A FORTIS COMPANY

2010

Belize Electricity Limited

ANNUAL REPORT

Table of
CONTENTS

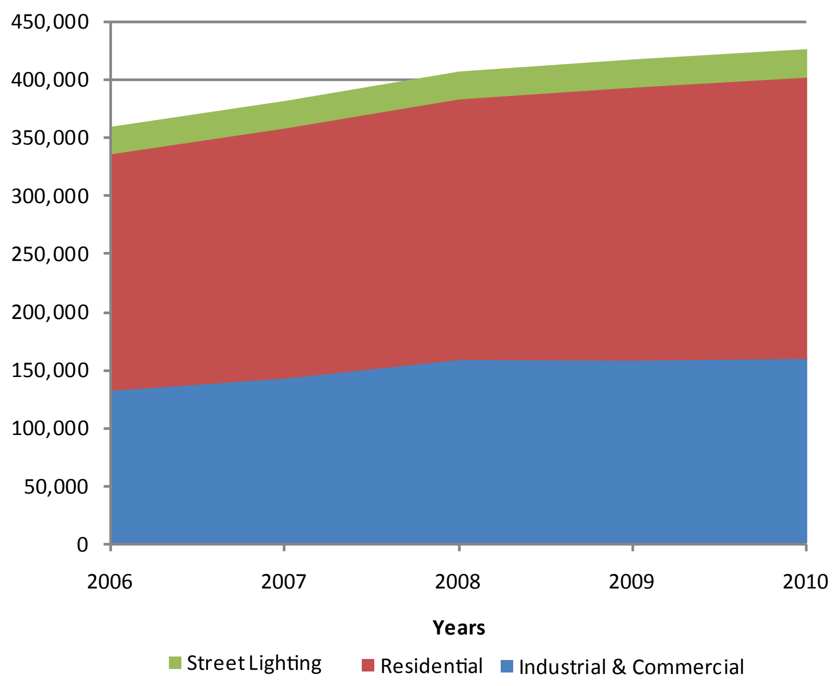
CORPORATE
PROFILE

Belize Electricity Limited (BEL) is the primary distributor of electricity in Belize, Central America. Serving a customer base of approximately 77,000 accounts, the utility met a peak demand of 80.6 megawatts (MW) in 2010 from multiple sources of energy, including power purchases from Belize Electric Company Limited (BECOL), Belize Cogeneration Energy Limited (Belcogen), Comisión Federal de Electricidad (CFE) (the Mexican state-owned power company), Hydro Maya Limited, Belize Aquaculture Limited (BAL) and from its own diesel-fired and gas-turbine generation. All major load centers are connected to the country's national electricity system, which is interconnected with the Mexican national electricity grid, allowing the Company to optimize its power supply options. Fortis Inc. and the Social Security Board hold a 70.2 per cent and 26.9 per cent interest in BEL, respectively.

Annual Comparison
In Belize thousands of dollars

	2010	2009
Operating Revenues	**190,526**	186,566
Earnings applicable to Shareholders	**3,448**	8,895
Total Assets	**476,903**	472,267
Shareholders' Equity	**286,763**	280,827
Return on Net Fixed Assets	**3.8%**	4.9%

SALES
(In Megawatt Hours)



FINANCIAL HIGHLIGHTS

Earnings in 2010 were $3.4 million as compared to $8.9 million in 2009.

Earnings continued to be negatively affected by the Public Utilities Commission's (PUC) Final Tariff Decision of June 2008.

Cost of power[1] for the year increased by 2.1 per cent to $133 million.

Energy sales grew by 2.1 per cent to 426.2 gigawatt hours (GWh).

[1]Based on the reference Cost of Power of $0.312 per kWh.

It has been three years since the Public Utilities Commission (PUC) denied BEL the opportunity to recover the steep increases in cost of power that were incurred by the Company as a result of the unprecedented increases in oil prices in 2008. In its 2008 Tariff Decision, the PUC recognized the need to increase the Cost of Power component of the rate, as required by law, to meet the higher cost of power. However, the PUC imposed a $36.2 million charge against the Company, reversing regulatory decisions that had been approved as far back as 2001 and effectively wiped out almost $40 million in cost of power deferrals owed to the Company from customers. In addition, the PUC reduced the operations and profit component of the rates by 19.6 per cent. This decision was appealed to the Supreme Court by BEL. Since this report was written, the Supreme Court released its decision dismissing the Company's appeal. BEL plans to take the appeal to a higher court .

The 2008 Final Tariff Decision caused BEL to be in breach of its loan covenants, preventing the Company from borrowing and from paying dividends.

On January 12, 2009, the PUC informed the Company that a Full Tariff Review Proceeding (FTRP) had commenced and on February 6, 2009, the PUC issued an order to reduce rates by as much as 15 per cent. BEL appealed this order. Subsequently, the Supreme Court had placed an injunction on the PUC from making any changes to the rates until the appeal of the 2008 Final Tariff Decision had been determined.

In 2010, approximately 65 per cent of energy supplied was from renewable sources. In addition, renewable sources have significantly reduced our exposure to volatile oil prices.

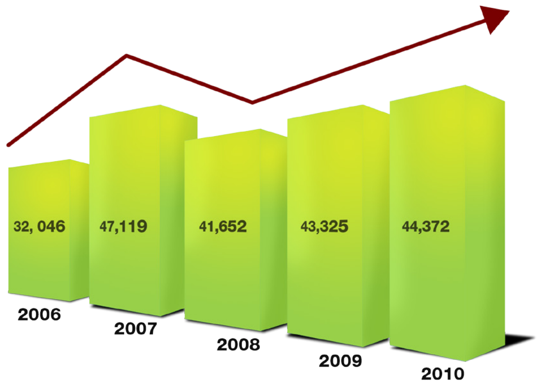
In the meantime, low oil prices and higher hydroelectric production helped to reduce the cost of power in 2010. In December 2009, Belize Cogeneration Energy Limited (Belcogen) commissioned its cogeneration plant, capable of delivering 13.5 MW of power to the grid and in March 2010, Belize Electric Company Limited (BECOL) commissioned the Vaca hydroelectric facility, which is delivering 19 MW to the grid. As a result of these two additions, our exposure to volatile oil prices have been significantly reduced and the true cost of power has been maintained at 26 cents per kilowatt hour (kWh) sold as compared to the reference cost of 31 cents per kWh that was included in the 2008 Final Tariff Decision. Thus, the Rate Stabilization Account has built up a balance of $57.5 million owing to customers in accordance with the 2008 Final Tariff Decision. This reduction in cost of power, along with the fact that dividends have not been paid since 2008, has enabled BEL to continue operating despite the fact that all lending has been cut off.

As we continue to pursue our legal options with respect to the 2008 Final Tariff Decision, we recognize that ultimately the Government of Belize needs to implement workable and stable regulations, managed by a competent Commission. Investors and lenders simply will not finance a company where regulatory approvals cannot be relied on and sovereign agreements are not respected. Thus, we will continue to engage the Government to try to resolve the issues of the 2008 Final Tariff Decision and implement workable and stable regulations.

Earnings in 2010 continued to be unsatisfactory, being reduced to $3.4 million for a Return on Equity of 1.4 per cent. Since recording a profit of $29.9 million in 2007, the Company has posted a loss of $10.8 million in 2008 and a profit of $8.9 million in 2009 which has now been reduced. The reduction in profitability as compared to 2007 is primarily the result of the change in tariff components under the 2008 Final Tariff Decision, while the reduction in profits in 2010 as compared to 2009 was mainly due to $4 million in legal and other expenses related to the ongoing issues with the PUC.

Despite the significant regulatory challenges that the Company continues to grapple with and the difficult economic times, BEL continues in its efforts to improve its service to customers. The program to upgrade distribution and transmission systems countrywide continued with priority on minimizing interruptions. The transmission system, consisting of 199 miles of 115 kV lines and 132 miles of 69 kV lines, was overhauled and upgraded with new crossarms and utility poles. Porcelain insulators, on the entire section of the 115 kV line that runs through the cane fields in the northern part of the country, were replaced after numerous failures. Over 30 miles of distribution lines were rebuilt countrywide and special switches and breakers were installed to minimize interruptions and expedite restoration in the event of unavoidable outages. New lines were built to remote areas, connecting seven communities to the grid for the first time.

