ANNUAL REPORT 2015

MISSION

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

VISION

A Model of Excellence

VALUES

Reliability
Integrity
Teamwork
Respect
Passion for Excellence

Table of

Contents

Company Profile — 01

Report to Shareholders — 03

Highlights of 2015 — 05

Management Discussion & Analysis — 07

Audited Financials — 13

Financial & Operating Statistics — 48

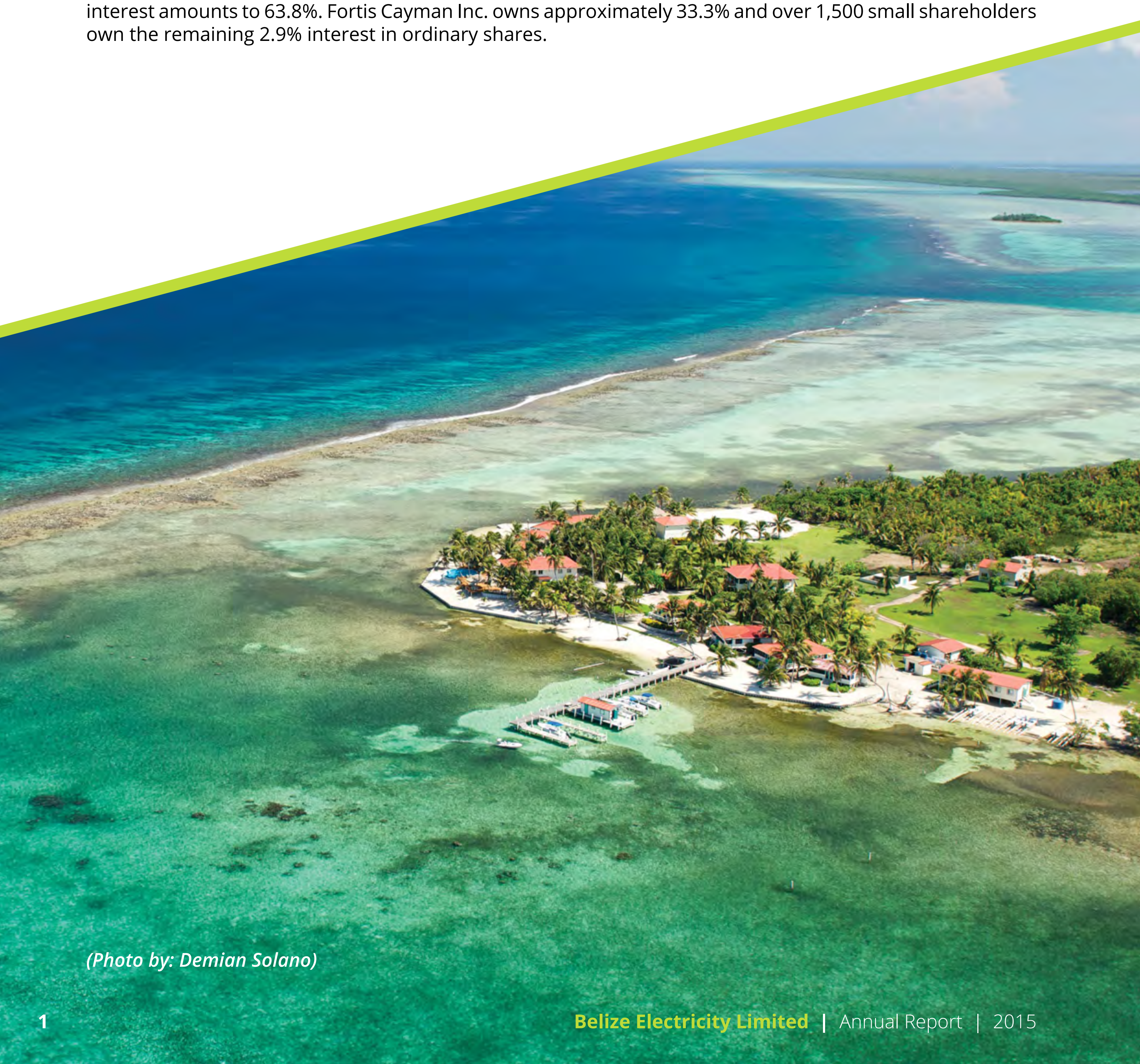
Corporate Directory — 49

COMPANY PROFILE

Belize Electricity Limited (BEL) is the primary distributor of electricity in Belize, Central America. Aggregate annual energy sold was approximately 535 gigawatt hours (GWh) in 2015. The Company served a customer base of 86,871 accounts or 69,348 customers, with a peak power demand of approximately 96 megawatts (MW) in 2015.

BEL's national electricity grid connects all major municipalities (load centers), except for Caye Caulker, with approximately 1,850 miles of transmission and primary distribution lines. The grid is supplied by local Independent Power Producers utilizing hydroelectricity, biomass, petroleum and solar energy sources; and is secured and stabilized since 1998 by the interconnection with Mexico.

The Government of Belize (GOB) is the largest shareholder in BEL, with direct ownership of approximately 36.9% interest in the Company. The Social Security Board (SSB) owns 26.9%, so that the total public sector interest amounts to 63.8%. Fortis Cayman Inc. owns approximately 33.3% and over 1,500 small shareholders own the remaining 2.9% interest in ordinary shares.



(Photo by: Demian Solano)

86,871

Customer Accounts

1,850

Miles of Transmission and Distribution Lines

- 115 kV
- 69 kV
- 34.5 kV
- 22 kV

ENERGY SOURCES

Combined Imported from Mexico — 42%

Hydro — 39%

Biomass Bagasse — 14%

Fossil Fuels — 5%

REPORT TO SHAREHOLDERS

BEL is keenly aware of the vital role it plays in supporting the country's national development agenda. Therefore, working to improve the reliability, quality, accessibility and affordability of our service, remained BEL's top priorities in 2015. Moreover, this is a reflection of continued commitment to our Mission.

The Company's financial health, which is essential to its ability to deliver on its Mission, was maintained in 2015 with net earnings of $24.9 million, and earnings per share of $0.36. These results are consistent with the average earnings and earnings per share over the past two years.

After three consecutive years of robust earnings, the Company was able to repay the $10 million loan from the Social Security Board, marking the conclusion of a successful joint venture for both BEL and SSB. This investment, which yielded a 5.8% return for SSB, assisted BEL with the injection of much needed cash due to high cost of power in 2012. More importantly, it signals to financial institutions, shareholders and the general public that the Company can be trusted to deliver on its promise.

Electricity rates were reduced for the fifth consecutive time since January 2013, amounting to an overall reduction of 28% over the past two years. This reduction followed BEL's application to the Public Utilities Commission (PUC) to pass to customers, the savings made by the Company in cost of power.

