

Our National Symbols



Silver Thatch Palm



Grand Cayman Parrot



Wild Banana Orchid



Caribbean Utilities Company, Ltd.

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Grand Cayman

Cayman Islands

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Caribbean Utilities Company, Ltd.
2004 Annual Report



Protect now, enjoy forever!

Protect now, enjoy forever!



Photo by Miguel Escalante

National Bird of the Cayman Islands

Grand Cayman Parrot
Amazona leucocephala caymanensis
 [endemic subspecies]

General Data

Cover Feature

"If we were logical, the future would be bleak. But we are more than logical. We are human beings and we have faith, and we have hope." Inspiring words from famous French marine biologist and explorer Jacques Cousteau, who dedicated much of his life to preserving the world's natural habitats, oceans and marine life. We as an Island can certainly derive great encouragement from these words as we are still able to enjoy our clean, enticing coastal waters and shorelines protected by croppings of Red and Black Mangroves, some forming a protective barrier miles long in certain areas while others venturing out into the sea to set up their own little colonies.

CUC's goal of protecting and preserving the environment has always been a top priority. The Company's recent ISO 14001:1996 certification by the Quality Management Institute (QMI), a subsidiary of the Canadian Standards Association, for all aspects of our operations at our North Sound Road site, is a positive step in keeping with our vision of becoming a world-class energy service provider. Our goal as Caymanians and West Indians is to protect our beautiful islands for future generations to enjoy. Protection is essential as our Environmental Management System's slogan reiterates... *"protect now, enjoy forever!"*

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Credits

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About the Islands

The Cayman Islands, a United Kingdom Overseas Territory with a population of approximately 43,000, 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 and final voyage in 1503, were originally named "Las Tortugas" for their large turtle population. The islands later became known as "Cayman" representing the Carib word for crocodiles, a large number of which existed at that time. A Governor, presently His Excellency Mr. Bruce Dinwiddy, 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.

Location



About the Company

Caribbean Utilities Company, Ltd., known locally as "CUC", commenced operations as the only electric utility in Grand Cayman in May 1966. The Company currently has an installed capacity of 123 megaWatts (MW), and a new record peak load of 79.06 MW was experienced in August 2003. Our 210 employees are committed to providing a safe and reliable supply of electricity to over 21,000 customers. The Company has been through many challenging and exciting periods but has kept pace with Grand Cayman's rapid development for the past 38 years. Today we are considered one of the most reliable and efficient power companies in the Caribbean.





National Tree of the Cayman Islands

Silver Thatch Palm
Coccothrinax proctorii
 [endemic]

Highlights

Financial Results in Brief

	2004 US\$	2003 US\$	% Change
Operating revenue	106,643,155	96,921,019	10.03%
Shareholders' equity	126,443,078	120,415,547	5.01%
Earnings for the year	19,986,779	20,190,261	-1.01%
Capital expenditures	20,041,232	27,731,945	-27.73%
Total assets	286,100,851	274,127,320	4.37%
Customs duties and turnover fees paid to Government	16,710,485	15,987,836	4.52%
Interest expense and preference dividends	7,708,623	6,321,081	21.95%
Dividends	17,137,877	16,334,788	4.92%
Earnings per Class A Ordinary Share	0.77	0.80	-3.75%
Dividends per Class A Ordinary Share (paid and declared)	0.655	0.635	3.15%
Book value per Class A Ordinary Share	4.88	4.69	4.05%
Class A Ordinary Shares			
Market price: High	14.54	12.65	14.94%
Low	12.20	10.85	12.44%
Year-end	12.75	12.40	2.82%
8% Class C, Series 2 Shares			
Market price: High	-	103.00	-
Low	-	98.00	-
Year-end	-	98.50	-

Note: The 8% Class C, Series 2 Preference Shares are no longer listed for trading on The Toronto Stock Exchange following the second and final redemption of 60,075 issued and outstanding shares from shareholders at the issue price of US\$100.00 per share in June 2003.

Performance

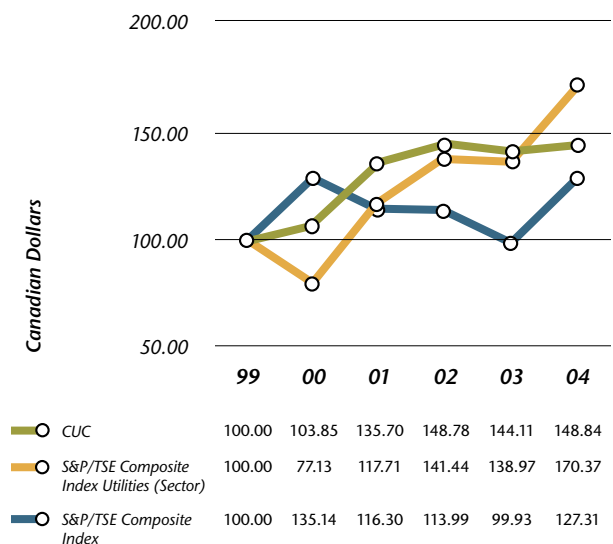
The Company recorded increased revenues and new peaks in demand. Operating revenues grew by 10.03% and earnings decreased by 1.01%. The dividend payout rate continues to exceed 60% of earnings. Dividends on Class A Ordinary Shares increased by 3.15% from US\$0.635 to US\$0.655 per share. The Class A Ordinary Shares (CUP.U) traded on The Toronto Stock Exchange at a high of US\$14.54 per share.

Rate of Exchange

The closing rate of exchange as of April 30, 2004 as reported by the Bank of Canada for the conversion of United States dollars into Canadian dollars was Cdn\$1.3721 per US\$1.00. The official exchange rate for conversion of Cayman Islands dollars into United States dollars, as determined by the Cayman Islands Monetary Authority, has been fixed since April 1974 at US\$1.20 per CI\$1.00. Thus, the rate of exchange as of April 30, 2004 for the conversion of Cayman Islands dollars into Canadian dollars was Cdn.\$1.647 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 returns between Cdn.\$100.00 invested in CUC Class A Ordinary Shares and the S&P/TSE Composite Index Utilities and S&P/TSE Composite Index.



Protect now, enjoy forever!



National Flower of the Cayman Islands

Wild Banana Orchid
Schomburgkia thomsoniana var. *thomsoniana*
[endemic subspecies]

To Our Shareholders

2004 was a year of transition for CUC. The Company focused on negotiating a Licence extension with the Cayman Islands Government that would restructure the electricity industry while continuing to permit fair and reasonable returns to shareholders and reliable, least-cost service to customers.

The Company formally commenced Licence extension discussions in November 2003, and after extensive and intensive negotiations, the parties reached in June 2004 a "Heads of Agreement" which, while not legally binding, reflects in detail a plan that will allow elements of competition in the electricity industry and grant new licences to CUC to operate in the Cayman Islands for a minimum of 20 more years from 2004.

Under the new agreement, the Government will now issue non-exclusive licences for transmission and distribution (T&D) and generation providers. While the T&D Licence to CUC will be non-exclusive, duplication of the Island's T&D infrastructure and facilities is not desired nor to be encouraged. The term of our initial T&D Licence will be for 20 years, and an "evergreen provision" will allow for automatic renewal of the T&D Licence if no action is taken not to renew it. CUC T&D will bill rates and charges to customers to cover its T&D costs and to pass through the costs of wholesale power, including any

Government and regulatory fees and the cost of fuel.

CUC will also be granted a Licence in respect of its existing generating capacity at an agreed price. Competition in generation will be introduced through competitive Power Purchase Agreement (PPA) solicitations for required incremental capacity. CUC will be responsible under the terms of its T&D Licence for determining the need for future generation based on load growth and operating requirements. A Regulatory Authority will be established to oversee light-handed regulation of the electrical industry and review and approve the selection of the successful generation bidder, while ensuring a level playing field for all participants.

The final agreement, which we expect to sign by late summer, will replace the current permitted rate-of-return formula for rate adjustments with a price cap mechanism based on published consumer price indices. The agreement will result in substantial rate reductions to go into effect from the later of the date of the new CUC licences or October 1, 2004 for both residential and large commercial users. Residential consumers will see immediate price decreases in basic billing rates of approximately 4.7% and large commercial users of approximately 2.3%. These decreases are in addition to the 3% across-the-board rollback of rates in November 2003. Importantly, the agreement ensures the continuation of reliable service, brings price stability and predictability to electrical consumers, and allows your Company to make equal or greater returns than before. By focusing on cost control, increasing operating efficiencies and continued management of capital expenditures, we are confident in our ability to meet these expectations in conjunction with the anticipated increases in electrical consumption.

Demand for electricity is increasing in Grand Cayman as net generation increased 4.9% from 463 million kiloWatt-hours (kWh) to 486 million kWh. A new peak load record of 79.06 megaWatts (MW) was achieved in August 2003, a 2.6% increase over last year.

Year-end 2004 earnings declined 1.01% from 2003 to US\$19.987 million due to the



Peter A. Thomson, President & Chief Executive Officer, David Ritch, Chairman of the Board of Directors, and Richard Hew, Executive Vice-President & Chief Operating Officer.



Brown Bat
Eptesicus fuscus spp. nov.
[endemic subspecies]

To Our Shareholders

November 2003 tariff rate reduction; expected increases in operating and interest expenses; early retirement packages; and a US\$250,000 under-recovery of fuel factor revenue due to a steep rise in fuel prices in fourth quarter 2004. Earnings per Class A Ordinary Share (EPS) declined to US\$0.77 from US\$0.80 in 2003.

The Company's Licence with Government provides for adjustments to be made to the charges billed to customers to reflect variations in the cost of diesel fuel used in the generation of electricity. Such monthly adjustments allow CUC to forward the variations in the cost of fuel directly to consumers. However, there is a two-month lag between when the cost of fuel is incurred and when it is recovered through the fuel factor.

CUC's capital expenditure during the year totaled US\$18.5 million. Major capital projects completed were the completion and commissioning of the generation expansion in July 2003, the looped transmission system development in the West Bay and Seven Mile Beach areas, and the commencement of the new 69/13 kiloVolt (kV) Hydesville substation in West Bay.

Economic recovery continues to show steady improvement. The Cayman Islands economy has shown robust growth in the construction and real estate sectors. Total customers increased 4.23% from 20,269 to 21,127 in fiscal 2004. Major commercial developments include the completed Citrus Grove Building, Progressive Distributors warehouse complex and Bayshore Mall (formally known as the Kirk Harbour Centre). Projects under construction and expected to open during the year include the 144-acre \$350 million Ritz-Carlton condominiums and resort, the Meridian Condominiums and the Municipal Sewage Plant. Just as important is that the residential sub-sector benefited from generally lower mortgage rates, concessions for first-time homeowners and the grant of citizenship to over 3,000 long-term residents.

Financial services and tourism are the main pillars of our economy. The financial industry recorded positive growth in mutual fund and insurance company registrations. Cayman currently dominates the offshore mutual fund market with approximately 65% of the market share. For calendar 2003, mutual fund registration increased 7% over 2002 and presently stands at 4,580. Offshore insurance licences now number 617, up from 600 during the year. Increased banking regulations and a tougher stance on anti-money laundering have, if anything, increased the international credibility of the Cayman Islands as the world's premier international offshore financial centre.

Cruise ship tourism is booming with a 9% increase in arrivals, and is an important revenue platform for Government and produces significant economic multiplier effects in the economy through direct receipts and indirectly through infrastructure investment. The completion of the 67,000 square-foot Bayshore Mall, the start of construction of a new cruise port dock in George Town, and the US\$44 million Turtle Farm expansion in

West Bay symbolise the type of commercial development cruise ship tourism generates!

Stayover tourism continues to show signs of recovery. The recent winter season displayed growth of 1.4%. Sustained growth in this sector will benefit in the medium and long-term from the completion of the Ritz-Carlton in December 2004 and the Cayman Shores Development, a combined residential and resort project.

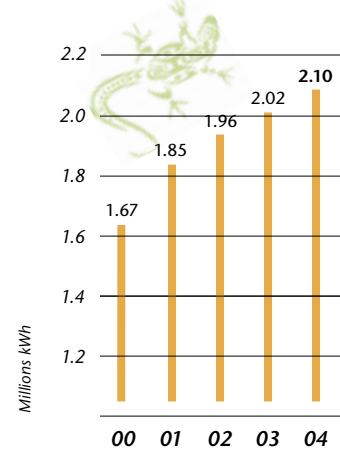
Although the Cayman Islands economy has shown moderate, steady growth during fiscal 2004, it continues to be susceptible to external factors such as high world oil prices and the threat of terrorism.

