2012. CUC is an active participant in this project with focus on the impact to the Company. The following is an overview of the activities under each phase and their current status.

Phase I - Scoping and Diagnostics: Phase I consisted of project initiation and awareness; project planning and resourcing; and identification of high-level differences between US GAAP and Canadian GAAP in order to highlight areas where detailed analysis would be needed to determine and conclude as to the nature and extent of financial statement impacts. External accounting and legal advisors were engaged during this phase to assist the Company's internal US GAAP conversion team and to provide technical input and expertise as required. Phase I commenced in the fourth quarter of 2010 and was completed during 2011.

Phase II - Analysis and Development: Phase II consisted of detailed diagnostics and evaluation of the financial statement impacts of adopting US GAAP based on the high-level assessment conducted under Phase I; identification and design of any new, or changes to, operational or financial business processes; initial staff training and audit committee orientation; and development of required solutions to address identified issues.

Phase II of the plan commenced in January 2011 and was essentially completed during 2011. Based on the research and analysis completed to date, and the Company's continued ability to apply rate-regulated accounting policies under US GAAP, the differences between US GAAP and Canadian GAAP are not expected to have a material impact on earnings and are expected to be mostly limited to changes in balance sheet classifications and additional disclosure requirements. The impact on information systems and internal controls over financial reporting is expected to be minimal.

Phase III - Implementation and Review: Phase III is currently ongoing and has involved the implementation of financial reporting systems and internal control changes required by the Company to prepare and file its financial statements prepared in accordance with US GAAP beginning in 2012, and the communication of associated impacts.

The Company will prepare and file, in accordance with Canadian GAAP, its annual audited financial statements for the year ending December 31, 2011 and the comparative period. The Company intends to voluntarily prepare and file, in accordance with US GAAP, its annual audited financial statements for the year ending December 31, 2011 with 2010 comparatives. The Company's voluntary filing of audited US GAAP financial statements for the year ending December 31, 2011, subsequent to the filing of its audited Canadian GAAP financial statements for the year ended December 31, 2011, has been approved by the OSC and is expected to be completed by March 31, 2012. Beginning with the first quarter of 2012, the Company's unaudited interim financial statements will be prepared and filed in accordance with US GAAP.

Phase III will conclude when the Company files its annual audited financial statements for the year ending December 31, 2012 prepared in accordance with US GAAP.

Financial Statement Impacts - US GAAP: The area identified to date where differences between US GAAP and Canadian GAAP is expected to have the most significant financial statement impacts is outlined below. The identified impacts are unaudited and are subject to change based on further analysis.

Employee future benefits: Under Canadian GAAP, the accrued benefit asset or liability associated with defined benefit plans is recognized on the balance sheet with a reconciliation of the recognized asset or liability to the funded or unfunded status being disclosed in the notes to the financial statements. The accrued benefit asset or liability excludes unamortized balances related to past service costs, actuarial gains or losses and transitional obligations which have not yet been expensed.

US GAAP requires recognition of the funded or unfunded status of defined benefit plans on the balance sheet, with the opening unamortized balances related to past service costs, actuarial gains or losses and transitional obligations recognized on the balance sheet as a component of accumulated other comprehensive income. Changes to past service costs, actuarial gains or losses and transitional obligations which are not immediately recognized as components of net pension expense are required to be recognized in other comprehensive income. Upon adoption of US GAAP, the Company will recognize the unfunded status of its defined benefit plan on the balance sheet.

Additional differences between Canadian GAAP and US GAAP in the accounting for defined benefit plans include the determination of the measurement date and the period over which pension expense is recognized. Canadian GAAP allows the use of a measurement date up to three months prior to the date of an entity's fiscal year end. US GAAP requires the entity's fiscal year end to be used as the measurement date. Canadian GAAP allows the use of an attribution period that extends beyond the date when the credited service period ends, under specific circumstances, for defined benefit pension plans. US GAAP allows the use of an attribution period up to the date when credit service ends for defined benefit pension plans.

The above differences are expected to impact the calculation and recognition of the Company's benefit obligation which will be mostly offset by a corresponding change to Accumulated Other Comprehensive Income.

The above items do not represent a complete list of expected differences between US GAAP and Canadian GAAP, and are subject to change. Other less significant differences have also been identified. Analysis also remains ongoing and additional areas where the Company's financial statements may be materially impacted may be identified prior to the Company's voluntary preparation and filing of its audited US GAAP financial statements for the year ending December 31, 2011. A detailed reconciliation between the Company's audited Canadian GAAP and US GAAP financial statements for 2011, including 2010 comparatives, and any additional areas where significant adjustments may be required in accordance with US GAAP, will be disclosed as part of that voluntary filing.