BEL also places high priority on the prudent management of energy supply, as it represents two thirds of customers' electricty bills. Accordingly, the Company's strategic direction for energy supply focuses on accessing cheap reliable power from Mexico and employing competitively priced indigenous sources of renewal energy in order to meet demand and lower the cost of power. These objectives are currently driving negotiations with several potential Independent Power Producers (IPP), shortlisted under the PUC's 2013 Request for Proposals (RFP) for energy supply. These negotiations are scheduled for completion in 2016.

BEL invested over $27.7 million in its power system, of which 74% was used to improve reliability, access to power and power quality.These investments played a critical role in reducing the frequency of power interruptions by a further 10.9% in 2015. During the first half of 2015, customers experienced the lowest number of power interruptions in history. As some of the improvements in the first half of the year are not yet sustainable, system performance declined in the second half of the year due to an increase in both system and generation failures.

Phase 1 of the Power VI Project, financed by the Caribbean Development Bank (CDB), is designed to sustain the reliability improvements achieved in the first half of 2015. Under this project, the Company is investing $25 million to improve reliability of substations and ensure that the grid can keep pace with the growth in power demand.

BEL's Service Delivery Committee continues to monitor the customer experience and devise process improvements to enhance our services. These efforts have led to a reduction in the time it takes to connect new customers, and respond to queries and complaints. More improvements are being developed and implemented to make BEL a model utility, consistent with the Company's Vision.

There are now over 75 collection points across the country, making it more convenient for customers to conduct business with BEL. The partnership with Belize Water Services Ltd. (BWS) has exceeded expectations, as 22% of our customers are taking advantage of the opportunity to pay both utility bills at the same location. This eliminates the need for customers to walk or commute to some other location, sometimes miles away. For example, customers in Placencia no longer have to travel by road or boat to Independence to pay their bills or access our services.

A major deterrent to business growth in the productive sector is the investment costs required to connect to BEL's power supply. Therefore, BEL is introducing new policies to increase its investments to connect these potential customers at a faster pace and help reduce the cost of doing business in Belize. Furthermore, the Company and the PUC have also commissioned a Cost of Service Study to determine the approximate costs of providing power to various end users. The PUC plans to use the findings and recommendations of the study to properly allocate the cost to service customers and allow for incentives for the productive sector.

BEL aims to increase access to electricity to over 95% of the population by 2020. In 2015, BEL invested over $5 million to provide access to electricity to over 500 residents in 25 additional communities across the country. In total, the Company added 22 miles of primary distribution lines and increased the customer base by 2.9%.

Under the "Connecting Homes Improving Lives" project, BEL is connecting low income homes free of cost. In 2015, 230 homes gained access to electricity through this program.

In the 2015 Business Plan, it was explained that, for the recent improvements in overall company performance to be sustainable, the Company must gain employees' commitment to successfully execute its plans. This objective is being achieved through implementation of the Company's Human Resource Action Plan which also aimed to manage the negotiations for a revised Collective Bargaining Agreement in an atmosphere of trust, openness and reasonableness. This resulted in increases in salaries and benefits for all staff over the next four years and revisions to several administrative and procedural matters. Even though some of the stated objectives of the negotiations were not met, a follow up survey in 2015 revealed that employee satisfaction improved by 13% since 2013.

Developing employees to better execute their job and grow with the Company remains a priority. During the year, the Company provided 845 man days of training with special emphasis on Lineman and Safety Training as well as training for managers in Project Management.

The Company recognizes the collective effort of employees and management in ensuring that there was no fatality resulting from company operations in 2015. Concern for the quality of life and safety of our employees and the general public also drives BEL's Safety, Health & Environment (SHE) program. The Company completed 92% of its SHE action plan which is designed to avoid accidents, fatalities, injuries and harmful discharge into the environment. While the SHE action plan was substantially completed, there was an increase in accidents and near misses over the previous two years. The action plan is being reviewed to ensure it effectively improves the safety of employees, contractors and the general public.

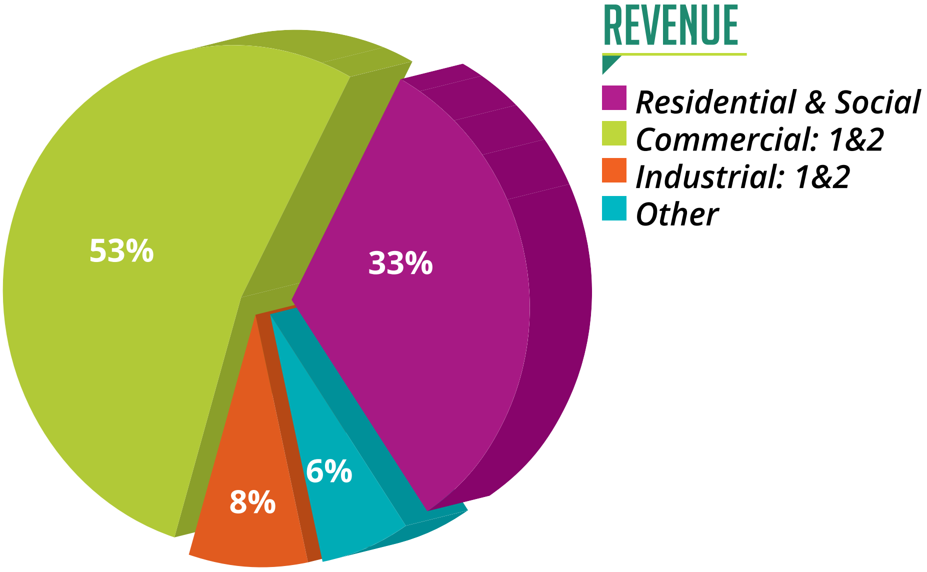
BEL is proud of its employees for their embrace of the Mission, Vision and Values and thanks the entire team for the successes of 2015. The Company will continue to pursue bold initiatives that will increase access to safe, reliable and affordable electricity, and improve quality of service whilst securing a fair and reasonable rate of return for shareholders.