Our outlook in growth in kWh sales is forecasted to continue around the 5% to 6% level over the next three years. These forecasts reflect the large projects presently under construction and approvals received by developers from the Cayman Islands Planning Authority. CUC plans capital expenditure of US\$19.5 million in the coming year on projects including the completion of a new substation in the West Bay area, additions to the distribution system island-wide for new customer connections, and construction of a new 420,000-gallon fuel tank for on-site storage at our North Sound Plant. With the installation last year of a third MAN B&W, 12.25 MW generating unit, we have adequate capacity for the next two years. CUC is trimming its capital expenditure as the major works related to its US\$18 million looped transmission system comes to an end. Capital expenditure over the next three years is estimated to be US\$56.6 million based on projected growth.

We continue to focus on efficiencies with improvements in customers per employee (99 in fiscal 2004 versus 95 in fiscal 2003) and kWh sales per employee (2.1 million in fiscal 2004 versus 2 million in fiscal 2003), and we will see meaningful improvements in controllable operating expenses this year as the Company transitions to a price cap mechanism.

CUC is pleased to announce that it received in May 2004 ISO 14001: 1996 certification of its electric power generation and other CUC activities and products at the North Sound Road site. This initiative was undertaken two years ago as part of the Company's commitment to environmental responsibility and community leadership.

Sales per Employee
(millions of kWh)



Protect now, enjoy forever!



Broadleaf
Cordia sebestena var. *caymanensis*
[endemic subspecies]

To Our Shareholders

Several environmental initiatives were launched throughout the ISO 14001 certification process, including the implementation of an Environmental Management System as required by the standard. CUC is the only organisation in the Cayman Islands and one of the few electric utilities in the Caribbean to receive this designation.

The Company continues to monitor the development of alternative energy sources and is encouraged by progress of the ocean thermal energy conversion (OTEC) technology being developed by Sea Solar Power International. Site location activities for a 10 MW prototype plant to be commissioned in 2007 are currently underway by Sea Solar Power, and CUC has signed a Memorandum of Understanding to purchase power under a long-term power purchase agreement, subject to Government licensing and other approvals.

A number of key corporate governance practices were implemented during the year to meet existing and proposed Toronto Stock Exchange and Ontario Securities Commission requirements and best practices among North American publicly traded companies. These include (i) the preparation for CEO and CFO certification of the unaudited interim financial results for the fiscal 2005 first quarter ended July 31, 2004; (ii) the establishment of an internal audit function; (iii) the reduction of the mandatory retirement age for directors from 75 to 70 as approved by shareholders in October 2003; (iv) the adoption of a Board of Directors ethics code and related enforcement policy; (v) the adoption of a revised insider trading policy and a disclosure policy for directors, officers and employees; and (vi) the expansion of the Information Circular and Annual Information Form, both of which can be downloaded, along with this Report, from our website (www.cuc-cayman.com). It is also noteworthy that the Board of Directors is comprised of a majority of outside unrelated directors, and that the Audit Committee and Nominating and Corporate Governance Committee are entirely comprised of outside and unrelated directors.

As part of our new agreement with the Cayman Islands Government, it will not be necessary to continue appointing Government directors. Therefore, we would like to extend our gratitude and best wishes to Messrs. Philip Barnes, Lewis Ebanks and Raul Nicholson-Coe for their service to the Company. We would like to welcome Philip Hughes, President & Chief Executive Officer of Fortis Alberta and British Columbia, to the Board, and thank Karl Smith and Leonard Ebanks for their service and valuable contributions to the growth and progress of the Company. CUC benefits tremendously from the expertise of all directors and their contributions in ensuring good corporate governance. For this we express our gratitude.

CUC is fortunate to have many outstanding employees, and our mission is to attract and maintain our employer of choice status. To achieve this, we provide competitive compensation, foster personal growth and encourage

involvement in the community we are privileged to serve. We congratulate our Employee of the Year, Carlos Rivers, and we extend appreciation to the 26 long-serving employees recognised this year who collectively completed 385 years of service to the Company. As part of making a difference in our community, we also extend our sincere appreciation to Dave Thompson, who earned the Company's first Volunteer of the Year Award for his tireless work with the Cayman Islands Cadet Corps in 2003.

Through the offices of the Caribbean Electric Utility Services Corporation (CARILEC), CUC was pleased to be able to assist fellow utility Bermuda Electric Light Company after Bermuda suffered a direct hit in 2003 from Hurricane Fabian. An eight-man CUC team joined colleagues from the Bahamas, Barbados, Belize, Dominica and Jamaica in repair work. Bermudans praised our efforts, and we congratulate our team who did the Company and the Cayman Islands proud.

The CUC family was deeply saddened by the sudden passing of Ransford Andrews, Supervisor Mechanical Maintenance, in November 2003, and Gerald "Jerry" McRobb, Manager Line Department, in July 2004. We extend our deepest sympathies to their families and friends. They will be greatly missed!

We would like to thank our employees for their hard work, skill and commitment to providing a high quality of service to our customers. We are also grateful for your continued support.

David E. Ritch, *Chairman of the Board of Directors*

Peter A. Thomson, *President & Chief Executive Officer*

July 31, 2004



Photo by Miguel Escabante

Ground Boa
Tropidophis caymanensis
[endemic subspecies]

Environmental Stewardship

As an organisation inextricably linked to the growth and development of our Island, protection of our fragile environment is of paramount importance to us.

ISO 14001 Certification

We are pleased to announce that on May 14, 2004, CUC received ISO 14001:1996 certification from the Quality Management Institute (QMI), a subsidiary of the Canadian Standards Association, for all aspects of our operations at the Company's North Sound Road site. Compared to our peers, we consider ourselves a leader in environmental protection as we were the first company in the Cayman Islands and one of the first electrical utilities in the Caribbean to become ISO 14001-certified. This certification marks international achievement and recognition of CUC's environmental protection initiatives and performance. The certification process involved a number of both internal and independent audits of CUC's Environmental Management System (EMS) to ensure the Company's compliance with its EMS requirements, local environmental laws, adopted industry standards and continual improvement in environmental performance.

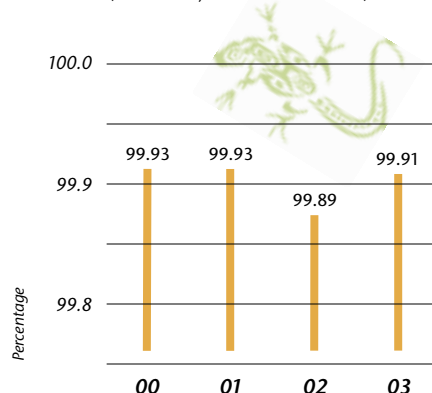
In keeping with our vision to become a world-class energy service provider, we have developed a Company-



The future of Cayman's natural environment may be more secure thanks to a CUC-sponsored Mangrove Education Programme being taught in our primary schools by peripatetic science teacher Martin Keeley (back to camera with telescope). The programme consists of classroom activities and a field trip to the mangrove wetlands, with the support of the Department of Environment.

System Availability

(data for the year ended December 31)



wide environmental policy to operate in an environmentally conscious manner and to conserve natural resources. The health of our employees, customers and the public and the protection of our natural environment are among our highest priorities. Our environmental policy highlights the main areas of environmental protection based on the Company's operations, which include air, ground water, coastal water, soil and noise.

CUC initiated independent studies into reducing the impact of its operations on the environment over 10 years ago and chose to adopt a number of applicable industry standards and regulations used in developed countries. In addition to the implementation of an environmental policy, the Company launched its EMS in January 2003 to define programmes to monitor, control and report on the Company's significant environmental aspects (SEA's). The EMS was developed to meet the requirements of the ISO 14001 environmental standard. CUC's current SEA's include exhaust gas emissions, petroleum management, hazardous waste and chemicals management and the disposal of processed water. To continually improve our environmental performance, we have developed and implemented over 35 Company-wide procedures to protect the environment. Our employees are the key to driving our EMS programme. Within the last four years, we have provided environmental training to all staff and our key suppliers and contractors for a total of 1,500 hours.

Renewable Energy

In 2001, CUC commissioned an independent study to review the feasibility of utilising renewable energy sources as well as other non-renewable energy sources. The study analysed the utilisation of technologies such as heavy fuels,

Protect now, enjoy forever!



Yellow Root
Morinda royoc
[native]

Environmental Stewardship



Members of the Company's Line Department are highly-skilled professionals who brave the elements to ensure projects are completed in a timely manner with an emphasis on safety.



Photo by Frank Baultstone

Vitelline Warbler ["Chip chip"]
Dendroica vitellina vitellina
 [endemic subspecies]

Environmental Stewardship

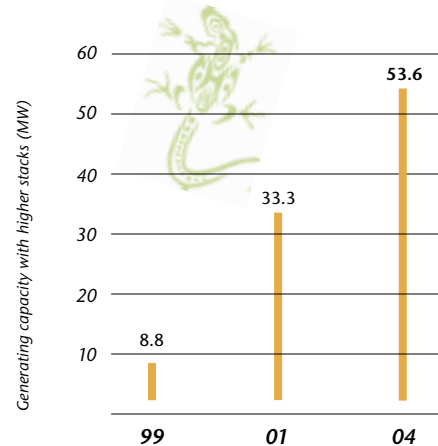


Cherry Hunt and David Watler, CUC's Environmental Management Representatives, discuss progress initiatives near the 140-foot exhaust stacks for the MAN B&W generating units. These higher stacks were installed to improve air quality surrounding the power plant.

gas turbines, steam turbines, fossil fuel boilers, micro turbines, solar, waste-to-energy, fuel cells, wind energy and ocean thermal energy conservation (OTEC). The study concluded that while diesel power is currently the most efficient, cost-effective and reliable means of providing power to Grand Cayman, wind and OTEC sources merited further consideration and investigation. In March 2003, the Company installed two 170-foot wind-monitoring towers in East End and North Side. After analysing wind speeds recorded over a 12-month period CUC's independent consultants determined that utilising wind energy was uneconomical for the Company and its customers at the time of study.

The OTEC process involves producing electricity by

Air Quality Enhancement (with high stacks)



Higher stacks based on air quality modeling

using the temperature difference between the ocean's warm surface water and deep cold water to drive a power-producing cycle. The Company has entered into a non-binding Memorandum of Understanding with Sea Solar Power of the United States that limits CUC's obligations and does not require it to incur substantial expense in any portion of developing this project. Despite the early stages of development and uncertain costs that would be involved in installing this technology, CUC is encouraged by OTEC's potential to become an alternative energy source. CUC continues to monitor advances in alternative energy technology to identify feasible options that will allow the Company to continue to produce clean, reliable energy while minimising the cost to customers.

Air Quality

We conducted extensive environmental studies in 1993 in an effort to improve the air quality in the areas impacted by our generating facility. As indicated in the graph above, some generating units have been equipped with high stacks based on air quality modeling results in an effort to improve the air quality throughout the Island. In addition to higher stacks, we have programmes in place to continually monitor the fuel efficiency of our generating units to ensure that they are operated and maintained at optimum levels. These programmes not only offer environmental protection but also provide significant savings by reducing the consumption of fuel and other products.

Protect now, enjoy forever!



© Jennifer Godfrey

Cayman Swallowtail
Heracles andraemon tailori
[endemic subspecies]

Environmental Stewardship



Kevin Winton and Dario Mayorquin from the Mechanical Maintenance Department complete maintenance on one of the Company's generating units. All generating units undergo a thorough maintenance schedule to ensure maximum efficiency.



Wild Jasmine
Plumeria obtusa
 [native subspecies]

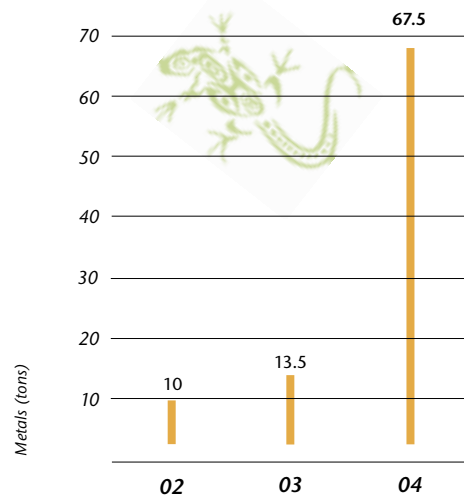
Environmental Stewardship

Petroleum and Chemical Management

The Company started to export waste lubricating and transformer oils to the United States for recycling over 10 years ago and was the first organisation on the Island to recycle waste oil. This started as a small operation with an average of 20,000 gallons being exported annually and has grown to over 80,000 gallons annually. In addition to CUC, the Cayman Islands Government, the local petroleum companies and others have also joined us in collecting and recycling used motor oil. We have also successfully installed a number of compactors for oil filters and oily rags throughout the Company. These compactors are extremely effective in removing the oil to help avoid contamination of the landfill and the environment. The Company also utilises self-cleaning and reusable oil filters to reduce pollution and minimise operating costs. We follow the latest applicable industry standards and technology when installing petroleum storage and handling facilities and also when upgrading existing installations.

