Dominica Electricity Services

BUILDING ON CHALLENGES

DOMINICA ELECTRICITY SERVICES ANNUAL REPORT 2006

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| Solicitors |

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BUILDING ON CHALLENGES

Dominica Electricity Services Ltd

DOMLEC

Chairman's Report

In the year 2006, DOMLEC made encouraging progress on several fronts; new challenges arose and areas requiring significant improvement were clarified. An encouraging feature of DOMLEC's 2006 operations was the dramatic improvement in the reliability of service delivered to our customers, measured by a 48% reduction in the system outages (SAIDI) index. Interruptions to supply were relatively few, mainly the accidental result of activities undertaken by others or of the bad weather systems that Dominica is prone to experience at certain times of year, and those which did occur were generally of shorter duration than in the past. Your Board is gratified that the interim measures taken over the last two years — the addition of four generator units, replacement of obsolete switchgear at Padu, continuing upgrades of system controls, increased allocation of resources to preventative maintenance, and accelerated skills training — are producing good results in this crucial area of the Company's mission.

Our intention for 2007 is to consolidate the gains already made in reliability and cost controls through the measures outlined below, simultaneous with our efforts to secure — in the new dispensation to be brought about by the regulatory changes being sponsored by Government — an equitable chance to compete and prosper as a long term partner in the development of Dominica.

The year's operations yielded a profit after tax of $6.0m which is marginally lower than last year, the difference being attributable to foreign exchange losses. Those expenses subject to immediate management influence were again closely controlled, with increases being allowed only for activities such as staff training and the introduction of an internal audit function that would produce net operational benefits in the long term. Control of trade debtor balances has again emerged as a special management challenge in the wake of the higher bills brought about by fuel and VAT. Government's outstanding debt at $6.1m is notable for its obvious impact on cash flow and for its tendency to increase costs that will in turn negatively affect rates, but we expect to encourage a full settlement as their fiscal situation continues to improve. Electricity sales increased overall by 2.6% following on the 2% growth recorded last year, implying that the underlying economic upturn is sustaining itself.

VAT and Rising Fuel Costs

The Board was equally attentive to opinions voiced by customers and by the general public in reaction to the sharp increases in electricity bills brought on by the 15% value added tax (VAT) introduced in April, and subsequently by excise tax and diesel price increases at source to the extent of a further 19% rise in fuel costs over the year. Those increases completely overwhelmed the effect of a small reduction in basic rates which resulted from the workings of the statutory formula used annually for calculating base rate changes. In the outpouring of concern that followed these developments we understood the public to be asking DOMLEC to exercise more stringent control of costs, and for Government and DOMLEC to collaborate more effectively in settling the conditions that would encourage early and sustainable price reductions.

In response we sought to accelerate the several initiatives that were already under way, by facilitating the Petro Caribe program which will bring with it the potential for sharper competition in fuel prices; the continuing assault on distribution system losses; exploration of wind and hydro options; and supporting the promise of future fuel diversity inherent in the proposed natural gas pipeline and in heavy fuel oil. With all of these options there are substantial obstacles to overcome, but each will be pursued to completion where it is clearly a part of the least cost solution for consumers.

In particular we continue to advocate that the establishment of a modern medium speed diesel plant is critical to ensuring reliable, fuel efficient production. Accordingly we are redoubling our efforts to secure the land and the regulatory conditions that will allow DOMLEC to confidently launch this project as soon as possible.

Looking Forward

In looking forward the company is conscious of a recent upsurge of interest from tourism and leisure developers attracted by Dominica's nature island appeal. At least two of these proposals are of a scale that will tend to draw in other investments thus building momentum for a sustained growth in economic activity over time, adding to the ongoing public sector investment program. At the beginning of our collaboration as principal shareholders in 2004 the WRB/DSS vision for DOMLEC was for the company to become a prime facilitator of the anticipated economic revival in Dominica within the enabling environment described by the Electricity Supply Act, and further that the company would be developed to become a regional model for efficient delivery of service to its customers. It was agreed that a wide spread of additional local shareholding would be encouraged as a means of bringing a full spectrum of Dominican influence to the boardroom. This last objective has been met to the extent that DOMLEC's shares are among the widest held of any commercial enterprise outside of the credit unions, with over 1400 mainly local owners on record. Our resultant broad based management coalition is agreed on the three essential goals of a program that would allow the company to satisfy the demands of a vibrant investment climate in Dominica.

- An urgent upgrade to leading regional standards of the reliability and quality of supply delivered to customers. The main measures would include a new power plant containing initially up to 3x3.8 MW medium speed generators; a transmission line system to efficiently deliver power to each load center across the island; upgraded switchgear, controls and system protection.
- Operational efficiencies to drive down electricity prices over time. The targets here include power loss reduction to no more than 10% within 5 years, and to steadily reduce production and delivery costs down to appropriate benchmarks within the same period.
- Avoidance of expensive fuels by deploying available cost effective renewable technologies, principally geothermal, hydro and wind.

"DOMLEC's shares are among the widest held of any commercial enterprise outside of the credit unions."

This is a costly set of interventions, requiring a steady stream of investments in long term assets. Your Board accepts that as the incumbent service provider in a market of only 15MW peak demand it is DOMLEC's natural mandate to take responsibility for the first two program goals. Regarding the last goal we had agreed with Government's representatives that the participation of other investors on equal terms is appropriate and desirable.

In the discussions with Government's appointed task force on regulatory reform we put forward for consideration a set of principles that we believe to be encouraging and supportive of sufficient investment in the electricity sector. These include:

- the establishment of a small independent board of expert regulators which would issue and revoke licenses;
- the regulator to set operational efficiency targets with penalties for poor performance, for all licensees;
- the rates charged by licensees to be determined and adjusted annually through a defined mechanism linked to capital employed, the costs of efficient operations and reasonable returns on investments;
- DOMLEC's license to be continued in duration and scope of operations.

The new Electricity Supply Act of 2006 unfortunately does not accommodate our requests in a number of important areas. We are concerned that the independence of the regulatory board it describes could at some point be called into question because of ministerial influence in its appointment and maintenance. Additionally, the guidelines for setting rates do not contain explicit links with investments, costs and shareholder returns.

However, our most fundamental concern is that the Act reduces the term of DOMLEC's license by ten years, setting a new expiration date of 2015. This leaves DOMLEC with only an assured eight years of future operations in an industry which requires large injections of capital to purchase long lived fixed assets, and which would typically employ long term financing (12 to 18 years) to do so. The indications are that our new situation could cause us to be shut out from access to the best sources of finance, thus unable to compete effectively in the sector. Your Board is therefore seeking to urgently restart the dialogue with Government with a view to having our license term reinstated and to facilitate our ability to make an early start on those investments that appear to fall naturally to DOMLEC. It is our expectation that an accommodation will be found.

Building on Challenges

In the interim we continue to plan for realization of the original WRB/DSS vision of a DOMLEC at the center of a resurgence of growth in Dominica. Our 2007 budget allows for costs to be incurred on completing the project definitions, feasibility studies and conceptual designs for the proposed new plants, for land acquisition, and for recruitment and training of the skills that will be needed during implementation and subsequent operations. We have also provided for prudent additions to the generating capacity at Fond Cole and Sugar Loaf to maintain in the interim the reliability that our consumers deserve, though recognizing that these plants must soon be phased out.

Our staff continues to be generally responsive and deserving of the appreciation of the customers they serve. A new agreement with the National Workers Union was concluded during 2006, to guide our relationship over the next three years.

Finally, I wish to welcome to the board Ms. Valda Henry and Mr. Trevor Burton, the DSS nominees who were elected at the 2006 annual general meeting, and to record my appreciation of the full contributions made by all directors over the year.

Robert Blanchard Jr.
Chairman

"We continue to plan for … the vision of a DOMLEC in the centre of a resurgence of growth in Dominica."

| Directors' Report |

Financial results

For the year under review, net income after tax was $6.0 million, a marginal decrease from net income of $6.2 million in 2005. Electricity sales for the year were 69.6 GWh, an increase of 2.6 % from 2005. This generated total revenue of $74 million. Total expenses amounted to $65.9 million and other gains were $0.5 million. As a result income before taxes was $8.6 million.

Dividends

A total dividend of 15 cents per share was paid in 2006. On this occasion the Board has declared a dividend of 7.5 cents per share to be paid to shareholders and intends to continue, as in previous years, to declare such further dividend payments as the financial results of the company favour.

Directorate

On April 3rd 2006, shareholder, Dominica Social Security submitted a proposal pursuant to sections 73(1)(b), 73(3), 114(a) and 116(a) of the Companies Act to have directors Steven Mayers and Lambert Lewis removed from the Board of Directors and to have Dr. Valda Henry and Mr. Trevor Burton elected as their replacements. In response to the proposal Mr. Lambert Lewis tendered his resignation from the Board effective May 9th 2006. The Annual General Meeting of the company was held on the 11th day of May 2006.

At the meeting, the proposal for the removal of Mr. Mayers and the election of Ms. Henry and Mr. Burton was carried on a majority vote by a show of hands.

The Chairman of the Board expressed that Directors Steven Mayers and Lambert Lewis had been a credit to the Domlec Board and had served to enhance the management services provided by the Dominica Social Security and WRB Enterprises to the company. He indicated that he had every expectation that their replacements would do the same.