Rodwell Williams
Chairman, Board of Directors

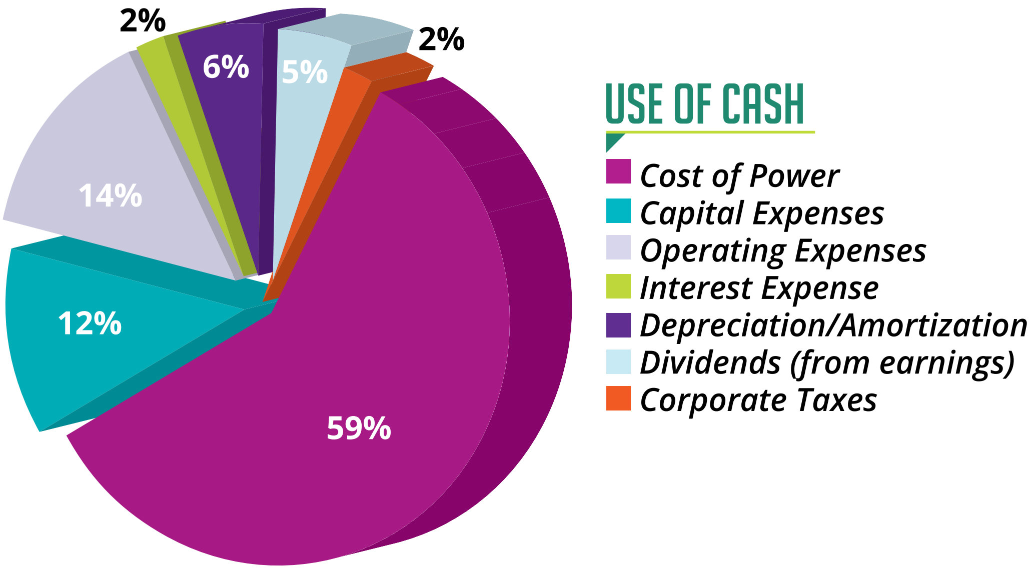
Jeffrey Locke
Chief Executive Officer

HIGHLIGHTS OF 2015

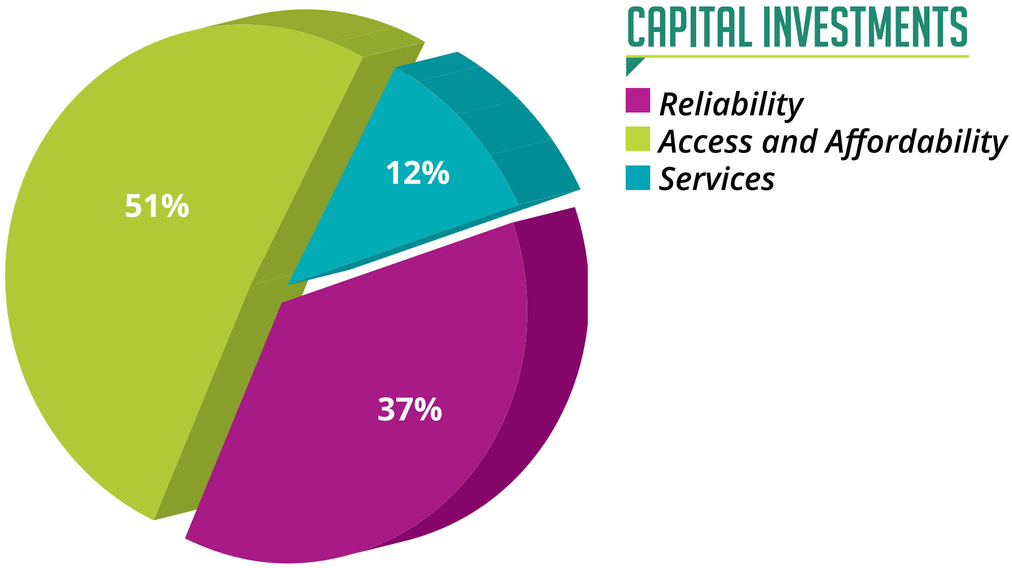
REVENUE



USE OF CASH



CAPITAL INVESTMENTS



HIGHLIGHTS OF 2015

Net earnings in 2015 were $24.9 million, and earnings per share were $0.36.

Dividend declared is $0.15 per share.

Electricity rates were the lowest rates in recent history.

BEL extended its power system to 25 communities across the country.

Customers experienced 14% less power interruptions

Employees received an increase in salaries and benefits.

BEL settled its $10 million debt with the Social Security Board.

MANAGEMENT DISCUSSION & ANALYSIS

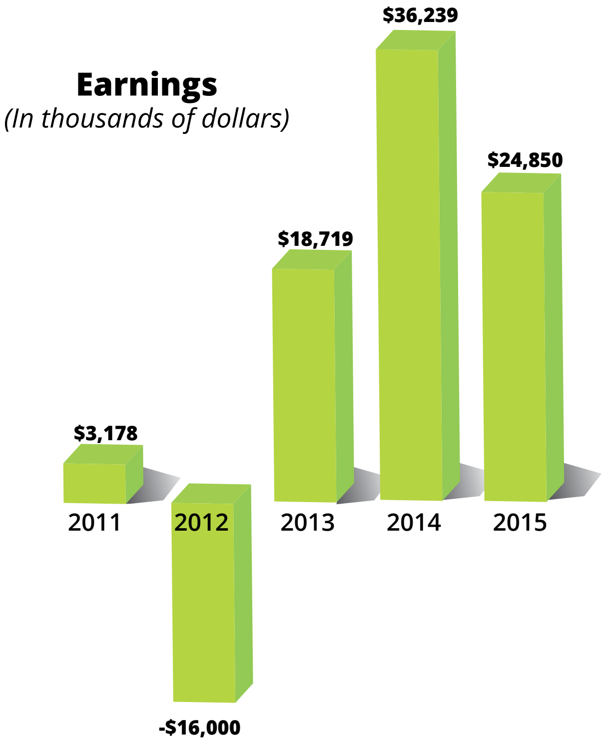
Financial Performance

EARNINGS

Net earnings in 2015 were $24.9 million or $0.36 earnings per share, compared to net earnings of $36 million and earnings per share of $0.53 in 2014.

Whilst net earnings fell from 2014, it significantly exceeded the plan of $18.8 million, as the Company continued to maximize on the benefits of low energy costs from Comisión Federal de Electricidad (CFE).

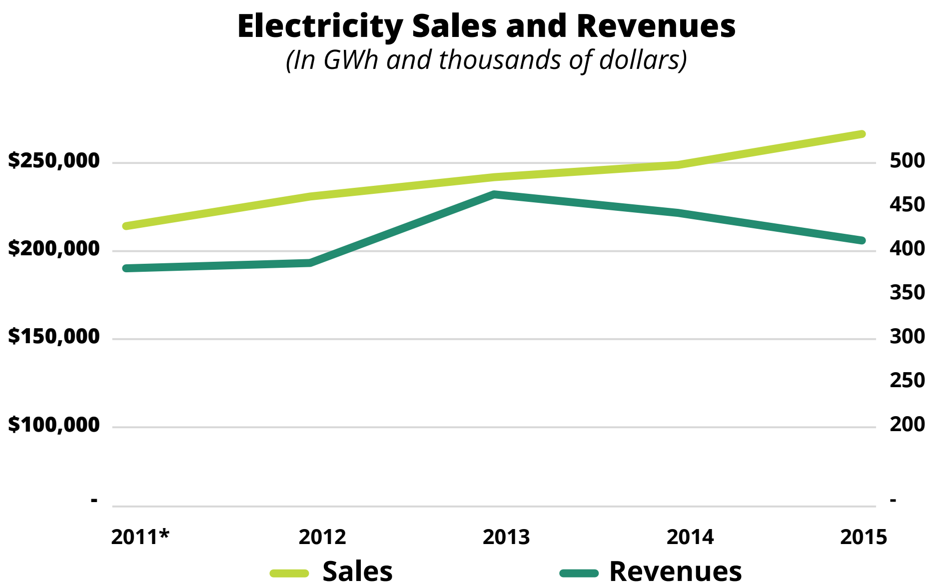
The Company's earnings performance remains consistent with the average earnings per share of $0.40 over the previous years.



