2005

A FORTIS COMPANY

BELIZE ELECTRICITY LIMITED

Meeting Customer Expectations with Renewed Energy!

Contents

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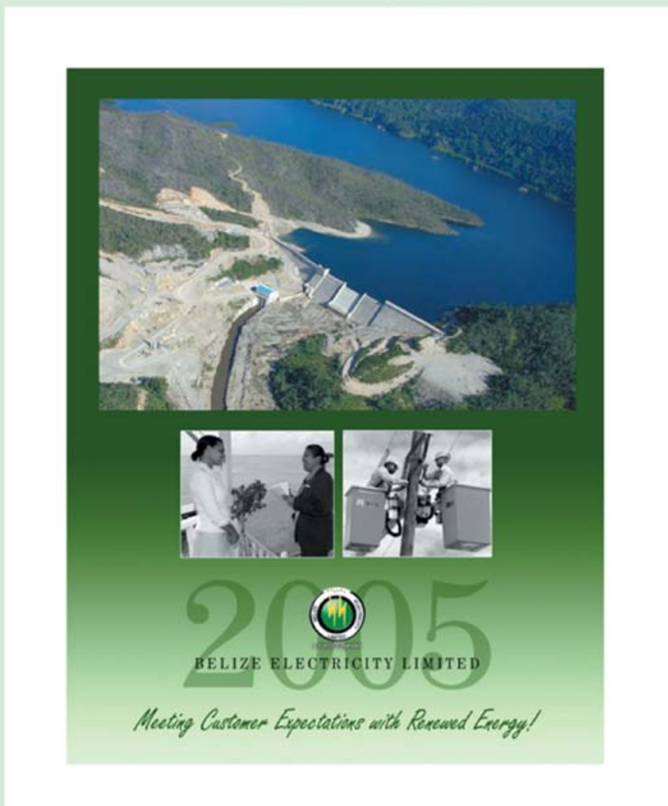

The Chalillo Hydroelectric Facility, located on the Macal River, Cayo District, was successfully completed and commissioned on September 12, 2005. The facility will increase renewable energy production from 80 gigawatt hours to 160 gigawatt hours annually and has already contributed significantly to reducing energy cost and improving service reliability for BEL customers.

PRODUCED BY: BELIZE ELECTRICITY LIMITED

PHOTOGRAPHY: BEL, RICHARD HOLDER, JOHN WOODS, DIRK FRANCISCO

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Country Profile

Belize is a vibrant tropical country located in Central America with a population of about 283,000 persons consisting of the predominant ethnic groups Mestizo, Creole, Maya and Garinagu. The rich blend of history, rooted in past colonialism and immigration, has resulted in a nation of many languages, customs and industries.

Belize is unique to the region – it is identified as both a Caribbean and Central American country with English as the official language. The customary language, however, is Kriol, which is spoken by almost all Belizeans as either a first or second language.

The country is bordered by Mexico in the north, by Guatemala in the west and south and by the Caribbean Sea on the east. The area of the mainland and cayes is 8,867 square miles. Coastal waters are shallow and are sheltered by coral reefs that extend almost the entire length of the country. Belize's Barrier Reef, at 185 miles long, is the second longest in the world.

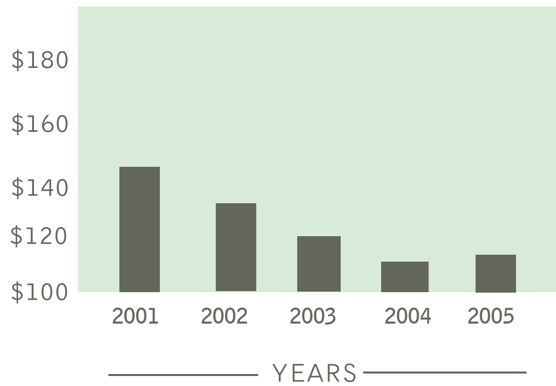
Belize became independent from the United Kingdom on September 21, 1981 and is governed by a bicameral parliament. The National Assembly, comprised of a democratically elected House of Representatives, is led by a Prime Minister. The government's administrative headquarters is located in the capital city, Belmopan, which sits in the geographic center of the country.

The country's economy is primarily driven by foreign exchange earned by the tourism, aquaculture and agriculture industries. Growth in Gross Domestic Product was 4.6 per cent in 2004.

Belize continues to make international impressions. With the recent increase of cruise ship arrivals and development of natural attractions in the country's offshore and mainland reserves, Belize is now known as a premier tourist destination.

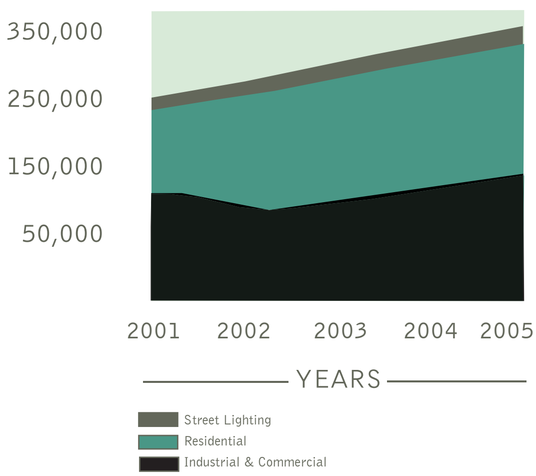
Financial Highlights

Operating Cost per Megawatt hour sold excluding Cost of Power

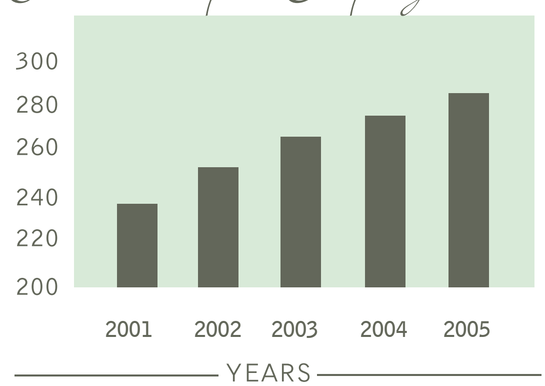


Cost control and increased productivity is a critical focus in response to escalating energy cost.

Sales In Megawatt hours



Customers per Employee



Corporate Profile

Belize Electricity Limited (BEL) is the primary distributor of electricity in Belize, Central America. Serving approximately 69,000 customers, the Company meets a peak demand of 63 megawatts (MW) from multiple sources of energy including power purchases from Belize Electric Company Limited (BECOL), from Comisión Federal de Electricidad (CFE), the Mexican state-owned power Company and from its own diesel fired generators. All load centers on the mainland are connected to the country's National Electricity Grid, which is interconnected with the Mexican National Grid, allowing BEL to optimize its power supply options. Fortis Inc. holds a 68 per cent interest in BEL.

ANNUAL COMPARISON (In Belize thousands of Dollars)	2005	2004
Operating Revenues	120,540	105,512
Earnings applicable to Shareholders	18,883	15,822
Total Assets	373,673	346,472
Shareholders' equity	173,531	150,762

Report to Shareholders

The theme of this year's annual report *"Meeting Customer Expectations with Renewed Energy"* symbolizes our renewed commitment to improving service now that the well anticipated Chalillo Hydroelectric Facility is completed. How do we know that we are doing well? Quite simple; our customers tell us so!

After more than 20 years of decreasing rates, we had to request not one, but two rate increases in 2005. Despite the increases in rates, customers gave us an 83.5 per cent satisfaction rating. The 2005 rating is just shy of the 2004 rating of 85.5 per cent which was the highest rating ever achieved by the Company and reflects the "customer first" attitude of employees.

Certainly, with oil prices averaging over US$60 per barrel, 2005 was one of the most difficult years in recent history for energy providers and customers all over the world. Excess cost of power deferred to BEL's Rate Stabilization Account exceeded $23.4 million, resulting in tight cash flows. This forced BEL to postpone several important capital projects aimed at extending and improving service. The high cost of energy severely strained the Company and challenged our ability to meet debt requirements and service creditors.

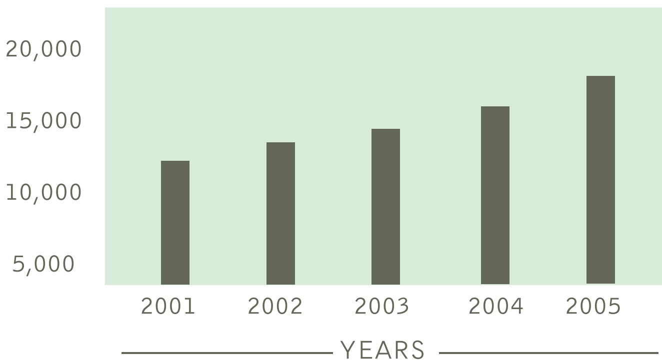
The Dividend Reinvestment Program, which was introduced in 2003, played a major role in helping the Company meet its obligations. Our two major Shareholders, Fortis Inc. and the Social Security Board, reinvested all their dividends in 2005 and this, along with several short term loans and increased lines of credit, helped BEL to meet its working capital requirements during the year.

The relief granted by the Public Utilities Commission (PUC) in July of 2005 (11 per cent increase in rates, effective July 1, 2005) and again in December (13 per cent increase, effective January 1, 2006) has secured adequate cash flows. Equally important, the PUC has made amendments to the Tariff Setting Bye-laws to ensure a timely pass through of the cost of power and prevent significant build up of deferred costs in the Rate Stabilization Account. With these safeguards in place, we will now seek to re-capitalize the Company in order to sustain the progress we have made in improving service to customers.