Scrap Metals Recycled

(tons)



The recycling of scrap metals, which commenced in December 2002, has proven to be very successful for the Company. Non-reusable copper, aluminium, bronze and brass transmission and distribution scrap materials are loaded and stored at CUC's North Sound Road site on a 40-foot flat rack. When fully loaded, the rack is shipped to Gulf Coast Metals in Tampa, Florida for recycling.

Protect now, enjoy forever!



Photo by Frank Bourlstone

Stripe-headed Tanager
Spindalis zena salvina
[endemic subspecies]

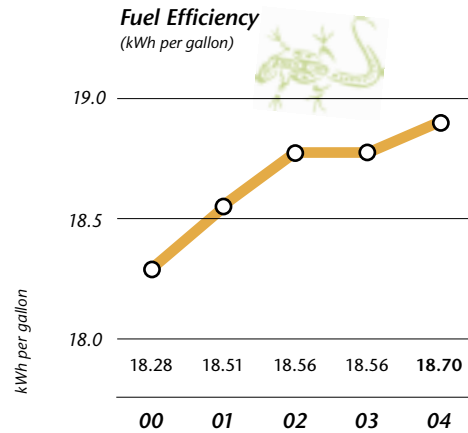
Environmental Stewardship

After developing and implementing a number of programmes we have improved fuel efficiency over the past five years as indicated in the graph "Fuel Efficiency".

CUC has made great strides in the area of chemical management by installing new facilities to separate and contain the Company's bulk chemicals. In addition, stringent procedures have been implemented to ensure that only environmentally friendly chemicals, where available, are purchased, used and disposed of in an environmentally safe manner. Our chemical management procedures require compliance and training for our employees, suppliers and contractors.

Recycling

The Company has pioneered the local recycling of scrap metals including copper, aluminium and steel. All scrap



metals are collected and shipped to the United States for recycling with the assistance of Thompson Shipping Ltd., who provides the flat racks and offer reduced shipping costs. This programme has been very successful as over 60 tons of scrap metals were recycled in the last year at no additional cost to the Company while conserving raw materials and reducing the waste sent to the Island's landfill.

We also utilise extensively and promote Government recycling programmes including paper, aluminium cans, lead-acid and nickel-cadmium batteries.

Promoting Environmental Protection in Our Community

As part of our Energy Smart programme, we endeavour to educate our customers about the importance of conserving energy and the benefits of reducing their electrical consumption. We conduct regular community meetings and provide free onsite energy audits to both our residential and commercial customers. Our customers can receive energy efficiency information from the Energy Smart Depot on our website (www.cuc-cayman.com).

We donated six mobile 5,000 gallon waste oil tanks to the Department of Environmental Health (DEH) to assist in their oil recycling programme.

The Company is proud to be a sponsor of an environmental education programme for public schools, which teaches students the importance and value of protecting the central mangrove wetlands. This programme is aimed at demonstrating the link between human beings and nature to help children develop respect and appreciation for the environment. Other environmental programmes we support include the John



As a symbol of our commitment to protecting the environment and beautifying our primary schools, CUC's Community Involvement Team planted two dozen Cayman Mahogany trees in conjunction with the Department of Environment and the National Trust for the Cayman Islands as part of Earth Week celebrations in April 2004. Team member Rodney Williams (right) was instrumental in ensuring the students played an active role in planting the trees.



Cayman Velvety-Brown Leaf
Memphis echemus danielana
 [endemic subspecies]

© Ann Stafford

Environmental Stewardship

Gray Recyclers, our Community Involvement Team's beach beautification project, the Department of Tourism's International Beach Cleanup, the National Trust's Bat Conservation Programme as well as the Cayman Islands Marine Institute.

New Environmental Design Standards

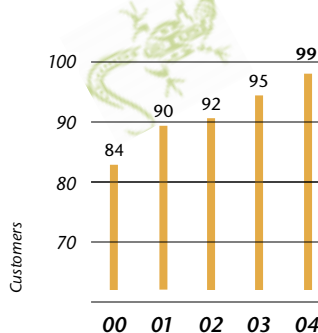
In an effort to provide electrical service to customers in residential communities, we have designed and installed two "Island style" substations that are not conventional looking substations. Each substation resembles a traditional Caymanian home with landscaping and other aesthetics that make it the typical next door neighbour. These substations offer their internal electrical equipment added protection from the harsh tropical environment for extended life and reduced maintenance costs.

Our latest generation expansion projects include environmental standards specified in our EMS. These environmental standards include high stacks, air quality modeling, stringent exhaust gas emissions, stringent fuel and lube oil efficiency specifications, low noise emissions, waste oil and water recycling systems and secondary containment for petroleum storage and piping facilities.

Emergency Preparedness Response

Many environmental disasters can be controlled and mitigated significantly provided there are appropriate plans, equipment and personnel trained to handle such situations. With this in mind, we place great emphasis on developing, maintaining and practicing plans for likely emergency situations. Our main emergency preparedness and response plans include procedures for hurricanes, fires

Customers per Employee
 (number of customers)



and large petroleum spills.

The Company is grateful to all employees for their contribution to our Environmental Management System and appreciates their efforts. Together we can make a difference in preserving the environment for future generations to enjoy as our environmental slogan states, "Protect now, enjoy forever".

To review our Environmental Policy, learn more about our Environmental Management System and how you can conserve energy and protect the environment, we invite you to visit our website.



" We do not inherit the earth from our ancestors, we borrow it from our children. "

[Native American proverb]

Protect now, enjoy forever!



Rosemary
Croton linearis
[native]

Management's Discussion and Analysis

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.

Operating Revenues

Operating revenues increased to US\$106.6 million, 10.0% higher than 2003 revenues of US\$96.9 million. This reflects a 6.4% increase in basic revenue (US\$85.7 million versus US\$80.5 million in 2003). Fuel adjustment revenue increased 27.7% (US\$20.9 million versus US\$16.4 million in 2003), which fundamentally reflects higher fuel prices and fuel consumption compared to the same period last year. The Company's Licence with the Cayman Islands Government provides for adjustments to be made to the charges billed to customers to reflect variations in the cost of diesel fuel used in the generation of electricity. Such

monthly adjustments allow CUC to recover the variations in the cost of fuel from consumers. There is a two-month lag between when the cost of fuel is incurred and when it is recovered through the fuel factor. The sharp rise in the price of fuel in the fourth quarter was under-recovered in 2004 fuel factor revenue by approximately US\$250,000.

Kilowatt-hour (kWh) sales rose 4.9% from 429.3 million kWh in 2003 to 450.3 million kWh. Total customers increased 4.2% from 20,269 in 2003 to 21,127. Electricity revenue growth is driven by increased demand spurred by a relatively buoyant economy. Although the 3% tariff rate increase implemented August 1, 2003 was subsequently cancelled on November 1, 2003 as a quid pro quo to initiate Licence extension discussions with Government, the cancellation was not retroactive. Therefore, three months of increased rates also contributed to increased basic revenue.

2004 earnings fell slightly by 1.0% to US\$19,986,779 compared with 2003 earnings of US\$20,190,261. Primary

factors contributing to the slight earnings pullback were the cancellation of the rate increase mentioned above, under-recovery of fuel cost in the fourth quarter, early retirement packages amounting to US\$273,000, and increased operating and interest expenses. Earnings per Class A Ordinary Share (EPS) decreased to US\$0.77 from US\$0.80 in 2003.

The Company achieved a record peak load of 79.06 megaWatts (MW) in August 2003, a 2.6% increase over last year's peak load of 77.06 MW. Net generation increased 4.9% to 485.6 million kWh from 463.0 million kWh in 2003.



The 144-acre US\$350-million Ritz-Carlton on world-famous Seven Mile Beach houses 69 luxury beach-front residences as well as a hotel section which is adjoined by an elevated walkway above West Bay Road. The 18-hole Greg Norman-designed golf course stretches from the rear of the hotel to the North Sound. The resort is scheduled for completion in December 2004.



Photo by Frank Reulstone

Banana Bird [Bananaquit]
Coereba flaveola sharpii
 [endemic subspecies]

Management's Discussion and Analysis

The following table presents sales and customer highlights for the year ended April 30, 2004:

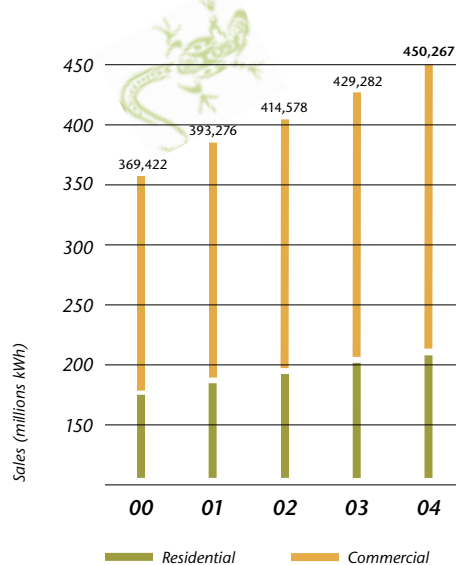
	2004	2003	Change
Customers (#)			
Residential	17,815	17,053	4.47%
Commercial	3,312	3,216	2.99%
Total customers	21,127	20,269	4.23%
Sales (1)			
Residential	212,768	203,039	4.79%
Commercial	232,832	221,923	4.92%
Other (street lighting, etc.)	4,667	4,320	8.03%
Total sales	450,267	429,282	4.89%
Revenues (2)			
Residential	41,440	38,995	6.27%
Commercial	43,483	40,867	6.40%
Other (street lighting, etc.)	787	671	17.29%
Fuel adjustments	20,933	16,388	27.73%
Total operating revenues	106,643	96,921	10.03%

Notes: (1) in thousands of kWh; (2) in thousands of US\$

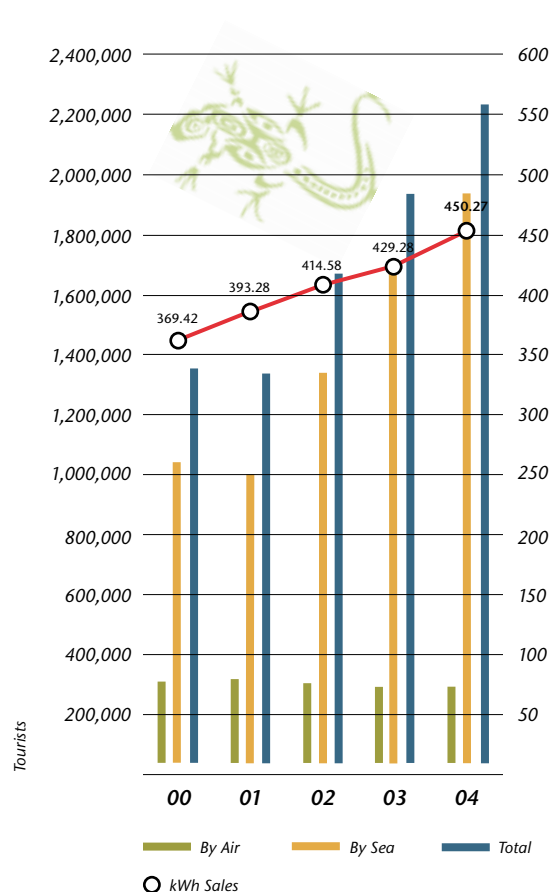
The Economy

The Cayman Islands economy continues to show steady improvement. The economy is expected to grow by an estimated 2.5% in fiscal 2005, up from 2.0% for fiscal 2004. The Cayman Islands' economic recovery was supported by an upturn in global economic activities. Leading the recovery are the construction and real estate sectors, both of which have shown robust growth in response to measures implemented by Government in 2002. For example, according to unofficial Central Planning Authority (CPA) statistics, project approvals in Grand Cayman increased 19% from 2002 to 2003, and the value of approved projects grew 13% to US\$319.8 million. Building permits over the same period increased 44% and certificates of occupancy rose 37%. Major commercial developments include projects that have been completed, such as the 49,000-square foot Citrus Grove Building, the Progressive Distributors warehouse complex and the Cable & Wireless Centre, as well as projects still under construction, including the 144-acre US\$350 million Ritz-Carlton condominiums and resort, the Meridian condominiums, the municipal sewage plant and the 67,000-square-foot Bayshore Mall (formerly known as

Residential and Commercial Sales



Tourism and Sales



Protect now, enjoy forever!



Cayman Zoe Julia
Dryas iulia zoe
[endemic subspecies]

Management's Discussion and Analysis

the Kirk Harbour Centre). Collectively, these projects will add approximately eight MW to system demand when they are fully completed.

Just as important as the robustness of the construction growth has been the fact that this growth has been across-the-board, from commercial to residential. The residential sub-sector benefited from generally lower mortgage rates, concessions for first-time homeowners and the grant of citizenship to over 3,000 long-term residents.