REVENUE AND SALES

Energy sales grew by 7.6% to 533.2 gigawatt hours[1] (GWh) compared to 2014. Sales after adjustments for the change in billing cycle of large customers were 526.5 GWh or 6.5% above 2014.

Residential sales increased by 10.2%, commercial by 4.9%, industrial by 19.3% and street light sales increased by 0.5 %. The increase in residential sales was due to an average 7.0% increase in household consumption in addition to the 2.9% increase in customer accounts.



[1]Energy sale was overstated by 5.7 GWh due to double billing of large customers to accommodate a change in their billing cycle.

Noteworthy, is the apparent correlation between this increase in household consumption and the reduction in electricity rates, suggesting that customers' response to the reduction in rates was significant.

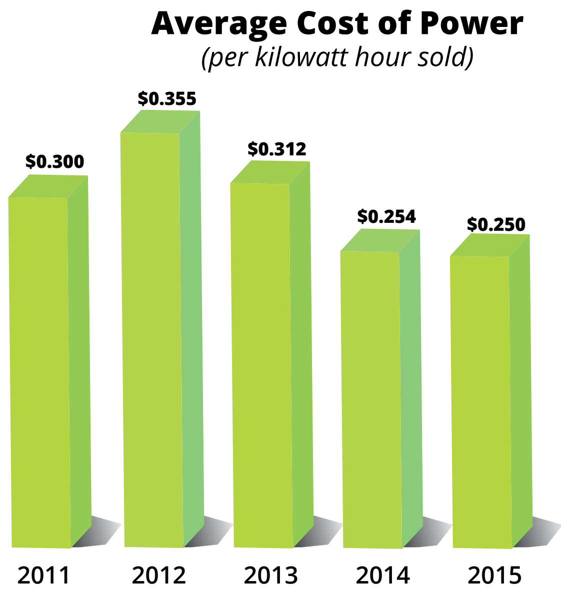
Electricity revenues decreased by 7.1% to $206.0 million, due to 13.7% decrease in the Mean Electricity Rate (MER) from 2014 offset by the 7.6% increase in electricity sales.

COST OF POWER

BEL's strategy to maximize the benefit of lower than expected cost of power from CFE yielded a 2% reduction in the annual average unit cost of power, from 25.4 cents per kWh in 2014 to 24.9 cents per kWh in 2015.

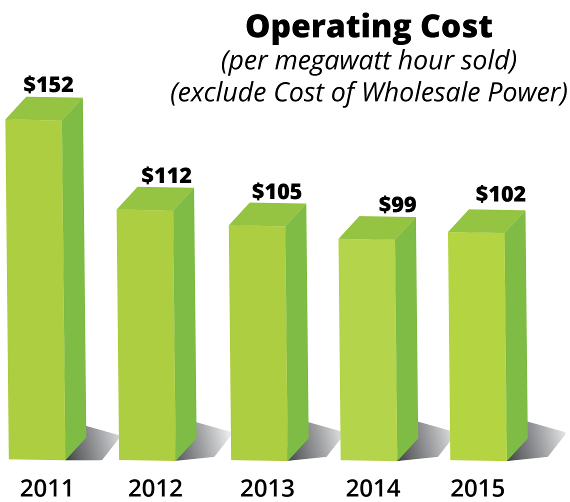
The Company utilized a 7.7% reduction in prices from CFE, to offset the 2.9% increase in cost of power from local power producers.

Cost of power was $133.3 million or $126.5 million above 2014. This was a direct result of the 7.6% increase in sales netted against the 2% reduction in the unit cost of power and the 0.2% reduction in system losses



OPERATING EXPENSES

Annual operating expenses were $32.5 million, compared to $29.3 million in 2014. The plan was for operating expenses to increase to $31.0 million, driven mainly by an anticipated increase in employees' salaries and benefits, contract labour and vegetation management . However, the additional increase was due mainly to increases in contracted services, higher than anticipated increase in labour cost, Inventory Write-off and an extraordinary level of Streetlight and Meter Service. This resulted in a 3% increase in unit operating cost per megawatt hour (MWh) sold from $99 in 2014 to $102.



Depreciation expense increased from $11.1 million in 2014 to $14.5 million in 2015; however, this was still less than the plan of $15.6 million.

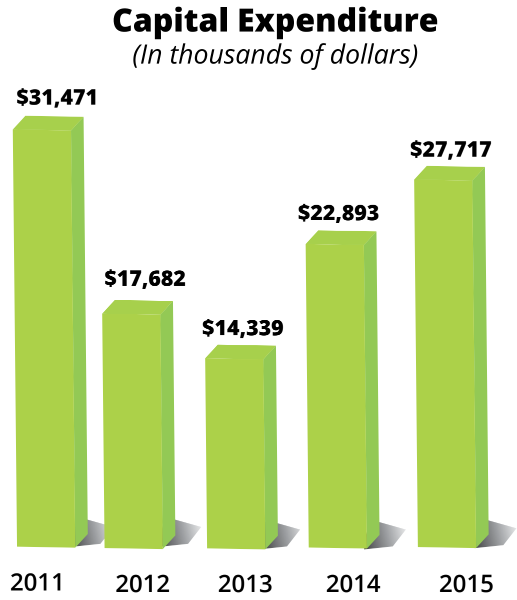
Finance charges for the year amounted to $4.3 million compared to $5.0 million in 2014. This decrease was as a result of the complete repayment of the EIB loan and refinancing of debentures at lower interest rates.

Business tax for 2015 was $3.7 million as compared to $3.9 million in 2014 in direct correlation to the reduction in electricity revenues.

CAPITAL EXPENDITURE

The Company ramped up capital expenditure by $4.8 million compared to 2014 as it implemented its strategic plan to improve access to affordable electricity.

The System Expansion Program resulted in the connection of 2,487 new customers, of which over 500 were from 25 communities across the country, who gained access to electricity for the first time. The Company also continued its investment in loss reduction, improving safety and line construction standards, and upgrading the vehicle fleet. Total capital investments in 2015 amounted to $27.7 million.



