Belize Electricity Limited

Annual Shareholder Report

2014

Our Mission

To provide reliable electricity at the lowest sustainable cost, stimulate national development and improve the quality of life in Belize.

Our Values

Reliability, Integrity, Teamwork, Respect, Passion for Excellence

Our Vision

A Model of Excellence!

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Corporate Profile

Belize Electricity Limited (BEL) is the primary distributor of electricity in Belize, Central America. Aggregate annual energy sold was approximately 495 gigawatt hours (GWh) in 2014. The Company serves a customer base of 84,384 accounts or 67,630 customers and in 2014 met a peak power demand of approximately 87.7 megawatts (MW) mainly from independent power producers utilizing multiple energy sources.

All major municipalities (load centers) are connected to the country's national electricity system, except for Caye Caulker. Since 1998, the national electricity grid has been interconnected with the Mexican national electricity grid, allowing BEL to expand its power supply by 50 MW. BEL has an installed generating capacity of 24 MW and owns approximately 1,800 miles of transmission and primary distribution lines, as well as 1,950 miles of secondary distribution lines.

The Government of Belize and the Social Security Board currently hold 70.2 per cent and 26.9 per cent, respectively, of the ordinary shares issued by the Company. The remaining ordinary shares are held by just over 1,500 small shareholders and the Social Security Board holds 5,000,000 Redeemable Preference Shares.

Report to Shareholders

In 2014, the key impetus driving the operations of Belize Electricity Limited (BEL) was to deliver on its Mission as approved by the Company's Shareholders in 2012: "To provide reliable electricity at the lowest sustainable cost, stimulate national development and improve the quality of life in Belize". The Company has embraced this Mission as its commitment to all its stakeholders and constantly assesses every decision, investment and action to determine if it is in keeping with this promise.

BEL is proud to report that in 2014, it maintained high reliability in the delivery of power supply to its customers. Both the average frequency and duration of power interruptions over the past three years have been maintained considerably below the average in the years prior to nationalization. This was achieved mainly by introducing a more cohesive approach to the management of efforts to prevent and minimize the impact of power outages.

Net earnings in 2014 were $36.2 million, resulting in earnings per share of $0.53, compared to net earnings of $18.7 million and earnings per share of $0.27 in 2013. The earnings, along with a $45 million improvement in cash on-hand, positioned the Company's Board of Directors to declare a dividend of $0.15 cents per share for shareholders on record as of December 31, 2014. This represents an 87.5% increase in dividend payment compared to 2013 and a tripling of the dividends declared for 2012.

Effective January 1, 2015, electricity rates were reduced for the fourth consecutive time since January 2013. This represents a 15.5% reduction in electricity rates since January 2013. However, preliminary research conducted in 2014 reveals that when compared with the Caribbean, Belizeans might be spending a larger proportion of their earnings on their utility bills despite benefiting from one of the lowest electricity rates in the region. The Company will be investigating this paradox further in 2015. In the meantime, the Company will continue efforts to provide electricity at the lowest sustainable cost.

The continued high reliability, the declaration of dividends, the significantly improved cash position and the lowering of electricity rates signal that the Company is on a sustainable path and is positioned to deliver on its commitment to all stakeholders.

The Company invested over $23 million in system expansion, system reliability, business continuity, loss reduction, and safety and technical standards. In addition a $10 million investment was scheduled under Phase 1 of the Caribbean Development Bank (CDB) Power VI Project to upgrade the transmission, sub-transmission and distribution systems. However, this investment was deffered to 2015 due to delays in recruiting the Project Manager and other key engineering personnel.

For a developing nation, universal access to electricity is an absolute necessity in support of national development and quality of life. As a result, the Public Utilities Commission (PUC) approved BEL's plans to increase its investment in expansion of the national grid to communities previously unserved by the Company. The Company also launched an initiative titled "Connecting Homes, Improving Lives" which aims to connect 1,000 low income homes free of cost. The following communities in the Orange Walk, Toledo, and Belize Districts that benefited from these programs were San Luis, Mosquito Ville, Caye Caulker - Bahia Area, Trial Farm, Black Water Creek, Old Well Road, La Milpa, San Jose West, Santa Clara, San Mateo, and Bullet Tree - Cemetery Area. This program will be completed by the end of 2015.

The Company's customer base grew by 2.6% to over 84,300 customers. With an increasing customer base, BEL is challenged to consistently elevate the quality of every aspect of its service to customers. The Company's Service Delivery Committee meets regularly to focus on service improvement, through process upgrades, better coordination, leveraging advancements in technology and improving direct communication with customers. As a consequence, service delivery improved by 40% compared to 2013. One area that still requires a change of philosophy and improvement is the connection of new customers to the national grid – especially those requiring extraordinary investment in infrastructure. The Company plans to roll out new initiatives and guidelines to improve its service in this area.

The Job Evaluation and Remuneration Review that was conducted in 2014 confirms that BEL continues to be one of the most attractive employers in the country, especially in the areas of compensation and benefits. Salary increase in 2014 continues to be consistent with the previous three years: bringing the average increase in salary since 2011 to approximately 16%.

Negotiations between the Company and the Belize Energy Workers' Union (BEWU) for a revised Partnership Collective Agreement (PCA) commenced in the fourth quarter of 2014 and the Company anticipates conclusion by the second quarter of 2015. The PCA governs the relationship between BEL and its non-management employees and supports a positive industrial relationship climate. It is important to note that, for the most part, to date, these negotiations have taken place in an atmosphere of respect and openness.

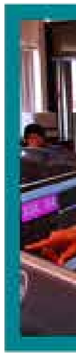
BEL is appreciative of the efforts of management and staff to comply with occupational health and safety guidelines. The Company successfully completed over 93% of its safety, health and environment programs and activities in 2014.

As was mentioned in last year's report, much work remains ahead to achieve the Company's Vision of being a Model of Excellence. BEL is even better positioned to continue to meet and eventually exceed all reasonable shareholder expectations.

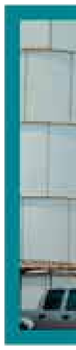
Rodwell Williams
Chairman of the Board
Belize Electricity Limited

Jeffrey Locke
Chief Executive Officer
Belize Electricity Limited


CHAMPIONS
2014
CHAMPIONS

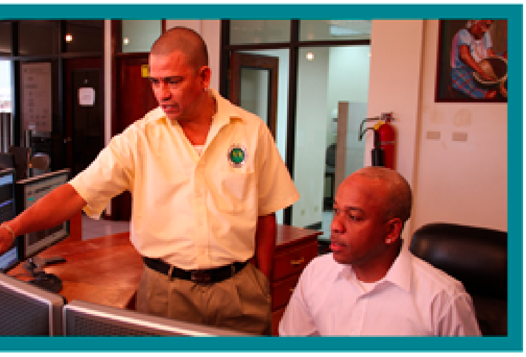



BELIZE ELECTRICITY LIMITED



Highlights of 2014

- Increasing Dividends
- Keeping the Lights On
- Reducing Electricity Rates
- Maintaining High Service Reliability
- Providing Universal Access
- Looking After Our People
- Remaining Committed to Safety, Health & Environment
- Giving Back to Our Community