Financial services and tourism are the main pillars of the Cayman Islands economy. The financial industry recorded positive growth in mutual funds registration, insurance company registration and a significant increase in captive insurance premiums. Despite weaknesses in the global economy over the last two years, the Cayman Islands continue to be an attractive domicile for financial services businesses. The mutual fund sector, in particular, has produced spectacular growth. Cayman currently dominates the global offshore mutual fund market with approximately 65% of the market share. For calendar 2003, mutual fund registration increased approximately 12% over 2002 and presently stands at 4,580. Other sectors of the financial industry continue to register growth as well. There are currently 617 offshore insurance licences, up from 600 at the end of December 2002. Increased banking regulations and a tougher stance on anti-money laundering have, if anything, increased the international credibility of the Cayman Islands as an international offshore financial centre with bank assets climbing to more than US\$1 trillion.

The Cayman Islands faced the possibility of the

forced implementation, through an act of Parliament by the United Kingdom, of the European Union (EU) Savings Directive. Had this occurred, it would have had dire consequences for the Islands' financial industry. This cloud appears to have been considerably lifted with an agreement being reached between the Governments of the Cayman Islands and the United Kingdom for the extension of the EU Savings Directive to the Cayman Islands in exchange for a commitment for a level playing field, in terms of EU-wide concurrent implementation of the Directive, and the recognition of the Cayman Islands Stock Exchange by the UK and other EU countries. The Cayman Islands Government believes that whatever business may be lost from the implementation of the savings directive will be more than offset by the benefits of wider access to EU and UK financial markets for the Cayman Islands' financial products.

The continued strength of the Cayman Islands as an international financial centre can be seen in the table "Growth in Financial Sector" on page 15.

Cruise ship tourism continues to register strong growth.



The 67,000-square foot Bayshore Mall (formerly known as the Kirk Harbour Centre), situated on South Church Street directly in front of the cruise ship landing in George Town, opened Phase I of its retail shops in February 2004. Phase II, which comprises class-A office space and more retail shopping, is scheduled to break ground in 2005.



Whitewood
Tabebuia heterophylla
[native]

Management's Discussion and Analysis

Year-to-date cruise tourism is up 9%. Cruise tourism is an important revenue platform for Government and produces significant economic multiplier effects in the economy through direct receipts and indirectly through infrastructure investment. The Bayshore Mall (formerly known as the Kirk Harbour Centre) retail shops and office complex symbolises the type of commercial development cruise ship tourism generates.

Stayover tourism is not as robust as cruise tourism. However, figures for this sector of the market are slightly up by 3% over last year. Moreover, the fourth quarter of calendar 2003 saw a strong rebound in this category with growth of 5% for the quarter. The trend is positive and sustained growth in this sector will benefit in the medium and long-term from the completion and opening of the Ritz-Carlton in 2004 and the Cayman Shores Development, a combined residential and resort project.

Tourist Statistics

The following table presents tourist statistics for the year ended April 30, 2004:

Arrivals	2004	2003	2002	2001	2000
By Air	307,154	298,723	313,277	334,719	321,014
By Sea	1,938,060	1,676,652	1,372,364	1,022,643	1,050,983

Source: Department of Tourism, Cayman Islands Government.

Government

In its 2004 Strategic Policy Statement, Government established key policy initiatives for the 2004 to 2005 period that include revising the immigration law, establishing a Securities Commission and new securities regulatory regime, negotiating Tax Information Exchange Agreements, increasing the level of marketing for the financial services sector, continuing the deregulation of the telecom industry, developing a new port facility on the eastern end of the Island, building a new primary and secondary school, and constructing a new central administration complex using a Private Finance Initiative (PFI).

In a sweeping reform of the Islands' immigration laws, the legislature enacted new immigration legislation

in December 2003. The hallmark of the new legislation is to provide long-term residents with a system of progressive rights, beginning with an opportunity for permanent residency and leading to a grant of Caymanian citizenship. Leading up to the enactment of the new immigration laws, Cabinet granted Caymanian citizenship to over 3,000 long-term residents. The granting of citizenships and the streamlining of the immigration laws appear to have had a positive impact on the economy, particularly in the housing sector, as new citizens with an enhanced sense of security begin to invest in housing.

Equally sweeping in scope and public service management significance is the introduction of an accrual system of accounting in the public sector. The switch from a cash-based accounting method to an accrual-based method was in the planning stage for some years and



Cruise ship tourism continues to register strong growth as the number of cruise ship passengers visiting our beautiful shores this year increased by nearly 300,000. In collaboration with the Florida Caribbean Cruise Association, work began on the redevelopment of the US\$31 million George Town port with the development focused on cruise passenger facilities.

Growth in Financial Sector

(data for years ended December 31)

	2003	2002	2001	2000	1999
Bank and Trust Licences	471	508	545	580	571
Registered Companies	68,078	65,259	64,495	59,922	50,951
Mutual Funds	4,808	4,285	3,648	3,041	2,271
Mutual Fund Administrators	195	230	217	202	176
Captive Insurance Companies	644	600	543	516	497

Source: Cayman Islands Monetary Authority and The Registrar of Companies.

Protect now, enjoy forever!

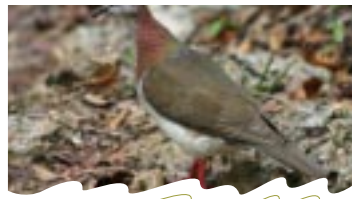


Photo by Frank Bourlstone

Caribbean Dove
Leptotila jamaicensis collaris
[endemic subspecies]

Management's Discussion and Analysis

finally implemented to coincide with the introduction of Government's 2004/2005 budget. The new system falls within the ambit of the Public Management and Finance Law and is intended to put public service in the Cayman Islands on a more efficient footing and similar to practices in the private sector. The Cayman Islands reportedly are among three countries in the world whose governments are fully applying this system of accounting.

The three major infrastructure projects commenced during the year are the Turtle Farm redevelopment project, the Prospect Primary School and the George Town cruise dock.

The Turtle Farm is the major tourist attraction for the Cayman Islands. The redevelopment of this facility will cost an estimated US\$44 million. When completed, the Farm will boast a shopping bazaar, an interactive area, an educational pavilion and hatchery and science labs, among other attractions.

The Prospect Primary School is the first school in a series of schools the Government plans to build over the next five years to cater to the growing school-age population. Work on the 33,500-square foot building is in the advanced stage. Cost is estimated at US\$9.1 million.

In September 2003, ground was broken on the

redevelopment of the George Town Port, with the development focused on the cruise passenger facilities. The project is being done in collaboration with the Florida Caribbean Cruise Association (FCCA). It will expand the port from the current 2.6 acres to almost six acres at an estimated cost of US\$31 million. The project is expected to be completed by early next year.

Rates and Extended Licence Proposal Update

CUC's exclusive right to generate, distribute, transmit and supply electricity on Grand Cayman expires on January 17, 2011 with a right to enter into negotiations for renewal in 2006. After extensive and intensive negotiations, CUC and the Government have reached an agreement on a plan that will allow for competition on incremental (new) generating capacity and grant extended licences to CUC to operate in the Cayman Islands for 20 more years from 2004. Specifically, the parties have signed a Heads of Agreement that, while not legally binding, reflects in detail what the parties have agreed to. The Heads of Agreement will form the basis of the licencing document that is expected to be signed in late summer 2004.

The agreement will result in rate reductions to go into effect from the later of the date of the new CUC licences or October 1, 2004 for both residential and large commercial users. Residential consumers will see immediate price decreases in basic billing rates of approximately 4.7% and large commercial users of approximately 2.3%. These decreases are in addition to the 3% across-the-board rollback of rates in November 2003. Also, under the agreement, Government regulatory fees and the cost of fuel will be passed through to consumers.

The agreement will replace the current "guaranteed rate-of-return formula" for rate adjustments with a "price cap mechanism" based on published consumer price indices. The agreement also ensures the continuation of a reliable supply



The recently completed 22,000-square foot Centennial Towers is West Bay's largest and most recent retail shopping and office complex. The Towers' residents include numerous small businesses as well as outlets for established businesses in George Town determined to cater to customers' needs in the outer districts.



Corato
Agave sobolifera
[native]

Management's Discussion and Analysis

of electricity far into Grand Cayman's future and brings price stability and predictability to electrical consumers while protecting the interests of CUC's shareholders and maintaining shareholder value.

However, consistent with the terms of its current Licence, CUC submitted to Government in August 2004 its Final Return containing its 2004 audited results confirming that the Company is entitled to a 3.0% rate increase effective August 1, 2004 under its current Licence. This shortfall on Return On Capital Employed (ROCE) is a result of CUC's capital investment programme and increased operating costs. In light of ongoing Licence discussions with Government, the Company has deferred taking any decision regarding the exercise of the rate adjustment provision contained in its current Licence until such time as the negotiations have been concluded.

Operating Expenses

Operating expenses for the years to April 30, 2004 were as follows (US\$ thousands):

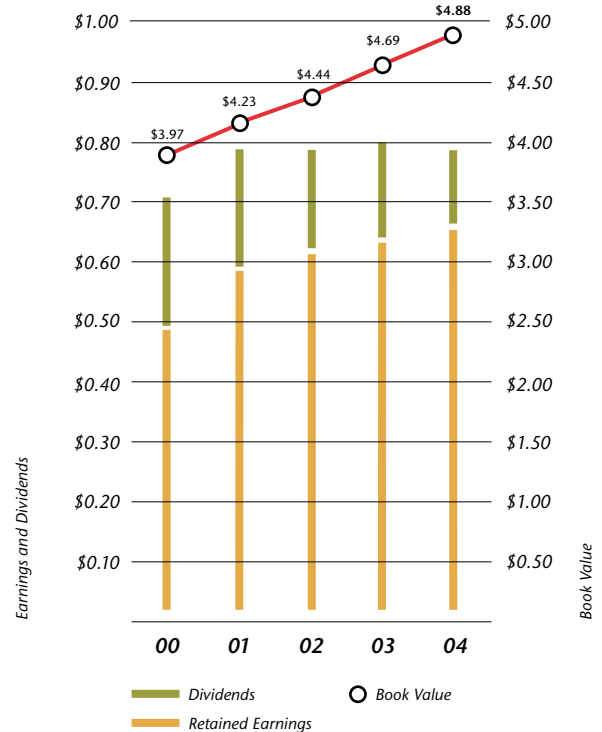
	2004	2003	Change
Fuel and lube oil costs	46,760	40,949	14.2%
Other generating costs	3,416	3,526	-3.1%
General and administration	8,658	8,127	6.5%
Customer service and promotion	1,284	1,339	-4.1%
Distribution	2,166	1,585	36.7%
Depreciation and amortisation	12,508	11,767	6.3%
Maintenance	6,431	5,677	13.3%
	34,463	32,021	7.6%
Total operating expenses	81,223	72,970	11.3%

Overall, operating expenses increased 11.3% from US\$73.0 million in 2003 to US\$81.2 million in 2004. Fuel oil and lube oil costs, the Company's most significant operating expenses, increased 14.2% from US\$40.9 million in 2003 to US\$46.8 million in 2004.

CUC completed several major capital projects in 2004, including completing and commissioning the 2003 generation expansion and the looped transmission system, resulting in the commencement of depreciation as well as the expensing of related financing costs hitherto capitalised. Depreciation rose 6.3% to US\$12.5 million, while interest expense, including preference dividends, increased 22.0% to US\$7.7 million.

Transmission and distribution (T&D) expenses increased

Performance per Class A Ordinary Share



36.7% to US\$2.2 million over last year (US\$1.6 million). The T&D Division was primarily focused in the first three months of fiscal 2004 on capital projects, mainly the construction of the overhead portion of the eastern looped transmission system. Major T&D capital projects were completed in early 2004, and T&D maintenance activities returned to normal levels later in the year. This was as planned and slightly below the 2004 budget.

Similarly, the 13.3% increase in generator maintenance is as planned and is reflective of the Company's cyclical maintenance programme, which is based on the units' running hours.

General and administrative expenses increased from US\$8.1 million to US\$8.7 million, a 6.5% year-over-year increase. Commencing in the third quarter of 2004, the Company adopted a policy of recording compensation expense upon the issuance of stock options under its Executive Stock Option Plan. Under the fair value method, the amortisation of compensation expense for the year was US\$36,500. In addition, the Board of Directors granted a defined benefit pension to the recently retired Chairman. Expenses relating to the funding of this benefit were US\$240,000 for fiscal 2004.

Protect now, enjoy forever!



Cayman Lucas Blue
Cyclargus amnon erembis
[endemic subspecies]

Management's Discussion and Analysis

Other Income and Expense

Finance charges increased by 22.0% as a result of ceasing capitalisation of interest during construction, consistent with Canadian GAAP, on capital projects that were completed during the year. Interest During Construction (IDC) amounted to \$1,481,756 in 2004 (2003: \$1,891,256).

Foreign exchange gain decreased by 25.5%. In 2004, foreign exchange gains resulted primarily from fuel oil purchases.

Other income includes interest income of \$94,143 (2003: \$16,145) on investments held for insurance reserves, which now total \$4,077,640 (2003: \$4,000,407).