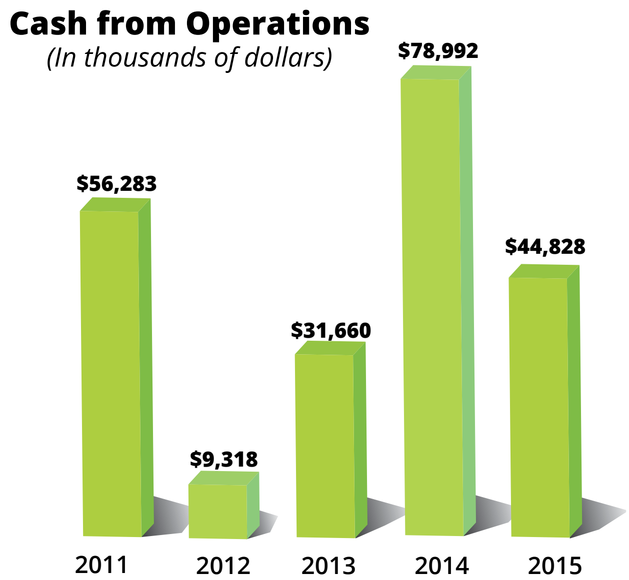
FINANCING

With its improved cash positon, the Company continued to finance its operating and capital expenditure, as well as repay loan commitments and pay dividends, primarily from cash generated from operations. Other sources of funds included $3.4 million collected from contributions in aid of construction and a $0.3 million drawn down from the CDB Power VI loan.

Payment of dividends of $0.15 per share declared for shareholders on record at the end of 2014 was completed in July 2015.

On December 31, 2015, BEL redeemed the $10 million Preference Shares issued to the Social Security Board in adherence to the loan agreement that was negotiated between the parties in 2012.

Trade payables increased from $18.7 million as at December 31, 2014 to $21.9 million as at December 31, 2015 as a result of increases in power purchases, and outstanding payments to PUC.



REGULATION

In 2015, the Company's fifteen-year license to generate, transmit, distribute and supply electricity in Belize was automatically renewed for ten more years.

Rates decreased by 5.0% from $0.4347 to $0.4129 effective for the period January 1 to June 30, 2015. The MER was further reduced from $0.4129 to $0.35/kWh for the 2015-2016 Annual Tariff Period in order to pass on to customers, savings in cost of power earned by BEL in 2014 and 2015.

The Company is pursuing 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.

MANAGEMENT DISCUSSION & ANALYSIS

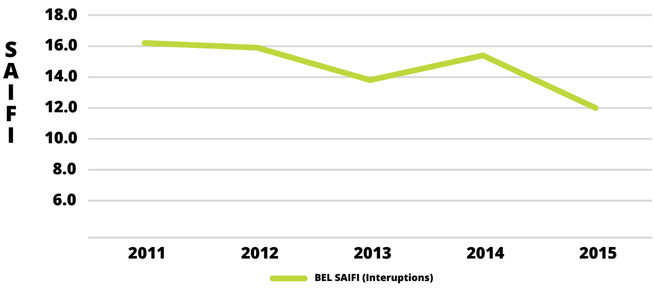
Operating Performance

RELIABILITY

Customers experienced an overall average frequency of power interruptions of 18.9 or 10.9% compared to 2014.

The average interruption in supply of electricity due to system failure[2] was 12.0 or 19.3% lower than 2014. The average frequency of power interruptions due to IPPs and vandalism was 6.9.

Outage Frequency
(BEL system)



Planned interruptions were 33.0% below target as these works were delayed until 2016. However, the rescheduling of these works to 2016 may result in an increase in unplanned outages if not addressed in a timely manner.

Hardware replacements helped to improve the performance of the transmission and distribution system. More focus must be given to the increase in system interruptions due to IPPs.

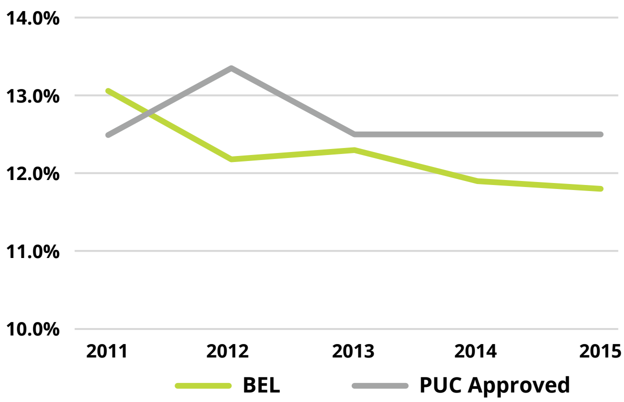
SYSTEM LOSSES

Several initiatives helped to further reduce system losses from 11.9% in 2014 to 11.7% in 2015.

The increase in power supply from the generating plant in southern Belize also reduced transmission line losses on this part of the system.

In addition to the reduction in transmission losses, reduction in losses on the distribution system was due to: Installation of capacitors and voltage regulators to better manage system voltage; continuation of the Company's Transformer Load Management Program; and efforts to minimize power theft.

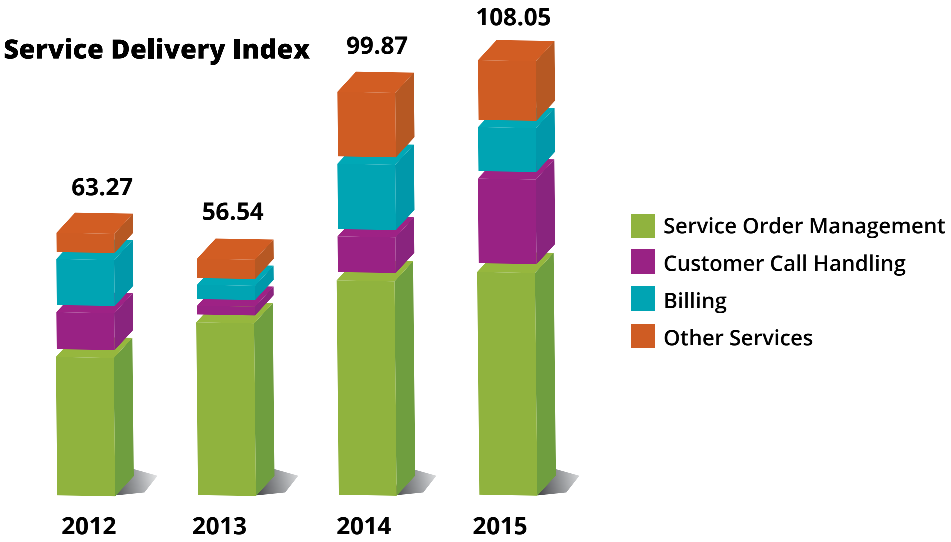
Total System Loss



[2]*Excluding power interruptions due to IPP failures or vandalism*

SERVICE DELIVERY

Service delivery performance (SDIX) improved by 8.5% when compared to 2014. There were improvements in all areas, with the exception of days to connect customers requiring significant investment in infrastructure. However, customer complaints increased by 23% from 2014. BEL has reviewed the inconsistency in these results and is revising the method used to measure the SDIX.