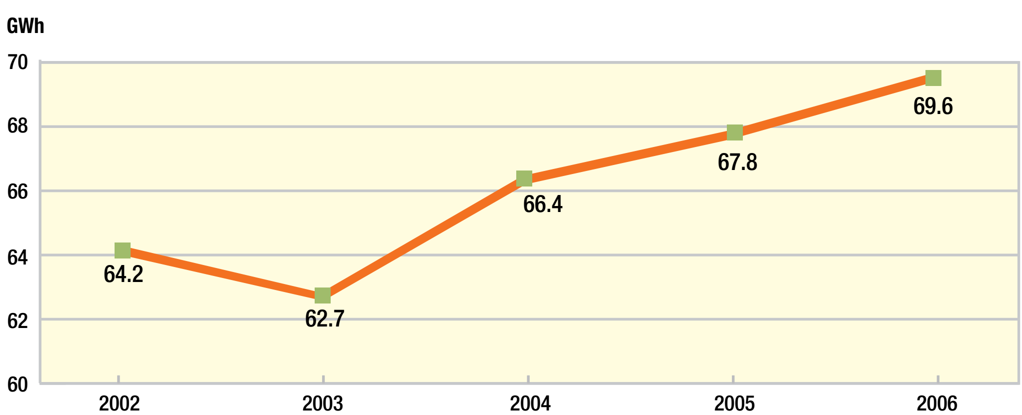
Securities Exchange

Domlec share value continued to appreciate. Domlec shares traded between EC$3.00 and EC$4.00 per share over the 52 week period in 2006. As at December 31st 2006, the shares were being traded at $4.00 per share.

By Order of the Board

Ellise Darwton
COMPANY SECRETARY

| Sales Growth |



| Board of Directors 2006 |

Robert Blanchard Jr.
Chairman

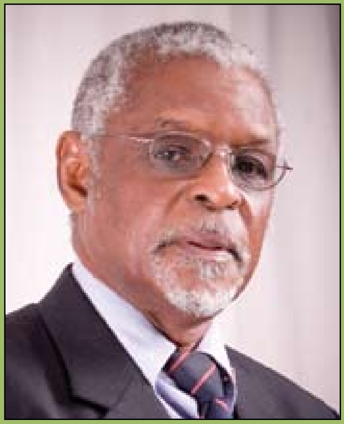
Joel Huggins
Managing Director

Nigel Wardle
Director

Grayson Stedman
Director

Norman Rolle
Director

Dr. Valda F. Henry
Director



Malcolm Harris
Director

Trevor Burton
Director

|Management Team 2006|



Joel Huggins
Managing Director

Marvelin Etienne
Financial Controller

Rawlins Bruney
Chief Engineer



Mark Riddle
Engineering Manager

Nigel Vidal
Generation Manager

Lemuel Lavinier
Transmission and Distribution Manager


Ellise Darwton
Corporate Secretary/Legal Officer

Nathaniel George
Commercial Manager


Bertilia McKenzie
Human Resources & Administration Manager

Carl Maynard
IT Manager

|Operations Review|

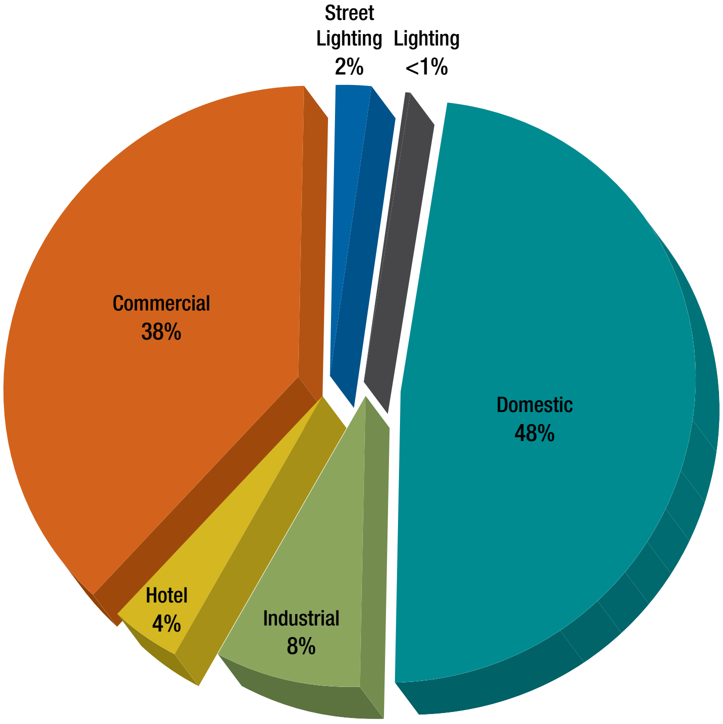
FINANCIAL RESULTS

Sales

Electricity sales for 2006 totaled 69.6 GWh, an increase of 2.6% over the previous year's results. The commercial sector led the way with overall growth of 5.9%, while the domestic sector recorded modest growth of 2%. Together, these two sectors accounted for more than 87% of total sales. On the other hand, the industrial and hotel sectors experienced significant decline in sales this financial year, with decreases of 2.7% and 7.9% respectively. This large drop in sales was mainly because of self generation by a few large customers within these sectors.

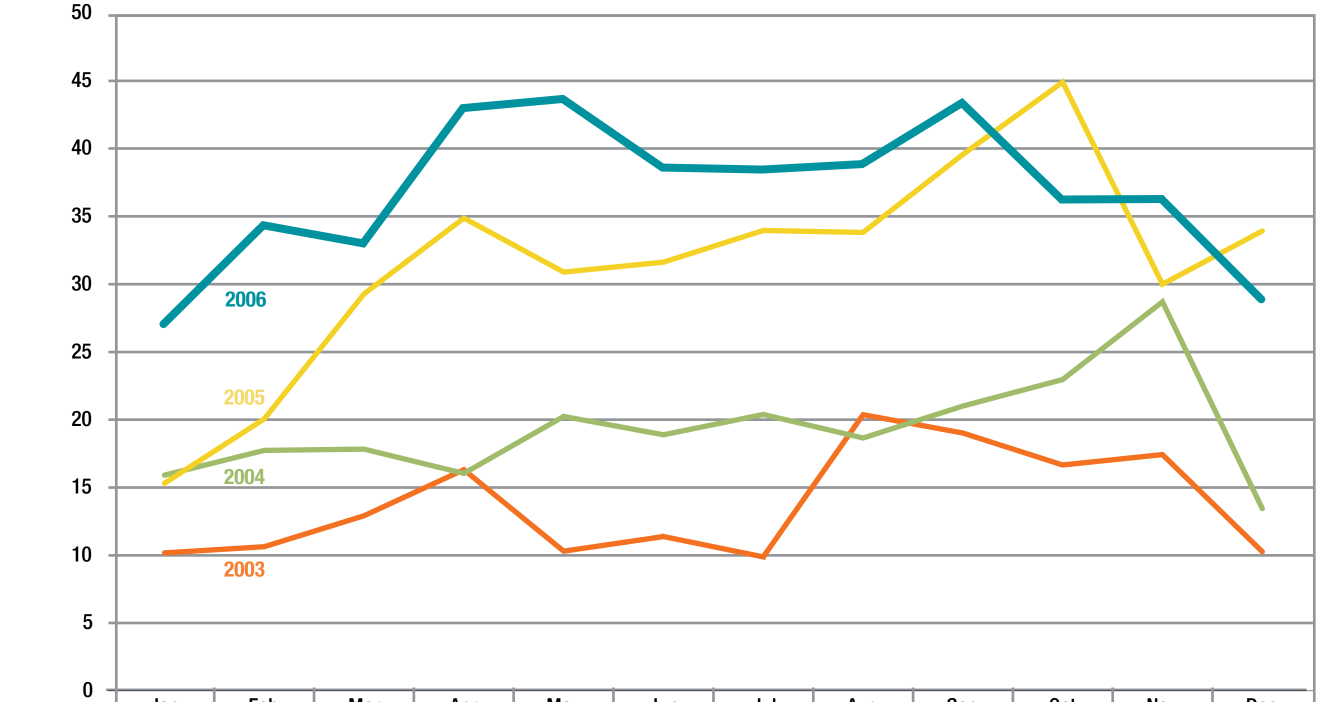
Total revenue grew in 2006 by $6.7 million or 9.91%, despite the fact that for the second consecutive year there was no change in the base tariff. Revenue from electricity sales increased by $0.93 million or 2% while fuel surcharge increased by $5.9 million; a 29% increase over 2005. This sharp climb in fuel surcharge was driven by the rising price of fuel on the world market, and an increase of about 25% in the

| Energy Sales 2006 |



"Total revenue grew in 2006 by $6.7 million or 9.91%, [although] there was no change in the base tariff."

| Fuel Surcharge Rate |



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	26.84	34.12	32.79	42.76	43.45	38.38	38.23	38.64	43.15	36.02	36.07	28.67
2005	15.16	19.92	29.14	34.73	30.75	31.47	33.82	33.67	39.43	44.76	29.85	33.78
2004	15.77	17.60	17.68	15.90	20.09	18.75	20.24	18.51	20.86	22.81	28.56	13.30
2003	10.03	10.49	12.77	16.16	10.16	11.23	9.73	20.22	18.87	16.52	17.28	10.12

taxes the company paid on fuel when the consumption tax was replaced in 2006 with the excise tax. This is evidenced by the fact that average fuel prices for the year jumped by about $1.12 per gallon; an increase of 14% over the previous year's already high prices.

Direct Expenses

Direct expenses increased by $6.0 million or 12.4% over 2005 for the following reasons:

Fuel Costs

Fuel costs rose about $5.1 million or 19.7% over the previous year. Fuel prices continued to increase throughout 2006 and this was largely responsible for the overall jump in fuel costs. Additionally, the company utilized 5% more diesel in 2006. Hydro production remained at about the same level as in 2005, and as such the growth in demand was satisfied by higher output from diesel generation.

Operating Expenses

Operating expenses were higher in 2006 by 10.9% or $1.3 million. During the year, much work was done in setting up testing equipment to evaluate the possibilities of generating electricity using wind. This feasibility study will continue into 2007 until sufficient data is available to make a concrete assessment on the viability of such a project. In addition to this, there was a higher than usual settlement of claims for damaged equipment during the year, as well as increased contractor's costs as the Customer Service department aggressively pursued reducing the backlog of service orders; coupled with increased disconnection and some meter reading improvements throughout the year.

Operating expenses for the year were higher also due to increased lubrication oil and vehicle costs. Again the effect of rising oil prices on the world market makes it more costly to operate vehicles and machinery.

Maintenance Expenses

Maintenance expenses declined from 2005 by about $0.8 million or 17.5%. There were fewer breakdowns of diesel engines in 2006 and there were also fewer overhauls done, as compared to 2005.