While the escalating cost of energy dominated 2005, BEL also had to cope with significant distractions affecting the reliability of the system. During the first quarter of 2005, reliability was critically impacted by 18 acts of sabotage to the Company's power lines during which poles were cut or burnt. These acts of sabotage were associated with industrial actions against the Government's tax increases. Damages from these incidents amounted to more than $1 million.

Earnings

(In Belize thousands of dollars)



Though it was a difficult year, 2005 is also notable for many positive achievements. Although liquidity remained tight and capital expenditures had to be curtailed, earnings grew from $0.53 to $0.59 per share, reflecting our continued efforts at containing costs. Operating expenses were kept flat at $51 per MWh, as increases in taxes and the inflationary effects of increased oil prices were somewhat offset by a 6 per cent increase in sales.

Earnings were negatively affected by an increase of 38.8 per cent in business tax, as well as increased finance charges as the high cost of power forced the Company to rely on expensive short term debt. This was somewhat offset by a gain of $600,000 on our Euro denominated debt.

In the first quarter of 2005, the first audit of our Environmental Management System was conducted. Continued emphasis on sound environmental management has resulted in a reduction of spills to an all time low of 49 gallons. This is less than 20 per cent of the 275 gallons spilled in 2004. To further enhance our efforts, we are now rolling out our Environmental Policy to include the activities of our contractors. Similarly, we are extending our Safety Program to include contractors in an effort to provide the safest and most environmentally sound service.

One major project which started in the second quarter of 2005 is the $1.9 million replacement of the Customer Information and Billing System. This project was a priority as the old system had deteriorated and is no longer supported by the vendor. After several months of training and testing, the new system went live in February 2006. It signifies additional benefits to customers, as it provides more advanced options in managing and processing customer bill information and service requests.

Another important project completed in 2005 was the connection of Farmers Light Plant Corporation Limited of Spanish Lookout to the National Electricity Grid. Through this connection, we are now supplying power to over 480 residents in that community. Spanish Lookout is one of Belize's largest producers of food supply and we appreciate the confidence the community has expressed in our services by connecting to the National Electricity Grid.

Although several of our reliability improvement projects had to be delayed, we did commence the important upgrade of the Southern Transmission Line. The design for this upgrade was completed and construction is scheduled for early 2006. Once completed, this will reduce technical losses and improve voltage quality of power supply to southern service areas. Upgrades were also carried out on the distribution systems in San Ignacio, Ladyville and San Pedro to improve the reliability in those areas.

With load growth continuing at 6 per cent annually and in view of escalating cost of oil, we launched an energy conservation campaign designed to educate customers in ways to better manage their energy costs. At the same time, we continued to place heavy emphasis on adding new sources of renewable power.

Construction of the 7.3 MW Chalillo Hydroelectric Facility was completed this year and on September 12, BECOL commissioned the facility. Chalillo has increased Belize's in-country capacity by 7.3 MW and in addition to having a positive impact on system reliability, the operation of the reservoir has already resulted in more than $800,000 in savings during four months of operations. These savings are passed on to consumers through the operation of the Rate Stabilization Account. The Chalillo Project was delayed by two years as a result of legal challenges brought on by project opponents, financed by international pressure groups. These delays increased project cost and also denied consumers the benefits which would have amounted to more than $10 million in avoided energy cost.

Meanwhile, construction of Hydro Maya's 3.4 MW hydroelectric plant on the Rio Grande, just outside of San Miguel Village in the Toledo District, was delayed due to heavy rains in Southern Belize. Commissioning of the facility has been rescheduled to August 2006. This plant will continue to provide more insulation from increases in oil prices.

We are also looking forward to the completion of the Cogeneration Plant at Tower Hill in the Orange Walk District. This plant, which is being built by Belize Cogeneration Energy Limited (BELCOGEN), will provide 13.5 MW of power by burning sugar cane residue (bagasse). Construction will commence in 2006 with completion slated for 2008.

After receiving notice from Comisión Federal de Electricidad (CFE) of Mexico of its intention to terminate the 25 MW Power Purchase Agreement (PPA), we began negotiations for a new PPA to take effect August 2006. At the same time, in accordance with the PUC's order, we also requested proposals from Independent Power Producers to replace the power supply from CFE and to provide for an additional 15 MW needed by 2009.

Several producers responded to our request. Based on an economic analysis of the proposals, the PUC approved that BEL negotiate 15 MW firm capacity from CFE along with 15 MW from National Energy Limited which proposes to install a generating plant, burning heavy fuel and 18 MW from BECOL which proposes to construct a third hydroelectric facility on the Macal River. These new additions will ensure that we can meet all the local demand with in-country sources in the future and still maintain the flexibility to benefit from economically priced power from CFE.

With all the challenges introduced by the high cost of energy, we are thankful that Belize was yet again spared from the ravages of tropical storms in 2005. Nonetheless, we have continued to implement contingencies to reduce our exposure to these events and to ensure rapid recovery should a disaster occur. Accordingly, our Information Systems Disaster Recovery Center was completed during the year. This center features a backup system designed to minimize downtime in the event of an emergency and final preparations will be made early 2006 to have the center ready for operations before the next hurricane season.

In 2005, we also maintained our focus on community development. Alongside several education assistance initiatives, BEL played its role in the fight against crime by partnering with Crime Stoppers Belize. BEL's sponsorship is helping to pay rewards to persons who provide law enforcement authorities with critical information on criminal activities which leads to an arrest and possible conviction. The program which was initiated by Rotary Belize has garnered support from many of the leading businesses in the country and has already recorded several successes in solving serious crimes.

While 2005 is behind us, the challenges of high energy prices will undoubtedly continue to linger in the foreseeable future. We are not at all easily deterred though, as we move boldly ahead with our action plans to meet these challenges and sustain our service improvement initiatives. We have laid a solid foundation for success and now with strengthened resolve from our experiences in 2005, we will continue our efforts to make this Company one of the best service providers in the region.

Lynn Young
President and Chief Executive Officer
Belize Electricity Limited

Robert Usher
Chairman of the Board
Belize Electricity Limited

Management Discussion & Analysis

Earnings

Earnings for the year increased to $18.9 million from $15.8 million in 2004 while earnings per share increased to $0.59 from $0.53. Dividends reinvested by Shareholders during the year resulted in the issuance of an additional 2,219,603 ordinary shares diluting the earnings per share. Strong earnings growth is attributable mainly to a 6 per cent sales growth, our 11 per cent increase in tariffs which took effect July 1, 2005 and gain on exchange. These were somewhat offset by higher cost of doing business in 2005 as compared to 2004, impacting operating expenses, finance costs and taxes.

As a result of the Company's first Full Tariff Review Proceeding for the Full Tariff Period July 1, 2005 to June 30, 2009, the overall stabilized Mean Electricity Rate increased for the first time since 1984 from $0.35 per kWh to $0.39 per kWh.

High cost of power during 2005 forced us to seek increases in our overdraft facilities and other short term borrowings at high interest rates to meet payments to power suppliers. During the year, $23.4 million in excess cost of power paid for by the Company was deferred to the Cost of Power Rate Stabilization Account for future recovery from customers as compared to $11.3 million deferred in 2004. Tight cash flows also significantly delayed our capital expenditure program in 2005 resulting in less interest charged to construction and higher overall finance costs. For the year 2005, the US Dollar strengthened against the Euro by some 12.5 per cent resulting in $617,000 in gain on exchange for 2005 as compared to $384,000 loss on exchange recorded in 2004. This gain on exchange is related to the Company's Euro denominated loan.

On March 28, 2006, a final $0.05 per share was paid to Shareholders bringing the total dividends paid for the year to $0.20 per share.

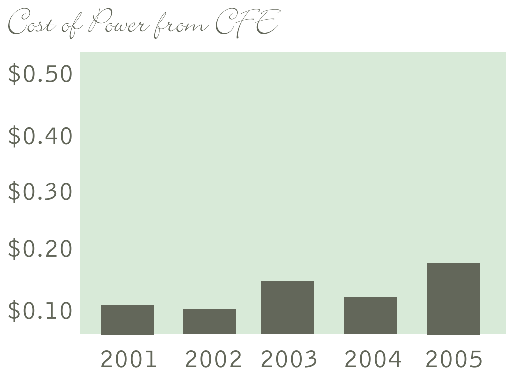
Sales & Revenues

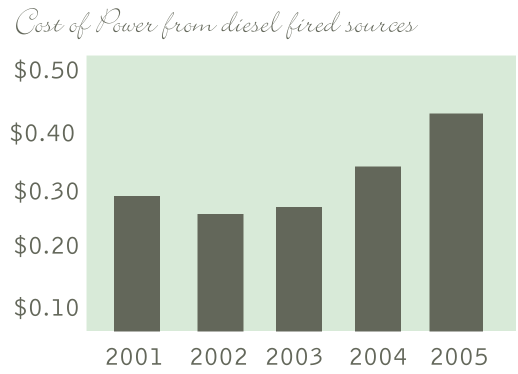
Energy revenues for the year increased by 14.2 per cent to $120.5 million from $105.5 million in 2004. Energy sales for the year grew by 6 per cent to 350 GWh from 330 GWh in 2004. Energy revenues grew in direct proportion to energy sales less the impact of a decrease of $0.01 per kWh in the true average tariff, which took effect July 1, 2004 to June 30, 2005 and the 11 per cent increase in tariffs which took effect July 1, 2005.