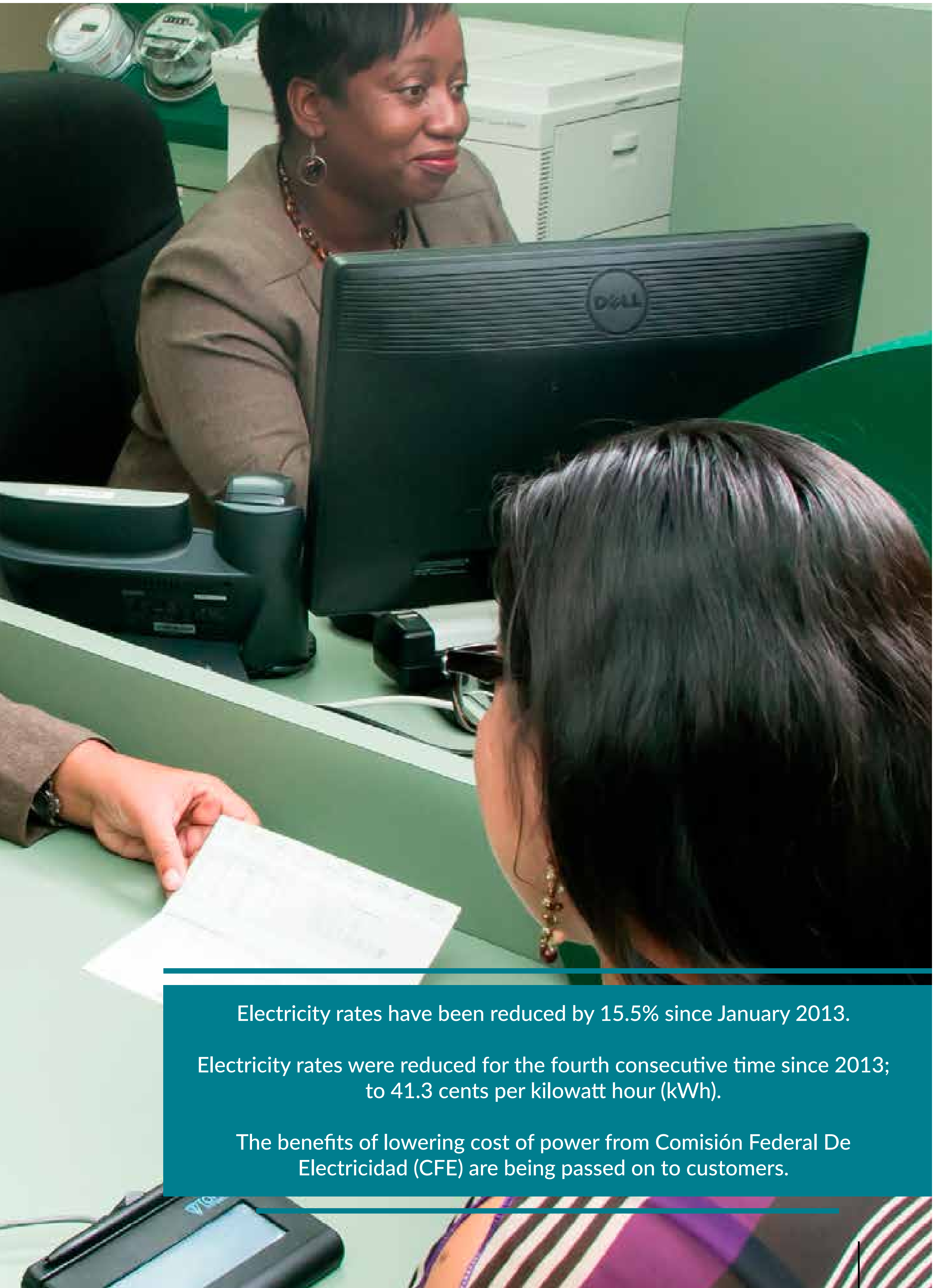
Increasing Dividends by 87.5%

The Company's Board of Directors declared a dividend of $0.15 cents per share.
Earnings in 2014 were $36.2 million compared to $18.7 million in 2013.
Unit Cost of Delivery was reduced for the third consecutive year by 30%.
The Company's cash and short-term investments improved by $45 million.

Keeping the Lights on!

The average frequency of power interruptions over the past three years was reduced by 50% compared to the years prior to nationalization.

Reducing Electricity Rates



Electricity rates have been reduced by 15.5% since January 2013.

Electricity rates were reduced for the fourth consecutive time since 2013; to 41.3 cents per kilowatt hour (kWh).

The benefits of lowering cost of power from Comisión Federal De Electricidad (CFE) are being passed on to customers.

Maintaining High Service Delivery

Continuous process improvements and increased collaboration between departments have led to a:

- 40% improvement in Service Delivery
- 40% reduction in customer complaints
- 11% reduction in the average time to connect a customer

Using Technology

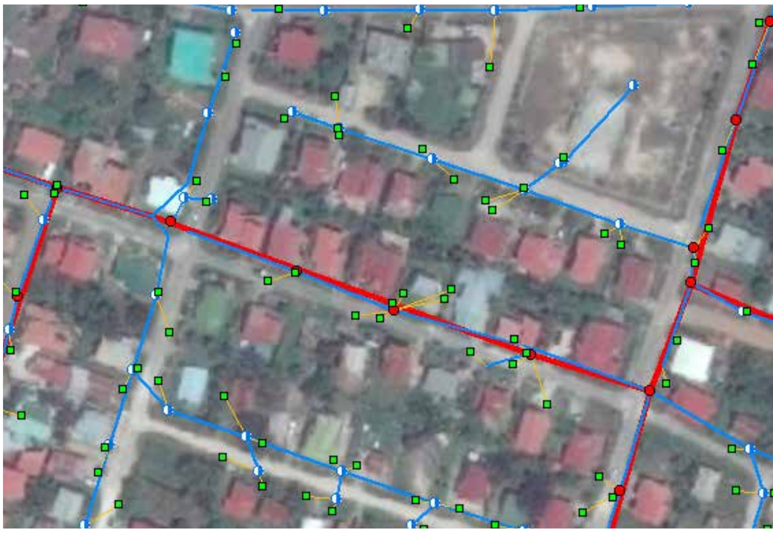
With ***Geographic Information System (GIS) Technology*** BEL is able to:

- Better manage power quality.
- Send customers' information specific to their service areas.
- Improve response time to customers' trouble calls.

With ***Short Message Service (SMS)*** communication, customers can:

- Submit account balance inquiries and receive automatic SMS responses.
- Receive power interruption information.
- Make general inquiries.

Providing Universal Access



- The “Connecting Homes, Improving Lives” program is connecting 1,000 low income households free of cost.
- Over 15 communities were connected to the national grid, including: San Luis, San Jose in Orange Walk, San Mateo in San Pedro, Mosquito Ville in Toledo and La Milpa and Gungulung in the Belize District.
- The number of customer accounts grew by 2.4% to 84,384.

A Model of Excellence!

Looking After Our People

New strategic approaches are being developed and introduced to recruit new staff and manage employee compensation, benefits and overall relations.

Employee development plans are being established for all employees. By 2016, competence gaps will be identified and training programs developed to better prepare employees.

Training continued in the technical, administrative, supervisory and managerial fields. Project Management training was offered to improve the efficacy of work processes and execution of department action plans.

The Company and the Belize Energy Workers Union (BEWU) executed a Memorandum of Agreement (MOA) to settle several industrial relation matters.

Negotiations for a revised Partnership Collective Agreement commenced in the fourth quarter and the Company anticipates conclusion in 2015.

- Vehicle accidents were reduced by 33% from 2013.
- 15 Linemen participated in the Company's Apprentice Lineman Training Program.
- 27 employees participated in the Company sponsored Annual "Get Movin" program to promote healthy living through exercise activities.
- 106 employees participated in diabetic screening.
- 162 employees participated in First Aid/CPR training.
- 34 employees were administered flu vaccination.
- BEL reduced paper consumption by almost 50%.

Remaining Committed to Safety, Health & Environment

Giving Back to our Community

In 2014, BEL employees volunteered 85% more of their time to community outreach activities aimed at poverty alleviation and crime prevention, as well as supporting developments in the areas of education, arts and sports.

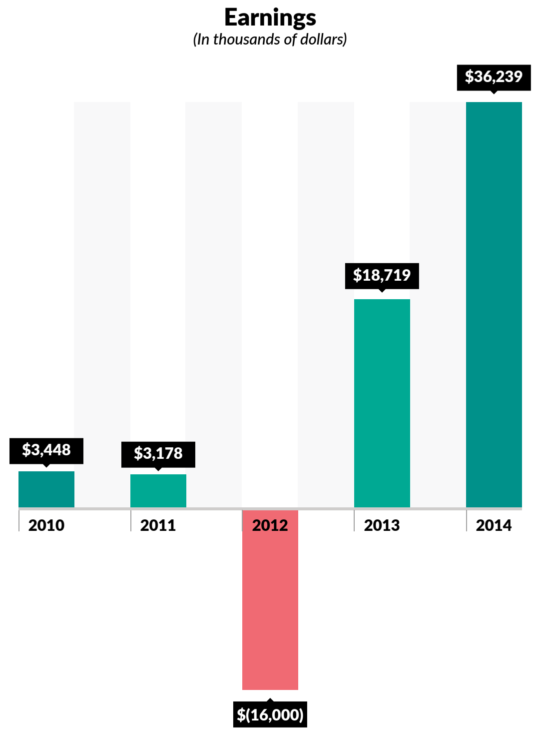

Digicel

Management Discussion & Analysis

Earnings

Net earnings in 2014 were $36.2 million or $0.53 earnings per ordinary share. This is a significant improvement when compared to a plan of $21.6 million and $0.31 per share. However, earnings before fixed asset adjustments were $52.2 million compared to a plan of $23.6 million. This $28.6 million increase in earnings before adjustments is mainly due to lower than normal energy costs of $27.9 million as compared to plan, for the most part contributed by CFE.

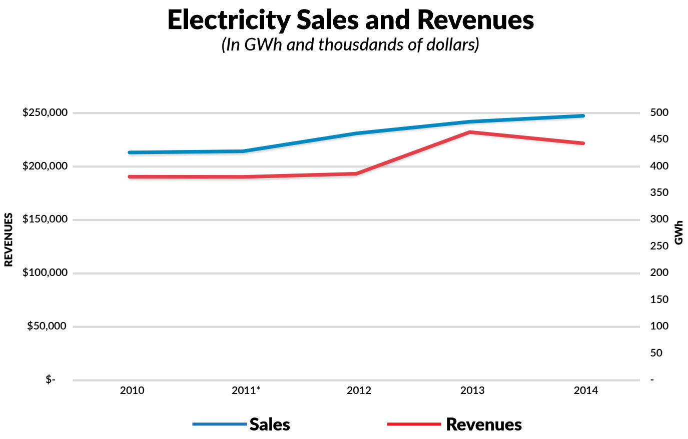
The Fixed Asset Audit exercise, which commenced in 2011, resulted in an $18.8 million negative adjustment to earnings in 2013. Upon completion of the asset valuation exercise in 2014, there were final negative adjustments totaling $16 million for Transmission & Substation Assets. These adjustments were due to the differences between the asset values in the Fixed Asset Register (FAR), compared to values derived from the physical count asset valuation.



Revenues and Sales

Energy sales grew by approximately 2.9% to 495.4 gigawatt hours (GWh) compared to 2013. With a 2.4% increase in the customer base to 84,384 accounts, residential, commercial, and street light sales increased by 3.4%, 2.7%, and 2.4% respectively, while industrial sales decreased by 3%.