Administrative Expenses

Administrative expenses increased by $0.5 million or 5.3% over 2005. Staff training costs were higher by about $0.2 million as the DOMLEC's hotline crew completed their extensive training course and are now certified. Additionally, most of the company's staff were trained in customer service awareness while the technicians received extensive training in metering. In 2006 the company engaged the services of an internal auditor and costs associated with the internal audit function also contributed to the higher administrative expenses in 2006.

Other Gains

Other gains decreased by $0.6 million. Unrealized foreign exchange losses brought about by higher exchange rates for the Euro and Canadian dollars were primarily responsible for the overall decrease in other gains. In 2005, an unrealized gain on foreign exchange was recorded.

Finance Charges

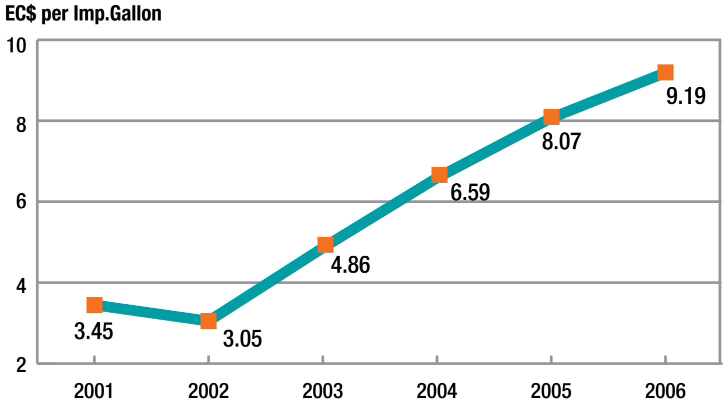
Finance charges declined by $0.3 million, a decrease of 12% over 2005. Towards the end of 2005, the company refinanced its local loan portfolio which resulted in a reduction in interest charged of 1.75%. Most of the benefit derived from this transaction was experienced in 2006 as the change was made very late in 2005.

Profit

Profit before tax for the financial year ended December 31st 2006 stood at $8.6 million, less than 1% below the previous year's result of $8.7 million. Taxes for the year amounted to $2.6 million, resulting in net income of $6.0 million, compared to net income of $6.2 million in 2005.

Customer Service Department

The rising cost of electricity, brought about by increased taxes and rising fuel prices, continues to be the main issue confronting the department as we strive to provide better service to our 32,000 plus customers. During the year we continued our effort to educate customers about understanding the cause of the increase in electricity prices and ways in which they can conserve energy and manage their electricity consumption.



| Average Fuel Price |

"Fuel costs rose about $5.1 million or 19.7% over the previous year."

Customer Education

Building on the company's strategy of customer empowerment, we expanded our initiative to promote customer awareness of energy conservation and management. To complement this effort and to meet the growing demand for PAUG meters, several more PAUG vending stations were opened across the island, bringing the total to twenty-four. In response to public outcry about high electricity prices, we intensified our community outreach programme called "Community Power" under which a series of meetings at the community level were held across the island. The meetings involved presentations by key senior staff and question and answer sessions covering pertinent and current issues affecting customers.

Power Partnerships

In July the company officially launched an Environmental Power Partnership with Caribbean Environmental Alliance and the Community High School. Students, teachers, parents and Domlec officials were all present at the Community High School for the launching. Much press coverage was received, as this highlighted a major achievement for the 'Nature Isle'. Domlec, as the major sponsor, contributed over $25,000 to the project which is aimed at fostering among students a greater awareness of the importance of our rivers and their responsibility as citizens for protecting this vital resource. Domlec is committed to the protection of the environment and contributing towards a better and healthier lifestyle for all Dominicans.

In June, Domlec launched the "Secondary Schools Award Programme – DSSAP". The main objective of this programme is to reward deserving students in the field of science - electricity in particular, at all secondary schools on the island at their annual graduation and prize giving ceremonies. A total of sixteen students were presented with awards during the first year of the programme.

Domlec joined forces with the Forestry Division in a Power Partnership to erect signs at various sites of national interest across the country. The project is expected to cost approximately $20,000 and each sign provides a brief history of the site and a description of its natural attributes.

Centenarians and Other Sponsorships

In 2006, some 20 centenarians benefited from Domlec's *Credit for Life* Programme which recognises the valuable contribution of these centenarians to the Dominican society and seeks to bring them some financial relief by providing each individual with an annual credit of $600. The elderly and other less fortunate citizens at the Day Feeding Programme also received some financial assistance from Domlec. Over the last three years Domlec has contributed in excess of $30,000 to the Day Feeding Programme.

Several other major sponsorships /donations in the areas of sports, health, culture and education were made during the year including, but not limited to those listed below, which re-affirms the company's position as a responsible corporate citizen.

(a) Southeast Basketball League
(b) LaPlaine Shockers Basketball team – Champion of the League
(c) X-Men Basketball team – National League Champions
(d) Phase 2 of the Primary Schools SoftBall Cricket League
(e) Under 23 Netball Team – OECS Tournament
(f) World Creole Musical Festival – Official Power Provider
(g) Stardom Calypso Tent
(h) Photocopier to Fire Department

Commercial Losses

In July, Meter Services Section was transferred from the Engineering Department to Customer Services in an effort to consolidate the metering services within the company.

In August, Mr. Felix Julien joined Domlec as Commercial Engineer within the Customer Service Department. Mr. Julien is a Dominican and a graduate of the Instituto Superior Minero Metalurgico de Moa (Cuba) with an honours degree in Electrical Engineering. He will head the efforts of the Meter Services Section at reducing commercial losses. The department has developed a Commercial Loss Reduction and Revenue Protection Strategy to guide its work programme for 2006 and beyond.

Electricity theft has been identified as another contributor to commercial losses and has been receiving focused attention by the department. The department has developed a strategy to address the problem of electricity theft and great success was achieved during the year. A number of offenders were prosecuted and convicted at the Magistrate's Court. Currently there are a number of suspected pilferage cases under investigation either directly by the company or by the police. In July the company conducted a training session for police officers in the area of electricity theft identification and the Electricity Supply Act of 1996, in particular section 61 which relates to meter tampering and the illegal diversion of electricity. The training was well received by the officers and this partnership will continue. Additional resources will be made available in early 2007 so that the company can remain vigilant and proactive to ensure maximum success in the drive to eliminate this social and financial cost.

Collections

Our relentless efforts to keep customers current with their bills has been effective in stabilizing and to some extent, reducing debtor days. The most visible exception to this trend is the government which continues to be our single largest debtor. At the end of 2006 government owed the company $6.1 million compared with $4.3 million last year; an increase

of $1.8 million or 42%. In the last quarter of the year, the company employed a customer service clerk exclusively to call and remind customers of unpaid bills. This has significantly reduced the volume of actual disconnections; lowered overall costs and consequently helped maintain a steady demand for electricity, which would otherwise have been interrupted.

Looking ahead, the company plans to source more effective methods for bill payments. We have already started discussions with several banks in relation to services such as online bill payment and direct debit. In response to a growing demand from customers to make payment via standing order with credit cards, the company has put the necessary facilities in place to allow such payments.

In early 2007, the company will begin preliminary discussions with two suppliers of Advanced Metering Infrastructure (AMI) systems with the aim of starting a pilot project by mid year. AMI replaces or enhances the manual monthly meter reading billing cycle. It provides two-way communication to every meter and supports a variety of functions that go beyond the billing cycle for both data collection and customer interaction. AMI systems have the potential for significant cost savings and greater efficiency in the areas of customer service, system planning and design, maintenance management and outage management. For example, AMI allows meter reading, service disconnect/reconnect, tamper detection and power quality monitoring, to be performed remotely from a central location. Its introduction would enhance the quality of service to customers.

Generation Department

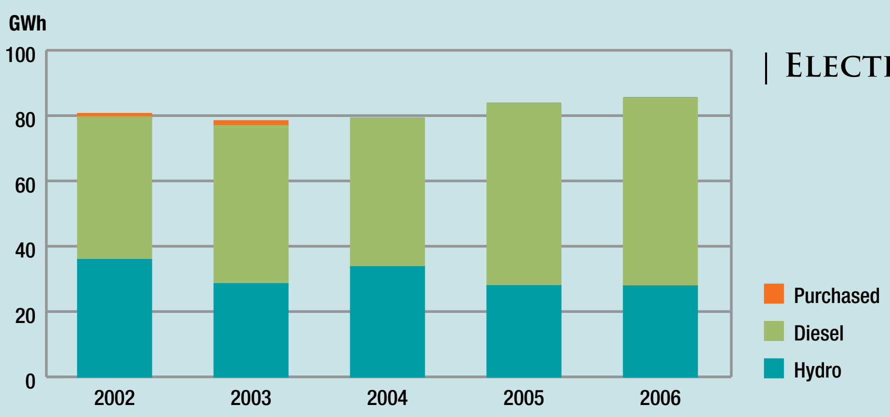
The most significant achievement in the Generation Department for 2006 was the marked improvement in reliability and availability of plant. In May, the highest ever peak demand of 14,467 kW was recorded, surpassing the previous year's peak by 99 kW. Demand followed a similar pattern as in previous years and the variations are believed to be driven mainly by changes in ambient temperature.

Diesel

Substantial progress was made during 2006 in improving the reliability of diesel units by all but eliminating unplanned cylinder head failures, which was a major cause of downtime in previous years. The derating of Fond Cole #5 unit and the consequent impact on plant fuel efficiency and capacity form the biggest remaining issues to be addressed in 2007. With #5 operating at 55% of nameplate rating, the shortfall is taken up by less efficient high-speed units. As a result the overall specific fuel consumption for 2006 was a disappointing 17.1 kWh per gallon, compared with 17.4 for the two previous years.

Hydro

The year under review experienced rainfall patterns not unlike 2005. Hydro energy production was marginally below that of the previous year due primarily to the loss of the Padu #2 hydro unit. The exciter damage sustained by Padu #2 was



| Electricity Produced |

not easily rectified given its age and the scarcity of replacement parts. The damaged component was eventually custom repaired in Florida and returned at the end of January 2007.