The unaudited, estimated quantification and reconciliation of the Company's balance sheet as of December 31, 2010 prepared in accordance with US GAAP versus Canadian GAAP, and based on the differences identified to date, may be summarized as follows.

Liabilities as of December 31, 2010 are estimated to increase by approximately \$1.6 million. The estimated increase is due to the expected increase in the pension liability in accordance with US GAAP.

Shareholders' equity as of December 31, 2010 is estimated to decrease by approximately \$1.6 million. The estimated decrease is due to the expected recognition of the past service costs and net actuarial losses related to the defined benefit plan in accordance with US GAAP,

Other assets as of December 31, 2010 are estimated to increase by approximately \$1.2 million. The estimated increase is due to the reclassification of deferred debt costs in accordance with US GAAP.

Long-term debt as of December 31, 2010 is estimated to increase by approximately \$1.2 million. The estimated increase is due to the reclassification of deferred debt costs in accordance with US GAAP.

The audited quantification and reconciliation of the Company's financial statements from Canadian GAAP to US GAAP for 2011 interim and annual reporting periods is expected to be completed by March 31, 2012.

Quarterly Results

The table "Quarterly Results" summarises unaudited quarterly information for each of the eight quarters ended March 31, 2010 through December 31, 2011. This information has been obtained from CUC's unaudited interim Financial Statements, which in the opinion of Management, have been prepared in accordance with Canadian GAAP. These operating results are not necessarily indicative of results for any future period and should not be relied upon to predict future performance.

Quarterly results (\$ thousands, except basic and diluted earnings per ordinary share)	Operating Revenue	Net Earnings	Income applicable to ordinary shares	Earnings per ordinary share	Diluted earnings per ordinary share
December 31, 2011	57,733	5,082	4,489	0.15	0.15
September 30, 2011	62,453	6,253	6,140	0.22	0.22
June 30, 2011	53,945	5,924	5,811	0.20	0.20
March 31, 2011	43,967	3,131	3,044	0.11	0.11
December 31, 2010	47,442	4,666	4,048	0.15	0.15
September 30, 2010	49,095	6,568	6,455	0.23	0.23
June 30, 2010	43,182	6,188	6,075	0.21	0.21
March 31, 2010	40,377	2,456	2,346	0.08	0.08

Outlook

In December 2011, the Company filed its 2012-2016 Capital Investment Plan ("CIP") totaling approximately US\$192 million. The 2012-2016 CIP has been prepared in-line with the Certificate of Need that was filed with the ERA in November 2011 for 18 MW of new generating capacity to be installed in 2014 and for an additional 18 MW of generating capacity to be installed in either 2015 or 2016 contingent on growth over the next two years. ERA approval of the 2012-2016 CIP is expected during the first three months of 2012.

Balance Sheets

(expressed in thousands of United States Dollars)

Unaudited	As at December 31, 2011	As At December 31, 2010
Assets		
<i>Current Assets</i>		
Cash and Cash Equivalents	424	2,363
Accounts Receivable	15,943	11,917
Other Receivable - Insurance	438	2,188
Regulatory Assets	25,759	21,683
Inventories	3,807	3,074
Prepayments	<u>2,636</u>	<u>2,462</u>
	49,007	43,687
Property, Plant and Equipment	369,832	352, 509
Other Assets	162	173
Intangible Assets	2,819	2, 595
Total Assets	<u>421,820</u>	<u>398,964</u>
Liabilities and Shareholders' Equity		
<i>Current Liabilities</i>		
Bank Overdraft	1,059	-
Accounts Payable and Accrued Expenses	31,640	24,985
Regulatory Liabilities	281	670
Short-Term Debt	6,000	17,000
Current Portion of Long-Term Debt	15,500	15,500
Consumers' Deposits and Advances for Construction	<u>4,357</u>	<u>4,178</u>
	<u>58,837</u>	<u>62,333</u>
Long-Term Debt	<u>186,948</u>	<u>162,790</u>
Total Liabilities	245,785	225,123
Shareholders' Equity		
Share Capital	1,954	1,944
Share Premium	76,839	75,355
Contributed Surplus	415	372
Retained Earnings	<u>96,827</u>	<u>96,170</u>
Total Shareholders' Equity	176,035	173,841
Total Liabilities and Shareholders' Equity	<u>421,820</u>	<u>398,964</u>

Statements of Earnings and Comprehensive Income

(expressed in thousands of United States Dollars, except basic and diluted earnings per ordinary share)