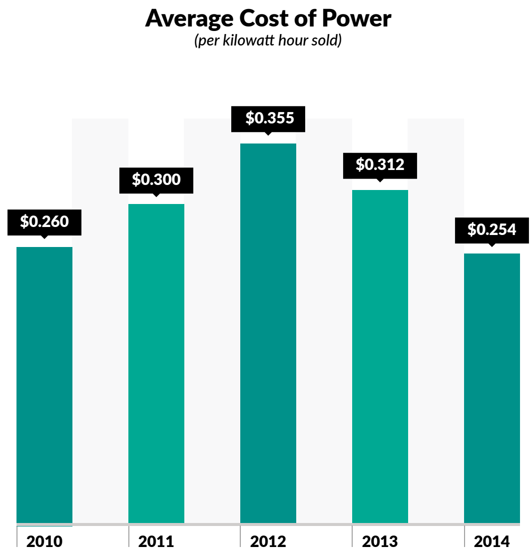
Electricity revenues for the year decreased by 4.5% to $221.7 million, due to a 6.8% decrease in the approved Mean Electricity Rate (MER) from 48 cents per kilowatt hour (kWh) in 2013 to 44.75 cents per kWh in 2014 and the 2.4% increase in electricity sales.



*Restated

Cost of Power (Sold)

Cost of Power decreased by 15.9% to $127.1 million in 2014, despite a sales increase of 2.4% compared to 2013. Annual average unit cost of power (sold) was 25.4 cents per kWh compared to 31.2 cents per kWh in 2013. The overall decrease in the unit cost of power (sold), is due mainly to lower prices from CFE when compared to the previous three years.



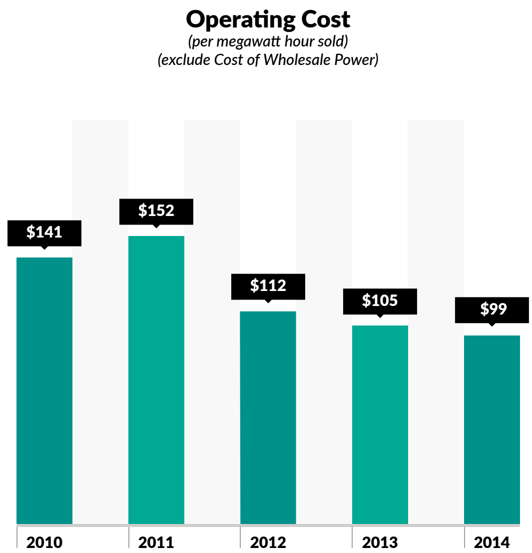
Operating Expenses

Annual operating expenses were $29.3 million compared to $26.9 million in 2013. This increase was due mainly to increases in contract and employee labour including own use energy costs previously not expensed. Despite this increase in annual operating expenses, overall unit cost of delivery per megawatt hour (MWh) sold decreased to $99 in 2014 compared to $105 in 2013, due mainly to reduction in depreciation expense, losses, finance charges and increase in sales.

Depreciation expense decreased by 16.4%, as a result of the net effect of new assets placed into service and decreased asset base, due to the final phase of the Fixed Asset Audit exercise. The decrease in asset base was due to adjustments made to the Transmission and Substation assets following the Fixed Asset Audit exercise.

Finance charges for the year amounted to $5 million compared to $6.4 million in 2013. This decrease was as a result of the net effect of the conversion of the $10 million loan at 5% to Preference shares on June 30, 2014; and the reduction of interest rates from 10% to 6.5% of some $25 million debentures rolled over from Series 3 to Series 6.

Business tax for 2014 was $3.9 million as compared to $4.1 million in 2013 in correlation to fluctuation of electricity revenues.



Capital Expenditure

With the improved cash position, the Company increased net capital investments by 60% when compared to 2013 to $22.9 million. This increase was driven by our Mission to provide reliable electricity and the Company's commitment to the PUC to re-focus on its mandate to achieve universal access to electricity.

Distribution system improvements accounted for $11.8 million of the 2014 capital works. Majority of the works were completed within the areas of system expansion, reliability improvements, business continuity, as well as some improvements to distribution and safety standards.

System expansion initiatives included distribution line extensions and new service installations throughout the country, and streetlights installation and re-conductoring of the Dangriga distribution system. Reliability improvements included the replacement of deteriorated poles, along with general reliability improvements, while business continuity projects encompassed substation upgrades.

Financing

The Company continued to finance its operating and capital expenditure programs, as well as repayment of loan commitments and payment of dividends, primarily from cash generated from operations.

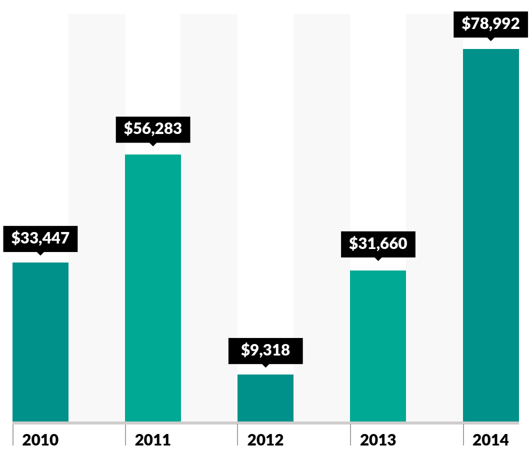
The 2012 short-term loan of $10 million from the Social Security Board was converted to Preference Shares on June 30, 2014.

The 10% Series 3 Debentures were called on May 5, 2014 and refinanced with the 6.5% Series 6 Debentures maturing December 31, 2030.

Dividends of $0.08 per share were paid to shareholders on record as of December 31, 2013.

The Company ended the year with total cash and short-term investments of $57 million. As a result, the plan for 2015 is to further reduce electricity rates, continue with the universal access programs and increase dividend payments.

Cash from Operations
(in thousands of dollars)



Regulatory Matters

The Company's fifteen-year license to generate, transmit, distribute and supply electricity in Belize will be presented for an automatic ten-year renewal in 2015. The Company has already indicated to the PUC, its intent to formally request renewal of license for an extended period up until 2030.

Under the terms of the license, the Company has the right of first refusal on any subsequent license grant. The Company notes that there are opportunities to increase sales demand by connecting several other communities to the national grid. However, issues relating to unlicensed electricity operators in some communities and regulations for micro grid will need to be addressed. BEL is prepared to work with all stakeholders involved in efforts to resolve these matters.

The PUC reduced the Mean Electricity Rate for the period January 1 to June 30, 2014 to 44.7 cents per kWh from 48.8 cents per kWh. In June 2014 the PUC issued its Final Decision for the 2014 Annual Review Proceeding (ARP), reducing the Mean Electricity Rate slightly from 44.7 cents per kWh to 43.5 cents per kWh.

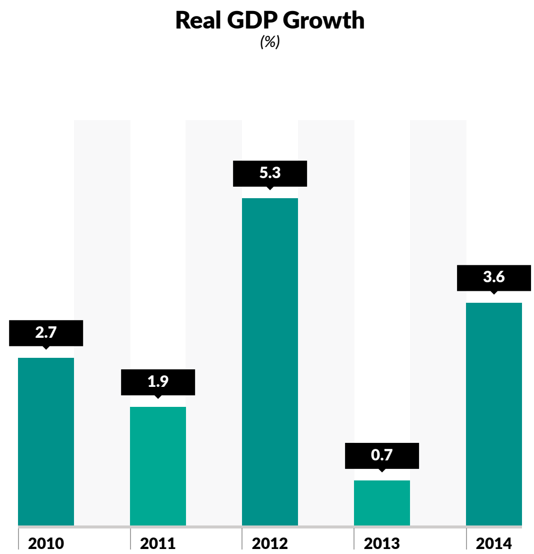
As a result of the reduction in the cost of power, on December 8, 2014, BEL applied to the PUC for a reduction in electricity rates. Consequently, the PUC decreased the Mean Electricity Rate by 5% from 43.47 per kWh to 41.29 per kWh. This reduction took effect on January 1, 2015.

2014 Outlook

Preliminary estimates show that Belize's Gross Domestic Product (GDP) grew to 3.6% in 2014, contributed by the tourism sector, higher export from crop production, and increase in retail trade and distribution.

With the recent decrease in electricity rates, electricity demand in 2015 is therefore forecasted to continue improving above the GDP growth at a rate of approximately 4.0% and it is expected to increase to an average rate of 3.8% over the next five years.

Economic growth is expected to remain mild but steady in 2015. This will result in a continued sales growth in the medium term as demands in the residential, commercial and industrial sectors continue to improve.