Fleet

Completion and gradual implementation of a vehicle management software and relocation of the vehicle maintenance staff to expanded facilities were the two most important events for this section in 2006 and were responsible for an improvement in fleet maintenance service.

Transmission and Distribution Department

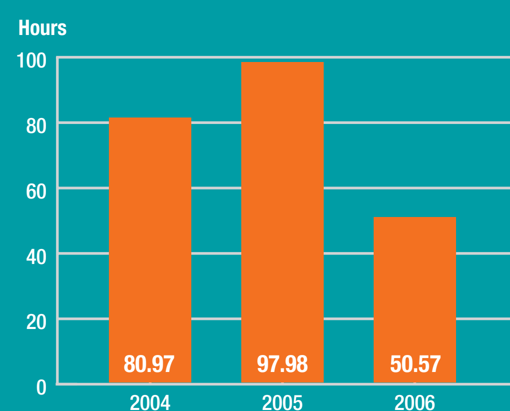
2006 was a very difficult year on the network with numerous weather related events, particularly lightning, causing feeder outages. Despite those challenges, there was overall improvement in system performance when compared with the previous year. The strongest indicator of reliability improvement is the System Average Interruption Duration Index (SAIDI) hours, feeder failures as well as total system failures of 2006 versus those of recent years. SAIDI hours were down 48.2% from 98.98 in 2005 to 50.74 in 2006.

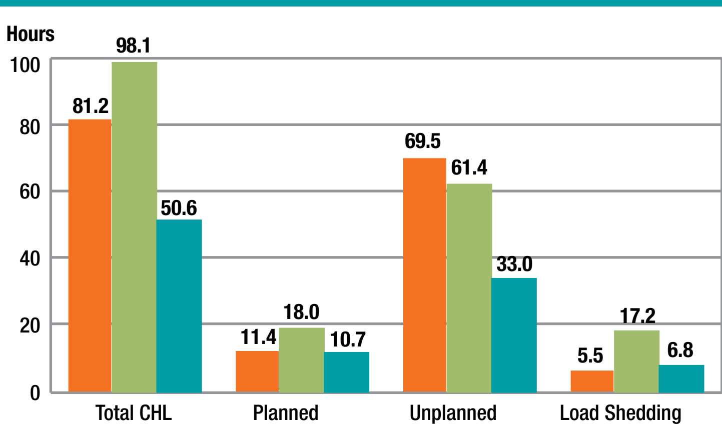
There was a 65% increase in T&D related faults from 48 in 2005 to 79 in 2006 but in contrast, the number of faults related to the generation system dropped by 47% over 2005 values. The need for load shedding due to shortage of generation capacity dropped by 60% which indicates that in spite of breakdowns which happened on occasion, generating plant was more readily available in 2006 than in 2005. Faults due to malfunction of system protection devices decreased by 57% over 2005 values. This was evident in the reduction of feeder failures resulting from minor events on the network and came about because of three major improvements: the upgrading of SCADA sites with installation of fault detection and load shedding devices and the introduction of new switchgear at Padu and Sugar Loaf.

The members of the five-man hotline crew were formally certified by their trainer to perform live work on the high voltage overhead lines. Their ability to work without interrupting the supply to customers has resulted in a 53% increase in SAIDI hours saved from 4.06 in 2005 to 6.21 hours in 2006.

| SAIDI* Hours |

* System Interruption Duration Index





| SAIDI Breakdown & Comparison |

2004
2005
2006

> "There was an overall improvement in system performance..."

Engineering Systems Planning and Development Department

The ESP&D department during the year 2006, focused on two main issues; that of efficiency gains and reliability improvement. Based on these strategies the department planned a number of interventions aimed at achieving the department's goals.

Loss Reduction

As part of the drive to improve efficiency, the department was tasked with assisting to reduce the total system losses by the end of 2007 towards the legislated figure of 14.5%. The loss reduction programme is guided by the findings and recommendations of the UNIDO sponsored study carried out in 2005. In order to pursue the objectives, a project was commissioned to analyse the network and determine the areas of highest losses. An Infrared camera and new software — *Milsoft Windmill* — were purchased, a number of low voltage network upgrades and circuit load balancing were completed and several switchable capacitor banks were ordered.

The result of the project is expected to be available in February of 2007. In the meantime a detailed schedule of activities for 2007 has been prepared in conjunction with the loss management team from the Commercial Department. It is anticipated that the two-pronged approach will yield positive results.

Reliability Improvement

The main highlights for reliability improvement were the rebuilding of the major part of the Sugar Loaf West Feeder that supplies the town of Portsmouth, construction of a new 11kV link from Anse Bateau to Soufrière, installation of a new VHF communication system, network upgrades at Scott's Head and Lower Goodwill, installation of a 1600 foot section of the underground system in Roseau and completion of the installation of new switchgear at Sugar Loaf. Numerous other smaller jobs to improve the quality of supply to customers were also completed. There were works in progress at the end of 2006, such as the underground development in Bath Road, Cork Street and Victoria Street, installation of four additional remote switching devices, and circuit upgrades in Upper Goodwill and Clifton Village.

In the area of GIS, geo-based data was collated from our assets in the field, moving the percentage from 35% to 41% and a web based format of the GIS database is under construction.

Generation Planning

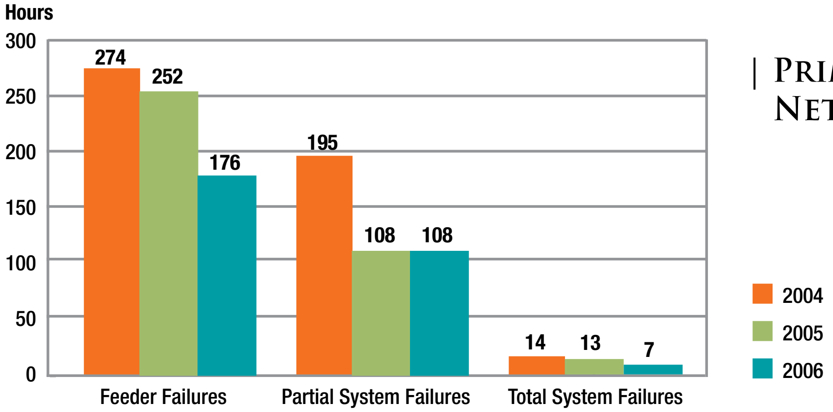
Up to year end 2006, a suitable site for the establishment of a thermal generating station had still not been acquired. The process has been extremely slow but some progress has been made and a place has been identified in the north of the island, which is being actively pursued.

Progress with the wind energy development project as well as the hydrometric project, has been slowed pending the return of the incumbent generation planning engineer who is currently away pursuing postgraduate studies to broaden his knowledge in the field of renewable energy. The company's efforts at wind data collection and site assessment continues.

Information Technology Department

Web Applications

In 2006 the Domlec *E-Account* was launched which enables customers to view their electricity bills online. From the feedback received, customers have welcomed this service as it saves them the hassle of calling or visiting our office to enquire about their bill balances.



| Primary Distribution Network Performance |

The Vehicle Management System was introduced for use by the Generation Department. The application is used to manage the operation and maintenance of the company's vehicle fleet by monitoring mileage, fuel use, usage of spares, cost of servicing, and accident repairs among others.

Network Upgrade

The fibre project from Roseau to the Fond Colé Stores has been completed. This has given rise to faster network access, better voice quality over the telephone and generally, a more robust network. An added benefit is the potential for easier implementation of IT network expansion in the future.

ACCPAC was upgraded to version 5.3 which allows for greater functionality. Part of this upgrade includes the introduction of *ACCPAC HR* which is used by the HR Department.

The Customers Service software —*CIS Infinity* — has been upgraded to "build 21," a new version which has more functionality than the older one.

A SPAM firewall has been put into place which prevents spam, Trojan viruses and other forms of illicit material from entering the Corporate Network. This equipment has helped greatly in reducing viruses on our network.

UPS equipment was upgraded in the main server room, Portsmouth and Guye buildings. This has given rise to better protection and security of supply for critical hardware and applications.

Routestar, the software used to manage meter readings, was upgraded to version 3.7. Along with that change, two new types of handheld devices were deployed.

| System Losses |

"A project was commissioned to analyze the network..."

Human Resources and Administration Department

Productivity

There has been a continued increase in productivity over the past three years as evidenced by the Human Capital Value Added and the Human Capital Return on Investment indices. The following are the comparative figures for 2004, 2005 and 2006:

	2006	2005	2004
Human Capital Value Added	$110,730	$92,255	$78,632
Human Capital Return on Investment	$1.85	$1.75	$1.45

Human Resource Development

The organization continued to develop its employees in order to achieve its corporate goals. 147 employees received training aimed at improving performance. Of note was the completion of the Hotline Training Programme which resulted in five linemen being certified to carry out live line work. This initiative will result in greater reliability of the service.

Health & Safety

The organization is pleased to report that no reportable injury or accident took place during the course of the year. A reportable injury or accident is one that causes an employee to be unable to work for at least three days.

A training programme in Post-Hurricane Restoration, targeted at technical supervisors and engineers, sought to equip participants with the skills required to ensure timely restoration of the System subsequent to a hurricane affecting the island.

Accommodation

By November 2006, the company was able to relocate most of its Technical staff to the new premises at Fond Colé. Additionally, construction has commenced on another building at Fond Colé to house the Metering and Technical Services sections.

Empowering the Community

In 2006 Domlec strengthened and expanded its community outreach, partnering with several sectors of the community in its efforts to serve the community better. The young, the old, the needy, culture, sports and the environment benefited from the company's *Power Partnerships in 2006.*

| Power Partn

| Environment |

The company values the benefit of our rivers and natural resources. The Environmental Caregivers Club at the Community High School was created in partnership with Caribbean Environmental Alliance and Domlec to foster a deeper appreciation and awareness among students of the importance of preserving our natural resources.

| Social Welfare |

The elderly and other less fortunate citizens of the Day Feeding Programme at the Grotto Home continue to benefit annually from Domlec's commitment to alleviate the plight of those who are less fortunate around us.

| Education |

Youth involvement and empowerment is also a strong focus of the company's corporate sponsorship. Sixteen students were presented with awards under the company's Secondary Schools Award Programme. Through this programme Domlec hopes to encourage youth to excel in the field of electricity and to promote the company as an employer of first choice.