Unaudited	Three Months Ended December 31, 2011	Three Months Ended December 31, 2010	Twelve Months Ended December 31, 2011	Twelve Months Ended December 31, 2010
Operating Revenues				
Electricity Sales	16,703	16,117	69,630	69,517
Fuel Factor	<u>41,030</u>	<u>31,325</u>	<u>148,469</u>	<u>110,579</u>
<i>Total Operating Revenues</i>	57,733	47,442	218,099	180,096
Operating Expenses				
Power Generation	41,794	31,711	151,714	113,214
General and Administration	2,429	2,128	9,254	8,418
Consumer Services	344	294	1,616	1,718
Transmission and Distribution	396	611	1,998	2,178
Depreciation	5,124	4,757	20,570	20,034
Maintenance	1,535	1,785	7,622	8,284
Amortization of Intangible Assets	<u>81</u>	<u>69</u>	<u>308</u>	<u>336</u>
<i>Total Operating Expenses</i>	51,703	41,355	193,082	154,182
Operating Income	6,030	6,087	25,017	25,914
Other (Expenses)/Income:				
Finance Charges	(2,102)	(2,250)	(8,659)	(9,143)
Foreign Exchange Gain	624	488	2,125	1,785
Other Income	<u>530</u>	<u>341</u>	<u>1,907</u>	<u>1,323</u>
<i>Total Net Other (Expenses)/Income</i>	(948)	(1,421)	(4,627)	(6,035)
Earnings and Comprehensive Income for the Period	5,082	4,666	20,390	19,879
<i>Preference Dividends Paid- Class B</i>	<u>(593)</u>	<u>(618)</u>	<u>(906)</u>	<u>(953)</u>
Earnings on Class A Ordinary Shares	4,489	4,048	19,484	18,926
Weighted-Average Number of Class A Ordinary Shares Issued and Fully Paid (in thousands)	28,579	28,420	28,523	28,352
Earnings per Class A Ordinary Share	0.15	0.15	0.68	0.67
Diluted Earnings per Class A Ordinary Share	0.15	0.15	0.68	0.67
Dividends Declared per Class A Ordinary Share	0.165	0.165	0.660	0.660

Statements of Retained Earnings
(expressed in thousands of United States Dollars)

Unaudited	Three Months Ended December 31, 2011	Three Months Ended December 31, 2010	Twelve Months Ended December 31, 2011	Twelve Months Ended December 31, 2010
Balance at beginning of period	97,056	96,810	96,170	95,955
Earnings for the period	5,082	4,666	20,390	19,879
Dividends Declared	<u>(5,311)</u>	<u>(5,306)</u>	<u>(19,733)</u>	<u>(19,664)</u>
Balance at end of period	96,827	96,170	96,827	96,170

Statements of Cash Flows

(expressed in thousands of United States Dollars)

Unaudited	Three Months Ended December 31, 2011	Three Months Ended December 31, 2010	Twelve Months Ended December 31, 2011	Twelve Months Ended December 31, 2010
<i>Operating Activities</i>				
Earnings for the period	5,082	4,666	20,390	19,879
Items not affecting cash:				
Depreciation	5,124	4,757	20,570	20,034
Amortisation of Intangible Assets	81	69	308	336
Non-cash Pension Expenses	-	120	-	120
Amortisation of Deferred Financing Costs	49	43	187	182
Stock-based compensation	<u>7</u>	<u>12</u>	<u>47</u>	<u>47</u>
	10,343	9,667	41,502	40,598
Net change in non-cash working capital balances related to operations	(2,755)	(1,652)	1,061	1,288
Net Change in Regulatory Deferrals	<u>2,248</u>	<u>776</u>	<u>(4,466)</u>	<u>10</u>
<i>Cash flow related to operating activities</i>	9,836	8,791	38,097	41,896
<i>Investing Activities</i>				
Purchase of property, plant and equipment	(10,840)	(5,497)	(40,569)	(21,167)
Costs related to intangible assets	(138)	(33)	(554)	(292)
Insurance funds received	21	-	4,771	-
Proceeds on sale of property, plant and equipment	-	<u>13</u>	<u>19</u>	<u>26</u>
<i>Cash flow related to investing activities</i>	(10,957)	(5,517)	(36,333)	(21,433)
<i>Financing Activities</i>				
Proceeds from debt financing	6,000	-	46,000	9,000
Repayment of debt	(3,000)	-	(32,500)	(14,000)
Increase in bank overdraft	449	-	1,059	-
Dividends paid	(5,373)	(5,306)	(19,757)	(19,664)
Net proceeds from share issues	<u>452</u>	<u>401</u>	<u>1,495</u>	<u>1,637</u>
<i>Cash flow related to financing activities</i>	(1,472)	(4,905)	(3,703)	(23,027)
(Decrease)/Increase in net cash	(2,593)	(1,631)	(1,939)	(2,564)
Cash and cash equivalent - Beginning of period	<u>3,017</u>	<u>3,994</u>	<u>2,363</u>	<u>4,927</u>
Cash and cash equivalent - End of period	424	2,363	424	2,363
Supplemental disclosure of cash flow information:				
Interest paid during the period	6,222	5,720	12,079	11,995