Audited Financial
Statements

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Grant Thornton
An instinct for growth™

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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 statements of financial position as at December 31, 2014 and 2013, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial position of Belize Electricity Limited as at December 31, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Grant Thornton

Chartered Accountants
Belize City, Belize
February 27, 2015

Partners
Claude Burrell CPA CISA
Giacomo Sanchez CPA

Audit • Tax • Advisory
Member of Grant Thornton International Ltd

STATEMENT OF FINANCIAL POSITION

Years Ended December 31, 2014 | 2013

(in thousands of Belize dollars)

	Notes		2014		2013
Assets					
Current assets:					
Cash and cash equivalents	2g	**$**	**36,289**	$	11,610
Short term investments	2h		**20,674**		674
Trade receivables	2i,3		**15,157**		16,955
Other receivables	2i		**2,181**		1,744
Staff receivables	2i		**1,089**		1,219
Prepayments	2j		**852**		1,205
Materials and supplies	2k,4		**16,204**		17,734
Total current assets			**92,446**		51,141
Non-current assets:					
Property, plant and equipment	2l, 5		**421,461**		430,017
Intangible assets	2m, 6		**617**		203
Total non-current assets			**422,078**		430,220
Total Assets		**$**	**514,524**	$	481,361
Liabilities and Equity					
Current liabilities:					
Trade payables	2p	**$**	**18,742**	$	14,505
Accrued interest			**92**		209
Dividends payable	2w		**196**		190
Other payable	2p,8		**2,451**		3,408
Current portion of long-term debt	2r, 11		**1,128**		6,112
Taxes payable	2q, 9		**7,314**		7,546
Total current liabilities			**29,923**		31,970
Non-current liabilities:					
Related party loan	10		**-**		10,000
Capital contributions	16		**44,514**		39,964
Long-term debts	2r, 11		**174**		871
Debentures & debenture subscriptions	12		**77,575**		77,363
Consumer deposits	13		**8,449**		8,021
Total non-current liabilities			**130,712**		136,219
Total liabilities			**160,635**		168,189
Equity:					
Ordinary shares	2v, 14		**138,046**		138,046
Preference shares	2v, 14		**10,000**		-
Additional paid in capital	15		**5,741**		5,741
Insurance reserve	17		**5,000**		5,000
Revaluation reserve	5		**5,112**		5,112
Retained earnings			**189,990**		159,273
Total equity			**353,889**		313,172
Total Liabilities and Equity		**$**	**514,524**	$	481,361

The financial statements on pages 23 to 26 were approved and authorized for issue by the Board of Directors on March 25, 2015 and are signed on its behalf by:

Rodwell Williams
Chairman of the Board

Jeffrey Locke
Chief Executive Officer

The notes on pages 27 – 56 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Years Ended December 31, 2014 | 2013

(in thousands of Belize dollars)

	Notes	2014	2013
Revenues	2s, 18	**$ 221,692**	$ 232,233
Cost of power	2t, 19	**(126,527)**	(151,115)
Gross profit		**95,165**	81,118
Other income	20	**6,368**	7,052
Loss on foreign exchange		**(5)**	(26)
Operating expenses	2u, 21	**(29,290)**	(26,886)
Fixed asset impairment	2n,5	**(15,965)**	(18,752)
Depreciation and amortization	5, 6	**(11,135)**	(13,320)
Profit before interest income, interest expenses and taxes		**45,138**	29,186
Interest income	2s	**17**	31
Interest expense	2u	**(4,982)**	(6,379)
Net interest expense		**(4,965)**	(6,348)
Profit before corporate tax		**40,173**	22,838
Corporate tax	2q, 22	**(3,934)**	(4,119)
Profit for the year from continuing operations		**$ 36,239**	$ 18,719
Other comprehensive income		**-**	5,112
Total comprehensive income for the year		**$ 36,239**	$ 23,831
Earnings per share (expressed in $ per share)	23		
Profit for the year attributable to ordinary equity holders:			
Basic		**$ 0.53**	$ 0.27
Diluted		**$ 0.49**	$ 0.27

The notes on pages 27 – 56 form an integral part of these financial statements.

STATEMENT OF
CHANGES IN EQUITY

Years Ended December 31, 2014 | 2013

(in thousands of Belize dollars)

	Ordinary shares	Preference shares	Additional paid-in capital	Insurance reserve	Revaluation reserve	Retained earnings	Total
Balance, January 1, 2013	$ 138,046	$ -	$ 5,741	$ 5,000	$ -	$ 144,006	$ 292,793
Comprehensive income:							
Profit for the year	-	-	-	-	-	18,719	18,719
Other comprehensive income	-	-	-	-	5,112	-	5,112
Total comprehensive income for the year	-	-	-	-	5,112	18,719	23,831
Transactions with owners of the Company							
recognized directly in equity:	-	-	-	-	-	(3,452)	(3,452)
Dividends declared and paid (Note 2w)	-	-	-	-	-	(3,452)	(3,452)
Total transactions with owners							
Balance, December 31, 2013	$ 138,046	$ -	$ 5,741	$ 5,000	$ 5,112	$ 159,273	$ 313,172
Balance, January 1, 2014	138,046	-	5,741	5,000	5,112	159,273	313,172
Comprehensive income:							
Profit for the year	-	-	-	-	-	36,239	36,239
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	36,239	36,239
Transactions with owners of the Company							
recognized directly in equity:							
Shares issued	-	10,000	-	-	-	-	10,000
Dividends declared and paid (Note 2w)	-	-	-	-	-	(5,522)	(5,522)
Total transactions with owners	-	10,000	-	-	-	(5,522)	4,478
Balance, December 31, 2014	**$ 138,046**	**$ 10,000**	**$ 5,741**	**$ 5,000**	**$ 5,112**	**$ 189,990**	**$ 353,889**

The notes on pages 27 – 56 form an integral part of these financial statements.

STATEMENT OF
CASH FLOWS

Years Ended December 31, 2014 | 2013

(in thousands of Belize dollars)

	2014	2013
Cash flow provided by		
Operating activities		
Profit for the year	**36,239**	18,719
Adjustments for:		
Amortization of intangible assets	**198**	249
Depreciation	**10,937**	15,416
Loss on disposal of assets	**1,045**	201
Unrealized foreign exchange loss on long-term debt	**5**	26
Bad debt expense	**107**	196
Obsolescense expense	**205**	191
Amortization of capital contribution	**(1,259)**	(1,151)
Fixed asset impairment	**15,965**	18,752
Corporate tax	**3,934**	4,119
Interest expense	**4,982**	6,379
Changes in items of working capital:		
Decrease (Increase) in trade and other receivables	**1,736**	(3,455)
Decrease (Increase) in materials and supplies	**1,326**	(2,055)
Increase (Decrease) in trade and other payables	**7,541**	(21,873)
	82,961	35,714
Corporate tax paid	**(3,969)**	(4,054)
Net cash generated from operating activities	**78,992**	31,660
Investing activities		
Purchase of property, plant and equipment	**(22,893)**	(14,339)
Proceeds from sale of property plant and equipment	**133**	77
Net cash used in investing activities	**(22,760)**	(14,262)
Financing activities		
Repayment of long-term debts	**(5,686)**	(5,639)
Payment on term deposit	**(20,000)**	-
Debentures Redeemed	**(24,789)**	-
Proceeds from issuance of debentures	**25,000**	905
Interest paid	**(6,793)**	(7,872)
Dividends paid	**(5,522)**	(6,103)
Consumer deposits	**428**	521
Capital contributions	**5,809**	4,407
Net cash used in financing activities	**(31,553)**	(13,781)
Net increase in cash and cash equivalents	**24,679**	3,617
Cash and cash equivalents , beginning of the year	**11,610**	7,993
Cash and cash equivalents , end of the year	**36,289**	11,610

The notes on pages 27 – 56 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2014 | 2013

(in thousands of Belize dollars)

1. GENERAL INFORMATION

Belize Electricity Limited (the 'Company') generates and supplies electricity to consumers throughout the country of Belize. The Company is a public limited liability company incorporated and domiciled in Belize. The address of its registered office is 2.5 miles Philip Goldson Highway, Belize City.

The Company was a majority-owned subsidiary of Fortis Inc. of Canada until June 20, 2011 when the Government of Belize acquired the majority shares from Fortis Inc. via Statutory Instrument No. 67 of 2011 as provided by the Electricity (Amendment) Act No. 4 of 2011 of the Substantive Laws of Belize. The major shareholders of the Company currently are the Government of Belize and the Belize Social Security Board. There are also some 1,500 minority shareholders.

Regulation

The Electricity Act, Chapter 221 and Statutory Instrument No. 145 of 2005, Electricity (Tariffs, Fees and Charges) Byelaws 2005 of the Laws of Belize regulates and makes provision for electricity services in Belize and provides specific powers to the Public Utilities Commission (PUC) 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 act as the regulator of utilities 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 set 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.

The Company undergoes Full Tariff Review Proceedings, every four years, as well as Annual Tariff Review Proceedings. These tariff review proceedings are aimed at determining the Mean Electricity Rate (MER), Tariff and Fees based on three cost components; The first component of the electricity cost is Value Added of Delivery (''VAD''), the second is cost of fuel and purchase cost of power ("COP") which includes the variable cost of generation, and the cost of power based on the latest forecasts and assumptions at the time of review. The third is rate adjustments based on corrections for differences between the actual cost of power results and the most recent assumptions/forecasts as determined in the Final Decision of the previous tariff review proceeding.

A material difference between the actual and reference cost of power may also trigger a rate review proceeding. The difference between the two is recoverable or refundable under the regulations at subsequent ARPs.

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 9 percent to 12 percent.

NOTES TO THE
FINANCIAL STATEMENTS

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are as follows:

a. Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

b. Basis of Presentation

The financial statements have been prepared under the historical cost convention, except for intangibles which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

c. Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the 'functional currency'). The Company's functional and presentation currency is Belize dollars. The official exchange rate for the Belize dollar is fixed at BZ$2.00 to US$1.00.

(ii) Transactions and balances

Foreign currency transactions are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions are recognized in the statement of comprehensive income in "(Loss) / Gain on foreign exchange (net)".