The young minds at the Blossom Pre-school benefited from the company's donation of a computer to the school to enhance their early childhood development.

ERSHIPS . 2006 |

| Power for Life |

We take care of our elderly. In 2006, some 20 centenarians benefited from Domlec's ***Credit for Life*** Programme.

| Sports |

Our major sponsorships in Sports brought us winning results!

- Southeast Basketball League
- LaPlaine Shockers Basketball Team – League Champions!
- X-Men Basketball Team – National League Champion!
- Phase 2 of the Primary Schools Softball Cricket League
- Under 23 Netball Team – OECS Tournament

| Culture |

We support efforts aimed at promoting Dominica's culture and preserving our heritage.

- World Creole Musical Festival – Official Power Provider
- Stardom Calypso Tent
- Carnival Princess Contestant – Ladisha Murrain
- Donation to restoration works on roof of historic Roseau Cathedral

PRICEWATERHOUSECOOPERS

PriceWaterhouseCoopers
Pointe Seraphine
P.O. Box 195
Castries
St. Lucia, W.I.
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(758) 452-2511
Facsimile (758) 452-1061

March 8, 2007

Independent Auditor's Report

To the Shareholders of
Dominica Electricity Services Limited

We have audited the accompanying balance sheet of Dominica Electricity Services Limited (the Company) as of December 31, 2006 and the related statements of income, changes in shareholders' equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

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

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

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

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

Opinion
In our opinion, the accompanying financial statements present fairly, in all material respect, the financial position of the Company as of December 31, 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

Chartered Accountants

Balance Sheet

Dominica Electricity Services Limited

as at December 31st, 2006 (expressed in Eastern Caribbean Dollars)

	2006 $	(Restated) 2005 $
ASSETS		
Current assets		
Cash and cash equivalents (Note 5)	**377,921**	1,221,670
Trade and other receivables (Note 6)	**15,494,602**	11,975,880
Inventories (Note 7)	**9,590,510**	7,658,482
	25,463,033	20,856,032
Capital work in progress (Note 8)	**2,929,657**	299,834
Property, plant and equipment (Note 9)	**83,127,186**	83,287,737
Total assets	**111,519,876**	104,443,603
LIABILITIES		
Current liabilities		
Borrowings (Note 10)	**6,042,019**	4,655,794
Trade and other payables (Note 11)	**8,477,916**	7,576,006
Income tax payable	**1,136,676**	845,089
Due to related parties (Note 12)	**131,201**	–
	15,787,812	13,076,889
Borrowings (Note 10)	**30,220,636**	31,345,872
Deferred tax liability (Note 15)	**14,671,384**	14,708,594
Other liabilities (Note 13)	**5,719,379**	4,326,840
Capital grants (Note 16)	**2,216,539**	2,517,408
	68,615,750	65,975,603
Shareholders' equity		
Share capital (Note 17)	**10,417,328**	10,417,328
Retained earnings	**32,486,798**	28,050,672
Total shareholders' equity	**42,904,126**	38,468,000
Total liabilities and shareholders' equity	**111,519,876**	104,443,603

Approved by the Board of Directors on March 8, 2007

Director

Director

Statement of Income

Dominica Electricity Services Limited
for the year ended December 31st, 2006 (expressed in Eastern Caribbean Dollars)

	2006 $	2005 $
Revenue		
Energy sales	**47,383,773**	46,457,948
Fuel surcharge (Note 23)	**26,063,337**	20,170,501
Other revenue	**527,763**	698,246
	73,974,873	67,326,695
Expenses		
Operating	**12,941,884**	11,668,719
Maintenance	**3,681,294**	4,465,026
Fuel cost (Note 23)	**30,970,742**	25,883,551
Depreciation	**6,770,238**	6,349,211
	54,364,158	48,366,507
Gross profit	**19,610,715**	18,960,188
Other operating expenses/(income)		
Administrative expenses	**9,134,055**	8,674,678
Other gains, net (Note 26)	**(515,669)**	(1,110,979)
	8,618,386	7,563,699
Operating profit	**10,992,329**	11,396,489
Finance costs (Note 20)	**2,377,924**	2,688,944
Profit before income tax	**8,614,405**	8,707,545
Income tax (Note 15)	**(2,615,680)**	(2,535,444)
Profit for the year	**5,998,725**	6,172,101
Earnings per share for profit attributable to the equity holders of the Company during the year (Note 19) **- basis and diluted**	**0.58**	0.59

Statement of Changes in Shareholders' Equity

Dominica Electricity Services Limited

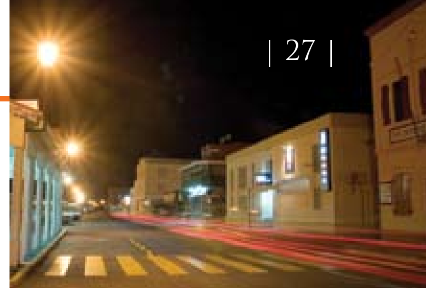
for the year ended December 31st, 2006 (expressed in Eastern Caribbean Dollars)

	2006 $	(Restated) 2005 $
Share capital		
Ordinary shares, at beginning and end of year (Note 17)	**10,417,328**	10,417,328
Retained earnings		
At beginning of year	**28,050,672**	23,144,710
Change in accounting policy (Note 28)	**—**	(16,060)
Retained earnings as restated	**28,050,672**	23,128,650
Profit for the year	**5,998,725**	6,172,101
Dividends paid (Note 14)	**(1,562,599)**	(1,250,079)
At end of year	**32,486,798**	28,050,672
Shareholders' equity, end of year	**42,904,126**	38,468,000

Statement of Cash Flows

Dominica Electricity Services Limited
for the year ended December 31st, 2006 (expressed in Eastern Caribbean Dollars)

	2006 $	2005 $
Cash flows from operating activities		
Profit before income tax	**8,614,405**	8,707,545
Adjustments for:		
Depreciation (Note 9)	**6,770,238**	6,349,211
Gain on disposal of plant and equipment	**(43,418)**	(51,298)
Unrealised exchange losses/(gains)	**206,932**	(256,068)
Amortization of capital grants (Note 16)	**(731,080)**	(631,802)
Finance costs	**2,377,924**	2,688,943
Operating profit before working capital changes	**17,195,001**	16,806,531
Increase in trade and other receivables	**(3,518,722)**	(597,483)
Increase in inventories	**(1,932,028)**	(574,622)
Increase in trade and other payables	**901,910**	4,209,280
Increase/(decrease) due to related parties	**131,201**	(1,903,050)
Cash generated from operations	**12,777,362**	17,940,656
Income tax paid	**(2,361,303)**	(2,503,819)
Finance costs paid	**(2,602,612)**	(2,652,993)
Net cash from operating activities	**7,813,447**	12,783,844
Cash flows from investing activities		
Purchase of property, plant and equipment and capital works	**(9,240,692)**	(13,134,761)
Proceeds on disposal of plant and equipment	**44,600**	51,600
Net cash used in investing activities	**(9,196,092)**	(13,083,161)
Cash flows from financing activities		
Proceeds from borrowings	**3,439,395**	27,775,040
Repayment of borrowings	**(5,084,366)**	(26,619,151)
Dividends paid	**(1,562,599)**	(1,250,079)
Increase in other liabilities	**1,392,539**	163,811
Increase in capital grants	**430,211**	—
Net cash (used in)/from financing activities	**(1,384,820)**	69,621
Net decrease in cash and cash equivalents	**(2,767,465)**	(229,696)
Cash and cash equivalents, beginning of year (Note 5)	**1,221,670**	1,451,366
Cash and cash equivalents, end of year (Note 5)	**(1,545,795)**	1,221,670



1 GENERAL INFORMATION

Dominica Electricity Services Limited (the Company) was incorporated as a public limited liability company in the Commonwealth of Dominica on April 30, 1975. The Company is regulated under the Electricity Supply Act, 1996 and is responsible for electricity generation, transmission and distribution in the Commonwealth of Dominica. In November 2006, The Government of the Commonwealth of Dominica enacted a new Electricity Supply Act No. 10 of 2006 which contemplates the full liberalization of the electricity sector. This new Act was assented to by the President and gazetted on January 23rd 2007. However, Section 2 of the Act contains a delayed commencement provision which stipulates that the "Act shall come into force on such day as the Minister, may by Order published in the Gazette, appoint". The Company is listed on the Eastern Caribbean Securities Exchange and falls under the jurisdiction of the Eastern Caribbean Securities Regulatory Commission.

Dominica Private Power Ltd. (thereafter "DPP"), a company incorporated in the Turks and Caicos Islands owns 52% of the issued share capital of the Company, the Dominica Social Security owns 21% and 27% is held by the general public.

The registered office and principal place of business of the Company is located at 18 Castle Street, Roseau, Commonwealth of Dominica.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

The financial statements of Dominica Electricity Services Limited have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets held at fair value through profit or loss classified in the balance sheet as trading financial assets.

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

(a) Amendments to published standards effective in 2006

IAS 19 (Amendment), Employee Benefits, is mandatory for the Company's accounting periods beginning on or after 1 January 2006. It introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Company does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment only impacts the format and extent of disclosures presented in the accounts.