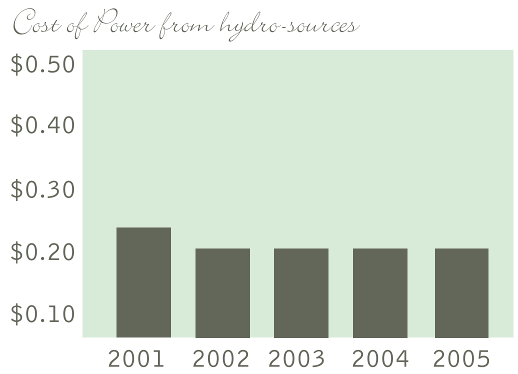
The energy sales increase was mainly driven by a 6.8 per cent growth in residential sales and a 6.6 per cent growth in commercial and industrial sales. Stable economic growth in the country contributed to this sales growth. Energy sales were also positively impacted by growth in our customer base, which grew by 3.9 per cent to 68,635 customers as at December 2005 from 66,081 customers as at December 2004.

Expenses

Cost of power for the year increased by almost $10 million or 17 per cent to $67.6 million from $57.7 million in 2004. This is in line with the increase in energy sales and the increase in the cost of power component of the tariff as a result of the July 1, 2005 tariff increase. As required by the electricity regulations, cost of power expense during the period July 1, 2005 to December 31, 2005 is directly passed through to customers at $0.21 per kWh ($0.175 per kWh prior to this) with variances credited or debited to the Cost of Power Rate Stabilization Account. As noted, for the year 2005, $23.4 million in excess cost of power plus $2.3 million in interest was deferred to this account against a $9.3 million recovery resulting in a net increase of $16.4 million in the Cost of Power Rate Stabilization Account as compared to the ending balance in 2004.







During the year we purchased 63 per cent of our power from CFE, the Mexican state owned power company and 17 per cent from BECOL. The low hydro production resulted from low rainfall and river water levels in the area and the late completion of the Chalillo Hydroelectric Facility. BEL supplied the remaining 20 per cent of the country's energy requirements from its diesel fired generation facilities. In 2005 the cost of power purchased from CFE increased 28.9 per cent from $0.13 per kWh to $0.17 per kWh, while cost of power from diesel fired sources increased 30.1 per cent from $0.33 per kWh to $0.43 per kWh due to high oil prices. The cost of power purchased from hydro sources remained stable at about $0.20 per kWh.

Operating expenses for the year 2005 increased by 4.8 per cent as compared to 2004 mainly as a result of the increased cost of goods and services in the country and increased labor costs.

In March 2005, business tax was increased from 1.25 per cent to 1.75 per cent of revenues. This translated to a $583,000 or 38.8 per cent increase in business tax expense in 2005 as compared to 2004.

Capital Expenditure

For the year 2005, we spent $25.2 million on capital projects, a significant portion of which was incurred in the last quarter of 2005 due to tight cash flows experienced throughout the year and delays in obtaining capital financing. Work on the Power V Project and system improvements accounted for the majority of capital expenditures during the year. Significant customer and government driven system expansions also contributed to capital expenditures. The Power V Project encompasses the Company's transmission and distribution system expansion and upgrade requirements for the next two years as well as the acquisition of a new Customer Information and Billing System, specialized equipment and new vehicle requirements.

In January 2006, the Company signed two loan agreements with the Bank of Nova Scotia for a total of US$13.2 million to assist with financing of the Power V Project over the years 2006 and 2007. Drawdowns on these loans commenced in January 2006.

Only $5.6 million in long term financing was raised during 2005 relating to the construction of the Chalillo Transmission Facility, linking the Chalillo Hydroelectric Facility to the National Electricity Grid. A total of $3 million in Series 3 debenture proceeds, $6.1 million in dividends reinvested, $20.4 million in short-term debt, coupled with a new $4 million overdraft facility and operating cash flows, helped to finance capital expenditures and meet high cost of power and other operating cash needs for the year.

Regulation

BEL is regulated under the amended 1992 Electricity Act, the Public Utilities Commission Act of 1999 and the Electricity (Tariffs, Charges and Quality of Service Standards) Bye-laws of 2005 (Tariff Bye-laws). The Company's license to generate, transmit, distribute and supply electricity in Belize expires in 2015. Under the terms of the license, the Company has the right of first refusal on any subsequent license grant.

Under the Tariff Bye-laws, the average electricity tariff is separated into three components, a fixed component to cover service delivery and provide the Company with a reasonable return on investment, a variable component that reflects the cost of electricity and a deferred cost of power recovery or rebate component.

Pursuant to the Tariff Bye-laws, the Company established a Cost of Power Rate Stabilization Account effective January 1, 2000, designed to normalize changes in the price of electricity due to fluctuating fuel costs. The Cost of Power Rate Stabilization Account stabilizes electricity rates for consumers while providing the Company with a mechanism that permits the recovery of its costs of electricity over time. At December 2005, the balance in the Cost of Power Rate Stabilization Account was $28.2 million, up from $11.7 million as at December 2004. Effective July 1, 2002 a Hurricane Cost of Power Rate Stabilization Account was established pursuant to the Tariff Bye-laws to normalize storm reconstruction costs on the consumer. At December 2005, the balance in this account was $1 million.

The Company entered its first Full Tariff Review Proceeding with the PUC for the Full Tariff Period July 1, 2005 to June 30, 2009 on March 2, 2005 as required by the Tariff Bye-laws, requesting a 14 per cent increase in tariffs inclusive of Rate Stabilization Account recoveries from customers. After various consultations required under the Tariff Bye-laws, the final tariff decision was issued on July 14 for an 11 per cent increase and became effective from July 1, 2005 to June 30, 2006. This increase took the average tariff from $0.35 per kWh to $0.39 per kWh by increasing the Cost of Power and Value Added of Delivery components of the tariff from $0.175 to $0.21 per kWh and from $0.14 to $0.162 per kWh, respectively, while reducing the Rate Stabilization Account recovery component of the average tariff from $0.034 to $0.018 per kWh. Quality of Service Standards for service reliability became effective with the July 1, 2005 tariff decision.

On December 19, 2005 revised Tariff Bye-laws were made law. These revised Tariff Bye-laws allow for interim tariff increase applications to meet rapidly increasing cost of power in a more timely manner. On December 20, 2005 BEL filed an application to the PUC for a Threshold Event Review Proceeding as provided for in Bye-law 35(1) of the Tariff Bye-laws. The PUC issued its final decision on December 31, 2005 for a 13 per cent increase in tariffs from $0.39 per kWh to $0.441 per kWh to take effect on January 1, 2006. This tariff decision increases the cost of power component of the tariff by $0.045 to $0.255 per kWh and increases the Rate Stabilization Account recovery component of the tariff by $0.006 to $0.024 per kWh. The Value Added of Delivery component of the tariff was not impacted by this tariff decision.

The Company filed its Annual Tariff Review application with the PUC for the Annual Tariff Period July 1, 2006 to June 30, 2007 in April 2006 and is awaiting the outcome of this application.

Outlook

Electricity demand for 2006 is expected to grow at approximately 6 per cent. Stabilized economic growth in the country in the areas of agricultural processing, aquaculture and tourism coupled with new residential sales derived from past system expansions is anticipated to drive sales growth. Sales growth potential also exists in new previously un-serviced loads coming onto the National Electricity Grid.

Key Events

- BEL released a Request for Proposals to meet generation additions for 2007 and 2009. Independent Power Producers selected to negotiate Power Purchase Agreements (PPA) are National Energy Limited and BECOL. BEL will continue to purchase up to 15 MW of firm power from CFE under a revised PPA commencing August 2006.

- On June 16, 2005 BEL successfully connected Farmers Light Plant Corporation Limited of Spanish Lookout to the National Electricity Grid.

- Reliability results were seriously impacted this year by acts of sabotage.

Employees working to repair a damaged pole from an act of sabotage.

- BEL received an 11 per cent tariff adjustment, effective July 1, 2005 mainly to adjust the reference cost of power to reflect increases in world oil prices. A second tariff adjustment for cost of power only, became effective January 1, 2006 after the RSA exceeded the threshold.

- BEL's Environmental Management System was audited for the first time during which positive results were recorded and opportunities for continuous improvements identified.

- BECOL commissioned the 7.3 MW Chalillo Hydroelectric Facility on September 12, 2005.

Operations

Customer Service

Fundamental to our success as a Company are our employees' efforts to continuously meet and exceed customer expectations. We were certainly tested in our pursuit of service excellence during the year but our employees' strength of character earned us proud accomplishments.

During the first half of 2005, acts of sabotage to power lines critically impacted system reliability. However, employees worked tirelessly to repair the damages and were able to minimize inconvenience to customers during this difficult period. Later in the year, linemen were trained in the use of "Live Line Rubber Glove" technique which allows them to work on energized lines with voltages up to 22,000 volts. Application of this technique staved off over 15 hours of power outages countrywide and is also complementing the Hot Stick training delivered in 2003.

In 2005, escalating world oil prices continued to weigh heavily on energy prices and for the first time in more than 20 years, we were forced to request rate increases, breaking our record of progressive rate decreases. Recognizing the challenges these increases present our customers, BEL heavily promoted energy conservation and sent practical energy saving tips to customers along with their electricity bills. These tips were complemented by radio and television airings countrywide. BEL also made these tips available on its website.

BEL's website was redesigned and brought on-line during the year. The site affords customers improved navigation and more attractive features as well as the convenience of submitting on-line service requests. It is a one-stop location for customer service and corporate information and also features real time information on power outages.