SAFETY, HEALTH AND ENVIRONMENT

For the third consecutive year, execution of the Safety, Health and Environment Action Plan was substantially completed. However, this did not translate into the expected reduction in motor vehicle accidents and loss days due to injury from previous years. The action plan is being reviewed to determine if it is adequately addressing the critical exposures.

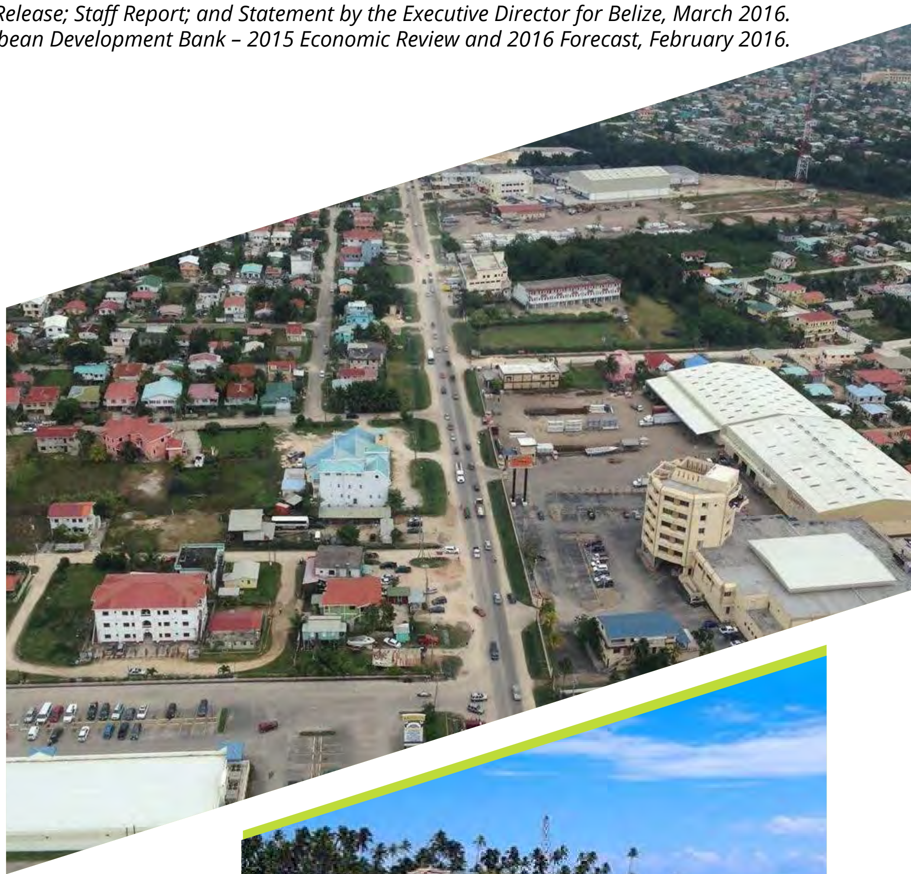
2015 OUTLOOK

The International Monetary Fund[3] and the Caribbean Development Bank[4] forecast Belize's real output growth for 2016 at 3.2% and 2.7%, respectively, primarily driven by continued buoyancy in the tourism sector. However, other more conservative projections place real growth between 1.5% and 2.0% as large agricultural producers and shrimp farmers continue to battle disease and financial headwinds. In addition to this, substantial downside risks loom. Commerce and trade will begin to feel the pinch in the absence of a solution to the correspondent banking relationship crisis, while the room for further fiscal stimulus via the Petrocaribe Fund has narrowed significantly. The improving relationship between Cuba and United States could also slow tourist visitors.

Despite these challenges, the 3.3% growth in electricity sales forecasted in the Business Plan 2016-2020 is expected to hold. Industrial customers are likely to consume less electricity than predicted as the primary sector (and secondary sector) recovers; but residential consumers are poised to compensate, given the demand response to the continuation of a low mean electricity rate (MER), particularly during the first half of the year. That demand could be tempered a bit during the second half of the year if the PUC upwardly adjusts its Initial Decision for the 2016 Full Tariff Review Proceeding. The Initial Decision issued on March 7, 2016 which included amendments to the tariffs to be charged for electricity sales, proposed a MER of $0.3643/kWh for the period July 1, 2016 to June 30, 2020.

The Company has objected to that Initial Decision since it will significantly impair BEL's ability to execute its Business Plan. With this objection, an Independent Expert has been appointed to review both submissions and offer a recommendation. PUC reserves all right to accept or reject the report by the Independent Expert.

[3]Belize, 2015 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Belize, March 2016.
[4]Caribbean Development Bank – 2015 Economic Review and 2016 Forecast, February 2016.



(Photos by: Dirk Fransico and Flying Eye Productions)

AUDITED FINANCIAL STATEMENTS

Table of
Contents

Independent
Auditor's Report

14

Financial Statements
FOR THE YEARS ENDED
December 31, 2015, and 2014

15

Statements of
Financial Position

15

Statements of
Profit or Loss and other Comprehensive Income

16

Statements of
Changes in Equity

17

Statements of
Cash Flows

18

Notes to
Financial Statements

19

Grant Thornton

An instinct for growth™

INDEPENDENT AUDITORS' REPORT

Grant Thornton, LLP
40 A Central American Boulevard
Belize City
Belize
T +501 227 3020
F +501 227 5792
E info@bz.gt.com
www.grantthornton.bz

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, 2015 and 2014, 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, 2015 and 2014 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 12, 2016

STATEMENTS OF
FINANCIAL POSITION

Years Ended December 31, 2015 | 2014 | 2013
(in thousands of Belize dollars)