Foreign currency balances at year-end are translated into Belize dollars at the closing rates at the date of the statement of financial position.

d. Significant Accounting Judgments and Estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgments, 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 reported period. Actual results could differ materially from those estimates. (See Note 27)

e. Change in accounting policies

The accounting policies adopted are consistent with those used in the previous financial year except that the Company has adopted the following standards, amendments and interpretations which did not have a significant effect on the financial performance or position of the Company. Some, however, give rise to additional disclosures or changes to the presentation of the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

e. Change in accounting policies (Continued)
Adoption of New Standards, Amendments and Interpretations Effective from January 1, 2014:

IAS 32 Financial Instruments: Presentation Offsetting Financial Assets and Financial Liabilities
Amendment to IAS 32 Financial Instruments: Presentation to clarify certain aspects because of diversity in application of the requirements on offsetting. The amendment is applicable to annual periods beginning on or after January 1, 2014. The amendment had no significant impact on the financial statements of the Company.

IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (Amendment)
Amendment to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendment is effective for annual periods beginning on or after January 1, 2014. The amendment had no significant impact on the financial statements of the Company.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial instruments (classification and measurement)
Contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics.
- Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition. The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39.

The amendment is effective for annual periods beginning on or after January 1, 2018. The Company will quantify the effect when the amendment becomes effective.

IFRS 14 Regulatory Deferral Accounts
IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

e. Change in accounting policies (Continued)

and in subsequent financial statements. The standard becomes applicable to an entity's first annual IFRS financial statements for a period beginning on or after January 1, 2016. The standard will not have an impact on the financial statements of the Company.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are: Identify the contract with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contracts, and recognise revenue when (or as) the entity satisfies a performance obligation. The standard is applicable to an entity's first annual IFRS financial statements for a period beginning on or after January 1, 2017. The standard will not have an impact on the Company's financial statements.

IFRS 11 Joint Arrangements- Accounting for Acquisitions of Interests in Joint Operations (Amendments)

Amendment to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11; and

- disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured). The amendments apply prospectively to acquisitions of interests in joint operations in which the activities of the joint operations constitute businesses, as defined in IFRS 3, for those acquisitions occurring from the beginning of the first period in which the amendments apply. Amounts recognised for acquisitions of interests in joint operations occurring in prior periods are not adjusted. The amendment is applicable to annual periods beginning on or after January 1, 2016. The amendments is not expected to have an impact on the Company's financial statements.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets- clarification of Acceptable Methods of Depreciation and Amortization (Amendments).

Amends these standards to:

- clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- introduce a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated; and

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

e. Change in accounting policies (Continued)

- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

The amendment is applicable to annual periods beginning on or after January 1, 2016. The Company will assess the impact when effective.

IAS 16 Property, Plant and Equipment and IAS 41 Agriculture (Amendments)
Amends these standards to:

- include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for as property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16
- introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales
- clarify that produce growing on bearer plants remains within the scope of IAS 41.

The amendment is applicable to annual periods beginning on or after January 1, 2016. The amendment will not have an impact on the financial statements of the Company.

IAS 27 Separate Financial Statements- Equity Method in Separate Financial Statements (Amendments)
Amendment to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. The amendment is applicable for annual periods beginning on or after January 1, 2016. The Company will assess the impact when effective.

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) - (Amendments)
Amends IFRS 10 to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations).
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The amendment is applicable on a prospective basis to a sale or contribution of assets occurring in annual periods beginning on or after January 1, 2016. The impact on the Company's financial statements will be assessed when effective.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

e. Change in accounting policies (Continued)

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The amendment is applicable on a prospective basis to a sale or contribution of assets occurring in annual periods beginning on or after January 1, 2016. The impact on the Company's financial statements will be assessed when effective.

IAS 1 Presentation of Financial Statements – Amendment

Amends IAS 1 to address and clarify the following changes:

- clarifies that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- clarifies that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;
- additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes.

The amendment is effective for annual periods beginning on or after January 1, 2016. The impact will be assessed when the amendment becomes effective.

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures (2011) - (Amendments)

Amends IFRS 10 to clarify issues that have arisen for application of the consolidation exception, as follows:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

The amendment is effective for annual periods beginning on or after January 1, 2016. The impact will be assessed when the amendment becomes effective.

Annual Improvements 2012-2014 Cycle

The following improvements are effective for annual periods beginning on or after January 1, 2016. The adoption of the below amendments are not expected to have any material impact on the Company's financial performance or financial position.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

e. Change in accounting policies (Continued)

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 7 Financial Instruments: Disclosures
Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

IAS 9 Intangible Assets
Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

IAS 34 Interim Financial Reporting
Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

These improvements are effective for annual periods beginning on or after July 1, 2016.

f. Financial instruments

Financial assets and the financial liabilities are recognized when an entity becomes a party to the contractual provision of the instrument.

Initial recognition and measurement
Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of the financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets
Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables.' The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

BEL's financial assets are classified as detailed in Note 26.

Effective interest method
The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through

NOTES TO THE FINANCIAL STATEMENTS

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

f. Financial instruments (Continued)

the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

Loans and receivables

Loan and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

BEL's financial assets classified as loans and receivable are cash and cash equivalents, short term investments and accounts receivables. Refer to Note 26.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probably that the borrower will enter bankruptcy or financial re-organization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the BEL's past experience of collections, an increase in number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flow, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of profit or loss.

NOTES TO THE
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

f. Financial instruments (Continued)

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If BEL neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, BEL recognizes its retained interest in the asset and associated liability for amounts it may have to pay. If BEL retains substantially all the risks and rewards of ownership of a transferred financial asset, BEL continues to recognize the financial asset and also recognizes a collateralized borrowing for proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in the other comprehensive income and accumulated in equity is recognized in profit or loss.

On de-recognition of a financial asset other than in its entirety (e.g. when BEL retains an option to repurchase part of the transferred asset), BEL allocates the previous carrying amount of the financial asset between the part it continues to recognize under the continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount and part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities at amortized cost'. BEL classifies its financial liabilities as other financial liabilities at amortized cost.

Other financial liabilities at amortized cost

Interest-bearing loans and borrowings are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument, and are subsequently recognized at amortized costs. Financial liabilities included in trade and other payables are recognized initially at fair value and subsequently at amortized cost using the effective interest method.

BEL's other financial liabilities include trade and other payables, accrued expenses, current and long term debt. Refer to Note 26.

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FINANCIAL STATEMENTS

Years Ended December 31, 2014 | 2013

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

f. Financial instruments (Continued)

Derecognition of financial liabilities

BEL derecognizes financial liabilities when and only when, BEL's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and is payable is recognized in profit or loss.

g. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

h. Short term investments

Short term investments represent term deposits held at the bank with maturity dates of 3 months to 1 year from the date of acquisition.

i. Trade and other receivables

Trade and other receivables represent amounts outstanding from customers for electricity charges, service and other fees and outstanding balances from non-routine transactions. Staff receivables include loans and advances made to BEL's employees. Receivables are measured at amortized cost.

j. Prepayments

Prepayments represent insurance, license, property tax and other costs paid in advance of their intended use or coverage. Prepayments are expensed in the period the service is delivered.

k. Materials and supplies

Materials and supplies are stated at the lower of cost and net realizable value. Cost is determined on the weighted average cost method. The cost of materials and supplies comprise acquisition cost, insurance, freight, duties and all other costs incurred in placing the materials and supplies in the warehouse, ready for use. Net realizable value is the estimated selling price less applicable selling expenses.

l. Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of comprehensive income during the period in which they are incurred.

Land and assets under construction are not depreciated and are carried at cost.

The major categories of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives which, for the major classes of assets, are as follows:

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

l. Property, plant and equipment (Continued)

The carrying amount of a replaced part is derecognized when replaced. Residual values, method of amortization and useful lives of assets are reviewed annually and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals of property, plant and equipment are determined by comparing sales proceeds with the carrying amount of assets and are recognized in the statement of comprehensive income.

During the construction or development stage of assets under construction, overhead costs and interest on loans specifically sourced to finance long-term construction and expansion projects are capitalized and included in the cost of the appropriate asset.

m. Intangible assets

The Company's intangible assets are stated at cost less accumulated amortization and include acquired computer software with finite useful lives and transmission rights. These assets are capitalized and amortized on a straight-line basis in the statement of profit or loss over the period of their expected useful lives as follows:

Software costs are amortized over the estimated useful life of the software, five to ten years.

Transmission rights are amortized over the fifteen-year life of the power purchase contract, which commenced in 1998.

n. Impairment of non-financial assets

Property, plant and equipment and intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or 'CGUs'). Recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU, as determined by management).

o. Employee benefits

(i) Post-employment benefits obligations:

Employees of the Company included in these financial statements have entitlements under the Company's defined contribution pension plan. The pension plan is financially separate from the Company, is managed by a Board of Trustees and is funded by contributions from both employees and the Company.

The cost of defined contribution pension plans is charged to expense as the contributions become payable.

While in pensionable service, each participant pays contributions at the rate of 4% per annum of his pensionable salary with the option to increase his/her

NOTES TO THE
FINANCIAL STATEMENTS

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

o. Employee benefits (Continued)

(i) Post-employment benefits obligations:(Continued)

contributions to a maximum of 10%, in increments of 1%. The Company matches the participant's contributions at the regular rate of 4% or at such higher rate as the member may have opted for, up to a maximum of 6%. The Trust Deed was amended, effective 17th January 2012, to require that the Company match senior managers' contributions up to a maximum of 10% per annum.