Operations

Alongside the on-line services available on BEL's website, the Company teamed up with First Caribbean International Bank and Atlantic Bank Limited to launch on-line bill pay services on the websites of those banks. BEL customers, who have accounts with these banks, are now enjoying the convenience of paying their bills on-line. This service is complementing BEL's 22 collection agents countrywide.

With these accomplishments and more, we were pleased to receive a Customer Satisfaction Rating of 83.5 per cent. This speaks well of the confidence customers place in us and we are especially grateful for their support during one of the most challenging years. Encouraged by these results, we now move forward with renewed energy and zeal in our service to Belize.

System Expansion

A major system expansion project in 2005 was the connection of Farmers Light Plant Corporation Limited of Spanish Lookout to the National Electricity Grid. This connection is allowing BEL to supply power to over 480 residents in that community and has increased energy demand by 1.5 MW. Spanish Lookout is one of Belize's largest producers of food supply and we appreciate the confidence the community has expressed in our services by connecting to the National Electricity Grid.

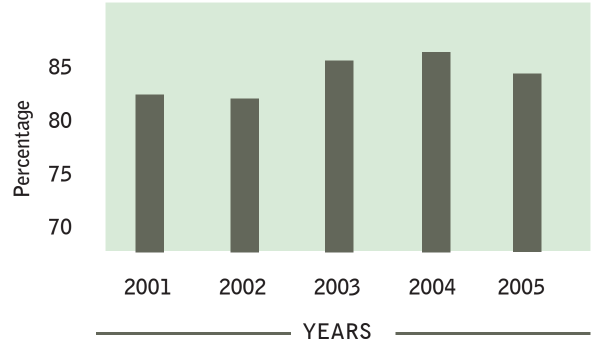
As BEL continues to expand the geographic scope of its business, the importance of improving service reliability is heightened. In 2005, BEL worked to complete several initiatives under its Power V Project, which incorporates the majority of the Company's reliability improvement plans, substation modification and process improvement projects. The design for the Southern Transmission Line upgrade to 69kV was done and construction is scheduled for early 2006. Once completed, this will reduce technical losses and improve voltage quality of power supply to southern service areas. Upgrades were also carried out on the distribution systems in San Ignacio and Ladyville and construction of the Boca Del Rio substation in San Pedro was completed.

While other initiatives were on hold due to tight cash flows, BEL plans to move ahead with these projects early in 2006.

Energy Supply

With a projected growth rate of about 6 per cent, BEL moved to secure future energy sources to meet energy demand. Negotiations continued with CFE for a new Power Purchase Agreement to take effect August 2006. BEL also released a Request for Proposals in July 2005 for generation additions in 2007 and 2009. Six proposals were received and compared with a new offer from CFE. The recommended capacity additions approved by the PUC are for 15 MW each from CFE and National Energy Limited (NEL) and 18 MW from BECOL. NEL proposes to install a thermal plant burning heavy fuel.

Customer Satisfaction Rating



> "We were pleased to receive a Customer Satisfaction Rating of 83.5 per cent. This speaks well of the confidence customers place in us and we are especially grateful for their support during one of the most challenging years."

BEL connected Spanish Lookout, one of Belize's largest producers of food supply, to the National Electricity Grid in 2005. Western Dairies, located in this community, is Belize's primary commercial producer of milk and dairy products. Pictured above is an employee sealing 1/2 gallon containers of milk before they are labeled and shipped to retailers across the country.

Operations

In the meantime, construction of the 7.3 MW Chalillo Hydroelectric Facility and its 11-mile transmission line was completed this year and on September 12, BECOL commissioned the facility. Chalillo has increased Belize's in-country capacity by 7.3 MW and this has had a positive impact on system reliability. The project has also saved consumers more than $800,000 in energy cost as of January 2006.

BECOL also initiated plans to construct the third hydroelectric facility on the Macal River in the Vaca area in response to BEL's Request For Proposals. BECOL is planning to submit the EIA report to the National Environmental Appraisal Committee early 2006 and pending approval may commence construction in early 2007.

Construction of Hydro Maya's 3.4 MW hydroelectric facility on the Rio Grande just outside of San Miguel Village in the Toledo District was delayed due to heavy rains in Southern Belize. Commissioning of the facility has been rescheduled to August 2006.

Completion of Belize Cogeneration Energy Limited's 13.5 MW plant is currently scheduled for 2008.

"Chalillo has increased Belize's in-country capacity by 7.3 MW and this has had a positive impact on system reliability. The project has also saved consumers more than $800,000 in energy cost as of January 2006."

Technology

BEL continued to leverage technology to offer customers improved service efficiency. The Company began the installation of a new Customer Information and Billing System which provides more advanced options in managing and processing customer bill information and service requests. Customers are now enjoying these benefits as this new system went live in February 2006.

BEL also continued to employ Thermoscan technology to improve service reliability. This technology allows BEL to identify and proactively address potential trouble spots on power lines to minimize unplanned outages.

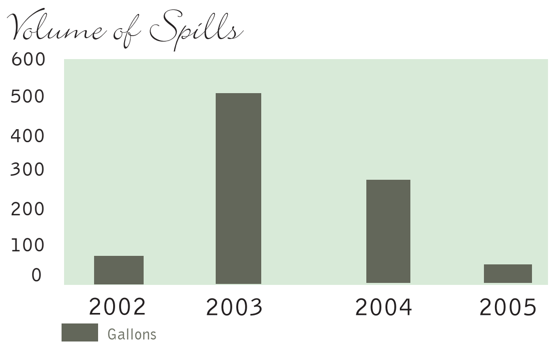
In the event of a crisis which impacts our Company's Information Systems, we must be able to maintain our service to customers. Accordingly, construction of a Disaster Recovery Center was completed which features a backup system designed to minimize downtime in the event of an emergency which threatens the Company's operations. Outfitting and equipment installation will be completed early 2006 to be ready for operations by the next hurricane season.

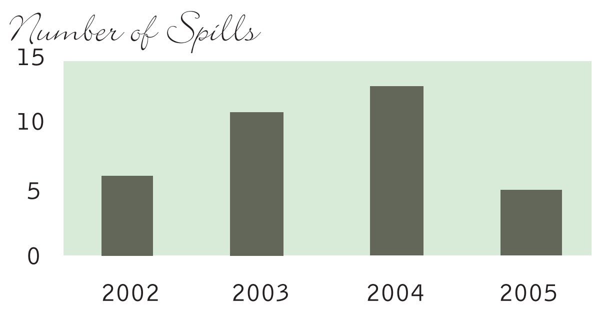
Environment

BEL aims at being a model company in all aspects of its business. One of our priorities is to meet or exceed local and international standards for environmentally sound operations. We were pleased to receive positive results from a first time external audit of our Environmental Management System (EMS). BEL introduced the EMS in 2004 in the Generation Department, as part of efforts to become ISO 14001 compliant.

Our efforts in this regard resulted in an all time low quantity and volume of fuel spills for the year. In 2005, there were only 5 spills (49 gallons) compared to 13 spills (275 gallons) in 2004.

In 2005, we broadened the scope of our EMS to include the Substation and Transport Departments and also introduced a Contractors' Environmental Policy for persons carrying out works on behalf of the Company.





Safety & Health

Our employees' wellbeing continued to be a priority and we concentrated our energy and resources on strengthening the Company's safety and health culture. Our efforts turned in another year of commendable safety performance as we reduced our all injury frequency rate and the number of vehicular accidents by 67 per cent and 12 per cent, respectively, compared to 2004. The Company is proud of these accomplishments which demonstrate the commitment of employees to safe operations.

For employees engaged in high risk operations, BEL afforded training in areas such as Fall Arrest Systems, Bucket Evacuation Escape, Electrical Safety and Work Observation Exercise. Training sessions for all other employees included Defensive Driving and First Aid/CPR & Vital Signs.

New initiatives introduced this year, included an Evacuation Preparedness Plan which aims at evacuating employees quickly in the event of an emergency, a Contractors' Safety Policy which requires these persons to adhere to BEL's safety and health standards and an Orientation Program to sensitize new employees on the importance with which BEL approaches safety and health issues.

Community Involvement

Our service to Belize goes beyond providing electrical services. BEL invests heavily in community programs and initiatives, which help to improve the communities we serve.

In 2005, BEL selected an additional eight awardees for the Company's 5th Annual University of Belize Scholarship Program. Students benefiting from the Company's scholarship program continue to earn notable accomplishments and a 2005 UB graduate and BEL scholarship recipient, Lydia Guerra, achieved the highest overall Grade Point Average in the entire Bachelor Degree program. BEL is proud of these students' accomplishments and looks forward to providing more Belizean students with opportunities to advance their studies.

BEL also donated a computer to the National Drug Abuse Control Council (NDACC). We presented the computer to the first place winner of NDACC's 10th Annual National Drug Education Quiz, Jaceuline Sabal, which took place in June.

Alongside education, we also focused on playing our role in the fight against crime and partnered with Rotary International and Crime Stoppers Belize. BEL's sponsorship is helping to pay rewards to persons who provide law enforcement authorities with information on criminal activities which lead to an arrest and possible conviction.

Employees are passionate about ensuring that the Company makes a positive impact on the community. In August, a group of employees volunteered their time to paint the buildings of Buttonwood Bay Nazarene Primary School which is located just behind BEL's headquarters. The Company supported the initiative by contributing painting supplies.

During the Easter holidays, employees again turned out in healthy numbers to host an Easter Basket Drive in Punta Gorda. During the event, over 50 deserving primary school age children received Easter baskets filled with goodies and were treated to entertainment by the BEL Easter Bunny. Employees carried out a similar initiative during the Christmas holidays by raising funds to provide deserving families with Christmas hampers. On Christmas morning a convoy of employees also delivered warm breakfast and toys to children of these families.