INVESTMENTS
(In Belize thousands of dollars)



Our efforts at improving the transmission and distribution system yielded good results; as witnessed during the passing of Hurricane Richard in October 2010. This category one hurricane ravaged half of the country, knocking out power to approximately 52,800 customers. BEL was able to restore power to 99 per cent of consumers affected within a week of the passing of the hurricane. The Company received commendations from the highest level of government as well as from consumers throughout the country for its excellent performance in the wake of the storm.

BEL continued to invest in office renovations in 2010 and during the year, customers were welcomed to new and improved customer service lobbies in our Dangriga and Punta Gorda offices. Meanwhile, the number of customers using our e-services program increased by 31 per cent, compared to 2009. These initiatives, along with the reductions in outages and improvements in power quality earned the Company an 80.3 per cent approval rating from customers.

In 2010, BEL also continued to demonstrate its leadership in safety performance. Audits of the Company's safety and environment processes in 2010 confirmed our continued improvement in meeting our objective of being a leader in Belize in promoting high safety and environmental standards and our efforts were recognized nationally when the Company received an award for its safety program from the Social Security Board and the Government of Belize.

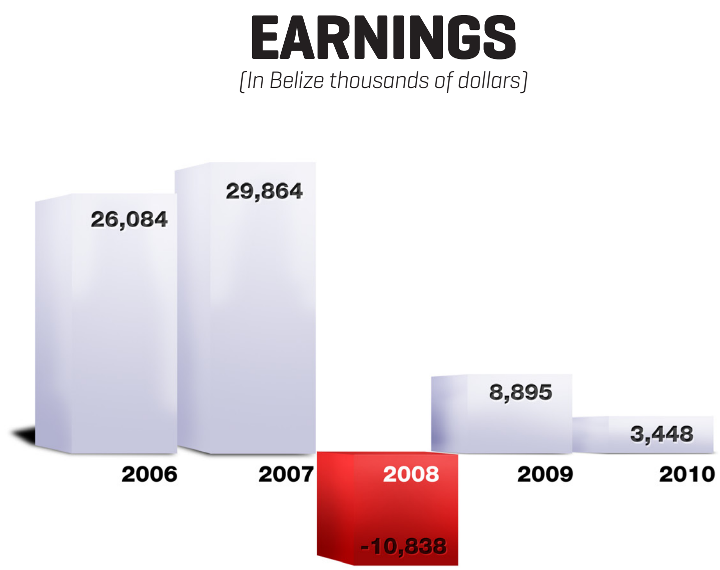
As we close the chapter of 2010, we will continue with efforts to resolve regulatory issues that have been a drag on us for the last three years. We look forward to putting it behind us so that we can continue to focus on our primary objective which is to provide Belize with quality service at the most economic cost.

Rodwell Williams
Chairman of the Board

Lynn Young
President & Chief Executive Officer/Director

Earnings

Earnings continue to be negatively affected by the Final Tariff Decision of June 2008. The reduction in the Value Added of Delivery component of the tariff and increased legal fees incurred in challenging the Final Tariff Decision, have resulted in significantly reduced earnings for the Company. Consequently, over the past three years the Company has been unable to satisfy debt covenants with respect to acceptable Returns on Fixed Assets and has not been able to borrow.



Earnings for 2010 were $3.4 million as compared to $8.9 million in 2009. In 2008, the Company incurred a loss of $10.8 million consequent on the June 2008 Final Tariff Decision of the Public Utilities Commission (PUC), where a $36.2 million charge for "excess revenues" or disallowance of previously allowed costs was booked *(see Regulation section on page 7)*. Earnings per share were $0.05 in 2010 as compared to $0.13 for 2009.

The June 2008 Final Tariff Decision, kept the average tariff to consumers at $0.441 per kilowatt hour (kWh) by significantly increasing the Cost of Power component of the tariff, significantly decreasing the Value Added of Delivery component and ordering a rebate of $36.2 million to customers to reverse previously allowed charges. These components of the tariff were maintained throughout 2010.

The reduction in the Value Added of Delivery reduced gross revenues net of cost of power to the Company, negatively impacting earnings. Additionally, operating expenses increased mainly due to costs associated with legal challenges and defence against the actions of the PUC. Increased finance charges and depreciation also negatively affected earnings.

Given the continuing low earnings level, the uncertain regulatory environment and the fact that the Company did not meet key financial ratio loan covenants during the year, the Company is restricted from paying dividends and the Board of Directors maintained the suspension of dividends into 2010.

Revenues and Sales

Electricity revenues for the year grew by 2.1 per cent to $190.5 million from $186.6 million for 2009 in line with growth in energy sales. Energy sales grew by 2.1 per cent to 426.2 gigawatt hours (GWh) from 417.4 GWh sold in 2009. Electricity revenues grew in line with energy sales as the average tariff to consumers did not change during the year. The average tariff coming forward from the 2008 Final Tariff Decision was frozen, while the Company awaited the outcome of the legal challenge to the Final Tariff Decision.

Energy sales increase was driven by a 3.1 per cent growth in residential sales. Compared to 2009, commercial sales were flat and industrial sales grew by 6.9 per cent. Sales growth remains low compared to 2009, due to slow economic recovery. Energy consumption on a per customer basis remained flat compared to 2009. Customer accounts grew by 2 per cent in 2010 to 77,046.

Expenses

Cost of power for the year increased by $2.8 million or 2.1 per cent to $133 million from $130.2 million in 2009 in line with energy sales growth. As required by electricity regulations, cost of power expense is regulated by the PUC to stabilize rates. For 2010 and 2009, the reference Cost of Power was $0.312 per kWh based on the frozen 2008 Final Decision tariff components. Variances between actual and the reference Cost of Power are deferred to the Cost of Power Rate Stabilization Account (CPRSA) and a Cost of Power tracking account established by the PUC as part of an automatic Cost of Power adjustment mechanism not yet fully implemented.

In 2010, actual cost of power was $22.3 million below the reference Cost of Power, as a result of lower oil prices (lower than that included in the reference Cost of Power) and higher than expected hydroelectric production. This difference, along with $5.7 million in interest and other recoveries and rebates, was deferred to the CPRSA, resulting in an increase in the balance in the CPRSA as compared to 2009.

Power purchased from BECOL's Mollejon, Chalillo and the new Vaca hydroelectric facility, which was commissioned in March 2010, accounted for 52 per cent of total energy supply up from 38 per cent in 2009, while power purchased from Comisión Federal de Electricidad (CFE), the Mexican state owned power Company, accounted for 33 per cent of total energy supply, down from 46 per cent in 2009. Belize Cogeneration Energy Limited (Belcogen), supplied 10 per cent of total energy supply in 2010. Power purchased from Hydro Maya Limited's hydroelectric facility in the Toledo District was 13.6 GWh or 3 per cent of total energy supply, as compared to 7.8 GWh or 2 per cent for 2009. Belize Aquaculture Limited (BAL) ceased generation of power in April 2010, due to fuel supply issues and only supplied 4.5 GWh in 2010 as compared to 48.8 GWh or 10 per cent of total energy supply in 2009. BEL supplied 1 per cent of its energy requirements in 2010 from its diesel-fired generation facilities.

Operating expenses increased by 15 per cent as compared to 2009, mostly due to higher legal fees related to the regulatory challenges. A general increase in the cost of goods and services, including labor costs, also increased operating expenses.

Depreciation expense increased by 9.9 per cent as a result of new assets placed into service over the past years. Finance charges increased by 22.5 per cent, mainly due to interest costs related to regulatory accounts arising from the 2008 Final Tariff Decision.

On April 1, 2010, the Government of Belize increased the business tax rate on the revenues of the Company from 1.75 per cent to 6.5 per cent, a 271 per cent increase. This increase resulted in $5.8 million in extra business tax expense for the period April to December 2010, which is being deferred to be recovered from customers when the tariff components are adjusted in accordance with the tariff setting byelaws. Without this deferral, the Company would have ended the year with a net loss.