(ii) Termination benefits

The Company recognizes termination benefits in accordance with the labour laws of Belize, union agreements and Company policy. Employees with at least three years or more of continuous employment are entitled to a minimum of one week's pay for each year of service.

p. Trade and other payables

Trade payables represent amounts outstanding to vendors for goods and services obtained. Other payables include payroll liabilities, outstanding refunds and other short term obligations incurred by the Company. Payables are measured at amortized cost.

q. Corporate tax

The tax expense for the period comprises current tax. The tax charge is calculated on the basis of the tax laws enacted at the statement of financial position date. Management evaluates situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of the amounts expected to be paid to the tax authorities.

Taxes are based on monthly gross revenues and are payable within the following month.

r. Long-term debts

Long-term debts are recognized initially at the transaction price, that is, the present value of cash payable to the lender. Long-term debts are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

Interest expenses incurred on long-term debts to finance long-term construction or development projects are capitalized.

s. Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of electricity in the ordinary course of the Company's activities. Revenue is shown net of any tax, rebates and discounts.

The company recognizes revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company's activities, as follow:

(i) Sales of electricity

The Company produces for sale and purchases for resale electricity to consumers throughout the country of Belize. Sales are recognized when the significant risks and rewards of ownership have been transferred to the customer, the sales price

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

s. Revenue (Continued)

(i) Sales of electricity (Continued)

and costs can be measured reliably, and it is probable that economic benefits will flow to the Company. These criteria are generally met at the time the Company provides the electricity to customers.

Revenue is measured based on the price per KWH determined and authorized by the PUC in its rate-setting exercise.

(ii) Interest income

Interest income is recognized using the effective interest method.

t. Cost of power

Cost of power includes the cost of power purchased from the Company's suppliers of power, namely Comisión Federal De Electricidad (CFE from Mexico), from the hydroelectric power plants and biomass electric power plants in Belize, and power generated from the Company's own diesel generated power plant facilities.

u. Interest and operating expenses

Interest and operating expenses are recognized in the period incurred.

v. Share capital

Ordinary shares and convertible redeemable preference shares are classified as equity.

Equity instruments are measured at the nominal value of the share and any excess of the fair value of the cash or other resources received or receivable over the nominal value is recognized as equity in a share premium or additional paid-in capital account.

w. Dividends

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared by the Company's Board of Directors.

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FINANCIAL STATEMENTS

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3. TRADE RECEIVABLES

		2014		2013
Consumers	**$**	**18,597**	$	21,148
Less: provision for doubtful debts		**(3,440)**		(4,193)
	$	**15,157**	$	16,955
Provision for doubtful debts is comprised as follows:				
Balance, January 1	**$**	**4,193**	$	4,004
Additional provision		**107**		196
Write off		**(860)**		(7)
Balance, December 31	**$**	**3,440**	$	4,193

4. MATERIALS AND SUPPLIES

		2014		2013
Bulkstores	**$**	**17,863**	$	19,491
Fuel and oil		**714**		616
		18,577		20,107
Less: provision for damaged and obsolete spares		**(2,373)**		(2,373)
	$	**16,204**	$	17,734
Provision for damaged and obsolete spares				
Balance, January 1	**$**	**2,373**	$	2,182
Additional provision		**205**		191
Write off		**(205)**		-
Balance, December 31	**$**	**2,373**	$	2,373

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5. PROPERTY, PLANT AND EQUIPMENT

Year ended December 31, 2013

Cost	Land and buildings	Plant, machinery and equipment	Assets under construction	Total
January 1, 2013	$ 20,092	$ 520,497	$ 33,665	$ 574,254
Additions	-	-	14,339	14,339
Transfers	79	13,223	(13,302)	-
Disposals	-	(1,964)	-	(1,964)
Impairment		(18,752)		(18,752)
December 31, 2013	20,171	513,004	34,702	567,877
Accumulated Depreciation				
January 1, 2013	7,117	122,125	-	129,242
Additions	471	14,945	-	15,416
Disposals	-	(1,686)	-	(1,686)
Revaluation		(5,112)		(5,112)
December 31, 2013	7,588	130,272	-	137,860
Net Book Value December 31, 2013	**$ 12,583**	**$ 382,732**	**$ 34,702**	**$ 430,017**

Depreciation charge of $2,345 was allocated to cost of power. The Fixed Asset Audit conducted by independent consultants resulted in a revaluation gain of $5.1 million and an impairment loss of $18.7 million. (See Note 19).

Year ended December 31, 2014

Cost	Land and buildings	Plant, machinery and equipment	Assets under construction	Total
January 1, 2014	$ 20,171	$ 513,004	$ 34,702	$ 567,877
Additions	-	-	22,893	22,893
Transfers	416	25,441	(26,469)	(612)
Disposals	-	(2,467)	-	(2,467)
Impairment		(15,965)		(15,965)
December 31, 2014	20,587	520,013	31,126	571,726
Accumulated Depreciation				
January 1, 2014	7,588	130,272	-	137,860
Additions	473	13,222	-	13,695
Disposals	-	(1,290)	-	(1,290)
December 31, 2014	8,061	142,204	-	150,265
Net Book Value December 31, 2014	**$ 12,526**	**$ 377,809**	**$ 31,126**	**$ 421,461**

Depreciation charge of $2,758 was allocated to cost of power. The Fixed Asset Audit conducted by independent consultants resulted in an impairment loss of $16.0 million. (See Note 19). Transfer total of ($612) thousand represents cost in asset under construction that was transferred to intangible assets. (See note 6)

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FINANCIAL STATEMENTS

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6. INTANGIBLE ASSETS

Year ended December 31, 2013

	Computer software	Transmission rights	Total
Cost			
January 1, 2013	$ 6,129	$ 2,757	$ 8,886
December 31, 2013	6,129	2,757	8,886
Accumulated Amortization			
January 1, 2013	5,930	2,504	8,434
Additions	104	145	249
December 31, 2013	6,034	2,649	8,683
Net Book Value December 31, 2013	**$ 95**	**$ 108**	**$ 203**

Year ended December 31, 2014

	Computer software	Transmission rights	Total
Cost			
January 1, 2014	$ 6,129	$ 2,757	$ 8,886
Additions	612	-	612
December 31, 2014	6,741	2,757	9,498
Accumulated Amortization			
January 1, 2014	6,034	2,649	8,683
Additions	90	108	198
December 31, 2014	6,124	2,757	8,881
Net Book Value December 31, 2014	**$ 617**	**$ -**	**$ 617**

7. BANK OVERDRAFT

Belize Electricity Limited (the 'Company') generates and supplies electricity to consumers The Company has a BZ$1.0 million 8.5% unsecured overdraft facility with Heritage Bank Limited that is reviewed annually on September 30.

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8. OTHER PAYABLES

	2014	2013
Payroll liabilities	**$ 182**	$ 644
Refunds and other costs	**659**	996
Stale dated checks	**772**	953
EIB training fund	**838**	815
	$ 2,451	$ 3,408

9. TAXES PAYABLE

	2014	2013
Business tax	**$ 297**	$ 332
General sales tax	**1,592**	1,789
Other tax provision	**5,425**	5,425
	$ 7,314	$ 7,546

10. RELATED PARTY LOAN

On November 27, 2012, the Social Security Board (SSB) subscribed for $10 million in Preference Shares in the Company. SSB stipulated that until the preference shares were issued, the proceeds were to be treated as a loan with interest at 5% per annum paid quarterly.

SSB held a lien over two of the Company's properties as collateral up until the preference shares were issued on June 30, 2014.

NOTES TO THE FINANCIAL STATEMENTS

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11. LONG - TERM DEBTS

	2014	2013
1. Government of Belize		
a. ***Loan No. 7.0971/2*** Unsecured loan no. 7.0971/2 to Government of Belize amounting to 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, commencing May 31, 2000. The loan bears interest at 5% per annum.	**$ -**	$ 780
b. ***Loan No. 14/OR-BZ*** Unsecured loan no. 14/OR-BZ to Government of Belize amounting to 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, commencing 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 3.95 % (2013 – 3.61%) per annum.	**1,302**	3,026
2. The Bank of Nova Scotia (Canada)	**-**	3,177
a. Loan from The Bank of Nova Scotia (Canada) amounting to 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.		
	1,302	6,983
Less Current portion (repayable in 12 months)	**(1,128)**	(6,112)
	$ 174	$ 871

The loans are repayable as follows:

	2014
2015	**1,128**
2016	**174**
	$ 1,302

(in thousands of Belize dollars)

12. DEBENTURES AND DEBENTURE SUBSCRIPTIONS

	2014	2013
Series 2: 193,718 unsecured debentures of $100 each to mature March 31, 2021 with interest payable quarterly at 9.5% per annum.	**19,372**	19,372
Series 3: Nil (247,890 - 2013) unsecured debentures of $100 each to mature July 31, 2022 with interest payable quarterly at 10% per annum.	**-**	24,788
Series 4: 82,026 unsecured debentures of $100 each to mature September 30, 2027 with interest payable quarterly at 10% per annum.	**8,203**	8,203
Series 5: 250,000 (Subscriptions - 240,950 - 2012) unsecured debentures of $100 each to mature December 31, 2024 with interest payable quarterly at 7% per annum.	**25,000**	25,000
Series 6: 250,000 unsecured debentures of $100 each to mature December 31, 2030 with interest payable quarterly at 6.5% per annum.	**25,000**	-
	$ 77,575	$ 77,363

The Series 2 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 3 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.