In sports, BEL sponsored the Megabytes Cycling Team, the La Ruta Maya River Challenge Organization and the Company renewed its sponsorship of the defending champions in the National Softball competition, the BEL Rookies.

BELIZE ELECTRICITY LIMITED
INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS

YEARS ENDED
DECEMBER 31,

2005 & 2004

Contents

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Belize Electricity Limited:

We have audited the accompanying balance sheets of Belize Electricity Limited as of December 31, 2005 and 2004 and the related statement of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Belize Electricity Limited as of December 31, 2005 and 2004, the results of its operations and retained earnings and its cash flows for the years then ended in conformity with Canadian generally accepted accounting principles.

Deloitte & Touche

January 26, 2006

BALANCE SHEET

DECEMBER 31, 2005 AND 2004

(In Belize thousands of dollars)

	2005	2004
ASSETS		
CURRENT ASSETS		
Cash and short term investments	$ -	$ -
Accounts receivable (Notes 1g and 2)	11,160	11,844
Current portion of Rate Stabilization Account (Note 1b)	8,604	10,579
Inventories (Notes 1f and 4)	8,120	8,198
Prepayments (Note 3)	1,707	594
	29,591	31,215
PROPERTY, PLANT AND EQUIPMENT - net (Notes 1e and 5)	322,163	310,536
RATE STABILIZATION ACCOUNT (Note 1b)	20,601	3,250
TRANSMISSION RIGHTS (Note 1m)	1,268	1,413
GOODWILL (Note 1h)	50	58
	344,082	315,257
TOTAL	$ 373,673	$ 346,472
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Bank overdraft (Note 6)	$ 7,411	$ 4,667
Accounts payable and accruals (Note 7)	24,064	24,327
Current portion of long-term debt (Note 9)	19,110	18,215
Short-term debt (Note 11)	11,747	-
Corporate tax payable (Note 14)	189	121
	62,521	47,330
LONG-TERM LIABILITIES		
LONG-TERM DEBT (Note 9)	75,276	89,576
DEBENTURES (Note 10)	56,016	53,062
	131,292	142,638
CONSUMER DEPOSITS	6,329	5,742
SHAREHOLDERS' EQUITY		
Ordinary shares (Note 12)	66,413	61,974
Additional paid in capital (Note 12)	4,299	2,634
Capital contributions (Note 1l and 16)	18,809	14,666
Insurance reserve (Note 17)	5,000	5,000
Retained earnings	79,010	66,488
	173,531	150,762
TOTAL	$ 373,673	$ 346,472

Chairman

President, and Chief Executive Officer/
Director

See accompanying notes to financial statements.

STATEMENT OF INCOME AND RETAINED EARNINGS

YEARS ENDED DECEMBER 31, 2005 AND 2004

(In Belize thousands of dollars)

	2005	2004
ELECTRICITY REVENUES (Note 1c)	$ 120,540	$ 105,512
COST OF WHOLESALE POWER	(67,573)	(57,746)
	52,967	47,766
OTHER REVENUE	4,821	4,655
OPERATING EXPENSES	(17,700)	(16,895)
DEPRECIATION AND AMORTIZATION	(9,815)	(9,670)
FINANCE CHARGES (Note 9)	(9,920)	(8,146)
GAIN (LOSS) ON FOREIGN EXCHANGE (Notes 1d and 9)	617	(384)
NET EARNINGS BEFORE TAXES	20,970	17,326
CORPORATE TAX (Notes 1k and 14)	(2,087)	(1,504)
EARNINGS APPLICABLE TO SHAREHOLDERS	$ 18,883	$ 15,822
EARNINGS PER SHARE (Notes 1i and 15)	$ 0.59	$ 0.53
RETAINED EARNINGS, BEGINNING OF YEAR	$ 66,488	$ 56,728
Net Income	18,883	15,822
Dividends	(6,361)	(5,937)
Insurance Reserve (Note 17)	-	(125)
RETAINED EARNINGS, END OF YEAR	$ 79,010	$ 66,488

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2005 AND 2004

(In Belize thousands of dollars)

	2005	2004
CASH FROM OPERATIONS:		
NET INCOME	**$ 18,883**	$ 15,822
ITEMS NOT AFFECTING CASH:		
DEPRECIATION AND AMORTIZATION (NET)	**9,815**	9,670
EXCHANGE (GAIN) LOSS ON LONG-TERM DEBT	**(617)**	384
CHANGE IN NON-CASH WORKING CAPITAL	**(11,420)**	8,798
	16,661	34,674
CASH USED IN INVESTING:		
ACQUISITION OF PLANT AND EQUIPMENT	**(25,203)**	(25,512)
	(25,203)	(25,512)
CASH FROM (USED IN) FINANCING:		
PROCEEDS FROM BANK OVERDRAFT	**2,744**	4,667
PROCEEDS FROM NEW LOANS	**5,600**	2,747
PROCEEDS FROM SHORT-TERM LOANS	**20,375**	-
PAYMENT OF SHORT/LONG-TERM DEBT	**(27,016)**	(23,994)
PROCEEDS FROM SALE OF COMMON SHARES	**6,104**	5,665
CAPITAL CONTRIBUTION	**4,142**	(163)
PROCEEDS FROM SALE OF DEBENTURES	**3,015**	3,785
DIVIDENDS PAID	**(6,361)**	(5,937)
DEBENTURES REDEEMED	**(61)**	(69)
	8,542	(13,299)
NET DECREASE IN CASH AND SHORT-TERM INVESTMENTS	**-**	(4,137)
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	**-**	4,137
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	**$ -**	$ -
ITEMS PAID BY CASH:		
Interest	**$ (15,114)**	$ (15,817)
Taxes	**$ (2,019)**	$ (1,495)

See accompanying notes to financial statements.

(In Belize thousands of dollars)

1 STATUS AND SIGNIFICANT ACCOUNTING POLICIES

Status - Belize Electricity Limited (the "Company") is a public company incorporated in Belize on October 5, 1992 to carry on the business of generating and supplying electricity to the public. The Company's major Shareholders are Fortis Inc. and the Belize Social Security Board.

Significant Accounting Policies / Regulations – Accounting policies conform to Canadian generally accepted accounting principles and to accounting requirements established from time to time by the Public Utilities Commission of Belize (PUC). In order to comply with regulatory requirements, the Company follows accounting practices prescribed by the PUC. Accordingly, the timing of recognition of certain revenues and expenses may differ from that otherwise expected under Canadian generally accepted accounting principles applicable to non-regulated operations.

a. Regulation - The PUC is authorized under the Public Utilities Commission Act to serve as the regulator for the electricity sector in Belize. The primary duty of the PUC is to ensure that the services rendered by the Company are satisfactory and that the charges imposed in respect of those services are fair and reasonable. The PUC has the power to oversee the rates that may be charged in respect of utility services and the standards that must be maintained in relation to such services. In addition, the PUC is responsible for the award of licenses and for monitoring and enforcing compliance with license conditions.

Basic electricity rates of the Company are comprised of three components. The first component is Value Added of Delivery (VAD), the second is cost of fuel and purchase power (COP), including the variable cost of generation, which is a flow through in customer rates and the third is the deferred cost of power recovery/rebate component. The VAD component of the tariff allows the Company to recover its operating expenses, transmission and distribution expenses, taxes and depreciation, and rate of return on regulated asset base, in the range of 10 per cent to 15 per cent. The Company undergoes annual rate proceedings and full rate proceedings, every 4 years, with the PUC that determine the level of VAD and COP component of electricity rates and any Rate Stabilization Account (RSA) recovery. The VAD component of the tariff is normally only reviewed every four years while the COP component and RSA recovery are reviewed at each annual rate proceeding and at Threshold Event Review Proceedings that can occur at any time that deferrals of cost of power into the RSA exceed a threshold level.

b. Rate Stabilization Account – The Electricity (Tariffs, Charges and Quality of Service Standards) Bye-laws established by the PUC include a rate stabilization mechanism, which permits the Company to recover from customers charges that are deferred to a Cost of Power Rate Stabilization Account (CPRSA) and a Hurricane Cost Rate Stabilization Account (HCRSA). The rate of recovery is recalculated on July 1 of each year based on the balance in the CPRSA and HCRSA as of the preceding year-end but may be adjusted at any time as a result of a threshold event. In the absence of this mechanism, these costs would not be deferred but would be recorded in the income statement in the period in which they were incurred.

On July 1 of each year, the rate charged to customers is recalculated to reflect changes in the account from year to year. This regulatory asset is classified under other assets. In 2005, $25.9 million (2004 - $12.9 million) was deferred to this account and $10.6 million (2004 - $12.7 million) was recovered from customers during the year.

A $3,000,000 threshold level for the CPRSA was established with effect from July 1, 2005 which could result in additional tariff adjustments during a calendar year should the cost of power increase beyond this threshold level (See Note 17).

c. Sale of Electricity - Sale of electricity is recognized on a twelve-month basis of meter readings taken during the financial year. Revenue in respect of unread consumption of electricity at December 31 is included in income of the subsequent financial year on a consistent basis.