(b) Standards not yet effective and relevant to the Company

IFRS 7, Financial Instruments: Disclosures and a complementary amendment to IAS 1, Presentation of financial Statements – Capital Disclosures (Effective from January 1, 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risks, liquidity risks and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosures requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Company assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendments of IAS 1.The Company will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning January 1, 2007.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ...CONTINUED

(c) Standards, amendments and interpretations effective in 2006 but not relevant

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to the Company's operations:

- IAS 21 (Amendment), Net Investment in a Foreign Operation;
- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- IAS 39 (Amendment), The Fair Value Option;
- IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts;
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards
- IFRS 6, Exploration for and Evaluation of Mineral Resources;
- IFRIC 4, Determining whether an Arrangement contains a Lease; and
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.
- IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment;

(d) Interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 May 2006 or later periods but that the Company has not early adopted:

- IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on or after 1 May 2006). IFRIC 8 requires consideration
of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. The Company will apply IFRIC 8 from 1 January 2007, but it is not expected to have any impact on the Company's accounts; and

- IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006). IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Company will apply IFRIC 10 from 1 January 2007, but it is not expected to have any impact on the Company's accounts.

(e) Interpretations to existing standards that are not yet effective and not relevant for the Company's operations

The following interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 May 2006 or later periods but are not relevant for the Company's operations:

- IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006). IFRIC 7 provides guidance on how to apply the requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As the entity does not have a currency of a hyperinflationary economy as its functional currency, IFRIC 7 is not relevant to the Company's operations; and

- IFRIC 9, Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006). IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. As the entity has not changed the terms of their contracts, IFRIC 9 is not relevant to the Company's operations.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdraft. The bank overdraft is shown within borrowings in current liabilities on the balance sheet.

Trade receivables

Trade receivables are recognised initially at original invoice amount and subsequently measured at original invoice amount, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ...CONTINUED

of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue)

are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the future collectible amount. The carrying amount of the asset is reduced through the use of a allowance account, and the amount of the loss is recognized in the income statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written-off are credited against administrative expenses in the income statement.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made for obsolete, slow-moving and damaged goods.

Property, plant and equipment
Land and buildings comprise mainly generation plants and offices. Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Land is not depreciated. No depreciation is provided on work-in-progress until the assets involved have been completed and are put into use. Depreciation on other assets is calculated using the straight- line method to allocate their cost to their residual lives over their estimated useful lives, as follows:

Buildings, headworks and pipelines	2 1/2 – 3 1/3%
Generator transmission and distribution	4 – 10%
Motor vehicles	14 – 20%
Furniture and fittings	12 1/2 – 33 1/3%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Impairment of non-financial assets
Assets that have an indefinite useful life, for example land are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Trade payables
Trade payables are recognized initially at the invoice amount.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Interest expense is recorded on an accrual basis over the period it becomes due. Borrowing cost are recognized as an expense in the period in which they are incurred.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions
Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ...continued

Deferred income taxes
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or deferred income tax liability is settled.

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

The principal temporary difference arises from depreciation on plant and equipment.

Capital work in progress
Capital work in progress is recorded at cost less impairment losses. The cost of completed work is transferred to property, plant and equipment upon completion.

Consumer contributions
In certain specified circumstances, consumers requiring line extensions are required to contribute the estimated capital cost of the extension. These contributions are recorded as deferred revenue and the actual cost incurred is capitalized in property, plant and equipment.

Customer deposits
Given the long-term nature of the customer relationship, customer deposits are shown in the balance sheet as non-current liabilities (i.e. not likely to be repaid within twelve months of the balance sheet date).

Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Capital grants
Capital grants represent the fair value of fixed assets donated to the Company. The amount is amortised over the estimated useful lives of the respective assets.

Share capital
Ordinary shares are classified as equity.

Dividends
Dividends on ordinary shares are recorded in the Company's financial statements in the same period that it is approved by the Company's shareholders.

Revenue recognition
Revenues comprise the fair value for the sale of energy. Revenue is recognized as follows:

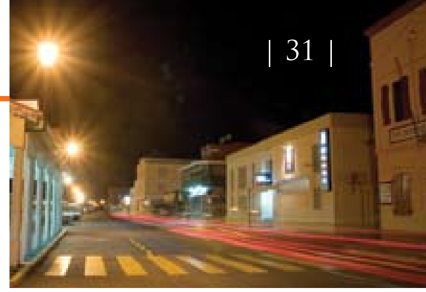
Sale of energy. Revenue from energy sales is based on meter readings which are carried out on a rotational basis throughout each month. A provision based on number of days unbilled accounts of the current month's billings, excluding the fuel surcharge is made to record unbilled energy sales at the end of each month. The provision for unbilled sales is included in accrued income.

In addition to the normal tariff rates charged for energy sales, a fuel surcharge is calculated which is based on the difference between the actual cost of fuel per unit used to generate energy sales in the current month and the statutory established base price of fuel per unit. The surcharge is recovered by applying the month's surcharge rate to units billed in the following month. The provision for unbilled fuel surcharge is included in accrued income.

Interest income. Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits
(a) Pension. The Company contributes to a defined contribution plan for all employees subscribing to the Plan. The assets of the Plan are held separately. The pension plan is funded by payments from participating employees and the Company. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The Company contributes 3% of each of the individual employee's monthly salary while the employee contributes a minimum of 3% of his/her monthly salary.

The Company pays its contribution to a privately administered pension insurance plan on a contractual basis. The Company has no further payment obligation once the contribution has been paid. The contributions are recognised as employee benefit expenses when they are due.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ...CONTINUED

(b) Termination benefits. Termination benefits are payable when employment is terminated prior to the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either; terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Foreign currency translation

Functional and presentation currency. Items in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Eastern Caribbean dollars, which is the Company's functional and presentation currency.

Transactions and balances. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risk: market risks (including currency risk, fair value interest rate risk and cash flow interest rate risk) credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by the Finance department. The Board of Directors is involved in the Company's overall risk management providing guidance on matters such as foreign exchange risk, interest rate risk and credit risk.

(a) Market risk

(i) Foreign exchange risk. The Company trades internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollars. The exchange rate of the Eastern Caribbean dollar (EC$) to the United States dollar (US$) has been formally pegged at EC$2.70 = US$1.00 since July 1976. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Company's functional currency.

(ii) Cash flow and fair value interest rate risk. As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

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

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents held with financial institutions, as well as credit exposure to customers. The Company's bank deposits are placed with high credit quality financial institutions. Trade receivables are presented net of the provision for impairment of receivables. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Company's customer base and their dispersion across different economic sectors. Management performs periodic credit evaluations of its customers' financial condition and does not believe that significant credit risk exists at December 31, 2006.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Management does not believe significant liquidity risk exists at December 31, 2006.

Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain optimal capital to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management do not consider that there are estimates and assumptions that will have a significant risk, causing a material adjustment to the carrying amounts of assets and liability within the next financial year.

5 CASH AND CASH EQUIVALENTS

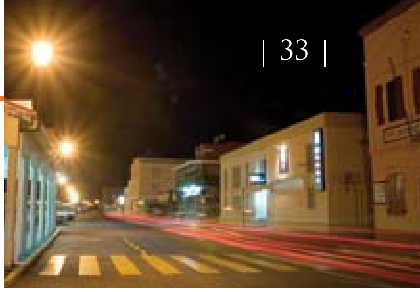
	2006 $	2005 $
Cash at bank and on hand	**377,921**	1,221,670

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

	2006 $	2005 $
Cash at bank and on hand	**377,921**	1,221,670
Bank overdraft (Note 10)	**(1,923,716)**	—
	(1,545,795)	1,221,670

6 TRADE AND OTHER RECEIVABLES

	2006 $	2005 $
Government	**6,194,049**	4,387,849
Other	**9,161,181**	6,739,239
Trade receivables, gross	**15,355,230**	11,127,088
Provision for doubtful receivables	**(4,443,455)**	(3,763,442)
Trade receivables, net	**10,911,775**	7,363,646
Accrued income	**1,073,687**	1,495,559
Other receivables	**3,396,216**	3,011,140
Prepayments	**112,924**	105,535
	15,494,602	11,975,880



7 INVENTORIES

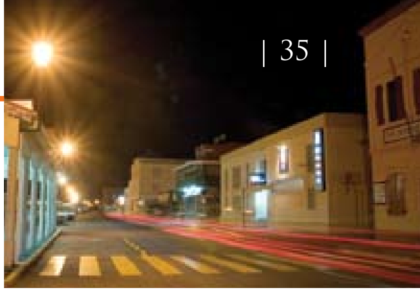
	2006 $	2005 $
Generation spares	**4,803,834**	4,743,385
Network spares	**4,342,451**	2,696,818
Fuel	**284,870**	90,828
Stationery	**155,642**	130,084
Other	**115,072**	108,726
	9,701,869	7,769,841
Provision for obsolescence	**(111,359)**	(111,359)
Inventories, net	**9,590,510**	7,658,482

8 CAPITAL WORK IN PROGRESS

	2006 $	(Restated) 2005 $
At beginning of year	**299,834**	710,199
Additions	**5,027,733**	9,614,601
Transferred to property, plant and equipment	**(2,397,910)**	(10,024,966)
At end of year	**2,929,657**	299,834

9 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings $	Generation, Transmission and Distribution $	Motor Vehicles $	Furniture and Fittings $	Total $
As at January 1, 2005					
Cost or valuation	53,721,458	88,254,515	3,258,462	5,588,202	150,822,637
Accumulated depreciation	(20,432,223)	(48,108,307)	(2,344,113)	(4,686,381)	(75,571,024)
Net book amount	33,289,235	40,146,208	914,349	901,821	75,251,613
Year ended December 31, 2005 (Restated)					
Opening net book amount	33,289,235	40,146,208	914,349	901,821	75,251,613
Additions for the year	2,176,969	9,542,252	1,005,715	396,689	13,121,625
Change in accounting policy (Note 28)	–	635,686	–	–	635,686
Transfer from capital work	–	628,326	–	–	628,326
Disposals	–	(298)	(4)	–	(302)
Depreciation charge for the year	(1,456,154)	(4,069,740)	(370,720)	(452,597)	(6,349,211)
Closing net book amount	34,010,050	46,882,434	1,549,340	845,913	83,287,737
As at January 1, 2006					
Cost or valuation	55,898,427	99,060,470	3,717,305	5,984,894	164,661,096
Accumulated depreciation	(21,888,377)	(52,178,036)	(2,167,965)	(5,138,981)	(81,373,359)
Net book amount	34,010,050	46,882,434	1,549,340	845,913	83,287,737
Year ended December 31, 2006					
Opening net book amount	34,010,050	46,882,434	1,549,340	845,913	83,287,737
Additions for the year	1,657,352	4,013,189	125,790	596,575	6,392,906
Transfer from capital work	14,690	118,851		84,422	217,963
Disposals			(4)	(1,178)	(1,182)
Depreciation charge for the year	(1,486,055)	(4,460,108)	(412,872)	(411,203)	(6,770,238)
Closing net book amount	34,196,037	46,554,366	1,262,254	1,114,529	83,127,186
As at December 31, 2006					
Cost or valuation	57,570,469	103,192,510	3,613,195	6,631,359	171,007,533
Accumulated depreciation	(23,374,432)	(56,638,144)	(2,350,941)	(5,516,830)	(87,880,347)
Net book amount	**34,196,037**	**46,554,366**	**1,262,254**	**1,114,529**	**83,127,186**