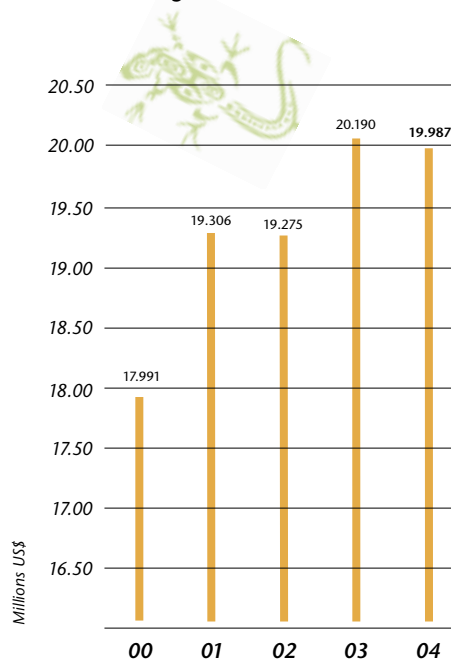
Insurance

The Company has property, machinery breakdown and business interruption insurance on its generation assets, property and substations. Terms and coverages include US\$100 million in property insurance with a US\$1 million deductible; US\$55 million in business interruption insurance per annum with a 24-month indemnity period and a 45-day deductible; and a US\$15 million in machinery breakdown insurance. All T&D outside of 1,000 feet from the boundaries of the main plant and substations continue to be excluded as the Company deemed it uneconomical to obtain T&D coverage at prevailing rates. The Company has a Hurricane Fund with over US\$4 million invested to cover deductibles and uninsured risks, as well as a US\$1.5 million line of credit with Royal Bank of Canada.

Earnings

Earnings for 2004 declined 1.0% to US\$19,986,779 below 2003 (US\$20,190,261). Earnings per Class A Ordinary Share (EPS) decreased to US\$0.77 from US\$0.80 in 2003. Fully diluted earnings, as disclosed in note 10 to the financial statements, were \$0.77 per Class A Share (2003: \$0.79).

Earnings



Capital Expenditures

CUC's capital expenditures during the year totaled US\$18.5 million (excluding interest capitalised during construction of US\$1.5 million). The major capital projects completed during the year were:

1. Completion and commissioning of the 2003 generation expansion and the looped transmission system development in West Bay and the Seven Mile Beach area;
2. Commencement of a 69/13 kV substation at West Bay (the "Hydesville Substation");
3. Extension of the distribution system to connect 858 new customers.

Capital Expenditures US\$

	2004	2003	2002	2001	2000
Transmission Plant	3,524,571	7,864,049	15,644,225	7,685,601	10,149,208
Distribution Plant	9,796,267	7,161,085	7,682,922	10,856,301	8,278,154
Generating Equipment	5,423,052	11,871,036	4,522,749	14,766,260	23,772,896
Other Assets	1,297,342	835,775	1,245,573	2,346,426	1,442,089
Totals	20,041,232	27,731,945	29,095,469	35,654,588	43,642,347



Giant Air Plant
Tillandsia utriculata
[native]

Management's Discussion and Analysis

The 2003 generation expansion involved the installation of a third MAN B&W V48/60, 12.25 MW-rated diesel unit and its auxiliary equipment, which was commissioned in July 2003.

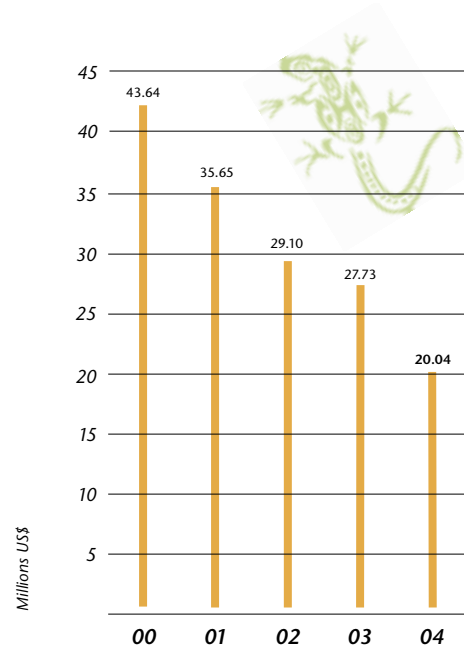
Capital Resources

During the year, the Company completed a placement of US\$40 million Senior Unsecured Notes that was issued in the private debt market in the United States. The debt offering was privately placed with three institutional investors in the United States. Proceeds from the offering were used to repay short-term indebtedness, to finance ongoing additions to the Company's generation capacity and T&D system, and to finance the second and final redemption of the issued and outstanding 8% Cumulative, Redeemable Class C, Series 2 Preference Shares.

The funds were drawn down in two tranches: the first tranche of US\$20 million was drawn down on April 23, 2003, and the second tranche of US\$20 million was closed on June 3, 2003.

The Company redeemed the 50% balance (60,075) of the issued and outstanding 8% Class C, Series 2 Preference Shares from shareholders at the issue price of US\$100.00 per share on June 20, 2003.

Capital Expenditures

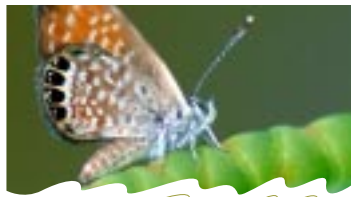


The Caribbean Club, a mainstay on Seven Mile Beach since 1965, will commence a US\$25 million redevelopment in fall 2004. The new seven-storey resort, as depicted above, will consist of 37 luxury beachfront condominiums as well as amenities such as a five-star restaurant. This project is a first of its kind in the Cayman Islands as the Club owners are redeveloping the property themselves and financing the construction through the sale of 19 of the units. The new Caribbean Club is expected to be completed by summer 2006.

Retained earnings increased to US\$87.3 million (up from US\$67.1 million in 2003) as the Company paid dividends of 9% Cumulative, Participating Class B Preference Shares and Class A Ordinary Shares from Share Premium. Cash from operations totaled US\$27.0 million (2003: US\$36.4 million). Cash on hand at year-end stood at US\$18.0 million (2003: US\$13.1 million).

During the year, the Company issued an aggregate of 281,115 (2003: 396,375) 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, and Dividend Reinvestment Plan.

Protect now, enjoy forever!



Cayman Pygmy Blue
Brephidium exilis thompsoni
[endemic subspecies]

Our Employees



Carlos Rivers, Materials Traffic Coordinator/Stores Clerk, Materials Management Department and 2003 Employee of the Year

These employees were rewarded for performing exemplary internal and external customer service, which has significantly contributed to the Company's performance and success.



Jeff Thacker, Applications Support II, Richard Solomon, Applications Support I, and Wayne McKenzie, Systems Administrator, Information Technology Services



Laurine Rivers, T&D Planner, T&D Planning Department



Egerton Millwood, T&D Planner, T&D Planning Department



Smoke Wood
Erythroxylum areolatum
[native]

Our Most Valuable Asset



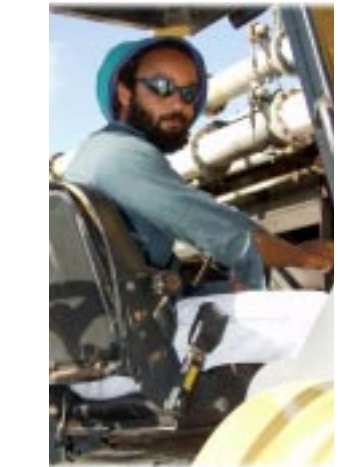
*Dac Moore, Engineering Technician,
Engineering Services*



*Lester Timothy, Control Operator,
Plant Operations*



*Eddie Johnson, Grounds
Maintenance Foreman,
Facilities Maintenance
Department*



*Dwayne McLaughlin,
Groundsman, Facilities
Maintenance Department*

*Eric Dixon, Lineman Apprentice III,
Jason Welcome, Lineman Apprentice III,
Andrew Wood, Lineman, and
Kenzel Dixon, Lineman Foreman,
Line Operations*

Protect now, enjoy forever!

Where Your Dollar Went

Highlighting this page and our Financial Section is the unique and majestic Grand Cayman Blue Iguana which is considered one of the most critically endangered reptiles in the world. Native only to Grand Cayman, the protected 'Blues' possess a blue body colouration, permanent red eyes, can grow up to five feet in length and weigh over 25 pounds. This magnificent creature needs your help!

17¢

"The total wild population is currently estimated to be no more than 100 to 175 individuals, orders of magnitude below what the habitat appears able to support (Burton and Gould, in preparation)."

[from "Grand Cayman iguana *Cyclura nubila lewisi*, Status of population in the wild" by Fred Burton, www.iucn-isg.org]

Capital Expenditures

US\$20 million was spent on upgrading the transmission and distribution system.



© Frederic J. Burton 2004

17¢

Labour and Materials

Our dedicated team of over 210 employees and well-maintained equipment provide a safe and reliable electricity service.

"Its (Blue Iguana) declining population figures are mirrored in the crises that face many of the other Rock Iguanas of the West Indies. The remaining species of *Cyclura*, 16 in all, are ranked from, "Critically Endangered," to, "Threatened". The IUCN Red List is the world's most comprehensive inventory of the global conservation status of plants and animals. A species is listed as threatened if it falls in the Critically Endangered, Endangered or Vulnerable categories. *Cyclura onchiopsis*, the 17th species, is already extinct."

[from "The Blue Iguana: Battle against Extinction", AJ Gutman, International Iguana Society, and John Binns, International Reptile Conservation Foundation, www.cyclura.com]

14¢

Dividends

Approximately 87% of our registered shareholders are resident in the Cayman Islands. They receive quarterly dividends on their investment.

"The Grand Cayman iguana was originally described by Grant (1940). Although its distinction from the other two subspecies was based at that time only on its striking blue coloration and caudal spine lengths, its status as a unique form has been upheld by recent genetic studies (S. Davis, unpublished data)."

[from "Grand Cayman iguana *Cyclura nubila lewisi*, Description" by Fred Burton, www.iucn-isg.org]

26¢

Fuel and Oil

Our generators consumed 26 million gallons of diesel fuel and 182,000 gallons of lube oil this year to meet electrical demand.

"The Queen Elizabeth II Botanic Park, a 26ha property jointly managed by the National Trust and the government, has also shown considerable potential as iguana habitat, and is a strong candidate for restocking efforts."

[from "Grand Cayman iguana *Cyclura nubila lewisi*, Current conservation programs" by Fred Burton, www.iucn-isg.org]

13¢

Duty to Government

Duty to Government of fuel and materials amounted to US\$16.1 million.

"With funding from the Zoological Society of Milwaukee County and the Foundation for Wildlife Conservation, the National Trust recently constructed a new captive facility where iguanas can be bred and reared for eventual release back into their native habitat. The facility will house up to 13 adults and 32 juveniles."

[from "Grand Cayman iguana *Cyclura nubila lewisi*, Current conservation programs" by Fred Burton, www.iucn-isg.org]

13¢

Loans, Share Redemption and Loan Interest

US\$15.8 million was paid in interest and principal repayments on loans and preference shares.

"Based on observations made in 1938 by B. Lewis, who stated "this species is nearly extinct, and I doubt whether more than a dozen individuals still exist on the island. In past years they are said to have been numerous in the interior of the east and north..."

[from "Grand Cayman iguana *Cyclura nubila lewisi*, Status of population in the wild" by Fred Burton, www.iucn-isg.org]

Management's Responsibility for Financial Reporting

The accompanying Financial Statements of Caribbean Utilities Company, Ltd. and all information in the 2004 Annual Report have been prepared by management, who are responsible for the integrity of the information presented, including the amounts that must of necessity be based on estimates and informed judgments. These Financial Statements were prepared in accordance with accounting principles generally accepted in Canada. Financial information contained elsewhere in the 2004 Annual Report is consistent with that in the Financial Statements.

In meeting its responsibility for the reliability and integrity of the Financial Statements, management has developed and maintains a system of accounting and reporting which provides for the necessary internal controls to ensure transactions are properly authorised and recorded, assets are safeguarded and liabilities are recognised. The Company focuses on the need for training of qualified and professional staff, effective communication between management and staff and management guidelines and policies.

The Board of Directors oversees management's responsibilities for financial reporting through an Audit Committee that is composed entirely of outside directors. The Audit Committee meets with the external auditors, with and without management present, to discuss the results of the audit, the adequacy of the internal accounting controls and the quality and integrity of financial reporting. The Audit Committee reviews the Company's annual Financial Statements before the statements are recommended to the Board of Directors for approval. The external auditors have full and free access to the Audit Committee.

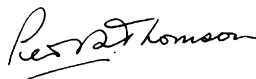
The Audit Committee has the duty to review the adoption of, and changes in, accounting principles and practices which have a material effect on the Financial Statements, to review financial reports requiring Board approval prior to submission to securities commissions or other regulatory authorities, to assess and review management's judgments material to reported financial information and to review the external auditors' fees.