Non-regulated operations under Canadian generally accepted accounting principles generally recognize revenue on an accrual basis. Revenue for 2005 includes an estimated $6 million (2004 - $5.8 million) billed to customers in 2005 for electricity provided for in December of 2004. An estimated $7.1 million (2004 - $6 million) in electricity sales was provided in December of 2005, but billed and recorded as revenue in 2006.

d. Foreign Currency Translation and Exchange Gains and Losses - Foreign currency transactions are converted at the rate prevailing on the transaction date. Foreign currency balances at year-end are converted at the rates of exchange at that date with realized and unrealized exchange gains and losses included in net income (See Note 9).

e. Property, Plant and Equipment and Depreciation - Property, plant and equipment are carried at cost and, with the exception of land and assets under construction, are depreciated under the straight line basis over their estimated useful lives which, for the major classes of assets, are as follows:

Buildings	20 - 40 years
Plant, machinery and equipment	5 - 40 years

Maintenance and repairs are expensed as incurred. Expenditures, which significantly increase value or extend useful asset life, are capitalized. The Company has adopted the composite depreciation policy consistent with North American industry practice whereby the cost of plant and equipment retired, less salvage value, is charged to accumulated depreciation.

(In Belize thousands of dollars)

1 STATUS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On construction projects, interest at varying rates is capitalized and included as a cost in the appropriate property accounts (See Note 9).

Capital expenditures includes General Expenses Capitalized (GEC) which are overhead costs not directly attributable to specific capital assets but relate to the Company's overall capital program. In 2005, GEC totaled $3.7 million (2004 - $3.3 million).

f. Inventories - Inventories are valued at the lower of average cost and net realizable value. Full provision is made against materials specifically identified as damaged or obsolete.

g. Provision for Doubtful Debts - Full provision is made in respect of disconnected consumer accounts after application of consumer security deposits, and a 3% general provision is made against active accounts net of deposits.

h. Goodwill – Goodwill represents excess of cost over net assets acquired when the Company was privatized in 1993. Permanent impairments in the value of the goodwill are written off against earnings.

i. Earnings per Share - Earnings per share is calculated by dividing net income applicable to ordinary shares by the weighted average number of ordinary shares outstanding during the year.

j. Installation Fees - Installation fees are consistently credited to income in respect of installations carried out by the Company.

k. Corporate Tax / Business Tax – The Company records corporate tax as paid in the year. Deferred income tax does not arise from the recording of corporate tax (See Note 14).

l. Capital Contributions - Contributed assets are recorded as capital contributions and amortized over the useful life of the related asset (See Note 16).

m. Transmission Rights - Transmission rights represent the cost of transmission lines and substation extensions constructed across the Mexican border and used by the Company in purchasing energy from Mexico. The transmission rights are amortized over the 15-year life of the power purchase contract, which commenced in 1998.

n. Pension Costs - A defined contribution plan is in effect for management and non-management staff. Pension costs are determined based on the defined contributions to the plan that are funded by the Company. The scheme is administered by a separate Board of Trustees and the funds are held separately from those of the Company. Pension expense for the scheme amounted to $659,097 in 2005 ($630,634 in 2004).

o. Use of Accounting Estimates – The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

2 ACCOUNTS RECEIVABLE

	2005	2004
Consumers	**$ 8,682**	$ 7,774
Government of Belize (GOB)	**1,557**	3,149
Other	**1,896**	1,600
	12,135	12,523
Less: provision for doubtful accounts	**(975)**	(679)
	$ 11,160	$ 11,844

3 PREPAYMENTS

	2005	2004
Insurance	**$ 615**	$ 449
Other deferred charges	**1,092**	145
	$ 1,707	$ 594

(In Belize thousands of dollars)

4 INVENTORIES

	2005	2004
Bulkstores	**$ 6,318**	$ 6,664
Fuel and oil	**1,824**	1,556
	8,142	8,220
Less: provision for damaged and obsolete spares	**(22)**	(22)
	$ 8,120	$ 8,198

5 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Plant, machinery and equipment	Assets Under Construction	Total
Cost				
January 1, 2005	$ 16,404	$ 310,717	$ 28,437	$ 355,558
Additions	-	5,640	19,562	25,202
Transfers	66	25,080	(25,146)	-
Disposals	-	(3,264)	(903)	(4,167)
December 31, 2005	16,470	338,173	21,950	376,593
Accumulated Depreciation				
January 1, 2005	3,586	41,436	-	45,022
Additions	380	12,247	-	12,627
Disposals	-	(3,219)	-	(3,219)
December 31, 2005	3,966	50,464	-	54,430
Net Book Value December 31, 2005	**$ 12,504**	**$ 287,709**	**$ 21,950**	**$ 322,163**
December 31, 2004	$ 12,818	$ 269,281	$ 28,437	$ 310,536

Depreciation expense shown in the statement of income for 2005 is reduced by $2,963,976 ($2,127,601 – 2004) representing amortization of capital contribution and other depreciation expense recoveries.

(In Belize thousands of dollars)

6 BANK OVERDRAFT

The Company has a $1,000,000, a $5,100,000 and a $4,000,000 overdraft facility with the Belize Bank Limited, the Bank of Nova Scotia and First Caribbean International Bank, respectively. The overdrafts bear annual interest of 14%, 14.5% and 11.5% respectively, are unsecured, and are payable on demand.

7 ACCOUNTS PAYABLE AND ACCRUALS

	2005	2004
Trade payables	$ 12,940	$ 17,955
Government of Belize	1,501	1,475
Accrued interest	1,633	1,338
Other	7,990	3,559
	$ 24,064	$ 24,327

8 RELATED PARTY TRANSACTIONS

	2005	2004
Due from Related Parties:		
Belize Electric Company Limited (BECOL)	$ 532	$ -
Fortis Inc.	293	557
	$ 825	$ 557
Due to Related Parties:		
Belize Electric Company Limited		
Transmission Facility Loans	$ 26,142	$ 23,322
Power Purchases	1,238	2,894
Fortis Energy (Bermuda) Limited	13,000	-
Fortis Inc.	1,749	626
	$ 42,129	$ 26,842

During the year ended December 31, 2005, the following transactions were recorded with related parties:

	Fortis Energy (Bermuda) Limited	BECOL	Fortis Inc.
Energy Purchases	$ -	$ 13,776	$ -
Debt Servicing	13,000	1,048	-
Miscellaneous reimbursable expenses:			
Intercompany invoicing to BEL	-	51	1,215
BEL invoicing to intercompany	-	3,099	859

(In Belize thousands of dollars)

9 LONG - TERM DEBT

	2005	2004
(1) Government of Belize:		
a. Loan No. 37/SFR – BZ: Unsecured loan of US$3,067,234 from the Caribbean Development Bank for onlending to the Company, approved as part of a power project. Repayment is by 60 equal quarterly installments, which commenced March 31, 1993. The loan bears interest at 8.5%.	**$ 923**	$ 1,231
b. Loan No. 3776A/S BEL: Unsecured loan of US$11,400,000 from the International Bank for Reconstruction and Development (IBRD) for onlending to the Company, approved as part of the Power II Project. Repayment is by 23 equal semi-annual installments of US$480,000, which commenced February 15, 2000, and a final installment of US$460,000 on August 15, 2011. Interest is 0.5% per annum above the Bank's "Cost of Qualified Borrowings" as defined in the loan agreement. The effective rate of interest as of December 31, 2005 is 5.46% (December 31, 2004 – 5.31%) per annum.	**10,624**	13,012
c. Loan No. 7.0971/2: Unsecured loan of EURO 3,700,000 from the European Investment Bank for onlending to the Company, approved as part of the Power II Project. Repayment is by 15 annual installments, which commenced May 31, 2000. The loan bears interest at 5% per annum.	**5,487**	6,662
d. Loan No. 14/OR-BZ : Unsecured loan of US$12,706,210 from the Caribbean Development Bank for onlending to the Company, approved as part of the Power II Project. Repayment is by 60 quarterly installments of US$193,935 and CDN$39,318, which commenced February 5, 2000. The loan bears interest at 5.50% per annum.	**16,995**	18,215
(2) Bank of Nova Scotia: Standby unsecured non-revolving loan of US$2,500,000 for payment of uninsured hurricane related expenses. Principal is repayable by quarterly payments beginning December 31, 2001 and ending September 30, 2006. The loan bears interest at 6.75% per annum.	**762**	2,012
(3) Caterpillar Financial Services Corporation: Loans of US$832,883 and US$416,454 granted through promissory notes for the purchase of three Caterpillar generators. Principal is repayable in sixteen quarterly installments of US$52,055 and US$26,028 commencing on November 2000 and April 2001 and ending on August 2004 and January 2005. Interest is payable at 3 month LIBOR plus 2.75%. The related assets secure the notes.	**-**	57
(4) M & T Bank (formerly Allfirst Bank): Loan of US$4,892,512 guaranteed by the Export-Import Bank of the United States for the purchase of electricity distribution, substation and transmission equipment. Principal is repayable in 10 semi-annual installments beginning April 15, 2002 and ending October 15, 2006. Interest is payable at 4.95% per annum.	**1,925**	3,884

(In Belize thousands of dollars)