9 PROPERTY, PLANT AND EQUIPMENT ... CONTINUED

The Company carries insurance coverage on its main assets on a group basis with two neighbouring islands' electric utility companies. Transmission and distribution insurance cover is shared with one of the neighbouring islands electricity utility company. Combined liability is limited to $150,000,000 for all property excluding transmission and distribution for each and every event and in aggregate for all three utilities. Liability on the external transmission and distribution system, which is included in property, plant and equipment at an historical cost of $ 58,711,139 at December 31, 2006 (2005 - $54,858,381), is limited to an annual aggregate of $30,000,000 for the two utility companies. The Company also carries mechanical and electrical breakdown insurance coverage.

Depreciation expense has been charged to operating expenses $ 6,359,035 (2005 – $5,898,027), and administration expense $ 411,203 (2005 - $451,184).

10 BORROWINGS

	2006 $	2005 $
Current		
Bank overdraft (Note 5)	**1,923,716**	–
Bank borrowings	**3,155,265**	3,200,017
Other financial institution borrowings	**914,246**	1,342,856
Related party (Note 12)	**48,792**	112,921
	6,042,019	4,655,794
Non-current		
Bank borrowings	**26,701,842**	26,558,386
Other financial institution borrowings	**937,739**	2,206,431
Related party (Note 12)	**2,581,055**	2,581,055
	30,220,636	31,345,872
Total borrowings	**36,262,655**	36,001,666

Included in the current portion of bank borrowings is interest payable of $ 112,919 (2005 - $337,607).

The weighted average effective rates at the balance sheet date were as follows:

	2006 %	2005 %
Bank overdraft	**6.25**	6.25
Bank borrowings	**6.35**	6.38
Other financial institutions	**6.29**	6.56
Related parties	**7.50**	7.50

10 BORROWINGS ... continued

Maturity of non-current borrowings:

	2006 $	2005 $
Between 1 and 2 years	**7,427,907**	6,762,524
Between 2 and 5 years	**9,971,044**	6,007,631
Over 5 years	**12,821,685**	18,575,717
	30,220,636	31,345,872

The bank borrowings are secured by hypothecary obligations and mortgage debentures creating fixed charges over certain specific immovable properties of the Company, while the other financial institution borrowings are guaranteed by the Government of the Commonwealth of Dominica. The related party borrowings are unsecured.

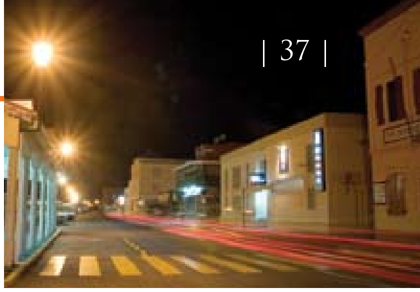
11 TRADE AND OTHER PAYABLES

	2006 $	2005 $
Trade creditors	**6,519,603**	6,198,113
Accruals	**1,629,931**	1,075,185
Other	**328,382**	302,708
	8,477,916	7,576,006

12 RELATED PARTY BALANCES AND TRANSACTIONS

	2006 $	2005 $
Loan from related party		
Current portion	**48,792**	112,921
Long term portion	**2,581,055**	2,581,055
	2,629,847	2,693,976
Due to related party		
WRB Enterprises	**131,201**	—

The loan from the related party is unsecured and convertible to common shares. The loan bears an effective interest rate of 7.5 % (2005 – 7.5%) and has no specific repayment terms. All other balances with related parties are unsecured.



12 RELATED PARTY BALANCES AND TRANSACTIONS ... CONTINUED

Transactions with the related party during the year were as follows:

	2006 $	2005 $
Management fees:		
WRB Enterprises	**271,690**	271,690
Dominica Social Security	**67,923**	67,923
Interest on borrowings	**193,579**	193,579
Consultancy, internal auditor costs, travel expenses	**134,115**	13,949

Key management compensation

Key management comprises directors, divisional management and senior management of the Company. Compensation for these individuals was as follows:

	2006 $	2005 $
Salaries and other short-term employee benefits	**1,534,886**	1,454,828
Post-employment benefits	**61,599**	54,222
	1,596,485	1,509,050

13 OTHER LIABILITIES

	2006 $	(Restated) 2005 $
Consumers' deposits	**3,714,697**	3,456,404
Retirement benefit plan	**6,981**	6,981
Deferred Revenue	**1,997,701**	863,455
	5,719,379	4,326,840

Consumers' deposits

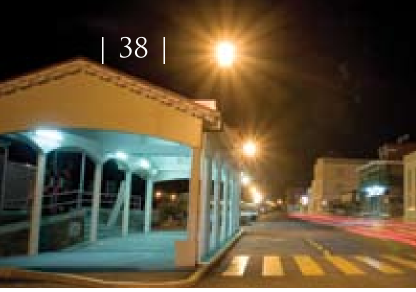
Consumers requesting energy connections are required to pay a deposit, which is refundable when service is no longer required. Interest accrues on these deposits at a rate of 3% per annum. Interest of $ 89,412 (2005 - $68,066) was charged against income.

Deferred revenue

Deferred revenue represents payments made by customers towards the cost of capital works to be undertaken by the Company in order for the customers to receive electricity. When the asset is completed and transferred to property, plant and equipment, the deferred revenue will be amortized in accordance with the depreciation rate of the asset.

14 DIVIDENDS PAID

The Company paid a dividend of $ 1,562,599 (2005- $1,250,079) to ordinary shareholders in respect of the year ended December 31, 2006. These dividend payments are accounted for in shareholders' equity as an appropriation of retained earnings in the year ended December 31, 2006.



15 TAXATION

	2006 $	2005 $
Taxation		
Current	**2,652,890**	2,473,235
Deferred charge	**(37,210)**	62,209
	2,615,680	2,535,444

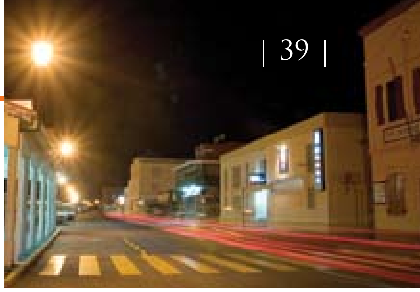
Tax on the Company's net income before tax differs from the theoretical amount that would arise using the statutory tax rate of 30% as follows:

	2006 $	2005 $
Profit before income tax	**8,614,405**	8,707,545
Tax calculated at the rate of 30% (2005 – 30%)	**2,584,322**	2,612,265
Income not subject to taxation	**(229,204)**	(189,541)
Expenses not deductible for tax purposes	**260,562**	112,720
Tax charge	**2,615,680**	2,535,444

	2006 $	(Restated) 2005 $
Deferred tax liability		
At beginning of year	**14,708,594**	14,623,501
Effect of change in accounting policy (Note 28)	**–**	22,884
(Recovered)/expensed during the year	**(37,210)**	62,209
At end of year	**14,671,384**	14,708,594

16 CAPITAL GRANTS

	2006 $	2005 $
At beginning of year	**2,517,408**	3,149,210
Addition	**430,211**	–
Amortization	**(731,080)**	(631,802)
At end of year	**2,216,539**	2,517,408



Dominica Electricity Services Limited

December 31st, 2006 (expressed in Eastern Caribbean Dollars)

17 SHARE CAPITAL

	2006 $	2005 $
Authorised:		
Ordinary shares at no par value	**15,000,000**	15,000,000
Issued and fully paid:		
10,417,328 (2005 – 10,417,328)	**10,417,328**	10,417,328

18 EXPENSES BY NATURE

	2006 $	2005 $
Employee benefit expenses (Note 25)	**12,392,490**	11,870,636
Travel expenses	**623,501**	594,639
Communication	**719,348**	761,232
Office expenses	**855,087**	1,099,579
Public relations	**596,121**	625,878
Legal and professional	**1,179,593**	910,550
Equipment & line repair/maintenance	**4,186,084**	4,581,703
Insurance	**2,886,073**	2,821,832
Bank and credit card charges	**158,647**	220,737
Security	**428,812**	341,444
Bad debt expense	**743,421**	322,534
Other expenses	**988,056**	657,659
Total maintenance, operating and administrative expenses	**25,757,233**	24,808,423

19 EARNINGS PER SHARE

	2006 $	2005 $
Net income for the year	**5,998,725**	6,172,101
Weighted average number of ordinary shares issued	**10,417,328**	10,417,328
Basic and fully diluted earnings per share	**0.58**	0.59

Earnings per share have been computed by dividing net income by the average number of issued ordinary shares.

20 FINANCE COSTS

Finance charges comprise of the following:

	2006 $	2005 $
Loan Interest charges	**2,259,552**	2,594,653
Other interest charges	**89,412**	69,339
Overdraft charges	**28,960**	24,952
	2,377,924	2,688,944

21 DIVIDENDS PER SHARE

	2006 $	2005 $
Dividend declared and paid	**1,562,599**	1,250,079
Weighted average number of ordinary shares issued	**10,417,328**	10,417,328
Dividends per share	**0.15**	0.12

Dividends per share is computed by dividing the dividend declared and paid by the total number of outstanding shares.