On May 2, 2014, the Company exercised its call option on the $24.8 million 10% Series 3 Debentures giving 60 days' notice. The Company also offered a $25.0 million 6.5% Series 6 Debentures on July 1, 2014. The proceeds were used in whole or in part to refinance the Series 3 Debentures, and or to redeem other existing debentures held by debenture holders who choose not to invest in the new offering.

The Series 4 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.

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Years Ended December 31, 2014 | 2013

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12. DEBENTURES AND DEBENTURE SUBSCRIPTIONS *(Continued)*

The Series 5 debentures can be called by the Company at any time after December 31, 2016 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 December 31, 2018 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 6 debentures can be called by the Company at any time after December 31, 2020 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 December 31, 2022 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.

13. CONSUMER DEPOSITS

The Company has a policy whereby consumers are required to make a security deposit when they first request that the Company provides them with electricity. The deposit is refundable on discontinuance of services.

14. SHARE CAPITAL

	2014	2013
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
Issued and fully paid 5,000,000 shares of $2.00 each	**$ 10,000**	NIL
Special share:		
Authorized, issued and fully paid 1 share of $1.		

The rights attached to Convertible Redeemable Preference Shares are as follows:
Dividends - the holders of the Convertible Redeemable Preference Shares is entitled to a guaranteed annual dividend of five (5%) per cent on the nominal preferred share value. In the event that dividends declared for Ordinary shares at an annual rate exceeds the rate payable on Convertible Redeemable Preference Shares, the dividends payable on such Preference Shares shall be equal to the rate payable on Ordinary Shares.

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14. SHARE CAPITAL *(Continued)*

Redemption - Unless previously converted all outstanding Convertible Redeemable Preference Shares shall be redeemed by the Company on the December 31, 2015 at their nominal value of $2.00 per share.

Voting - the Convertible Redeemable Preference Shares shall not confer unto the holders any voting rights save in accordance with the Articles of Association.

Conversion – Holder(s) of the Convertible Redeemable Preference Shares shall have the right, with the consent of the Company, at any time prior to the redemption of its shares to request that the Company convert any portion of the shares held by such holder(s) to Ordinary Shares provided that (a) the holder(s) shall serve a written notice of request to the Company at least 60 days prior to the intended conversion and (b) the conversion shall take effect on the date next after the expiry of the fiscal year in which the written request for conversion is delivered to the Company.

Return of Capital - The Convertible Redeemable Preference Shares confer on the holders 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 holder of the Special share as defined in the Articles of Association and the holders of any other preference shares of the Company from time to time, of the amounts paid up on the Convertible Redeemable Preference Shares held by them.

Further Rights, Privileges and Obligations - The Convertible Redeemable Preference Shares Company shall confer upon the holders thereof all other rights, preferences, privileges and restrictions, attaching to the class of shares to which the Shares belong, as set forth in the Articles of Association.

The rights attached to the Special Share are as follows.
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.

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14. SHARE CAPITAL *(Continued)*

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.

15. ADDITIONAL PAID-IN CAPITAL

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. The Dividend Reinvestment Program was closed on August 2, 2006.

16. CAPITAL CONTRIBUTIONS

Capital contributions are contributions by customers towards capital installation costs. They include Government of Belize's contributions towards rural electrification programs. Capital contributions are amortized over the useful life of the relevant asset.

	2014	2013
Capital contributions brought forward	**$ 51,507**	$ 47,100
Additions	**5,809**	4,407
Capital contributions carried forward	**57,316**	51,507
Amortization brought forward	**11,543**	10,392
Additions	**1,259**	1,151
Amortization carried forward	**12,802**	11,543
Capital contributions – net	**$ 44,514**	$ 39,964

17. INSURANCE RESERVE

The insurance coverage of the Company's transmission and distribution assets was discontinued in 1994 due to the limited availability of coverage and a significant increase in the cost of this insurance. In 1995, the directors approved a self-insurance plan for transmission and distribution assets for a total of BZ$5 million and resolved to set aside BZ$0.5 million per annum from retained earnings. As at December 31, 2014, BZ$5 million of retained earnings has been appropriated. On June 26, 2014, the Company set aside this amount in a 2.5% one-year term deposit.

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18. REVENUES

On December 10, 2012, the Company submitted information to the PUC in accordance with SI 116 of 2009, on the actual cost of power compared to the reference Cost of Power approved under the 2012-2013 ARP. On January 11, 2013, the PUC ordered an increase in the MER for the period January 1 to June 30, 2013 to $0.488 per kWh from $0.418 per kWh. On June 26, 2013 the PUC issued its final decision for the 2013 ARP reducing the MER slightly from $0.4886 to $0.4865 with adjustments affecting social rate customers only.

On December 10, 2013, the Company submitted its review of the 2013 ARP Final Decision application and proposed a reduction in the MER by $0.03/KWh to reflect a decrease in the cost of power component of the MER. The PUC on January 2, 2014 issued its final decision and reduced the MER by $0.04/KWh from $0.4865 to $0.4465 per kWh. In June 2014 the PUC issued its final decision for the 2014 ARP reducing the MER from $0.4865 to $0.4347 per kWh.

19. COST OF POWER

		2014		2013
Power purchased	**$**	**118,140**	$	143,206
Power generation costs:				
Fuel		**4,417**		4,869
Operations and maintenance		**1,212**		695
Depreciation (Note 5)		**2,758**		2,345
	$	**126,527**	$	151,115

20. OTHER INCOME

		2014		2013
Service installations	**$**	**17**	$	21
Rent income		**1,736**		1,724
Capacity charges		**2,903**		2,903
Amortization of capital contributions		**1,259**		1,151
Sundry income		**453**		1,253
	$	**6,368**	$	7,052

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21. OPERATING EXPENSES

		2014		2013
Bad debt expense	**$**	**107**	$	196
Company taxes and fees		**1,332**		1,397
Computer hardware and software Support		**940**		938
Contract labour		**4,337**		3,830
Corporate insurance		**1,241**		1,661
Donations & customer claims		**219**		193
Employee electricity discount		**333**		359
Employee service facility		**474**		380
Employer medical, life and social security expenses		**752**		754
Employer pension expense		**932**		917
Inventory expense		**205**		-
Maintenance of office equipment		**37**		49
Maintenance of grounds and buildings		**779**		163
Materials		**652**		452
Notification and advertisments		**189**		236
Payroll expenses - labour & wages		**12,350**		11,037
Professional fees		**403**		705
Stationery & office supplies and postage and		**316**		286
subscription		**1,120**		1,167
Telephone & communications		**283**		270
Training & certfication		**314**		265
Travel expenses		**417**		256
Uniform & safety gear		**784**		777
Vegetation management		**774**		598
Vehicle maintenance				
	$	**29,290**	$	26,886

22. CORPORATE TAX

As provided by the Income and Business Tax Act of Belize, the Company is charged a tax rate of 1.75% on its gross revenues.

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23. EARNINGS PER SHARE

	2014	2013
Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the reporting date.	**$ 0.53**	$ 0.27
Diluted earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year adjusted for its dilutive potential.	**$ 0.49**	$ 0.27

The following reflects the income and share capital data used in the basic and diluted earnings per share computations

	2014	2013
Net profit attributable to ordinary shareholders for basic and diluted earnings	**$ 36,239**	$ 18,719
Weighted average number of ordinary shares for basic earnings per share Effect of dilution:	**69,023,009**	69,023,009
Weighted average number of ordinary shares adjusted for the effect of dilution	**74,023,009**	69,023,009
Basic earnings per ordinary share	**$ 0.53**	$ 0.27
Diluted earnings per ordinary share	**$ 0.49**	$ 0.27

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

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24. RELATED PARTY TRANSACTIONS

The Company is controlled by the Government of Belize who owns 70.2% of the shares. A statutory board of the Government of Belize, the Social Security Board owns 26.9% and about 1,500 other shareholders own 2.9%.

The following transactions were carried out with related parties:

		2014		2013
(a) Sale of power				
Government of Belize	**$**	**28,104**	$	31,314
Belize Social Security Board		**413**		410
(b) Purchases of goods and services				
Belize Social Security contribution payments	**$**	**383**	$	388
Belize Social Security interest payments		**792**		422
Belize Social Security dividend payments		**1,486**		929
Government of Belize dividend payments		**3,878**		2,424
(c) Key managment compensation				
Key management includes directors, members of the Executive, the Company Secretary and the Head of Internal Audit. The compensation paid to key management for services is shown below:				
Salaries and other short-term benefits	**$**	**499**	$	483
(d) Year-end balances				
Receivable from related parties:				
Government of Belize	**$**	**-**	$	-
Social Security Board		**-**		3
Entities controlled by key management personnel		**NIL**		NIL
Payable to related parties:				
Government of Belize		**1,271**		809
Social Security Board		**38**		10,126
Entities controlled by key management personnel		**NIL**		NIL
The receivable from and payable to related parties are due one month after date of sale or purchase. The receivables are unsecured and bear no interest. No provisions are held against receivables from related parties (2011 - NIL).				
(e) Loans to related parties		**NIL**		NIL

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25. 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, 2014, the Company was in compliance with these covenants.