9 LONG - TERM DEBT (CONTINUED)

		2005	2004
(5)	**Belize Electric Company Limited (BECOL):**		
	a. Mollejon Transmission Facility Loan: Unsecured loan of US$14,896,212 granted April 1, 2001 for purchase of the unamortized cost of the Mollejon Transmission Facilities. The loan is repayable in monthly installments inclusive of interest over 10 years commencing November 1, 2001 and bears interest at 10% per annum.	**$ 20,597**	$ 23,322
	b. Chalillo Transmission Facility Loan: Unsecured loan of US$2,800,000 granted on October 31, 2005 for construction of the Chalillo Transmission Facilities. The loan is repayable in monthly installments inclusive of interest over 10 years commencing November 30, 2005 and bears interest at 12% per annum.	**5,545**	-
(6)	**RBTT Merchant Bank Limited:** Loan facility granted on October 1, 2002 for US$14,031,358 to finance the Gas Turbine Generator Project. The loan is comprised of two tranches – Tranche A for US$9,003,087 repayable in 14 semi-annual installments commencing October 2003 at 5.75% interest per annum and Tranche B for US$5,028,271 repayable in 18 semi-annual installments commencing October 2003 at 8.15% per annum. The loan is secured by a debenture over the assets comprising the project.	**18,911**	22,605
(7)	**Toronto-Dominion Bank:** Loan of US$5,435,671 guaranteed by the Export-Import Bank of the United States for the purchase of electricity distribution, substation and transmission equipment. The loan is repayable in 10 semi-annual installments commencing October 20, 2004. Interest is payable at 5.75% per annum.	**7,617**	9,791
(8)	**First Caribbean International Bank:** Secured loan of BZ$10,000,000 granted on March 26, 2003. Repayment is by 10 equal semi-annual installments with the final installment due February 28, 2008. The loan bears interest at 11.5% per annum. The loan is secured by an equitable mortgage on two of the Company's Freehold properties in Belize City.	**5,000**	7,000
		94,386	107,791
	Less: Current installments	**(19,110)**	(18,215)
		$ 75,276	$ 89,576

The loans are repayable as follows:

2006	**19,110**
2007	**16,288**
2008	**15,253**
2009	**13,558**
2010	**11,664**
Subsequently	**18,513**
	94,386

(In Belize thousands of dollars)

9 LONG - TERM DEBT (CONTINUED)

Loan No. 7.0971/2 is denominated in Euro and a portion of CDB Loan No. 14/OR-BZ is denominated in Canadian dollars. For the year 2005, $616,977 ($383,893 - 2004) in foreign exchange gains (losses - 2004) has been recorded based on periodic revaluations of the loans.

Interest and related charges on loans capitalized during the year ended December 31, 2005 relating to capital expansion projects amounted to BZ $1,450,884 ($3,413,147 - 2004).

Finance Charges

	2005	2004
Interest - long term debt	$ 9,183	$ 9,206
Interest - other	6,454	6,033
Interest on CPRSA and HCRSA and other interest recoveries	(4,266)	(3,680)
Interest capitalized	(1,451)	(3,413)
	$ 9,920	$ 8,146

10 DEBENTURES

	2005	2004
Series I:	$ 17,005	$ 17,013
12,532 unsecured debentures of $76 each and 160,520 unsecured debentures of $100 each (12,623 of $76 and 160,537 of $100 - 2004) to mature December 31, 2012 with interest payable quarterly at 12% per annum.		
Series II:	19,444	19,478
194,444 unsecured debentures of $100 each (194,784 - 2004) to mature March 31, 2021 with interest payable quarterly at 9.5% per annum.		
Series III:	19,567	16,571
195,672 unsecured debentures of $100 each (165,706 - 2004) to mature July 31, 2022 with interest payable quarterly at 10% per annum.		
	$ 56,016	$ 53,062

The Series I debentures can be called by the Company at any time after June 30, 2003 until maturity by giving holders not more than 60 days or not less than 30 days written notice, and are repayable at the option of the holders at any time on or after June 30, 2002 by giving 12 months written notice to the Company. Redemption by agreement between the Company and the Debenture holder at any time is also allowed.

The Series II debentures can be called by the Company at any time after April 30, 2008 until maturity by giving holders not more than 60 days or not less than 30 days written notice, and are repayable at the option of the holders at any time on or after April 30, 2008 after giving 12 months written notice to the Company. Redemption by agreement between the Company and the Debenture holder at any time is also allowed.

(In Belize thousands of dollars)

10 DEBENTURES (CONTINUED)

The Series III debentures can be called by the Company at any time after August 31, 2009 until maturity by giving holders not more than 60 days or not less than 30 days written notice, and are repayable at the option of the holders at any time on or after August 31, 2009 after giving 12 months written notice to the Company. Redemption by agreement between the Company and the Debenture holder at any time is also allowed.

The Indentures to the Debentures contain covenants, which must be complied with by the Company. In the event of a default as defined in the Indentures, the Company through the Fiscal Agent or via a Trustee appointed by the Debenture holders may be required to purchase the Debentures at their face value.

Effective September 30, 2003, a Debenture Interest Reinvestment Plan was introduced allowing debenture holders to reinvest their interest on their debentures in additional debentures.

11 SHORT-TERM DEBT

	2005	2004
(1) **Fortis Energy (Bermuda) Limited:** Unsecured revolving credit facility of US$5,000,000 obtained on June 30, 2005 and payable on July 1, 2006. Interest is payable at 15% per annum.	**$ 10,000**	$ -
(2) **Citrus Products of Belize Limited:** Unsecured promissory note payable to Citrus Products of Belize Ltd for BZ $5,200,000 payable in equal monthly installments of $1,726,400 and a final payment of $1,747,200 due January 15, 2006. Interest is payable at 12% per annum.	**1,747**	-
	$ 11,747	$ -

12 SHARE CAPITAL

	2005	2004
Ordinary shares:		
Authorized 38,000,000 shares of $2.00 each	**$ 76,000**	$ 76,000
Issued and fully paid 33,206,532 (30,986,929 – 2004) shares of $2.00 each	**$ 66,413**	$ 61,974

In March 2003, the Company implemented a Dividend Reinvestment Program allowing Shareholders to reinvest their dividends into additional ordinary shares of the Company at $2.75 per share. The excess $0.75 per share over par value is recorded as Additional paid in capital.

Convertible redeemable preference shares:		
Authorized 12,000,000 shares of $2.00 each	**$ 24,000**	$ 24,000

On June 8, 2001, all outstanding preference shares were converted to ordinary shares under the provisions of Article 4(A) of the Companies Memorandum and Articles of Association.

(In Belize thousands of dollars)

13 SPECIAL SHARE

Special rights redeemable preference share:

Authorized, issued and fully paid 1 share of $1.00.

Rights attached to the Special Share:

Income – The Special Share is not entitled to participate in any income distributed by the Company.

Voting – The holder of the Special Share is entitled to receive notice of, and to attend and speak at, any general meeting or any meeting of any class of Shareholders of the Company, but the Special Share does not carry a right to vote or any other rights at any such meeting.

Redemption - The holder of the Special Share may require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate to the Company. Any redemption is subject to the provisions of the statutes and the Articles of the Company.

Capital – The Special Share confers on the holder thereof the right, on a winding-up or other return of capital but not on a redemption, to repayment in priority to any payment to the holders of Ordinary Shares and at least in parity with the holders of the Preference Shares and the holders of any other preference shares of the Company from time to time, of the amount paid up on the Special Share.

Purchase and transfer – The Company shall not purchase, but may redeem the Special Share. The Special Share may be transferred only to a Minister of the Government of Belize or any person acting on the written authority of the Government of Belize.

Right to appoint Chairman – Article 4(B) of The Articles of Association of the Company states that "when determining the rights attaching to any shares, the shares held by the Government of Belize shall be deemed to include shares held by the Social Security Board or any other Public Statutory Corporation." The holder of the Special Share is entitled to appoint two directors to the Board of Directors of the Company, one of whom is to serve as the chairman at any time during which the holder of the Special Share is the holder of Ordinary Shares amounting to 25% or more of the issued share capital of the Company.

14 CORPORATE TAX

The Company pays tax under the Income and Business Tax Act of Belize. Income tax is charged at the rate of 25% but is capped at 1.75% of gross revenues as of March 1, 2005 (1.25% - 2004).

15 EARNINGS PER SHARE

	2005	2004
Net income applicable to Shareholders	**$ 18,883**	$ 15,822
Shares outstanding (Weighted Average)	**31,989,261**	30,029,393
Earnings per share	**$ 0.59**	$ 0.53

(In Belize thousands of dollars)

16 CAPITAL CONTRIBUTIONS

Capital contributions account includes Government of Belize contributions towards rural electrification programs and other similar contributions.

	2005	2004
Capital contributions brought forward	$ 19,324	$ 19,098
Additions	4,621	226
Capital contributions carried forward	23,945	19,324
Amortization brought forward	4,658	4,269
Additions	478	389
Amortization carried forward	5,136	4,658
Capital contributions – net	$ 18,809	$ 14,666

17 COMMITMENTS AND CONTINGENCIES

Compliance with Covenants - The Indenture to the Debentures and other loan agreements contain numerous covenants that must be complied with by the Company. During the year ended December 31, 2005, the Company was in compliance with these covenants except for (1) deposits to the electricity special fund account covenant for Caribbean Development Bank Loan No. 37/SFR-BZ; and (2) Bank of Nova Scotia, IBRD and Caribbean Development Bank debt service coverage ratio loan covenant. IBRD and Bank of Nova Scotia have waived the noncompliance with this covenant for 2005. Discussions with CDB are ongoing with a view to cure and or amend the covenants. The Company's management does not believe these expose the Company to any undue increase in credit risk.

The insurance coverage of the Company's transmission and distribution assets was discontinued in fiscal 1994 due to a limitation in the availability and a significant increase in the cost of this insurance. In fiscal 1995, the Company approved a self-insurance plan for transmission and distribution assets for a total of $5,000,000 and earmarked $500,000 of retained earnings per annum to be set aside for this plan. As at December 31, 2004, BZ$5,000,000 of retained earnings has been appropriated. The last draw down from a stand-by unsecured non-revolving line of credit of US$2,500,000 forming part of this self-insurance plan was made on January 2002 for Hurricane Iris rehabilitation purposes. Commencement of quarterly repayment began on December 31, 2001 and a total of US$2,125,000 has been repaid. The Company is currently negotiating with the Bank to reestablish the line of credit.