22 FOREIGN EXCHANGE LOSSES/(GAIN)

	2006 $	2005 $
Realized exchange losses/(gains)	**84,829**	(171,811)
Unrealized exchange losses/(gains)	**206,932**	(256,068)
	291,761	(427,879)

23 FUEL COST

	2006 $	2005 $
Fuel cost at base price	**5,561,211**	5,685,055
Fuel surcharge	**25,409,531**	20,198,496
Total fuel cost	**30,970,742**	25,883,551
Fuel surcharge recovery	**(26,063,337)**	(20,170,501)
Net fuel cost	**4,907,405**	5,713,050

24 COMMITMENTS

The Company has committed to purchase products and services in the amount of $1,688,217 (2005 - $2,316,860) from a number of companies during 2007.

25 EMPLOYEE BENEFIT EXPENSE

	2006 $	2005 $
Salaries and wages	**9,801,273**	9,381,132
Other staff cost	**2,591,217**	2,489,504
	12,392,490	11,870,636

26 OTHER GAINS, NET

	2006 $	2005 $
Amortization of deferred revenue	**(32,932)**	–
Amortization of capital grants (Note 16)	**(731,080)**	(631,802)
Gains on disposal of plant and equipment	**(43,418)**	(51,298)
Foreign exchange losses/(gains) (Note 22)	**291,761**	(427,879)
	(515,669)	(1,110,979)

27 CONTINGENCIES

The Company has contingent liabilities arising from bank guarantees and other matters arising during the ordinary course of business. It is not anticipated that any material liabilities will arise from these contingent liabilities.

Guarantees

The Company has provided a guarantee to the bank in respect of car loans to employees. At December 31, 2006 the outstanding balance of these loans was $6,692 (2005 - $46,786).

28 CHANGE IN ACCOUNTING POLICY

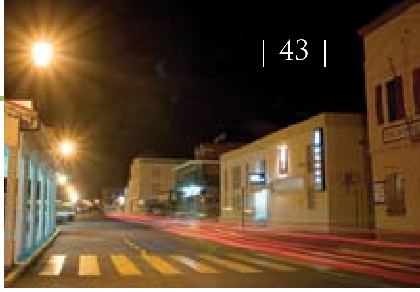
On January 1, 2006, the Company changed its policy relating to the recording of contributions made by customers towards the cost of capital projects in bringing electricity to the customers. Prior to January 1, 2006, contributions made by customers were credited to a “suspense jobs” account with the resulting cost of the project undertaken on behalf of the customer being offset against this account. This approach would result in either one of the following; (a) the customer contributions exceeded the cost of the work done; (b) the customer contribution was insufficient to cover the actual cost of the work done. The effect of (a) above would result in the Company recording the excess contribution as other income in the income statement; and the effects of (b) above would result in the Company capitalizing the shortfall as an asset. The Board of Directors, along with management decided to change this policy, as it did not, in their opinion reflect the carrying value of the Company’s assets. This change in the accounting policy resulted in the Company now recording all customer contributions as deferred revenue and all resulting works being capitalized. The deferred revenue amount will be amortized to income statement at the same rate of depreciation of the corresponding asset.

The effects of the change in the accounting policy on the December 31, 2005 financial statements resulted in the increasing of deferred revenue by $863,455; the reduction of retained earnings by $16,060; the reduction of suspense jobs by $204,825; the increasing of property, plant and equipment by $635,686; the decreasing in income taxes payable by $29,768 and the increase in deferred tax liability by $22,884. Due to the impractical nature of separating and identifying the contributions made in periods prior to December 31, 2005 and the corresponding cost, the change was effected to the December 31, 2005 period and prospectively.

Operating Statistics

	2006	2005	2004	2003	2002
CAPACITY & DEMAND (kW)					
Generating Plant Installed Capacity					
- Hydro	**7,600**	7,600	7,600	7,600	7,600
- Diesel	**15,890**	15,890	14,440	13,590	12,840
Total	**23,490**	23,490	22,040	21,190	20,440
Firm* Capacity					
- Hydro (Dry Season)	**3,200**	3,200	3,200	3,200	3,200
- Diesel	**11,650**	11,650	11,600	10,750	10,000
Total	**14,850**	14,850	14,800	13,950	13,200
Peak Demand	**14,467**	14,368	13,190	12,923	13,043
Growth (%)	**0.7**	8.9	2.1	–0.9	–0.6
Load Factor = Average Demand / Maximum Demand	**0.67**	0.66	0.68	0.69	0.70
ENERGY PRODUCED (kWh x 1000)					
Gross Generation					
- Hydro	**27,797**	27,876	33,736	28,523	35,929
- Diesel	**57,619**	55,779	45,493	48,404	43,659
Energy Purchased	**–**	–	–	1,507	544
Total	**85,416**	83,655	79,229	78,434	80,132
Growth (%)	**2.1**	5.6	1.0	–2.1	–1.0
Diesel Fuel Used in Generation					
Quantity (Imp.Gal)	**3,368,935**	3,207,976	2,620,375	2,771,990	2,540,971
Fuel Efficiency (kWh per Imp.Gal)	**17.1**	17.4	17.4	17.5	17.2

* Capacity available during normal operation in a very dry month, assuming the largest thermal unit breaks down while another is out for maintenance.



| Operating Statistics |

Dominica Electricity Services Limited
December 31st, 2006

	2006	2005	2004	2003	2002
ENERGY SOLD (kWh x 1000)					
- Domestic	**34,176**	33,492	33,062	32,942	32,856
- Commercial	**26,469**	24,993	24,017	21,669	22,758
- Industrial	**5,357**	5,504	5,508	4,354	4,607
- Hotel	**2,439**	2,649	2,704	2,473	2,839
- Lighting	**0**	1	1	2	9
- Street Lighting	**1,130**	1,150	1,127	1,295	1,125
Total	**69,571**	67,789	66,419	62,735	64,194
Growth (%)	**2.6**	2.1	5.9	–2.3	0.4
OWN USE & LOSSES (kWh x 1000)					
Power Station Use	**2,477**	1,013	968	1,145	1,053
Office Use	**512**	523	513	508	455
Losses	**12,856**	14,330	11,329	14,046	14,430
Losses (% of Gross Generation)	**15.1**	17.1	14.3	17.9	18.0
Losses (% of Net Generation)	**15.5**	17.3	14.5	18.2	18.2
NUMBER OF CUSTOMERS AT YEAR END					
- Domestic	**27,436**	24,851	25,181	24,333	23,210
- Commercial	**3,896**	3,536	3,328	2,828	2,992
- Industrial	**38**	39	39	35	33
- Hotel	**307**	274	142	60	18
- Lighting	**0**	5	8	4	3
- Street Lighting	**331**	320	282	253	239
Total	**32,008**	29,025	28,980	27,513	26,495
Growth (%)	**10.3**	0.2	5.3	3.8	–0.6
Number of Permanent Employees	**175**	180	185	189	208
Number of Customers per Employee	**183**	161	157	146	127

Financial Statistics

Dominica Electricity Services Limited

December 31st, 2006

	2006	2005	2004	2003	2002
SUMMARIZED BALANCE SHEET (EC$ 000)					
SHARE CAPITAL	10,417	10,417	10,417	10,417	10,416
RETAINED EARNINGS	32,487	28,067	23,145	20,171	18,798
DEFERED CREDITS	16,888	17,204	17,773	18,610	18,035
LONG TERM LIABILITIES	35,940	34,809	33,091	31,578	36,889
	95,732	90,497	84,426	80,777	84,139
FIXED ASSETS (NET)	83,127	82,652	75,252	76,883	75,568
CAPITAL WIP	2.930	95	710	468	1,683
CURRENT ASSETS	25,463	20,856	20,809	20,446	23,156
CURRENT LIABILITIES	(15,788)	(13,107)	(12,344)	(17,020)	(16,269)
	95,732	90,497	84,426	80,777	84,139
EXPENSES					
OPERATING EXPENSES	12,942	11,669	11,158	11,991	12,519
FUEL	30,971	25,884	17,698	13,471	7,875
MAINTAINANCE	3,681	4,465	3,324	3,096	1,706
ADMINISTRATION	9,134	8,675	11,940	10,012	9,353
DEPRECIATION	6,770	6,349	6,368	6,216	6,317
	63,498	57,041	50,488	44,786	37,770
OPERATING REVENUE					
ELECTRICITY SALES	47,384	46,458	44,837	42,918	42,255
FUEL SURCHARGE	26,063	20,171	13,321	8,691	4,211
OTHER	528	698	644	682	434
	73,975	67,327	58,802	52,291	46,901
OPERATING INCOME	10,477	10,286	8,313	7,505	9,131
INTEREST CHARGES	(2,378)	(2,689)	(3,029)	(3,571)	(3,493)
OTHER CHARGES & CREDITS	43	51			
AMORTIZATION OF CAPITAL GRANTS	764	632	632	632	630
AMORTIZATION OF DEFERED EXPENSES	0	0	0	0	(158)
REALISED EXCHANGE GAIN (LOSS)	(85)	172	(23)	(111)	(124)
UNREALISED EXCHANGE GAIN (LOSS)	(207)	256	(543)	(1,108)	(996)
DISCONTINUATION OF CAPITAL WORKS	0	0	0	0	1,781
TAXATION	(2,616)	(2,535)	(1,752)	(1,349)	(1,891)
NET INCOME	5,999	6,172	3,598	1,998	4,880
DIVIDEND	1,563	1,250	625	625	(1,427)
REINVESTED EARNINGS	4,436	4,922	2,973	1,373	6,307
RATE BASED (AVERAGE FIXED ASSETS)	83,207	78,952	76,068	76,226	74,304
RETURN ON AVERAGE FIXED ASSETS	12.59%	13.03%	10.93%	9.85%	12.29%
DEBT/EQUITY RATIO	1.55	1.63	1.79	2.07	2.29
CURRENT RATIO	1.61	1.59	1.69	1.20	1.42
COLLECTION PERIOD (DAYS)	68	64	74	82	84

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