

West Bay are both continuing. We are awaiting the announcement of a 'start date' for the very large Dart commercial/residential/marina development but, in the meantime, we are supplying water for affiliated nursery operations. Taking all these factors into account, we look forward to further growth in Cayman during the year 2001 and beyond.

Our 2000 results benefited from slightly more than five months of operations in Belize, with a brief interruption due to the arrival of Hurricane Keith. Our plant was back in production, despite no public electricity or telephone supplies, within 72 hours. This reflects a truly remarkable performance by our staff and the durability of our plant that, at the height of the storm, was more than three feet under water!. Sales following the storm were curtailed for several weeks as hotels re-opened, but we are now achieving considerably higher water deliveries than before the storm. We expect an excellent full-year contribution from our Belize operations during 2001.

After several years of waiting for proposed developments in the Bahamas to materialize, we recently announced that production should commence around mid-year 2001 to supply a condominium/marina development in the Bimini Islands. Initial water deliveries will be

at a relatively low level but should accelerate as various phases of the project are completed. We are also in discussions with other developers and with the Government, which has indicated an interest in supplying the local population with fresh water generated by our plant.

Discussions are underway on a number of potential projects in other water-scarce countries. For a variety of reasons, three- to four-year lead times are common on water projects but, since this has been an ongoing process for at least that length of time, we expect to secure one or more of these projects as the year progresses and we move into 2002.

In 2000, the NASDAQ Composite Index was down 37% in a year that Barron's magazine has called "the worst small-cap bear market in history." Our stock price rose by 10% in the same period, and the inclusion of cash dividends provided a total return to our shareholders of close to 15%. I content myself with the belief that this represented a 'flight to quality' but remain frustrated that we still trade at a considerable P/E discount to comparable companies in the water industry. We did, however, make progress in narrowing that gap. Our secondary offering in May, completed despite atrocious market conditions,