Rate Stabilization Account – As a result of Bye-laws set out by the PUC governing the determination of electricity tariffs, charges and quality of service standards, the Company is allowed to defer excess costs of fuel, power purchases, and diesel operating and maintenance expenses, plus interest on the account balances, to be recovered from or rebated to customers over four years.

An account known as the CPRSA was established to regulate the manner in which these excess costs of power and changes in the CPRSA are passed on to customers. The Cost of Power component in $/kWh is $0.175 to June 30, 2005 and $0.21 from the period July 1, 2005 to December 31, 2005. Excess Cost of Power and interest for the period January 1, 2005 to December 31, 2005 amounted to $25,784,522 (2004 - $12,620,540), while $9,309,732 (2004 - $11,057,189) was recovered during the same period as allowed by the PUC. A new $3,000,000 threshold level was established for the CPRSA with effect from July 1, 2005 that allows for adjustments to the tariff once new deferrals to the CPRSA reach this level. Adjustments to the tariff as a result of a "Threshold Event" may include adjustments to the CWP component of the tariff and additional CPRSA recovery surcharges.

17 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Effective July 1, 2002, the PUC also approved a Hurricane Cost Rate Stabilization Account (HCRSA) to regulate the manner in which extraordinary expenses associated with hurricane damage and recovery are passed on to the customers. During 2005, $170,736 (2004 - $325,858) was deferred to this account. During the period January 1, 2005 to December 31, 2005, a total of $1,269,549 (2004 - $1,637,796) was recovered as allowed by the PUC.

The PUC regulates the recovery of the balance in the CPRSA and the HCRSA. The outstanding balance at July 1, 2005 was approved for full recovery by June 30, 2009. PUC will address subsequent balances in future annual rate submissions or threshold events, and recovery will be dependent on future operational circumstances that cannot be determined at this time.

Summary of Contractual Obligations:
(In Belize millions of dollars)

	Total	2006	2007 to 2010
Long-term debt	75.8	19.1	56.7
Short-term debt	11.7	11.7	-
Operating leases (rent)	0.7	0.1	0.6
Purchase obligations – energy only (BECOL)	144.7	27.4	117.3
Interest obligations on LTD and Capital leases	23.4	7.2	16.2
Total Obligations	256.3	65.5	190.8

18 FINANCIAL INSTRUMENTS

Fair Value: The carrying amounts of cash, receivables, trade, other payables and short-term debt at the balance sheet date represent best estimates of fair values because of the relative short-term maturities of these assets and liabilities. Long-term obligations were contracted at market terms. Due to the unavailability of a long term market in the country current fair values of long term obligations are not determinable.

Credit Risk: The Company has a large and diversified customer base, which minimizes the concentration of this risk. The Company's credit risk is concentrated as follows:

Government of Belize	23%
Residential customers	43%
Commercial customers	30%
Industrial customers	4%

19 SUBSEQUENT EVENTS

On December 19, 2005 revised Tariff Bye-laws were made law. These revised Bye-laws allow for interim tariff increase applications to meet rapidly increasing cost of power in a more timely manner. On December 20, 2005 BEL filed an application to the PUC for a Threshold Event Review Proceeding (TERP) as provided for in the Bye-laws, which is a review mechanism established to provide for the recovery of excess cost of power outside of the normal review proceedings. The PUC issued its final decision on December 31, 2005 for a 13 per cent increase in average tariffs to take effect on January 1, 2006.

In January 2006, the Company signed two loan agreements with the Bank of Nova Scotia for a total of US$13.2 million to assist financing capital expenditures of the Company for the next two years.

FINANCIAL AND OPERATING STATISTICS

	Calendar Years Ended December 31						Fiscal Years Ended March 31			
	2005	2004	2003	2002	2001	2000	1999/2000	1998/1999	1997/1998	1996/1997
FINANCIAL STATISTICS										
(Financial Figures in Belize thousands of dollars)										
Energy Revenues	120,540	105,512	101,420	96,017	90,799	81,451	73,796	66,807	61,999	59,906
Net Profit	18,883	15,822	14,079	13,045	12,061	10,728	10,045	8,054	3,203	3,165
Net Fixed Assets	322,163	310,536	296,609	252,658	238,070	208,822	193,916	184,878	153,362	124,179
Capital Expenditures	25,203	25,512	53,964	29,095	39,029	29,754	16,703	37,700	32,594	10,475
Total Assets	373,673	346,472	338,120	297,518	276,954	244,428	224,327	210,805	179,891	150,577
Long Term Debt	75,276	89,576	107,465	88,394	88,406	56,463	56,273	60,278	44,377	30,046
Shareholders' Equity (excluding Contributed Capital)	154,721	136,096	120,546	108,040	100,490	93,055	90,367	66,252	60,010	56,807
Debentures	56,016	53,062	49,346	38,394	36,615	17,100	17,160	26,810	12,766	12,766
Performance Indicators										
Rate of Return on Net Fixed Assets in Operation	10.50%	9.51%	10.74%	11.14%	11.28%	10.48%	14.56%	15.31%	8.57%	8.70%
Rate of Return on Shareholders' Equity	12.99%	12.33%	12.32%	12.51%	12.46%	11.88%	12.83%	12.76%	5.48%	5.73%
Earnings per share ($)	0.59	0.53	0.50	0.47	0.44	0.39	0.45	0.44	0.18	0.17
OPERATING STATISTICS										
Sales (MWh)										
Industrial & Commercial	123,701	116,075	109,075	98,509	117,828	110,193	110,973	92,926	82,070	76,578
Residential	202,419	189,498	175,817	159,229[1]	119,144	102,832	84,010	80,779	77,672	70,916
Street Lighting	23,606	24,404	22,661	21,208	19,743	16,327	13,547	13,026	12,525	12,044
Total	349,726	329,977	307,553	278,946	256,715	229,352	208,530	186,731	172,267	159,538
Customers (numbers)										
Industrial & Commercial	593	536	531	452	483	518[1]	7,855	6,093	5,611	5,159
Residential	68,041	65,544	62,544	59,362	56,599	52,632	43,892	42,735	40,553	38,553
Street Lighting	1	1	1	1	1	1	1	1	1	1
Total	68,635	66,081	63,076	59,815	57,083	53,151	51,748	48,829	46,165	43,713
Net Generation (MWh)										
Net Diesel Generation	81,553	78,850	97,889	46,491	43,367	41,171	60,134	103,381	96,916	88,108
Purchased Power - BECOL	68,275	63,215	61,154	88,243	91,374	93,615	67,809	67,985	72,028	62,375
Purchased Power - CFE	253,995	235,796	188,714	180,510	158,634	126,807	107,039	41,560	28,791	25,988
Total	403,823	377,861	347,757	315,244	293,375	261,593	234,982	212,926	197,735	176,471
Other										
Losses	13.4%	12.7%	11.5%	11.5%	12.5%	12.3%	11.3%	12.3%	12.9%	9.6%
Peak Demand (MW)	63.5	61.1	57.4	53.7	49.3	44.5	42.8	38.0	36.6	31.3
Installed Capacity (Diesel Plant)(MW)	43.5	43.6	49.3	27	27	26.3	30.8	31.3	37.8	38.8
Employees (number)	244	248	242	237	244	296	379	357	358	426

[1] Adjusted to reflect reclassification of certain Commercial Customers to Residential.

Certain comparative figures have been reclassified to confirm with the current year's presentation.

CORPORATE DIRECTORY / INVESTOR INFORMATION

DIRECTORS
Robert Usher (Chairman)
H. Stanley Marshall (Deputy Chairman)
Fernando Coye
Richard Hew
Philip Hughes
James Lea
Karl Menzies
Yasin Shoman
Lynn Young

OFFICERS
Lynn Young, President and Chief Executive Officer
Rene Blanco, Vice President, Finance and Chief Financial Officer
Felix Murrin, Vice President, Operations
Joseph Sukhnandan, Vice President, Engineering and Energy Supply
Juliet Estell, Company Secretary

CORPORATE ADDRESS
Belize Electricity Limited
2 ½ Miles Northern Highway
P.O. Box 327
Belize City, Belize
Central America

FISCAL AGENT
Platinum Trust Corporation Limited
28 Regent Street
Belize City, Belize
Central America

SHAREHOLDER SERVICES
For general information, shareholder publications, and other requests, please contact:
Company Secretary
Belize Electricity Limited
2 ½ Miles Northern Highway
P.O. Box 327
Belize City, Belize
Central America
Tel: 501-227-0954 (Ext. 118)
E-mail: Corporate@bel.com.bz

DIRECT DEPOSIT
Shareholders may obtain automatic electronic deposit of dividends to their designated Belizean financial institution by contacting the Securities Officer at the Corporate Headquarters.

Board of Directors

As of December 2005

Robert Usher
Chairman

H. Stanley Marshall
Vice Chairman

Fernando Coye
Director

Philip G. Hughes
Director

James Lea
Director

Karl H. Menzies
Director

Yasin Shoman
Director

Richard Hew
Director

Lynn Young
Director

Executive Management

As of December 2005

Lynn Young
President and Chief Executive Officer

Rene Blanco
Vice President Finance and Chief Financial Officer

Felix Murrin
Vice President Operations

Joseph Sukhnandan
Vice President
Engineering and Energy Supply

Juliet Estell
Company Secretary

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A FORTIS COMPANY

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Meeting Customer Expectations with Renewed Energy!