Capital Expenditure

In 2010, BEL invested $44.3 million in expanding, improving and reinforcing its property, plant and equipment. Major line upgrades continued on the Mollejon and Mexican transmission lines, providing a more robust transmission grid. On various distribution systems countrywide, deteriorated poles were replaced and power lines reconstructed, which will help the system to better withstand severe weather conditions.

Major upgrades were completed at the Camalote, Maskall, La Democracia and San Ignacio substations and construction of a new substation in Belmopan was completed. These initiatives are helping to reduce outages, minimize system losses, improve voltage quality and meet load growth demands. Customer driven expansions added to capital expenditures include the connection of large scale customers in the tourism, shrimp and banana industries. Electrification of rural communities in the Stann Creek District under the Banana Belt Rural Electrification project was completed. This project was fully funded by the Government of Belize and the European Union and provided first time electricity to the communities of Cowpen, San Pablo, Santa Cruz, Monkey River, San Isidro, Trio and Bladen.

Financing

The Company continued to finance its operating and capital expenditure program for 2010 from internally generated cash flows. Savings in cost of power, as well as the decision not to declare dividends, allowed the Company to maintain the positive cash flows needed to achieve this. At the end of 2010, the Company was still not in compliance with a major loan covenant for two of its main financiers as a result of low earnings, and was unable to access the loan market in 2010. The uncertain regulatory environment continues to exacerbate this situation.

The table below summarizes the lender facilities as at December 31, 2010, where the key financial ratio loan covenants were not being met.

Financial Institution	Financial Covenant	Facility Balance at December 31, 2010
Caribbean Development Bank (CDB) Loan No. 14/OR – BZ *[Applicable to Event of Default]*	Return on Net Fixed Assets of 7% minimum	$8.2 million Loan
World Bank Loan No. 3776A/S BEL *[Applicable to Event of Default]*	Return on Net Fixed Assets of 7% minimum	$1.2 million Loan

Regulation

The Company is regulated under the amended 1992 Electricity Act, the amended Public Utilities Commission's Act of 1999, and the Electricity (Tariffs, Fees and Charges) Byelaws of 2005 (Tariff Byelaws).

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 Byelaws, the average electricity tariff is divided into three main components, a fixed component to cover overhead expenses and provide the Company with a reasonable return on investment (Value Added of Delivery), a variable component that reflects the cost of electricity (Cost of Power) and a deferred Cost of Power recovery or rebate component.

Pursuant to the Tariff Byelaws, the Company established a Cost of Power Rate Stabilization Account (CPRSA) effective January 1, 2000, designed to normalize changes in the price of electricity due to fluctuating fuel costs. The CPRSA stabilizes electricity rates for consumers, while providing the Company with a mechanism that permits the recovery of its costs of electricity over time. As part of its June 2008 Final Tariff Decision, the PUC adopted (not yet fully implemented) a cost of power tracking account as part of an automatic Cost of Power adjustment mechanism to allow for faster recovery (rebate) of excess cost of power. The June 2008 Final Tariff Decision also set up a $36.2 million correction to tariffs to be rebated to customers. During 2010, a Recoverable Excess Business Tax regulatory account was also established for the increase in business tax to be recovered as allowed under the tariff byelaws. All these accounts are amalgamated under a general Rate Stabilization Account (RSA) called Cost Receivable from (Payable to) Customers. At December 31, 2010, the balance in this account was $57.5 million payable to customers subject to the outcome of legal challenges to the PUC's June 2008 Final Tariff Decision.

2010 Tariff Review

On April 1, 2010, the Company filed its Annual Tariff Review Proceeding application for the Annual Tariff Period July 2010 to June 2011, requesting that the rates remain the same, as well as requesting a reversal of the $36.2 million charge. The proposed average tariff remains at $0.441 per kWh and is comprised of a decrease in the Cost of Power component of the tariff; a proposed increase in the Value Added of Delivery component, which incorporates the increase in business tax rate imposed on the Company in April 2010 and other refund/rebate component adjustments *(see table below)*. The injunction from the Supreme Court halted this proceeding.

The table below summarizes the recent proposed tariff components.

Tariff Components	ARP 2008 Final Decision (in effect)	ARP 2009 BEL Proposed (not accepted)	ARP 2010 BEL Proposed (halted)
Reference Cost of Power	$0.312	$0.224	$0.251
Value Added of Delivery (VAD)	$0.135	$0.165	$0.190
CPRSA Recovery/ (Rebate)	$0.080	$0.030	($0.070)
Cost of Power Tracking Rebate	-	($0.086)	($0.104)
Correction Recovery	-	-	$0.085
Correction (Rebate)/Reversal	($0.086)	$0.082	$0.089
Mean Electricity Rate (MER)	**$0.441**	**$0.415**	**$0.441**

Outlook

Electricity demand in 2011 is forecasted to grow at 3 to 4 per cent. The economy is expected to continue to pull out of recession, albeit at a slow pace. Reduced agricultural output, low tourism revenues and flat oil production are having a dampening impact on the Belizean economy.

OPERATIONS

Key Events & Initiatives

- Belize Electricity Limited (BEL) received a Customer Satisfaction Rating of 80.3 per cent in 2010.
- Heavy emphasis was placed on upgrading transmission, distribution and substation systems across the country, resulting in a reduction in the frequency of power interruptions by 24 per cent, compared to 2009.
- In March 2010, Belize Electric Company Limited (BECOL) successfully commissioned the 19-MW Vaca hydroelectric facility.
- BEL completed the Banana Belt Electrification Project, connecting seven new communities to the national grid.
- Construction of a new substation in Belmopan was completed, which is helping to meet load growth and improve service reliability in the area.
- BEL received an award from the Social Security Board and the Government of Belize in recognition of its model Safety and Health Program.

Customer Service Initiatives

Keeping a high level of customer satisfaction requires continuous investments in initiatives that result in improved power supply reliability and high quality field and office related services.

In 2010, these service objectives remained at the forefront of BEL's operations. Heavy emphasis was placed on upgrading transmission, distribution and substation systems across the country, resulting in a reduction in the frequency of power interruptions by 24 per cent, compared to 2009. Notably, following the passage of Hurricane Richard in October 2010, power supply was restored to most affected customers within a week. The Company was widely acclaimed for the quick restoration of service.

"I want to commend BEL and your entire work force for getting out there early... Many people received power back within a few hours. This is great work considering the daunting task you faced."

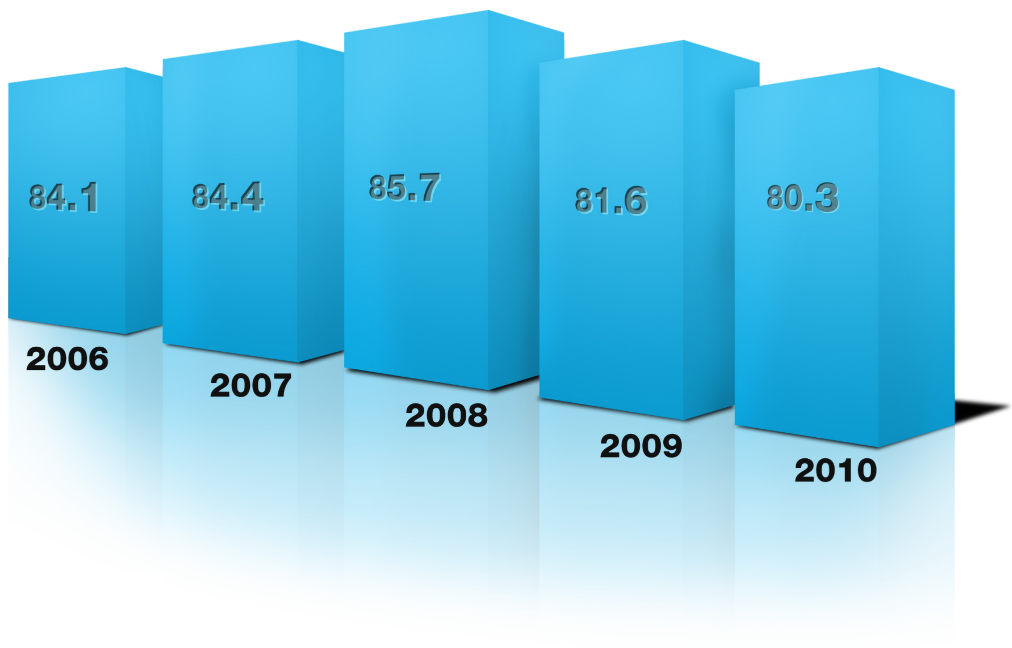
Laura Esquivel Frampton

BEL has been able to deliver the service results that meet customers' expectations, by investing heavily in technology that modernizes its operations and also by providing relevant training to its employees. In 2010, our technical employees were trained in best practises in utility storm planning and preparation and also in transmission line construction and maintenance. Thermo-scanning, which is a technology used to identify trouble spots on power systems before they result in power interruptions, was also the focus of training for linemen, while Customer Service Representatives reviewed best practices to ensure they can efficiently and courteously serve customers.