	Notes		2015		2014		Restated * 2013
Assets							
Current assets:							
Cash and cash equivalents	2g	**$**	**29,151**	$	36,289	$	11,610
Short term investments	2h		**20,900**		20,674		674
Trade receivables	2i,3		**15,459**		15,157		16,955
Other receivables	2i		**1,426**		2,181		1,744
Staff receivables	2i		**592**		1,089		1,219
Prepayments	2j		**908**		852		1,205
Materials and supplies	2k,4		**21,150**		16,204		17,734
Total current assets			**89,586**		92,446		51,141
Non-current assets:							
Property, plant and equipment	2l, 5		**431,596**		421,461		430,017
Intangible assets	2m, 6		**544**		617		203
Total non-current assets			**432,140**		422,078		430,220
Total Assets		**$**	**521,726**	$	514,524	$	481,361
Liabilities and Equity							
Current iabilities:							
Trade payables	2p	**$**	**21,853**		$18,742		$14,505
Accrued interest			**70**		92		209
Dividends payable	2w		**222**		196		190
Other payable	2p,8		**1,959**		2,451		3,408
Current portion of long-term debt	2r, 11		**348**		1,128		6,112
Taxes payable	2q, 9		**1,680**		2,468		2,700
Total current liabilities			**26,132**		25,077		27,124
Non-current liabilities:							
Related party loan			**-**		-		10,000
Capital contributions	16		**46,494**		44,514		39,964
Long-term debts	2r, 11		**337**		174		871
Debentures	12		**77,575**		77,575		77,363
Consumer deposits	13		**8,958**		8,449		8,021
Total non-current liabilities			**133,364**		130,712		136,219
Total liabilities			**159,496**		155,789		163,343
Equity:							
Ordinary shares	2v, 14		**138,046**		138,046		138,046
Preference shares	2v, 14		**-**		10,000		-
Additional paid in capital	15		**5,741**		5,741		5,741
Insurance reserve	17		**5,000**		5,000		5,000
Revaluation reserve	5		**5,112**		5,112		5,112
Retained earnings			**208,331**		194,836		164,119
Total equity			**362,230**		358,735		318,018
Total Liabilities and Equity		**$**	**521,726**	$	514,524	$	481,361

The financial statements on pages 3 to 6 were approved and authorized for issue by the Board of Directors on March 21, 2016 and are signed on its behalf by:

Rodwell Williams
Chairman, Board of Directors

Jeffrey Locke
Chief Executive Officer

The notes on pages 19 – 46 form an integral part of these financial statements.

STATEMENTS OF

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Years Ended December 31, 2015 | 2014
(in thousands of Belize dollars)

	Notes		2015		2014
Revenues	2s, 18	**$**	**206,024**	$	221,692
Cost of power	2t, 19		**(133,253)**		(126,527)
Gross profit			**72,771**		95,165
Other income	20		**6,644**		6,368
Loss on foreign exchange			**-**		(5)
Operating expenses	2u, 21		**(32,479)**		(29,290)
Fixed asset impairment	2n,5		**-**		(15,965)
Depreciation and amortization	5, 6		**(14,461)**		(11,135)
Profit before interest income, interest expenses and taxes			**32,475**		45,138
Interest income	2s		**361**		17
Interest expense	2u		**(4,327)**		(4,982)
Net interest expense			**(3,966)**		(4,965)
Profit before corporate tax			**28,509**		40,173
Corporate tax	2q, 22		**(3,659)**		(3,934)
Profit for the year from continuing operations		**$**	**24,850**	$	36,239
Other comprehensive income			**-**		-
Total comprehensive income for the year		**$**	**24,850**	$	36,239
Earnings per share (expressed in $ per share)	23				
Profit for the year attributable to ordinary equity holders:					
Basic		**$**	**0.36**	$	0.53
Diluted		**$**	**0.36**	$	0.49

STATEMENTS OF
CHANGES IN EQUITY

Years Ended December 31, 2015 | 2014
(in thousands of Belize dollars)

	Ordinary shares	Preference shares	Additional paid-in capital	Insurance reserve	Revaluation reserve	Retained earnings	Total
Balance December 31, 2013 as previously stated	**$138,046**	**$-**	**$5,741**	**$5,000**	**$5,112**	**$159,273**	**$313,172**
Prior period Adjustment						**4,846**	**4,846**
Balance as revised, December 31, 2013	**138,046**	**-**	**5,741**	**5,000**	**5,112**	**164,119**	**318,018**
Comprehensive income:							
Profit for the year	**-**	**-**	**-**	**-**	**-**	**36,239**	**36,239**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**36,239**	**36,239**
Transactions with owners of the Company							
recognized directly in equity:		**10,000**					**10,000**
Shares issued		**-**	**-**	**-**	**-**	**(5,522)**	**(5,522)**
Dividends declared and paid (Note 2w)	**-**	**10,000**	**-**	**-**	**-**	**(5,522)**	**4,478**
Total transactions with owners	**-**						
Balance, December 31, 2014	**$138,046**	**$10,000**	**$5,741**	**$5,000**	**$5,112**	**$194,836**	**$358,735**
Balance, January 1, 2015	**138,046**	**10,000**	**5,741**	**5,000**	**5,112**	**194,836**	**358,735**
Comprehensive income:							**-**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**24,850**	**24,850**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**24,850**	**24,850**
Transactions with owners of the Company recognized directly in equity:							
Shares redeemed	**-**	**(10,000)**	**-**	**-**	**-**	**-**	**(10,000)**
Dividends declared and paid (Note 2w)	**-**	**-**	**-**	**-**	**-**	**(11,355)**	**(11,355)**
Total transactions with owners	**-**	**(10,000)**	**-**	**-**	**-**	**(11,355)**	**(21,355)**
Balance, December 31, 2015	**$138,046**	**$-**	**$5,741**	**$5,000**	**$5,112**	**$208,331**	**$362,230**

STATEMENTS OF
CASH FLOWS

Years Ended December 31, 2015 | 2014
(in thousands of Belize dollars)

	2015	2014
Cash flow provided by		
Operating activities		
Profit for the year	**24,850**	36,239
Adjustments for:		
Amortization of intangible assets	**111**	198
Depreciation	**14,349**	10,937
Loss on disposal of assets	**823**	1,045
Unrealized foreign exchange loss on long-term debt	**-**	5
Bad debt expense	**(191)**	107
Obsolescense expense	**574**	205
Amortization of capital contribution	**(1,389)**	(1,259)
Fixed asset impairment	**-**	15,965
Corporate tax	**3,659**	3,934
Interest expense	**4,113**	4,982
Changes in items of working capital:		
Decrease (Increase) in trade and other receivables	**1,085**	1,736
Decrease (Increase) in materials and supplies	**(5,519)**	1,326
Increase (Decrease) in trade and other payables	**6,047**	7,541
	48,512	82,961
Corporate tax paid	**(3,685)**	(3,969)
Net cash generated from operating activities	**44,827**	78,992
Investing activities		
Purchase of property, plant and equipment	**(27,717)**	(22,893)
Proceeds from sale of property plant and equipment	**26**	133
Net cash used in investing activities	**(27,691)**	(22,760)
Financing activities		
Repayment of long-term debts	**(953)**	(5,686)
Proceeds from long term debt		
Payment on term deposit	**(226)**	(20,000)
Debentures Redeemed	**-**	(24,789)
Proceeds from issuance of debentures	**-**	(6,793)
Interest paid	**(5,955)**	(5,522)
Dividends paid	**(11,355)**	
Consumer deposits	**509**	428
Capital contributions	**3,369**	5,809
Preference Shares Redeemed	**(10,000)**	-
Net cash used in financing activities	**(24,274)**	(31,553)
Net increase in cash and cash equivalents	**(7,138)**	24,679
Cash and cash equivalents , beginning of the year	**36,289**	11,610
Cash and cash equivalents , end of the year	**29,151**	36,289

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. In September 2015 as part of the settlement, the Government of Belize and Fortis Inc. by way of Statutory Instrument No. 12 of 2015 settled in part with shares totaling to 33.3% shareholding in the Company, making Fortis Inc. one of the major 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's 15-year license expired in 2015 and was automatically renewed for another 10 years.