The Financial Statements and Management's Discussion and Analysis contained in the 2004 Annual Report were reviewed by the Audit Committee and, on their recommendation, were approved by the Board of Directors of the Company. PricewaterhouseCoopers, independent auditors appointed by the shareholders of the Company upon recommendation of the Audit Committee, have performed an audit of the Financial Statements and their report follows.



Eddinton Powell
Vice-President Finance &
Chief Financial Officer

Caribbean Utilities Company, Ltd.



Peter A. Thomson
President &
Chief Executive Officer

Auditor's 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, 2004 and April 30, 2003 and the statements of earnings, changes in shareholders' equity, 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 Canadian generally accepted auditing standards. 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, 2004 and April 30, 2003 and the results of its operations, the changes in its shareholders' equity and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



PricewaterhouseCoopers
Grand Cayman, Cayman Islands

July 15, 2004

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Balance Sheets

As at April 30, 2004 (expressed in United States Dollars)

	Note	2004 \$	2003 \$
Assets			
<i>Current Assets</i>			
Cash and due from banks	6	18,004,208	13,129,770
Accounts receivable	2	7,878,761	7,659,158
Inventories		2,818,277	2,864,021
Prepayments		651,449	617,426
		<hr/>	<hr/>
		29,352,695	24,270,375
<i>Long-term investments</i>	4	4,077,640	4,000,407
<i>Property, plant and equipment</i>	3	246,909,500	239,215,880
<i>Other assets</i>	5	5,761,016	6,640,658
		<hr/>	<hr/>
Total Assets		286,100,851	274,127,320
Liabilities and Shareholders' Equity			
<i>Current Liabilities</i>			
Current portion of long-term debt	6	4,873,967	2,328,665
Current portion of redeemable preference shares	7	-	6,007,500
Accounts payable and accrued expenses	14	14,124,150	20,020,091
Consumers' deposits and advances for construction		2,956,004	3,079,182
Dividends declared		4,182,655	3,901,236
		<hr/>	<hr/>
		26,136,776	35,336,674
<i>Long-term debt</i>	6	133,520,997	118,375,099
		<hr/>	<hr/>
Total Liabilities		159,657,773	153,711,773
<i>Shareholders' Equity</i>			
Share capital	8	1,730,058	1,713,325
Share premium		37,328,408	51,340,889
Redetermination surplus		-	276,551
Contributed surplus		36,500	-
Retained earnings		87,348,112	67,084,782
		<hr/>	<hr/>
Total Shareholders' Equity		126,443,078	120,415,547
		<hr/>	<hr/>
Total Liabilities and Shareholders' Equity		286,100,851	274,127,320

Approved for issuance on behalf of Caribbean Utilities Company, Ltd.'s Board of Directors by:



David E. Ritch
Director



Peter A. Thomson
Director

The accompanying Summary of accounting policies and Notes form an integral part of these Financial Statements.



Being cold-blooded creatures, iguanas need to warm themselves in the sunshine to become active. Early in the day, when they are cool, the adult is a uniform grey. This colour absorbs heat very efficiently. As the animal warms up, it has to ensure that it does not overheat. To achieve this, the cells responsible for this colouration contract. This reveals the distinctive powder blue colour underneath, which is paler and does not absorb heat well.

Statements of Earnings

For the year ended April 30, 2004 (expressed in United States Dollars)

	Note	2004 \$	2003 \$
Operating Revenues			
Electricity sales		85,710,182	80,532,704
Fuel factor		20,932,973	16,388,315
<i>Total Operating Revenue</i>		<u>106,643,155</u>	<u>96,921,019</u>
Operating Expenses			
Power generation		50,175,784	44,475,091
General and administration		8,658,231	8,127,115
Consumer service and promotion		1,283,828	1,339,105
Distribution		2,166,136	1,584,841
Depreciation and amortisation		12,507,896	11,766,908
Maintenance		6,431,360	5,677,278
<i>Total Operating Expenses</i>		<u>81,223,235</u>	<u>72,970,338</u>
Operating Income		<u>25,419,920</u>	<u>23,950,681</u>
Other Income/(Expenses)			
Interest expense and preference dividends		(7,708,623)	(6,321,081)
Foreign exchange gain		1,105,625	1,483,810
Other income		1,169,857	1,076,851
<i>Total Net Other Expenses</i>		<u>(5,433,141)</u>	<u>(3,760,420)</u>
Earnings for the Year	10	<u>19,986,779</u>	<u>20,190,261</u>
Dividends on preference shares	10	(905,000)	(880,000)
Earnings applicable to Common Shares		<u>19,081,779</u>	<u>19,310,261</u>
Average Common Shares outstanding	10	<u>24,750,820</u>	<u>24,284,916</u>
Earnings per Common Share			
Basic		<u>0.77</u>	<u>0.80</u>
Diluted		<u>0.77</u>	<u>0.79</u>

The accompanying Summary of accounting policies and Notes form an integral part of these Financial Statements.

Statements of Changes in Shareholders' Equity

(Expressed in United States Dollars)

	Share Capital							Total Shareholders' Equity
	Class A Ordinary Shares	Amount	Number of Shares	9% Cumulative Participating Class B Preference Shares	Amount	Share Premium	Retained Earnings	
Balance at April 30, 2002	24,187,485	1,439,731	250,000	250,000	63,411,196	46,527,904	643,168	112,271,999
Issue of Ordinary Shares (net) (Note 8)	396,375	23,594	-	-	4,264,481	-	-	4,288,075
Dividends	-	-	-	-	(16,334,788)	-	-	(16,334,788)
Earnings for the year	-	-	-	-	-	20,190,261	-	20,190,261
Transfer from Redetermination Surplus	-	-	-	-	-	366,617	(366,617)	-
Balance at April 30, 2003	24,583,860	1,463,325	250,000	250,000	51,340,889	67,084,782	276,551	120,415,547
Issue of Ordinary Shares (net) (Note 8)	281,115	16,733	-	-	3,125,396	-	-	3,142,129
Dividends	-	-	-	-	(17,137,877)	-	-	(17,137,877)
Earnings for the year	-	-	-	-	-	19,986,779	-	19,986,779
Stock-based Compensation	-	-	-	-	-	-	36,500	36,500
Transfer from Redetermination Surplus	-	-	-	-	-	276,551	(276,551)	-
Balance at April 30, 2004	24,864,975	1,480,058	250,000	250,000	37,328,408	87,348,112	36,500	126,443,078

The accompanying Summary of accounting policies and Notes form an integral part of these Financial Statements.





Blues are large lizards, growing up to five feet in length from nose to tail in some instances, with red eyes and a row of spines which run from the back of the head to the tip of the tail. The male is larger than the female and has substantial jaw muscles. They are however, vegetarian, foraging for fruits, flowers and leaves.

Statements of Cash Flows

For the year ended April 30, 2004 (expressed in United States Dollars)

	2004 \$	2003 \$
Operating Activities		
Earnings for the year	19,986,779	20,190,261
Items not affecting working capital:		
Depreciation and amortisation	12,507,896	11,766,908
Stock-based compensation	36,500	-
Loss/(profit) on disposal of fixed assets	25,377	(27,317)
	<hr/> 32,556,552	<hr/> 31,929,852
Net (increase)/decrease in non-cash working capital balances related to operations	(5,546,281)	4,461,640
<i>Cash flow provided by Operating Activities</i>	<hr/> 27,010,271	<hr/> 36,391,492
Financing Activities		
Proceeds from debt financing	20,000,000	35,000,000
Repayments of debt	(2,308,800)	(17,262,227)
Dividends paid	(16,856,458)	(16,150,937)
Redemption of preference shares	(6,007,500)	(5,932,800)
Net proceeds from issue of ordinary share capital	3,142,129	4,288,075
	<hr/> (2,030,629)	<hr/> (57,889)
Investing Activities		
Net purchase of investments	(77,233)	(419,812)
Proceeds on sale of fixed assets	13,261	27,317
Purchase of property, plant and equipment	(20,041,232)	(27,731,945)
	<hr/> (20,105,204)	<hr/> (28,124,440)
Increase in Net Cash	4,874,438	8,209,163
Net Cash - Beginning of Year	13,129,770	4,920,607
Net Cash - End of Year	<hr/> 18,004,208	<hr/> 13,129,770
Supplemental disclosure of cash flow information:		
Interest received during the year	81,713	26,327
Interest paid during the year	<hr/> 8,326,534	<hr/> 7,736,910

The accompanying Summary of accounting policies and Notes form an integral part of these Financial Statements.

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Summary of Accounting Policies

For the year ended April 30, 2004 (expressed in United States Dollars)

The financial statements of Caribbean Utilities Company, Ltd. (the "Company") have been prepared in accordance with Canadian Generally Accepted Accounting Principles. 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 and 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

Fuel and lube oil are carried at cost. Line inventory is carried at cost less provision for obsolescence. Fuel, lube oil and line inventory are classified as inventory on the balance sheet. Engine spares are carried at cost less provision for obsolescence and are classified as generating equipment under property, plant and equipment on the balance sheet. Inventories are consumed/utilised on an average cost basis.

Property, Plant and 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 related overheads, materials, and interest on funds used during construction.

On certain construction projects, interest is capitalised and included as a cost in the appropriate capital assets account until the asset is available for service.

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
Transmission and Distribution	20 to 50
Generation	20 to 50
Other: Buildings	20 to 50
Motor vehicles	5 to 15
Equipment and computers	3 to 20

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 fuel costs and debt issue expenses, are being amortised over 30 years on a straight-line basis commencing with the year ended April 30, 1976.

Fuel Factor and 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 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 related 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.

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.



Six weeks after mating, the female will excavate her nest in a patch of earth and lay her eggs which are about the size of a hen's egg. Young females lay fewer eggs in a clutch than mature mothers who can produce as many as fourteen or twenty eggs at a time. The tunnel leading to the egg chamber is carefully filled in and disguised with leaves, grasses and other debris. The female then guards her nest site for a few more weeks to ensure the safety of her brood.

Summary of Accounting Policies

For the year ended April 30, 2004 (expressed in United States Dollars)

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 20 years commencing with the year ended April 30, 1985.

Foreign Exchange

Monetary assets and liabilities denominated in foreign currencies 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. Gains and losses on translation are included in the Statement of Earnings.

At April 30, 2004 the year-end rates of exchange used in the financial statements were:

Pounds Sterling to US Dollars:	US\$1.00 = STG 0.56 (2003: STG 0.63)
Euro to US Dollars:	US\$1.00 = Euro 0.83 (2003: Euro 0.89)

The Company translates its Cayman Islands Dollars to US Dollars at a fixed rate of CI\$0.84 to US\$1.00.

Operating Revenue

Revenue derived from the sale of electricity is taken to income on a bills-rendered basis.

Other Income

Other income is comprised of pole rental fees, income from pipeline operations, sale of meter sockets and other miscellaneous income.

Segmental Information

The Company operates in one business segment, electricity generation and distribution, and in one geographic 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 accounts for its executive stock option grants using the fair value method where any compensation expense is amortised over the vesting period of the options.

Dividends

Dividends are accrued when declared. In accordance with the Companies Law of the Cayman Islands, the Company may declare and pay dividends out of the share premium account provided that, immediately following the date on which the dividend is proposed to be paid, the Company is able to meet its debts as they fall due.

Employee Benefit Plans

The Company maintains defined benefit and defined contribution pension plans for its employees. The pension costs of the defined benefit plan are actuarially determined using the projected benefits method prorated on service and best estimate assumptions. Past service costs from plan initiation are amortised on a straight-line basis over the remaining service period of the employee active at the date of initiation. Actuarial gains or losses are recognised in income in the year in which they occur. The cost of the defined contribution pension plan is expensed as incurred.



Notes to Financial Statements

For the year ended April 30, 2004 (expressed in United States Dollars)

1. Incorporation, Activity and Licence

The Company was incorporated on April 30, 1966 under the laws of the Cayman Islands. Fortis Energy-Bermuda Ltd. ("the Fortis group") owns 37.41% (2003: 37.8%) of the issued Class A Ordinary Shares of the Company, International Power Holdings Ltd. owns 15.03% (2003: 15.2%) (Note 19).

The principal activity of the Company is to generate and distribute electricity in their exclusive licence area of Grand Cayman, Cayman Islands, under a licence from the Government of the Cayman Islands ("Government") originally dated May 10, 1966, amended November 1, 1979 and renewed for a further 25 years on January 17, 1986. Amendments to the 25-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% on capital employed as defined in the Licence. 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 21 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 \$0.60 per imperial gallon and to pay a turnover fee of 5/8 of 1% per annum based on the previous year's revenue, payable quarterly in arrears.

Subsequent to year-end, the Government and the Company have entered into an agreement which, while not yet legally binding, contemplates the granting of new non-exclusive licences under significantly revised terms (Note 18).