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. However, these legal matters continue to require keen attention and consultation with the Company's attorneys in order to minimize exposure.

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

	Total	2015	2016 - 2019
Long-term debt	1.3	1.1	0.2
Purchase obligations - energy (BECOL)	255.2	50.0	205.2
Purchase obligations – energy (BELCOGEN)	72.0	13.9	58.1
Purchase obligations – energy (Hydro Maya)	8.7	1.7	7.0
Purchase obligations – energy (BAPCOL)	58.9	15.8	43.1
Interest obligations on LTD and Debentures	30.3	6.1	24.2
Total Obligations	426.4	88.6	337.8

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26. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

In accordance with IFRS 7, an entity shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the reporting date

Financial Liabilities	Other Financial Liabilities at Amortized Cost			
		2014		2013
Cash and cash equivalents	**$**	**36,289**	$	11,610
Term deposit		**20,674**		674
Trade receivables		**15,157**		16,955
Other receivables		**2,181**		1,744
Staff receivables		**1,089**		1,219
Total Financial Assets	**$**	**75,390**	$	32,202

Financial Liabilities	Other Financial Liabilities at Amortized Cost			
		2014		2013
Trade payables	**$**	**18,742**	$	14,505
Accrued interest		**92**		209
Dividends payable		**196**		190
Other payable		**2,451**		3,408
Related party loan		**-**		10,000
Long-term debt		**1,302**		6,983
Debentures		**77,574**		77,363
Total Financial Liabilities	**$**	**100,357**	$	112,658

27. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks. Risk management is carried out by management under the supervision of the Board of Directors. The Company's overall risk management objective is to minimize potential adverse effects on the Company's financial performance.

(a) Foreign exchange risk
Foreign exchange risk arises when future recognized assets and liabilities are denominated in a currency that is not the entity's functional currency.

This risk is mitigated by the fact that the Belize dollar is tied to the US dollar at BZ$2 to US$1. However where the rate of exchange of the US dollar fluctuates against other currencies, for example, the Euro, the Company is susceptible to foreign exchange risks.

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27. FINANCIAL RISK MANAGEMENT *(Continued)*

Foreign exchange risk is minimized when the Company's transactions with foreign entities are denominated in US dollars. At December 31, 2014, the Company had no material liability denominated a foreign currency other that the US dollar. At December 31, 2013, the Company had one material liability denominated in EURO. See Note 11.

(b) 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	13%
Residential customers	26%
Commercial customers	54%
Industrial customers	7%

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

(c) 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.

(d) 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. To mitigate liquidity risk, cash flow forecasting is performed which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Such forecasting takes into consideration the Company's debt financing plans and compliance with balance sheet.

The table below analyzes liabilities of the Company into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Within 3 Months	3 Months - 1 Year	1 to 5 Years	Total
	$	$	$	$
Trade payables	18,742	-	-	18,742
Accrued interest	92	-	-	92
Dividends payable	196	-	-	196
Other payables	2,451			2,451
Long-term debt	605	523	174	1,302
	22,086	523	174	22,783

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2014 | 2013

(in thousands of Belize dollars)

28. CAPITAL MANAGEMENT

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

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (long-term debts and debentures including 'current and non-current portions as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

29. SUBSEQUENT EVENTS

Regulatory

On January 7, 2015, the PUC issued an Amendment to the 2014 Annual Review Proceeding Final Decision for the Annual Tariff Period (ATP) July 1, 2014 to June 30, 2015. This decision resulted in a new average tariff effective January 1, 2015 which decreased the mean electricity rate from BZ$0.4347 to $0.4129 to be revisited in the June 2015 ATP.

FINANCIAL AND OPERATING STATISTICS

	2014	2013	2012	2011*	2010	2009	2008	2007	2006	2005	2004
FINANCIAL STATISTICS											
(Belize thousands of dollars except as noted)											
Energy Revenues	221,692	232,233	193,294	190,245	190,526	186,566	140,577	159,607	149,577	120,540	105,512
Net Profit (Loss)	36,239	18,719	(16,000)	3,178	3,448	8,895	(10,838)	29,864	26,084	18,883	15,822
Net Fixed Assets	421,461	430,017	445,012	445,143	444,683	418,704	393,831	372,834	340,737	322,163	310,536
Capital Expenditures	22,893	14,339	17,682	31,471	44,372	43,325	41,652	47,119	32,046	25,203	25,512
Total Assets	514,524	481,361	487,833	489,997	476,903	472,267	435,257	429,738	408,953	373,673	346,472
Long Term Debt	174	871	6,518	12,139	18,435	26,521	44,155	44,245	49,593	75,276	89,576
Debentures	77,574	77,363	76,458	69,311	69,311	69,473	69,570	66,829	60,317	56,016	53,062
Shareholders' Equity (excluding Contributed Capital)	353,889	313,172	292,793	308,792	255,041	251,593	242,698	257,333	242,654	154,721	136,096
Performance Indicators											
Rate of Return on Net Fixed Assets	11.1%	6.3%	-2.4%	2.2%	3.8%	4.9%	-1.1%	10.3%	10.5%	9.6%	8.3%
Rate of Return on Shareholders' Equity	10.9%	6.2%	-5.3%	1.1%	1.4%	3.6%	-4.3%	11.9%	13.1%	13.0%	12.3%
Earnings (Loss) per share ($)	0.53	0.27	(0.23)	0.05	0.05	0.13	(0.16)	0.43	0.48	0.59	0.53
OPERATING STATISTICS											
Sales (MWH)											
Industrial & Commercial	304,567 [3]	299,045	186,504 [2]	152,239	159,921	158,452	158,992	143,118	132,553	123,701	116,075
Residential	164,709	159,333	250,884 [2]	251,764	241,777	234,596	224,030	214,925	203,361	202,419	189,498
Street Lighting	26,116	25,516	24,781	24,486	24,535	24,326	23,963	23,716	23,679	23,606	24,404
Total	495,392	483,894	462,169	428,490	426,233	417,374	406,985	381,759	359,593	349,726	329,977
Customer Accounts (numbers)											
Industrial, Commercial & Street Lighting	17,549 [3]	17,463	15,658 [1]	720	730	724	725	699	678	594	537
Residential	66,835	64,977	64,705 [1]	78,007	76,316	74,819	73,492	71,992	70,279	68,041	65,544
Total	84,384	82,440	80,363	78,727	77,046	75,543	74,217	72,691	70,957	68,635	66,081
Net Generation (MWh)											
Net Diesel Generation	8,108	8,439	13,632	6,910	7,608	18,760	10,704	36,078	30,136	81,553	78,850
Purchased Power - BECOL	245,259	243,177	199,039	232,081	249,564	179,949	191,589	166,727	177,733	68,275	63,215
Purchased Power - HydroMaya	10,508	15,454	9,553	12,518	13,586	7,760	12,898	10,676	-	-	-
Purchased Power - BAL/BAPCOL	2,811	954	3,578	0	4,461	48,781	-	-	-	-	-
Purchased Power - Belcogen	66,355	48,859	64,506	70,720	48,175	1,330	-	-	-	-	-
Purchase Power - CFE	233,151	234,070	237,864	170,612	159,876	216,233	248,396	225,227	209,814	253,995	235,796
Total	566,192	550,953	528,172	492,841	483,270	472,813	463,587	438,708	417,683	403,823	377,861
Other											
Losses	11.9%	12.3%	12.2%	13.1%	11.8%	11.7%	12.2%	13.0%	13.9%	13.4%	12.7%
Peak Demand(MW)	87.7	84.3	82.0	79.3	80.6	76.2	74.3	70.0	66.6	63.5	61.1
Installed Capacity (Diesel Plant)(MW)	24.0	24.0	25.0	28.3	32.3	33.7	37.0	36.2	36.9	43.5	43.6
Employees (number)	303	292	279	276	290	283	261	260	243	244	248

* Restated

[1] Adjusted to reflect reclassification of Residential to Commercial Customers. Numbers persented in 2011 and prior years do not reflect the reclassification done in 2012.

[2] Adjusted to reflect reclassification of Residential to Commercial sales base on customer reclassification. Sales amount presented in 2011 and prior years do not reflect the reclassification done in 2012.

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

[3] As of 2014, BEL no longer includes "own use" statitstics.

CORPORATE DIRECTORY
INVESTOR INFORMATION

Board of Directors

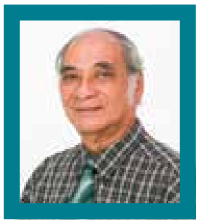
Rodwell Williams
Chairman

Alan Slusher
Deputy Chairman

Beverly Castillo
Director

Anuar Flores
Director

Jeffrey Locke
Director



Louis Lue
Director

Eden Martinez
Director

John Mencias
Director

Anthony Michael
Director

Ariel Mitchell
Director

Dawn Nuñez
Company Secretary

Top Management

Jeffrey Locke
Chief Executive Officer

Sean Fuller
Senior Manager, Information & Communication Systems and Customer Care

Rolando Santos
Senior Manager, System Planning & Engineering

Betty Tam
Senior Manager, Finance & Human Resources

Ernesto Gomez
Senior Manager, Energy & Material Supply

Jose Moreno
Senior Manager, Transmission & Distribution

SHAREHOLDER SERVICES

For general information, shareholder publications and other requests, please contact:
Company Secretary & Manager, Executive Services

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.

CORPORATE ADDRESS

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