Protecting electrical equipment from damage is also a major concern. In 2010, BEL continued to educate customers on the causes of power outages and related actions customers should take.

The Company's service initiatives in 2010, earned it a Customer Satisfaction Rating of 80.3 per cent.

Customer Satisfaction Ratings



Reliability Initiatives

Power reliability initiatives during the year included the continuing replacement of deteriorated equipment on power lines countrywide to maintain system integrity. Equipment was also installed to help prevent damage to the power system during lightning storms and to help with efficiently identifying system faults and consequently minimize the duration of related power supply interruptions.

In Dangriga Town, works were completed on the distribution system to address the problem of salt air contamination and in the Corozal, Orange Walk and Cayo Districts works focused on minimizing system losses and improving the efficiency and reliability of power delivery.

In Belmopan, the Company completed construction and commissioned a substation in October 2010. Significant load growth in the area required this new substation, which is now resulting in improved service reliability.

Key in maintaining service reliability is the ability to carry out some maintenance on energized power lines, eliminating the need for scheduled power outages. In 2010, over 1,300 hours of line work were done using Hotline and Rubber techniques, averting an equivalent duration of power outages. These live line techniques were used to install utility poles and hardware on power lines and to connect new customers to BEL's system.

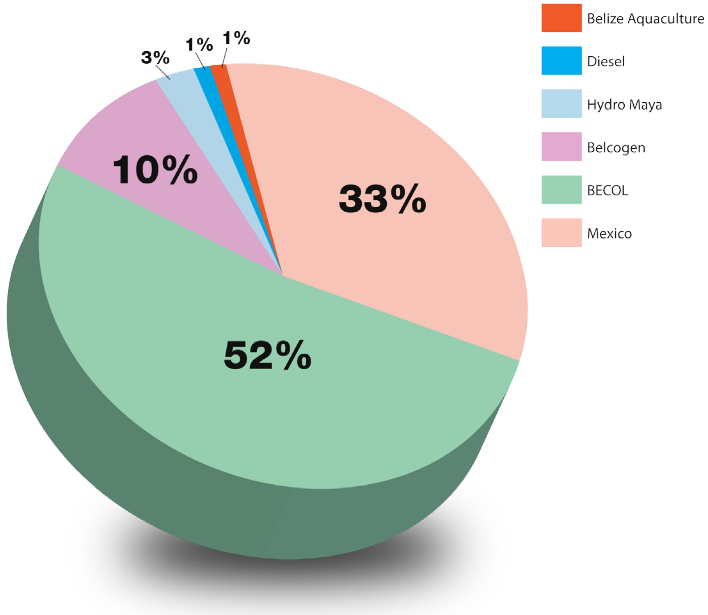
Energy Supply

Belize's peak energy demand grew to 80.6 MW in 2010. In March 2010, BECOL successfully commissioned the 19-MW Vaca hydroelectric facility. Vaca features a run-of-the-river plant, approximately three miles downstream of the Mollejon hydroelectric facility on the Macal River. With Vaca on line, energy production from BECOL increased by 39 per cent over 2010 to 250 GWh.

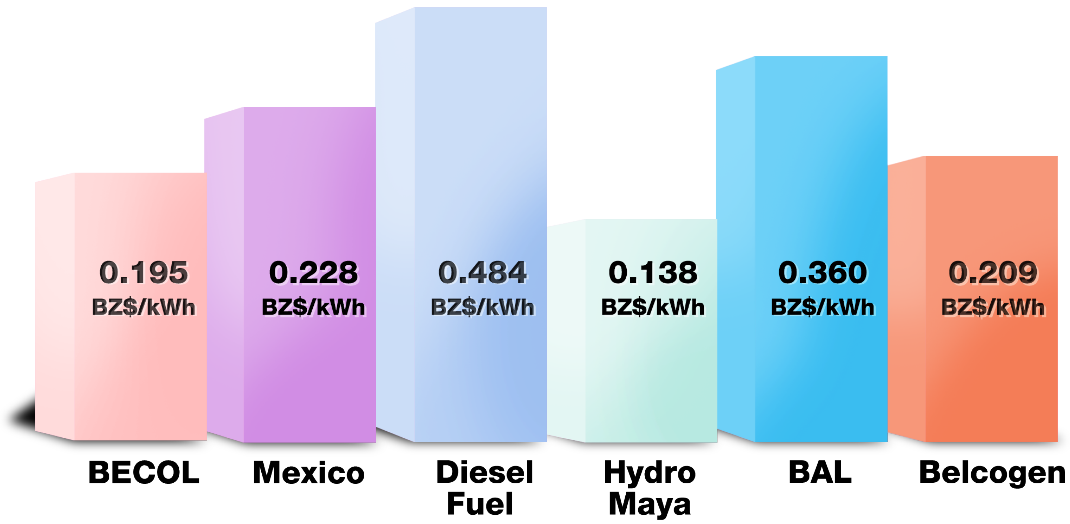
Increase in hydroelectric production in 2010, helped to meet a significant shortfall in supply from Belize Cogeneration Energy Limited (Belcogen) and Belize Aquaculture Limited (BAL). Both Independent Power Producers experienced operational challenges during the year, resulting in a significant reduction in energy supply from these sources.

Energy production from Belcogen was 48.2 GWh in 2010, while Belize Aquaculture Limited supplied 4.5 GWh.

Energy Sources | 2010



Cost of Power by Source



System Expansion

BEL continues to expand its system to provide service to new communities. A major system expansion project carried out in 2010 was the Belama Phase IV Project in Belize City. Two sections of this community are now connected to the national grid. Works for a third section are scheduled to get underway, after the Government of Belize provides the necessary right-of-way clearance for power line construction.

Five more communities were connected to the national grid under the Banana Belt Electrification Project, bringing the initiative to an end. First time service is being made available to almost 5,000 area residents following this project, which featured the construction of 71 miles of power lines to connect seven communities in the Banana Belt area of southern Belize. Monkey River and Santa Cruz villages were connected in 2009, while Cowpen, San Pablo, San Isidro, Trio and Bladen were connected in 2010. The European Union funded 75 per cent of this project and the Government of Belize the remaining 25 per cent.

Large private users connected to the grid in 2010 include the Monkey River Management Banana Farm in the Stann Creek District and Chaa Creek Resort in the Cayo District. Approximately 4 miles of power lines in total were constructed to connect these entities.

Safety and Health

BEL is proud of the progress it continues to make under its Health and Safety program, which was established in 2004 and in 2010 the Company received an award from the Social Security Board and the Government of Belize in recognition of its model operations. The award was presented during a national Occupational Safety and Health Conference in Belize City, which reviewed strategies to minimize employment injuries and also to discuss safety and health regulations currently being drafted by the Government of Belize.

The success of BEL's program over the years is the result of continuous reinforcement of processes and practices that help cultivate a strong safety and health culture. Formal work observations are conducted by management employees in an effort to identify and correct any safety infractions. Employees also participate in regular meetings to review related issues with the objective of ensuring work processes meet safety and health requirements. Examples of topics reviewed in meetings this year are, the Company's Motor Vehicle Policy, Electrical Safety at Home and Stress Management.

In addition to the above mentioned sessions, training conducted in 2010 include Emergency Preparedness, Defensive Driving, Bucket Truck Rescue and Evacuation and First Aid, CPR. The Company's contractors are also required to adhere to safety and health standards and related training was also conducted for them.