2. Accounts Receivable

	2004	2003
	\$	\$
Billings to consumers	7,599,479	7,318,038
Due from Directors	-	3,214
Employee Share Purchase Plan	22,672	33,231
Other receivables	256,610	304,675
	<hr/>	<hr/>
	7,878,761	7,659,158

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 12 months. The maximum semi-annual participation is 1,000 Class A Ordinary Shares per employee. The plan is non-compensatory as shares purchased by the employee are obtained at the prevailing market value at the time of purchase.



After an incubation period of about 10 weeks, baby blues start to hatch. At birth they are already about eight inches long, having been curled up tight inside the egg. The hatchlings wait until all their brothers and sisters are also hatched, each drawing nourishment from its egg sac, before exiting the nest using their strength to dig their way to the surface.

Notes to Financial Statements

For the year ended April 30, 2004 (expressed in United States Dollars)

3. Property, Plant and Equipment

	Cost /Appraised Value \$	Accumulated Depreciation \$	2004 Net \$	Cost/Appraised Value \$	Accumulated Depreciation \$	2003 Net \$
Transmission & Distribution	149,033,244	36,580,209	112,453,035	135,079,896	32,478,554	102,601,342
Generation	165,124,846	52,792,689	112,332,157	160,745,888	46,855,306	113,890,582
Other:						
Land	1,170,193	-	1,170,193	1,170,193	-	1,170,193
Buildings	16,954,671	4,203,514	12,751,157	16,880,678	3,795,962	13,084,716
Equipment, motor vehicles and computers	17,127,055	8,924,097	8,202,958	17,176,073	8,707,026	8,469,047
Total Other	35,251,919	13,127,611	22,124,308	35,226,944	12,502,988	22,723,956
Property, plant and equipment	349,410,009	102,500,509	246,909,500	331,052,728	91,836,848	239,215,880

Included in property, plant and equipment are a number of capital projects in progress with a total cost to date of \$7,959,334 (2003: \$29,879,063). These projects primarily relate to the GIS substation in West Bay (the 'Hydesville Substation') the Seven Mile Beach Substation, as well as continuing upgrades to the Company's transmission and distribution system.

Also included in generation and transmission and distribution, is freehold land with a cost of \$4,689,985 (2003: \$4,175,013).

In addition, engine spares with a net book value of \$9,150,982 (2003: \$8,430,333) are included in generation.

During the year, the Company capitalised interest of \$1,481,756 (2003: \$1,891,256).

Fixed assets pledged as security are detailed in Note 6.

4. Long-term Investments

Long-term investments are largely comprised of money market funds, bonds, and U.S. Government mortgage and asset backed securities with a market value of \$4,025,341 (2003: \$4,000,407).

5. Other Assets

	2004 \$	2003 \$
Other assets	440,585	719,773
Deferred debt issue expense	1,538,973	1,626,532
Deferred fuel costs	3,781,458	4,294,353
	<u>5,761,016</u>	<u>6,640,658</u>

Protect now, enjoy forever!

Notes to Financial Statements

For the year ended April 30, 2004 (expressed in United States Dollars)

6. Long-Term Debt

	2004	2003
	\$	\$
8.47% Senior Unsecured Loan Notes due 2010	10,500,000	12,000,000
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	30,000,000
6.67% Senior Unsecured Loan Notes due 2016	30,000,000	30,000,000
5.09% Senior Unsecured Loan Notes due 2018	40,000,000	20,000,000
6.20% European Investment Bank #2 due 2005	405,110	758,593
3.00% European Investment Bank #3 due 2009	2,489,854	2,945,171
	<hr/>	<hr/>
	138,394,964	120,703,764
Less: Current portion	4,873,967	2,328,665
	<hr/>	<hr/>
	133,520,997	118,375,099

Long-term debt repayments per fiscal year are estimated as follows:	Year	\$
	2005	4,873,967
	2006	7,482,822
	2007	7,497,632
	2008	10,512,443
	2009	10,528,100
	2010 and later	97,500,000
		<hr/>
		138,394,964

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

	Currency Denominated in	US\$ Equivalent
European Investment Bank	Euro	58,735
European Investment Bank	Sterling	52,321

The Company has credit financing facilities with Royal Bank of Canada ("RBC") comprising:

1. \$5,000,000 Revolving overdraft line
2. \$1,000,000 Term Loan
3. \$1,500,000 Stand-by Term Loan
4. \$3,100,000 Stand-by Letters of Credit
5. \$10,000,000 demand loan facility for interim funding of expenditures

These facilities were undrawn at April 30, 2004.

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\$3.1 million (2003: \$3.8 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 \$3.1 million (2003: \$3.8 million) over all assets of the Company (other than land on which the office building is situated). The RBC debentures represent a first charge over the Company's assets.

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, 2004, included within cash and due from banks, is an amount totalling \$181,508 (2003: \$97,971) which represents the Company's contribution into the restricted account.

Interest expense on the long-term debt amounted to \$7,453,473 (2003: \$5,590,027).



Once out in the open air, the young Blue Iguanas scatter into the undergrowth. Each must then fend for itself. The young iguanas are very vulnerable to birds and snakes (their main predators) at this stage, although they grow extremely fast.

Notes to Financial Statements

For the year ended April 30, 2004 (expressed in United States Dollars)

7. Redeemable Preference Shares

	2004 \$	2003 \$
Authorised:		
419,666 (2003: 419,666) Class C Preference Shares of \$1.00 each (non-voting)		
Issued and fully paid:		
Nil (2003: 60,075) 8.0% Cumulative, Redeemable Class C Series 2 Preference Shares (US\$1.00 par value plus US\$99.00 premium)	-	6,007,500
	-	6,007,500
Less: Current portion	-	6,007,500
	-	-

8. Share Capital

	2004 \$	2003 \$
Authorised:		
60,000,000 (2003: 60,000,000) Class A Ordinary Shares of CI\$0.05 each		
250,000 (2003: 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:		
24,864,975 (2003: 24,583,860) Class A Ordinary Shares	1,480,058	1,463,325
250,000 (2003: 250,000) 9% Cumulative, Participating Class B Preference Shares (\$1.00 par value) issued at a premium of \$19.00 per share	250,000	250,000
	1,730,058	1,713,325

The Class B Preference Shares "Class B Shares" are entitled to fixed cumulative preferential dividends at a rate of 9% per annum of the par value and premium on such shares. In the event that the dividend payable in any financial year on the Class A Ordinary Shares exceeds \$0.18 per share, the Class B Shares are entitled to an additional dividend, of four times the amount of such excess. 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:

- 1) 68,911 (2003: 98,450) Class A Ordinary Shares were issued under the Customer Share Purchase and Dividend Reinvestment Plans at between \$12.85 and \$13.72 (2003: \$11.49 and \$12.26) per share.
- 2) 12,925 (2003: 15,525) Class A Ordinary Shares were issued under the Employee Share Purchase Plan at prices between \$12.85 and \$13.45 (2003: \$11.85 and \$12.31) per share.
- 3) 199,279 (2003: 282,400) Class A Ordinary Shares were issued under the Executive Stock Option Plan (Note 9) at between \$10.05 and \$11.46 (2003: \$10.05 and \$11.46) per share.

Notes to Financial Statements

For the year ended April 30, 2004 (expressed in United States Dollars)

9. 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 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 vest over a 4-year period on each anniversary of 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 and is currently set at 1,051,677. Options are forfeited if they are not exercised prior to their respective expiry date or upon termination of employment prior to the completion of the vesting period.

	Number of options	2004 Weighted average exercise price per share \$	Number of options	2003 Weighted average exercise price per share \$
Outstanding at beginning of year	948,800	10.83	1,235,200	10.81
Granted	221,500	13.78	-	-
Exercised	(199,279)	10.55	(282,400)	10.75
Forfeited	(10,000)	10.05	(4,000)	10.05
Outstanding at end of year	961,021	11.58	948,800	10.83

The following table summarises the information about stock options outstanding at April 30, 2004:

Range of Exercise Prices \$	Options Outstanding			Options Exercisable	
	Number outstanding at April 30, 2004	Weighted average remaining contractual life	Weighted average exercise price \$	Number exercisable at April 30, 2004	Weighted average exercise price \$
10.05 - 13.78	961,021	5.90 years	11.58	477,637	11.22

On September 22, 2003, the Company issued 221,500 options under the Executive Stock Option Plan. These options vest over a 4-year period on each anniversary of the date of grant. The options expire 10 years after the date of grant. The fair value of each option granted was calculated to be \$1.13 per option. The fair value was estimated on the date of the grant using the Black-Scholes fair value option pricing model and the following assumptions:

Dividend yield (%)	4.98
Expected volatility (%)	12.00
Risk-free interest rate (%)	4.64

The Company has a policy of recording compensation expense upon the issuance of stock options. Using the fair value method, the compensation expense is amortised over the 4-year vesting period of the options. Upon exercise, the proceeds of the option are credited to capital stock at the option price. Therefore, an exercise of options below the current market price has a dilutive effect on capital stock and shareholders' equity. Under the fair value method, compensation expense was \$36,500 for the year ended April 30, 2004, with an offsetting credit to contributed surplus.





Local and international experts agree that in the long term, the future of wild Blue Iguanas must now rest on managed populations in protected areas. Sufficient protected habitats do not currently exist to support the numbers of wild iguanas that are needed to secure the future of this species. Additional protected habitat for Blue Iguanas is essential.

Notes to Financial Statements

For the year ended April 30, 2004 (expressed in United States Dollars)

10. Earnings Per Class A Ordinary Share

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

	2004	2003
Earnings for the year	\$ 19,986,779	20,190,261
Less: Preferred dividends	\$ (905,000)	(880,000)
Earnings for the year for basic and diluted earnings per share	<u>\$ 19,081,779</u>	<u>19,310,261</u>
Weighted average number of Class A Ordinary Shares	24,750,820	24,284,916
Plus: Potential dilutive effect of unexercised options	157,464	109,441
Weighted average number of Class A Ordinary Shares used for determining diluted earnings per share	<u>24,908,284</u>	<u>24,394,357</u>
Basic earnings per Class A Ordinary Share	<u>\$ 0.77</u>	<u>0.80</u>
Diluted earnings per Class A Ordinary Share	<u>\$ 0.77</u>	<u>0.79</u>

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, 2004 had been exercised at the beginning of the year. The dilutive effect of stock options was calculated using the treasury stock method. This method calculates the number of incremental shares by assuming the outstanding stock options are (i) exercised and (ii) then reduced by the number of shares assumed to be repurchased from the issuance proceeds, using the average market price of common shares for the year.

11. Directors' and Officers' Remuneration

During the year ended April 30, 2004, the Company had a total of 8 (2003: 12) executive officers of whom 2 (2003: 6) were also Directors. For the financial year of the Company ended April 30, 2004, the aggregate cash compensation paid to such executive officers for services during such year was \$1,588,458 (2003: \$1,977,137).

12. Capital Commitments

The Company has signed a seven-year Strategic Alliance with ABB Power T&D Company, Inc. ("ABB") for major transmission and distribution (T&D) system projects, which commenced in September 1998. As part of the Strategic Alliance with ABB, the Company has signed a contract with a capital commitment of \$5.7 million for the design and construction of the West Bay ('Hydesville') substation.

The Company also signed a 10-year agreement with MAN B&W for generation projects that commenced in February 1999. The total commitments outstanding for this agreement is nil (2003: \$1,000,000).

During 2004, the Company entered into a contract with General Engineering Corporation for the supply and installation of a new fuel tank. The total commitment outstanding for this project is \$500,000.

Notes to Financial Statements

For the year ended April 30, 2004 (expressed in United States Dollars)

13. Insurance Coverage

As discussed in Note 1, the Company operates in the Caribbean which is susceptible to certain adverse weather conditions such as hurricanes. 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 \$109 million (2003: \$78 million). This value excludes substations which are covered in the main property policies. The Company was not able to obtain insurance coverage for these assets. However it maintains a standby line of credit (Note 6) and a further \$4,077,640 (2003: \$4,000,407) in investments (Note 4) to fund uninsured losses.

Subsequent to year-end, the Company has entered into an agreement with Government to amend the terms of their Licence (Note 18) which would allow the Company to recover certain costs related to catastrophes through customer billings.

14. Pension Plan

All employees of the Company are members of a 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 (the "Law"). As a term of employment, the Company contributes 7.5% of wages or salary in respect of employees that have completed 15 years of continuous service and have attained the age of 55 years and 5% of wages or salary for all other employees. All contributions, income and expenses of the plan are accrued to, and deducted from, the members' accounts. The total expense recorded in respect of employer contributions to the plan for the year amounted to \$763,920 (2003: \$732,386). The Pension Plan is administered by an independent Trustee.

During 2003, the Company established a defined benefit plan for a director of the Company. The pension cost of the defined benefit plan are actuarially determined using the projected benefits method. Accrued benefit liability of \$240,000 (2003: \$nil) is included within accounts payable and accrued expenses in the Balance Sheet.

	Pension Benefit Plan	
	2004	2003
	\$	\$
Accrued Benefit Obligation		
Balance beginning of year	1,164,811	-
Interest cost	78,625	-
Past service costs	-	1,164,811
Actuarial gains (losses)	-	-
Balance end of year	1,243,436	1,164,811
Plan Assets		
Fair value, beginning of year	168,198	-
Expected return on plan assets	8,410	-
Contributions to plan	10,775	168,198
Actuarial gains (losses)	5,977	-
Fair value, end of year	193,360	168,198
Funded Status - deficit	(1,050,076)	(996,613)
Unamortised past service costs	810,076	996,613
Accrued benefit liability	240,000	-
Significant assumptions used		
Discount rate at year end (%)		6.75
Expected long-term rate of return on plan assets (%)		5.00
Average remaining service period (months)		42



Fossil records show that Blue Iguanas have survived on Grand Cayman for many hundreds of years. Historically roaming throughout the Island, the Blue Iguanas became restricted to the east interior as people increasingly settled the land to the west.

Notes to Financial Statements

For the year ended April 30, 2004 (expressed in United States Dollars)

15. Concentration of Credit Risk

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 consumer deposits of \$2,935,108 (2003: \$2,820,491) by way of security.

16. Fair Value of Financial Assets and Liabilities

The carrying amounts reported in the balance sheets at April 30, 2004 and 2003 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 nil (2003: \$6.0 million).

The fair value of the long-term debt is approximately \$148.2 million (2003: \$133.8 million).

The fair value of the long-term investments is \$4,025,341 (2003: \$4,000,407).

17. Taxation

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

The Company is levied customs duties of \$0.60 per imperial gallon of diesel fuel it imports. In addition, the Company pays customs duties of 10% on all other imports.

18. Subsequent Events

Subsequent to year-end, the Government and the Company have entered into an agreement which, while not yet legally binding, is intended to form the basis for the granting of new licences. The agreement contains significant proposed changes to the terms of the current licence, including:

1. An estimated electricity rate reduction of 4.7% for residential consumers and 2.3% for large commercial customers.
2. A price capped and inflation index linked electricity rate billing mechanism as opposed to the current fixed rate of return mechanism.
3. Separate non-exclusive licences granted to the Company for transmission and distribution (20 years) and generation.
4. Competition in generation would be introduced through a solicitation process for incremental generation capacity from 2007. Existing capacity not subject to competition.
5. The establishment of a government controlled Regulatory Authority with the overall responsibility for regulating the electricity industry in the Cayman Islands.
6. Customer billings to cover transmission and distribution costs will pass through the costs of wholesale power, including any Government and regulatory fees and the cost of fuel.

19. Other related Party Transactions

At April 30, 2004, 17.03% of the Class A Ordinary Shares (2003: 17.2%) and 7.5% of the Class B shares (2003: 7.5%) were owned either directly or through entities controlled by Directors or Officers of the Company.

20. Comparative Figures

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

Protect now, enjoy forever!

Ten-Year Summary

Except where noted, expressed in United States Dollars, thousands

	2004	2003
Operating revenues	106,643	96,921
Other revenues and adjustments	2,276	2,560
Total revenues	108,919	99,481
Operating expenses	81,223	72,970
Income before interest	27,696	26,511
Interest expense and preference dividends	7,709	6,321
Earnings for the year	19,987	20,190

Capitalisation:

Class A Ordinary Shares (nominal value)	1,480	1,463
9% Cumulative Participating Class B Preference Shares (nominal value)	250	250
Share Premium	37,328	51,341
8% Cumulative Fixed Term Class C, Series 2 Preference Shares (\$100 each)	-	6,008
8.5% Cumulative Redeemable Class C, Series 1 Preference Shares (\$100 each)	-	-
Long-term loans	138,395	120,704
Total capitalisation	176,224	178,925
Capital expenditures	20,041	27,732
Earnings per Class A Ordinary Share (\$/Share)	0.77	0.80
Dividends per Class A Ordinary Share (\$/Share)	0.66	0.64
Book value per Class A Ordinary Share (\$/Share)	4.88	4.69

Statistical Record:

Net KWH generation (millions of kWh)	485.63	463.00
Net KWH sales (millions of kWh)	450.27	429.28
Peak load (MW) gross	79.06	77.06
Plant capacity (MW)	127.40	115.10
Total customers (actual number)	21,127	20,269

This Ten-Year Summary does not form part of the audited Financial Statements.

Cyclura nubila lewisi

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Small scale clearings provide good basking spots and abundant edible herbaceous vegetation, and the mosaic of habitats resulting from small scale agricultural activity likely provides a greater habitat diversity than existed previously.

2002	2001	2000	1999	1998	1997	1996	1995
90,124	90,089	76,469	67,058	66,478	61,047	55,741	50,850
2,420	2,133	2,705	1,870	1,784	1,688	1,457	1,112
92,544	92,222	79,174	68,928	68,262	62,735	57,198	51,962
67,621	69,179	58,104	50,802	51,776	49,759	44,998	40,693
24,923	23,043	21,070	18,126	16,486	12,976	12,200	11,269
5,648	3,737	3,079	3,704	3,616	2,666	2,557	2,738
19,275	19,306	17,991	14,422	12,870	10,310	9,643	8,531
1,440	1,428	1,412	1,380	1,307	1,294	1,191	1,169
250	250	250	250	250	250	250	250
63,411	76,799	88,806	51,216	38,892	37,040	29,896	28,693
12,015	12,015	12,015	12,015	12,015	12,015	-	-
-	-	-	2,000	5,000	8,000	10,000	10,000
102,966	85,732	76,442	49,933	26,263	26,263	29,524	16,882
180,082	176,224	178,925	116,794	83,727	84,862	70,861	56,994
29,095	35,655	43,642	34,131	19,868	19,949	13,486	9,297
0.77	0.78	0.73	0.63	0.57	0.46	0.46	0.41
0.61	0.56	0.47	0.41	0.36	0.33	0.30	0.27
4.44	4.23	3.97	3.70	3.14	2.88	2.60	2.49
448.10	424.71	398.09	376.28	347.52	311.00	292.50	276.99
414.58	393.28	369.42	346.94	326.46	287.29	273.50	254.58
75.99	70.18	65.76	61.11	56.33	50.74	47.38	44.60
115.10	115.10	94.92	94.92	88.37	72.64	71.41	71.29
19,598	19,198	18,463	17,349	16,353	15,482	14,768	14,118

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Directors of the Company

Philip A. Barnes ^
Financial Controller
Aall Trust & Banking Corporation Ltd.
Grand Cayman

Frank J. Crothers +
Vice-Chairman of the Board of Directors
Chairman
Island Corporate Holdings Ltd.
Bahamas

Lewis M. Ebanks ^
Director of Finance/Co-owner
Auric Investments
Grand Cayman

J.F. Richard Hew
Executive Vice-President & Chief Operating Officer
Caribbean Utilities Company, Ltd.
Grand Cayman

Philip G. Hughes *
President & Chief Executive Officer
FortisAlberta and FortisBC
Calgary, Alberta
Canada

Joseph A. Imparato
Retired Chairman
Grand Cayman

H. Stanley Marshall +
President & Chief Executive Officer
Fortis Inc.
St. John's, Newfoundland
Canada

Raul O. Nicholson-Coe ^
Managing Director
AT&T Wireless (Cayman) Ltd.
Grand Cayman

David E. Ritch, O.B.E., J.P. **
Chairman of the Board of Directors
Attorney-at-Law
Ritch & Conolly
Grand Cayman

Peter A. Thomson
President & Chief Executive Officer
Caribbean Utilities Company, Ltd.
Grand Cayman

Directors Emeritus:

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

Peter N. Thomson
Retired Executive
Bahamas

* Member Audit Committee + Member Nominating and Corporate Governance Committee ^ Government Director

Note: Leonard N. Ebanks resigned from the Board of Directors and as Chairman of the Audit Committee in August 2004.





The 'Blue' is a unique and magnificent creature, but one which stands on the brink of extinction. Fortunately, due to the National Trust for the Cayman Islands' Blue Iguana Recovery Programme and the dedication of a small group of volunteers, it has managed to take a few steps back over recent years.

Officers of the Company

Peter A. Thomson

President & Chief Executive Officer

J.F. Richard Hew

Executive Vice-President & Chief Operating Officer

Eddinton M. Powell

Vice-President Finance & Chief Financial Officer

Deborah E. Bergstrom

Vice-President Customer & Corporate Services

Robert D. Imparato

Company Secretary

Robert L. Smith

Vice-President Production & Engineering

J. Lee Tinney

Vice-President Transmission & Distribution

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Shareholder and Corporate Information

Shareholders

Registered shareholders as of April 30, 2004 were as follows:

<i>Class of Shares</i>	<i>Shareholders</i>	<i>Shares Held</i>
Class A Ordinary Shares	1,684	24,864,975
9% Class B, Preference Shares	123	250,000

1,465 Class A Ordinary registered shareholders holding approximately 27% 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. Fortis Energy (Bermuda) Ltd., a wholly owned subsidiary of Fortis Inc., holds 9,301,395 Class A Ordinary Shares, or 37.4% of the outstanding shares.

Annual General and Special Meeting

Shareholders of Caribbean Utilities Company, Ltd. are invited to attend the Annual General and Special Meeting of the Company to be held Friday, October 22, 2004 at noon 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. Record dates are normally three weeks prior to payable dates.

Class B Preference Shares:

Quarterly dividends are paid on the last day of January, April, July and October. Record dates are normally three weeks prior to 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 enrolment form may be obtained by writing or calling either of the Company's Registrar and Transfer Agents (addresses and telephone numbers in right column).

Customer Share Purchase Plan

The Customer Share Purchase Plan (CSPP) was launched in January 1995 and 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 (US\$30) per purchase and up to a total of CI\$12,000 (US\$14,400) per calendar year for the purchase of Class A Ordinary Shares.

Quarterly cash dividends paid on the shares are reinvested in additional Class A Ordinary Shares under the CSPP. Full details of the Plan may be obtained from CUC's Customer Service Department.

Solicitors

Appleby Spurling 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

Duplicate Annual Reports

While every effort is made to avoid duplications, some shareholders may receive extra reports as a result of multiple share registrations. Shareholders wishing to consolidate these accounts should contact the Registrar and Transfer Agents.

Registrar and 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
(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: investor@cuc.ky
(Acting as co-agent)

The Toronto Stock Exchange Listing

The Company's Class A Ordinary Shares are listed for trading in U.S. funds on The Toronto Stock Exchange. The stock symbol is "CUP.U". There is no income or withholding tax applicable to holders of Class A Ordinary or Preference Shares under the existing laws of the Cayman Islands.

Registered Office

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: investor@cuc.ky

Special Thanks

Special thanks to the National Trust for the Cayman Islands, Queen Elizabeth II Botanic Park, Fred Burton from the Blue Iguana Recovery Programme, Lois Blumenthal and Ann Stafford from Cayman Wildlife Connection for allowing us to use these spectacular photos of local flora and fauna.

For more information on how you can help protect and preserve these wonderful reptiles, birds, butterflies and plants and their natural habitat featured in this Report, please contact:



Blue Iguana Recovery Programme

Fred Burton
Director, Blue Iguana Recovery Programme
P.O. Box 10308 APO
Grand Cayman, Cayman Islands

Tel: (345) 947-6050
Cell: (345) 916-2418
Fax: (345) 947-6061
E-mail: fjburton@candw.ky
www.blueiguana.ky

Other websites to visit:
www.Cyclura.com
www.iucn-isg.org

Tax deductible donations in the United States to the Blue Iguana Recovery Programme can be routed through the International Reptile Conservation Foundation (www.ircf.org) or the International Iguana Foundation.



National Trust for the Cayman Islands

P.O. Box 31116 SMB
Grand Cayman, Cayman Islands

Tel: (345) 949-0121
Fax: (345) 949-7494
E-mail: info@nationaltrust.org.ky
www.nationaltrust.org.ky



Cayman Wildlife Connection

Lois Blumenthal
P.O. Box 4 BT
Grand Cayman, Cayman Islands

Tel: (345) 947-2248
Cell: (345) 916-6784
Fax: (345) 947-2380
E-mail: info@caymanwildlife.org
www.caymanwildlife.org



Queen Elizabeth II Botanic Park

P.O. Box 203 NS
Grand Cayman, Cayman Islands

Tel: (345) 947-3558 (Information)
(345) 947-9462 (Administration)
Fax: (345) 947-7873
E-mail: guthrie@candw.ky
www.botanic-park.ky

Making sure you know...

Native (or indigenous):

A species that is native to the Cayman Islands is one that occurs naturally without direct or indirect human actions.

Endemic:

A species that is endemic to the Cayman Islands is one that is found here and nowhere else in the world.