BEL remains keen on promoting public safety with respect to usage of electricity. In 2010, heavy emphasis was placed on advising the public on the safe distance to keep away from power lines and the dangers of meter tampering. The Company also actively shared hurricane and kite flying safety tips with the public.

Environment

BEL also strives to maintain high environmental standards in its operations. Accordingly, employees and contractors are trained in key areas such as Spill Prevention and Response and Handling and Transporting Dangerous Goods. In 2010, the number of oil spills was reduced by 26 per cent compared to 2009.

BEL's efforts to protect the environment were assessed during an annual audit. Specifically, focus was on determining the Company's level of compliance with ISO 14001 standards. Results were favorable and an action plan was implemented to address areas needing improvement.

The Company continues to participate in the Belize Recycling Program and this year 1,445 pounds of cardboard were contributed in addition to 2,882 pounds of paper.

Community Involvement

BEL goes beyond providing electricity supply to its communities, by also making contributions to social initiatives that have a positive impact on the quality of life in Belize.

In 2010, contributions were made to organizations such as the Rotary Club of Belize and Lifeline Foundation, which work to provide medical assistance to needy persons and to Crime Stoppers Belize which works to bring the perpetrators of crime to justice.

Funding was provided to the national basketball team for its participation in regional games, while the employee team, Power Sockets, was sponsored for its participation in the 2010 Interoffice Softball Competition. The Company also sponsored the 2010 Mother's Day Cycling Classic.

Annual employee driven community initiatives such as the Christmas Hamper Drive, which benefitted 54 families countrywide and Christmas Morning Breakfast for the homeless continued this year with financial assistance from the Company.

The Belize Band Fest, which provides musical outlet for talented youth, was also sponsored for the 5th consecutive year.

Following natural disasters that affected the region, financial contributions were made to assist with earthquake recovery efforts in Haiti and victims of Hurricane Richard in Belize.

Table of CONTENTS

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Audit & Risk Advisory
Business Solutions
Outsourcing
Real Estate
Corporate
Paralegal

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Belize Electricity Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Belize Electricity Limited, which comprise the balance sheets as at December 31, 2010 and 2009, statements of income and retained earnings and statements of cash flows for the years 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 Canadian generally accepted accounting principles. This responsibility includes: designing, implementing and maintaining internal controls 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 financial statements present fairly, in all material respects, the balance sheets of Belize Electricity Limited as at December 31, 2010 and 2009 and of its financial performance and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

Castillo Sanchez & Burrell, LLP

Chartered Accountants
March 3, 2011

BALANCE
SHEET

DECEMBER 31, 2010 | 2009

(In Belize thousands of dollars)

	Notes	2010	2009
ASSETS			
CURRENT ASSETS			
Cash and short term investments		**$ 5,340**	$ 25,274
Accounts receivable	1h & 2	**17,856**	17,063
Inventories	1g & 4	**6,162**	6,445
Prepayments and deferred expenses	3	**990**	1,692
		30,348	50,474
PROPERTY, PLANT AND EQUIPMENT - net	1f & 5	**444,683**	418,704
INTANGIBLE ASSETS	1m & 6	**1,872**	3,089
		446,555	421,793
TOTAL		**$ 476,903**	$ 472,267
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accruals	8	**$ 24,664**	$ 34,706
Cost payable to customers	1b, 1c & 17	**57,484**	37,636
Current portion of long-term debt	10	**12,347**	15,880
Corporate tax payable	14	**774**	221
		95,269	88,443
LONG-TERM LIABILITIES			
LONG-TERM DEBT	10	**18,435**	26,521
DEBENTURES	11	**69,311**	69,473
		87,746	95,994
CONSUMER DEPOSITS	1o	**7,125**	7,003
SHAREHOLDERS' EQUITY			
Ordinary shares	12	**138,046**	138,046
Additional paid in capital		**5,741**	5,741
Capital contribution	1l & 16	**31,722**	29,234
Insurance reserve	17	**5,000**	5,000
Retained earnings		**106,254**	102,806
		286,763	280,827
TOTAL		**$ 476,903**	$ 472,267

Rodwell Williams
Chairman of the Board

Lynn Young
President & Chief Executive Officer/Director

See accompanying notes to financial statements

STATEMENT OF INCOME
& RETAINED EARNINGS

YEARS ENDED DECEMBER 31, 2010 | 2009

(In Belize thousands of dollars)

	Notes		2010		2009
ELECTRICITY REVENUES	1d & 17	**$**	**190,526**	$	186,566
COST OF POWER			**(132,985)**		(130,220)
			57,541		56,346
OTHER REVENUE			**5,722**		4,772
OPERATING EXPENSES			**(29,373)**		(25,547)
DEPRECIATION AND AMORTIZATION	5		**(16,014)**		(14,575)
FINANCE CHARGES	10		**(11,934)**		(9,741)
GAIN ON FOREIGN EXCHANGE	1e & 10		**284**		309
NET EARNINGS BEFORE CORPORATE TAX			**6,226**		11,564
CORPORATE TAX	1k & 14		**(2,778)**		(2,669)
EARNINGS APPLICABLE TO SHAREHOLDERS		**$**	**3,448**	$	8,895
EARNINGS PER SHARE	1i & 15	**$**	**0.05**	$	0.13
RETAINED EARNINGS, BEGINNING OF YEAR		**$**	**102,806**	$	93,911
Net earnings			**3,448**		8,895
RETAINED EARNINGS, END OF YEAR		**$**	**106,254**	$	102,806

See accompanying notes to financial statements

STATEMENT
OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2010 | 2009
(In Belize thousands of dollars)

		2010		2009
CASH FROM OPERATIONS:				
NET EARNINGS	**$**	**3,448**	$	8,895
ITEMS NOT AFFECTING CASH:				
DEPRECIATION AND AMORTIZATION (NET)		**16,014**		14,575
EXCHANGE GAIN ON LONG-TERM DEBT		**(284)**		(309)
CHANGE IN NON-CASH WORKING CAPITAL		**14,269**		40,951
		33,447		64,112
CASH USED IN INVESTING:				
ACQUISITION OF PLANT AND EQUIPMENT		**(44,250)**		(43,205)
ACQUISITION OF INTANGIBLE ASSETS		**(122)**		(120)
		(44,372)		(43,325)
CASH USED IN FINANCING:				
PROCEEDS FROM NEW LOANS		**-**		102
PAYMENT OF DEBT		**(11,336)**		(13,529)
CAPITAL CONTRIBUTION		**2,488**		8,921
DEBENTURES REDEEMED		**(161)**		(98)
		(9,009)		(4,604)
NET (DECREASE) INCREASE IN CASH AND SHORT-TERM INVESTMENTS		**(19,934)**		16,183
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR		**25,274**		9,091
CASH AND SHORT -TERM INVESTMENTS, END OF YEAR	**$**	**5,340**	$	25,274
ITEMS PAID BY CASH:				
Interest	**$**	**(9,051)**	$	(10,599)
Taxes	**$**	**(8,022)**	$	(2,653)

See accompanying notes to financial statements

1. Status and Summary of 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. of Canada and the Social Security Board.

Significant accounting policies / regulations

Accounting policies conform to Canadian generally accepted accounting principles (Canadian GAAP) 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. ***Accounting Standards and Interpretation*** - In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the use of International Financial Reporting Standards (IFRS) will be required in 2011 for publicly accountable enterprises in Canada. In April 2008, the AcSB issued an Omnibus Exposure Draft proposing that publicly accountable enterprises be required to apply IFRS, in full and without modification, on January 1, 2011. The adoption date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Company for its year ended December 31, 2010 and of the opening balance sheet as at January 1, 2010. The AcSB proposes that accounting standard, Accounting Changes, paragraph 1506.30, which would require an entity to disclose information relating to a new primary source of GAAP that has been issued but is not yet effective and that the entity has not applied, not be applied with respect to this Exposure Draft. The AcSB has approved an optional one-year deferral of mandatory IFRS changeover date for entities with rate-regulated activities. The Company has since elected to defer the implementation of IFRS to January 1, 2012 in order to further assess other options.

b. ***Regulation*** –The Electricity Act, Chapter 221 and Statutory Instrument No. 145 of 2005, Electricity (Tariffs, Charges and Quality of Service) Byelaws 2005 of the Laws of Belize regulates and makes provision for electricity services in Belize and provides specific powers to the Commission to enforce specific regulations in respect to tariffs, charges, and quality of service standards. The Statutory Instrument governs the tariffs, rates, charges and fees for the transmission and supply of electricity and for existing and new services to be charged by the Company to consumers in Belize and the mechanisms, formulas, and procedures whereby such tariffs, rates, charges and fees are calculated and determined. 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.

1. Status and Summary of Significant Accounting Policies (continued)

Basic electricity rates of the Company are normally 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 assumes a 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 four years, to determine the level of the VAD and COP components of electricity rates and any rate stabilization account ("RSA") component. The VAD component of the tariff is normally only reviewed every four years while the COP component and RSA component are reviewed at each annual rate proceeding and at Threshold Event Review Proceedings. Threshold Event Review Proceedings can occur when deferrals of cost of power into the RSA exceed a threshold level.

c. *Cost Receivable from (Payable to) Customers* – The Electricity (Tariffs, Fees and Charges) Byelaws 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 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 January 1, 2007, the HCRSA account was reduced to nil as approved by the PUC. The Cost Receivable from (Payable to) Customers also includes any corrections to tariffs established by the PUC (See note 17).

On July 1 of each year, the rate charged to customers is recalculated to reflect changes in the account from year to 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 balance in the CPRSA exceed (or is lower than) the threshold level (See Note 17).

No changes were made to rates this year as rates are frozen while the Company awaits the judgment of the legal challenge of the 2008 final decision (See note 17). This regulatory account is classified under other assets or liabilities.

d. *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 2010 includes $10.4 million (2009 - $9.8 million) billed to customers in 2010 for electricity provided for in December of 2009. An estimated $10.7 million (2009 - $10.4 million) in electricity sales was provided in December of 2010, but billed and recorded as revenue in 2011.

1. Status and Summary of Significant Accounting Policies (continued)

e. *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 10).

f. *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.

On construction projects, interest at varying rates is capitalized and included as a cost in the appropriate property accounts (See Note 10).

Capital expenditures include overhead costs attributable to capital assets constructed during the year.

g. *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.

h. *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.

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 were previously credited to income in respect of installations carried out by the Company. Commencing in 2009, in accordance with the 2008 decision of the PUC, these amounts are now recorded as capital contributions. (See note 1q.)

1. Status and Summary of Significant Accounting Policies (continued)

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*– Customer contributions towards costs of constructing assets are recorded as capital contributions and amortized over the useful life of the related asset (See Note 1q and 16).

m. *Intangible assets* – Intangible assets include transmission rights, which 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 have a finite life and are accounted for using the cost model. In the application of the cost model, transmission rights are amortized over the 15-year life of the power purchase contract, which commenced in 1998.

Software costs are also included in Intangible Assets as of January 1, 2009 with prior year amounts reclassified for comparative purposes. Software costs have a finite life and are accounted for using the cost model. In the application of the cost model, software costs are amortized over the useful life of the software, five to ten years.

Intangibles are tested for impairment annually and more frequently when there are changes in events and or circumstances that may cause an immediate impairment. Impairment test includes comparing the current carrying value to the fair value of the intangible at the point of evaluation. Reversals of impairments are not permitted under Canadian GAAP.

n. *Pension costs* - A defined contribution plan is in effect for management and non-management staff. Pension costs are determined based on 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 $829,274 in 2010 ($990,893 in 2009).

o. *Consumer deposits* - The Company collects a deposit from customers for the provision of electrical services which is held as security against energy consumed.

p. *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.

q. *Change in accounting policy* – Installation fees were recognized as capital contribution in 2009. This treatment was made prospectively as a prescribed treatment per regulatory decision made by the PUC in determining Regulated Asset Value. This change was applied prospectively using regulatory guidelines instead of Canadian GAAP which requires a retroactive treatment.

(In Belize thousands of dollars)

2. Accounts Receivable

		2010		2009
Consumers	$	15,692	$	15,666
Government of Belize (GOB)		2,135		2,210
Other		2,908		1,768
		20,735		19,644
Less: provision for doubtful debts		(2,879)		(2,581)
	$	17,856	$	17,063

3. Prepayments and Deferred Expenses

		2010		2009
Insurance	$	556	$	435
Other deferred charges		434		1,257
	$	990	$	1,692

4. Inventories

		2010		2009
Bulkstores	$	5,020	$	4,999
Fuel and oil		1,160		1,464
		6,180		6,463
Less: provision for damaged and obsolete spares		(18)		(18)
	$	6,162	$	6,445

(In Belize thousands of dollars)

5. Property, Plant and Equipment

	Land & buildings	Plant, machinery and equipment	Assets under construction	Total
Cost				
January 1, 2010	$ 17,682	$ 450,537	$ 46,379	$ 514,598
Additions	-	-	44,250	44,250
Transfers	518	51,523	(52,041)	-
Disposals	-	(3,834)	-	(3,834)
December 31, 2010	18,200	498,226	38,588	555,014
Accumulated Depreciation				
January 1, 2010	5,635	90,259	-	95,894
Additions	485	17,742	-	18,227
Disposals	-	(3,790)	-	(3,790)
December 31, 2010	6,120	104,211	-	110,331
Net Book Value				
December 31, 2010	**$ 12,080**	**$ 394,015**	**$ 38,588**	**$ 444,683**
December 31, 2009	$ 12,047	$ 360,278	$ 46,379	$ 418,704

Depreciation expense shown in the statement of income for 2010 is reduced by $2,213,903 ($2,429,646 – 2009) representing amortization of capital contribution, other depreciation expense recoveries and amortization of intangible assets.

(In Belize thousands of dollars)

6. Intangible Assets

	Computer Software	Transmission Rights	Total
Cost			
January 1, 2010	$ 5,858	$ 2,757	$ 8,615
Additions	122	-	122
December 31, 2010	5,980	2,757	8,737
Accumulated Amortization			
January 1, 2010	3,457	2,069	5,526
Additions	1,194	145	1,339
December 31, 2010	4,651	2,214	6,865
Net Book Value			
December 31, 2010	**$ 1,329**	**$ 543**	**$ 1,872**
December 31, 2009	$ 2,401	$ 688	$ 3,089

7. Bank Overdraft

The Company has a $1,000,000 unsecured and a $5,500,000 secured overdraft facility with the Belize Bank Limited and Scotiabank (Belize) Limited, respectively. Scotiabank (Belize) Limited credit facility is secured by an equitable mortgage over the Company's headquarters and Magazine Road real estate. The overdrafts bear annual interest of 14% and 15% respectively and are payable on demand.

8. Accounts Payable and Accruals

	2010	2009
Trade Payables	**$ 17,946**	$ 26,610
Accrued interest	**307**	566
Other	**6,411**	7,530
	$ 24,664	$ 34,706

(In Belize thousands of dollars)

9. Related Party Transactions

	2010	2009
Due from Related Parties:		
Belize Electric Company Limited (BECOL)	**$ -**	$ 89
	$ -	$ 89
Due to Related Parties:		
Belize Electric Company Limited (BECOL) - Power Purchases	**$ 8,688**	$ 9,408
Fortis Inc.	**267**	237
	$ 8,955	$ 9,645

During the year ended December 31, 2010 the following transactions were recorded with related parties:

	BECOL	Fortis Inc.
Energy Purchases	**$ 47,664**	$ -
Miscellaneous reimbursable expenses:		
Intercompany invoicing to BEL	**$ 480**	$ 1,158
BEL invoicing to intercompany	**$ 540**	$ -

10. Long - Term Debt

	2010	2009
1. Government of Belize:		
a. *Loan No. 3776A/S BEL:*	**$ 1,166**	$ 2,505

Unsecured loan of US$11,400,000 from the International Bank for Reconstruction and Development (IBRD) for on lending 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, 2010 is 4.75% (2009 – 6.14%) per annum.

(In Belize thousands of dollars)

10. Long - Term Debt (continued)

		2010		2009
1. Government of Belize:				
b. *Loan No. 7.0971/2:* Unsecured loan of EURO 3,700,000 from European Investment Bank for on lending 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.	**$**	**2,948**	$	3,903
c. *Loan No. 14/OR-BZ :* Unsecured loan of US$12,706,210 from the Caribbean Development Bank for on lending 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. At end of 2008, the entire loan balance was converted to US dollars. Repayment of US$127,984 and US$86,812 are done quarterly since December 2008. The loan bears interest at 4.50 % (2009 – 5.32%) per annum.	**$**	**8,197**	$	9,920
2. 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$5,028,271 repayable in 18 semi-annual installments commencing October 2003 at 8.15% per annum. The loan is secured by a debenture over the assets comprising the project.	**$**	**1,723**	$	4,135
3. The Bank of Nova Scotia (Canada): Loan of US$10,152,591 guaranteed by the Export-Import Bank of the United States for the upgrade/refurbishment of the existing electrical grid in Belize. Loan was fully drawn down in 2008. Repayment is by 14 equal semi-annual installments commencing February 25, 2008. The loan bears interest at the prevailing six-month LIBOR plus 0.50% margin per annum.	**$**	**12,748**	$	15,938

(In Belize thousands of dollars)

10. Long - Term Debt (continued)

	2010	2009
4. Scotiabank & Trust (Cayman) Limited:	**$ 4,000**	$ 6,000
Unsecured, non-revolving term loan of US$3,000,000 for the financing of other cost related to the upgrade/ refurbishment of the existing electrical grid in Belize. Repayment was by one bullet payment of principal at maturity on December 15, 2010 (subject to refinancing). On December 15, 2010, US$1,000,000 of principal was repaid and the remaining US$2,000,000 was refinanced. Repayment is by six monthly installments of US$333,333 commencing January 15, 2011. The loan bears interest at the prevailing six-month LIBOR plus 5.0% margin per annum.		
	$ 30,782	$ 42,401
Less: Current installments	**(12,347)**	(15,880)
	$ 18,435	$ 26,521

The loans are repayable as follows:

2011	**$12,347**
2012	**5,643**
2013	**6,261**
2014	**5,660**
2015	**697**
Subsequently	**174**
	$30,782

Loan No. 7.0971/2 is denominated in Euros. For the year ended December 31, 2010, net $284,436 in foreign exchange gains ($309,262 foreign exchange gains - 2009) has been recorded based on periodic re-evaluations of the loan.

Interest capitalized during the year ended December 31, 2010 relating to capital expansion projects amounted to $2,378,231 ($2,620,012 - 2009).

Finance charges	2010	2009
Interest - long-term debt	**$ 1,605**	$ 2,587
Interest - other	**7,299**	7,245
Interest on CPRSA and other Interest charges	**5,408**	2,529
Interest capitalized	**(2,378)**	(2,620)
	$ 11,934	$ 9,741

(In Belize thousands of dollars)

11. Debentures

		2010		2009
Series I: 12,391 unsecured debentures of $76 each and 160,065 unsecured debentures of $100 each (12,401 of $76 and 160,465 of $100 - 2009) to mature December 31, 2012 with interest payable quarterly at 12% per annum.	**$**	**16,948**	$	16,989
Series II: 193,718 unsecured debentures of $100 each (193,718 - 2009) to mature March 31, 2021 with interest payable quarterly at 9.5% per annum.		**19,372**		19,372
Series III: 247,890 unsecured debentures of $100 each (249,090 - 2009) to mature July 31, 2022 with interest payable quarterly at 10% per annum.		**24,788**		24,909
Series IV: 82,026 unsecured debentures of $100 each (82,026 - 2009) to mature September 30, 2027 with interest payable quarterly at 10% per annum.		**8,203**		8,203
	$	**69,311**	$	69,473

11. Debentures (continued)

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.

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 Series IV debentures can be called by the Company at any time after September 30, 2014 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 September 30, 2014 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.

The issue of Series IV debentures was suspended in June 2008 as a result of the Company not meeting at the time an interest coverage ratio level required for the issuance of new debt. The Debenture Interest Reinvestment Plan which allowed debenture holders to reinvest their interest on their debentures in additional debentures was also suspended during the second quarter of 2008. The issue of Series IV debentures remains suspended as a result of being offside a return on asset ratio covenant contained in other loan agreements *(See Note 17)*.

(In Belize thousands of dollars)

12. Share Capital

	2010	2009
Ordinary shares: Authorized 100,000,000 shares of $2.00 each	**$ 200,000**	$ 200,000
Issued and fully paid 69,023,009 shares of $2.00 each	**$ 138,046**	$ 138,046
Convertible redeemable preference shares: Authorized 12,000,000 shares of $2.00 each	**$ 24,000**	$ 24,000

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.

(In Belize thousands of dollars)

14. Corporate Tax

The Company pays tax under the Income and Business Tax Act of Belize. On April 1, 2010, the tax rate increased from 1.75% to 6.50% of gross revenues. The additional 4.75% is being deferred to be recovered from customers in accordance with the tariff setting byelaws. (See note 17). Income tax is charged at the rate of 25% but is now capped at a Business Tax rate of 6.50% of gross revenues as of April 1, 2010.

15. Earnings per Share

	2010	2009
Net earnings applicable to shareholders	**$ 3,448**	$ 8,895
Shares outstanding (Weighted Average)	**69,023,009**	69,023,009
Earnings per share	**$ 0.05**	$ 0.13

16. Capital Contributions

Capital contributions are customer contributions towards capital installation costs including Government of Belize contributions towards rural electrification programs.

	2010	2009
Capital contributions brought forward	**$ 36,794**	$ 27,140
Additions	**3,352**	9,654
Capital contributions carried forward	**40,146**	36,794
Amortization brought forward	**7,560**	6,826
Additions	**864**	734
Amortization carried forward	**8,424**	7,560
Capital contributions - net	**$ 31,722**	$ 29,234

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. As at December 31, 2010, the Company was in compliance with these covenants except for IBRD and Caribbean Development Bank return on net fixed assets financial loan covenant.

As a result of the 2008 Annual Review Proceeding Final Decision issued by the PUC, the Company booked a $36.2 million provision against revenues in 2008. Additionally, the financial statement impact of the Final Decision continues to cause the Company not to meet the financial ratio debt covenant noted above. The Company has informed these lenders of this situation and requested a waiver where applicable. Until such time that this request is approved or the covenant brought on side, the Company is no longer in a position to enter into new indebtedness.

The insurance coverage of the Company's transmission and distribution assets was discontinued in 1994 due to a limitation in the availability and a significant increase in the cost of this insurance. In 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, $5,000,000 of retained earnings has been appropriated. The Company also has established a stand-by secured non-revolving line of credit of $5,000,000 that forms part of this self-insurance plan.

Legal issues - The Company is subject to various legal proceedings and claims that arise in the ordinary course of business operations. Management believes that the amount of liability, if any, from these actions would not have a material effect on the Company's financial position or results of operations.

Rate Stabilization Account/Cost Receivable from (Payable to) Customers – In accordance with byelaws 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 was $0.312 to December 31, 2010 and 2009. Net excess Cost of Power and interest and other corrections ordered by the PUC in its 2008 tariff decision for the period January 1, 2010 to December 31, 2010 amounted to ($28,015,581), (2009 – ($25,749,536)), while a net $2,362,323, (2009 – $2,880,708) was recovered for the same period.

As a result of the increase in business tax on April 1, 2010 from 1.75% to 6.50%, the additional 4.75% or $5,805,077 is being deferred to be recovered from customers in accordance with the tariff setting byelaws. Consequently, operating results are higher that would have been the case in the absence of rate regulation.

(In Belize thousands of dollars)

17. Commitments and Contingencies (continued)

The PUC regulates the recovery of the balance in the CPRSA and related accounts. The 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 Cost Receivable from (Payable to) Customers:

	Excess COP Account	Excess Revenues Due to Customers	CPRSA	Recoverable Excess Business Tax	TOTAL
Balance, January 1, 2009	**$ (17,396)**	**$ (18,766)**	**$ 21,395**	**$ -**	**$ (14,767)**
Amount Deferred	(22,783)	-	-	-	(22,783)
Interest Earned	(3,455)	(98)	586	-	(2,967)
Amount Refunded (Recovered)	-	35,894	(33,013)	-	2,881
Balance, December 31, 2009	**$ (43,634)**	**$ 17,030**	**$ (11,032)**	**$ -**	**$ (37,636)**
Amount Deferred	(22,303)	-	-	5,805	(16,498)
Interest Earned	(6,574)	4,243	(3,381)	-	(5,712)
Amount Refunded (Recovered)	-	36,656	(34,294)	-	2,362
Balance, December 31, 2010	**$ (72,511)**	**$ 57,929**	**$ (48,707)**	**$ 5,805**	**$ (57,484)**

Tariff Setting Mechanism (Annual & Full Tariff Period Corrections) – The Company's tariffs are approved by the PUC based on certain forecasts and assumptions with respect to cost of service, sales and quality of service. At the completion of annual and full tariff period reviews, the Company's rates are adjusted based on the latest forecasts and assumptions. These rate adjustments also incorporate corrections for differences between the actual results and the last set of assumptions/forecasts laid out in the relevant rate order delivered. These corrections are referred to as Annual and Full Tariff Period Corrections. Decisions by the PUC are handed down by way of an order that follows an approved Rate Setting Methodology, and until such order is delivered, the Company is not deemed to have acquired any asset or liability with respect to possible annual and full tariff period corrections that the PUC may or may not implement.

The 2008 tariff decision included a $36.2 million negative correction to tariffs. This amount was booked in a Regulatory Account Payable that was amalgamated with other regulatory accounts and rebated over the July 2008 to June 2009 tariff period as prescribed by the PUC. In the 2008 tariff decision, the PUC also adopted an Automatic Adjustment Mechanism (AAM) whereby adjustments to the cost of power component of the tariff could be ordered on a monthly basis depending on a comparison of the actual cost of power deferrals versus forecast cost of power deferrals as determined by the PUC. This mechanism is yet to be fully implemented by the PUC.

The Company is presently challenging the 2008 tariff decision and the Rate Setting Methodology it was based on. Decisions arising from the 2008 tariff review process including the negative correction to tariffs may therefore be subject to change when the Court rulings are finalized.

17. Commitments and Contingencies (continued)

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

	TOTAL	2011	2012 - 2015
Long-term debt	100.2	12.4	87.8
Operating Leases (Rents)	0.3	0.1	0.2
Purchase obligation - energy (BECOL)	254.8	50.0	204.8
Purchase obligation - energy (Belcogen)	129.8	25.2	104.6
Purchase obligation - energy (Hydro Maya)	18.9	1.7	17.2
Purchase obligation - energy (BAL)	194.3	9.5	184.8
Interest obligations on LTD. and Debentures	72.0	7.6	64.4
Total Obligations	770.3	106.5	663.8

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.

19. Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments:

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	14%
Residential customers	50%
Commercial customers	30%
Industrial customers	6%

19. Financial Risk Management (continued)

Management mitigates this type of risk by regularly enforcing a customer deposit policy based on the level of risk exposure.

Interest Rate Risk: The Company is exposed to interest rate risk associated with short-term borrowings and floating-rate debt. The Company mitigates these risks by continuously monitoring the interest rates and ensuring that the optimum interest rates are received at all times.

Liquidity Risk: The Company's financial position could be adversely affected if it fails to arrange sufficient financing to fund its capital expenditures and repayment of maturing debt. The Company is subject to numerous factors including result of operations, change in rate setting regulations and conditions in bank and credit markets and general economic conditions.

To mitigate Liquidity risk, the Company is legally challenging adverse regulatory decisions and has not acquired any new debt.

YEARS ENDED DECEMBER 31

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
FINANCIAL STATISTICS										
(Belize thousands of dollars except as noted)										
Energy Revenues	190,526	186,566	140,577	159,607	149,577	120,540	105,512	101,420	96,017	90,799
Net Profit (Loss)	3,448	8,895	(10,838)	29,864	26,084	18,883	15,822	14,079	13,045	12,061
Net Fixed Assets	444,683	418,704	393,831	372,834	340,737	322,163	310,536	296,609	252,658	238,070
Capital Expenditures	44,372	43,325	41,652	47,119	32,046	25,203	25,512	53,964	29,095	39,029
Total Assets	476,903	472,267	435,257	429,738	408,953	373,673	346,472	338,120	297,518	276,954
Long Term Debt	18,435	26,521	44,155	44,245	49,593	75,276	89,576	107,465	88,394	88,406
Debentures	69,311	69,473	69,570	66,829	60,317	56,016	53,062	49,346	38,394	36,615
Shareholders' Equity (excluding Contributed Capital)	255,041	251,593	242,698	257,333	242,654	154,721	136,096	120,546	108,040	100,490
Performance Indicators										
Rate of Return on Net Fixed Assets	3.8%	4.9%	-1.1%	10.3%	10.5%	9.6%	8.3%	8.8%	9.1%	9.5%
Rate of Return on Shareholders' Equity	1.4%	3.6%	-4.3%	11.9%	13.1%	13.0%	12.3%	12.3%	12.5%	12.5%
Earnings (Loss) per share ($)	0.05	0.13	(0.16)	0.43	0.48	0.59	0.53	0.50	0.47	0.44
OPERATING STATISTICS										
Sales (MWh)										
Industrial & Commercial	159,921	158,452	158,992	143,118	132,553	123,701	116,075	109,075	98,509	117,828
Residential	241,777	234,596	224,030	214,925	203,361	202,419	189,498	175,817	159,229 [1]	119,144
Street Lighting	24,535	24,326	23,963	23,716	23,679	23,606	24,404	22,661	21,208	19,743
Total	426,233	417,374	406,985	381,759	359,593	349,726	329,977	307,553	278,946	256,715
Customer Accounts (numbers)										
Industrial, Commercial & Street Lighting	730	724	725	699	678	594	537	532	453	484
Residential	76,316	74,819	73,492	71,992	70,279	68,041	65,544	62,544	59,362	56,599
Total	77,046	75,543	74,217	72,691	70,957	68,635	66,081	63,076	59,815	57,083
Net Generation (MWh)										
Net Diesel Generation	7,608	18,760	10,704	36,078	30,136	81,553	78,850	97,889	46,491	43,367
Purchased Power - BECOL	249,564	179,949	191,589	166,727	177,733	68,275	63,215	61,154	88,243	91,374
Purchased Power - HydroMaya	13,586	7,760	12,898	10,676	-	-	-	-	-	-
Purchased Power - BAL	4,461	48,781	-	-	-	-	-	-	-	-
Purchased Power - Belcogen	48,175	1,330	-	-	-	-	-	-	-	-
Purchase Power - CFE	159,876	216,233	248,396	225,227	209,814	253,995	235,796	188,714	180,510	158,634
Total	483,270	472,813	463,587	438,708	417,683	403,823	377,861	347,757	315,244	293,375
Other										
Losses	11.8%	11.7%	12.2%	13.0%	13.9%	13.4%	12.7%	11.5%	11.5%	12.5%
Peak Demand (MW)	80.6	76.2	74.3	70.0	66.6	63.5	61.1	57.4	53.7	49.3
Installed Capacity (Diesel Plant) (MW)	32.3	33.7	37.0	36.2	36.9	43.5	43.6	49.3	27.0	27.0
Employees (number)	290	283	261	260	243	244	248	242	237	244

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

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

BOARD OF DIRECTORS

Rodwell Williams	Chairman
H. Stanley Marshall	Deputy Chairman
Richard Hew	
Dennis Jones	
Anthony Michael	
Eddinton Powell	
Dylan Reneau	
Karl Smith	
Lynn Young	

EXECUTIVE MANAGEMENT

Lynn Young	President and Chief Executive Officer
Rene Blanco	Vice President, Finance and Administration and Chief Financial Officer
Curtis Eck	Vice President, Customer Care and Operations
Joseph Sukhnandan	Vice President, Engineering and Energy Supply
Juliet Estell	Manager, Executive Services and 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:
Manager, Executive Services and Company Secretary
Belize Electricity Limited
2 ½ Miles Northern Highway
P.O. Box 327
Belize City, Belize
Central America
Tel: 501-227-0954 (ext. 1104)
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.