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.

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)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The following standards, amendments and interpretations are now effective and have been adopted.

Standards/ Amendments: Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

Pronouncement: Amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contribution, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

When effective: July 1, 2014

Response: The amendment was adopted, but has no current impact on the financial statements.

Annual Improvements 2010-2012 Cycle - Makes amendments to the following standards for periods beginning on or after July 1, 2014

IFRS 13 Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only)

Response: The amendment was adopted, but has no current impact on the financial statements.

IAS 16 and IAS 38 Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount

Response: The amendment was adopted, but has no current impact on the financial statements.

IAS 24 Clarify how payments to entities providing management services are to be disclosed

Response: The amendment was adopted, but has no current impact on the financial statements.

(in thousands of Belize dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Annual Improvements 2011-2013 Cycle - Makes amendments to the following standards for periods beginning on or after July 1, 2014

IFRS 13	Clarify the scope of the portfolio exception in paragraph 52.
Response:	The amendment was adopted, but has no current impact on the financial statements.
IAS 40	Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.
Response:	The amendment was adopted, but has no current impact on the financial statements.

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 financial statements are disclosed below:

Standards/ Amendments:	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
Pronouncement:	Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets 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.
When effective:	January 1, 2016
Response:	The standard will be adopted when it becomes effective. Its effect, if any, will be quantified at that time
Standards/ Amendments:	Disclosure Initiative (Amendments to IAS 1)
Pronouncement:	Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgment in presenting their financial reports.
When effective:	January 1, 2016
Response:	The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

(in thousands of Belize dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards/ Amendments:	IFRS 15 Revenue from Contracts with Customers
Pronouncement:	IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. These include identifying the contract, performance obligations, and transaction price as well as allocating transaction price to the performance obligations and recognizing revenue when these are satisfied.
When effective:	January 1, 2017
Response:	The standard will be adopted when it becomes effective. Its effect, if any, will be quantified at that time
Standards/ Amendments:	IFRS 9
Pronouncement:	IFRS 9, as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2015. The release of IFRS 9 (2014) on July 24, 2014 moved the mandatory effective date of IFRS 9 to January 1, 2018. 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. IFRS 9 (2014) supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but these standards remain available for application if the relevant date of initial application is before 1 February 2015.
When effective:	January 1, 2018
Response:	The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 27.

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 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 27.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Financial instruments (Continued)

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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Financial instruments (Continued)

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 27.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Employee benefits (Continued)

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 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.

q. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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, principally Comisión Federal De Electricidad (CFE from Mexico) and from the hydroelectric power plants, principally BECOL, a Fortis Inc. owned Company, 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. Interest expenses are netted against capitalized interest.

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.

(in thousands of Belize dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3. TRADE RECEIVABLES

		2015		2014
Consumers	$	19,085	$	18,597
Less: provision for doubtful debts		(3,626)		(3,440)
	$	15,459	$	15,157
Provision for doubtful debts is comprised as follows:				
Balance, January 1	$	3,440	$	4,193
Additional provision		190		107
Write off		(4)		(860)
Balance, December 31	$	3,626	$	3,440

4. MATERIALS AND SUPPLIES

		2015		2014
Bulkstores	$	23,772	$	17,863
Fuel and oil		266		714
		24,038		18,577
Less: provision for damaged and obsolete spares		(2,888)		(2,373)
	$	21,150	$	16,204
Provision for damaged and obsolete spares				
Balance, January 1	$	2,373	$	2,373
Additional provision		574		205
Write off		(59)		(205)
Balance, December 31	$	2,888	$	2,373

Increase in inventory from 2014 to 2015 was as a result of the procurement of materials for the European Union and Caribbean Development Bank related projects along with the procurement of materials for the normal operating materials of the company.

(in thousands of Belize dollars)

5. PROPERTY, PLANT AND EQUIPMENT

Year ended December 31, 2014

Cost	**Land and buildings**	**Plant, machinery and equipment**	**Assets under**	**Total**
January 1, 2014	$ 20,171	$ 513,004		$ 567,877
Additions	-	-		22,893
Transfers	416	25,441		(612)
Disposals	-	(2,467)		(2,467)
Impairment		(15,965)		(15,965)
December 31, 2014	20,587	520,013		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**		**$ 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)

Year ended December 31, 2015

Cost	**Land and buildings**	**Plant, machinery and equipment**	**Assets under construction**	**Total**
January 1, 2015	$20,587	$ 520,013	$31,126	$571,726
Additions	-	-	27,717	27,717
Transfers	187	25,173	(25,399)	(39)
Disposals	-	(2,394)	-	(2,394)
December 31, 2015	20,774	542,792	33,444	597,010
Accumulated Depreciation				
January 1, 2015	8,061	142,204	-	150,265
Additions	473	16,221	-	16,694
Disposals		(1,545)	-	(1,545)
December 31, 2015	8,534	156,880	-	165,414
Net Book Value December 31, 2015	**$12,240**	**$385,912**	**$33,444**	**$431,596**

Depreciation charge of $2,345 was allocated to cost of power. Transfer total of ($39) thousand represents cost in asset under construction that was transferred to intangible assets. (See note 6)

The fixed asset audit conducted in 2013 and 2014 by independent consultants resulted in a revaluation gain of $5.1 million and cumulative impairment loss of $34.7 million.

(in thousands of Belize dollars)

6. INTANGIBLE ASSETS

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**

Year ended December 31, 2015

	Computer software	Transmission rights	Total
Cost			
January 1, 2015	$ 6,741	$ 2,757	$ 9,498
Additions	39	-	39
December 31, 2015	6,780	2,757	9,537
Accumulated Amortization			
January 1, 2015	6,124	2,757	8,881
Additions	112	-	112
December 31, 2015	6,236	2,757	8,993
Net Book Value December 31, 2015	**$ 544**	**$ -**	**$ 544**

7. BANK OVERDRAFT

The Company has a $1.0 million 8.5% unsecured overdraft facility with Heritage Bank Limited that is reviewed annually on September 30.

(in thousands of Belize dollars)

8. OTHER PAYABLES

		2015		2014
Payroll liabilities	$	519	$	182
Refunds and other costs		(209)		659
Stale dated checks		811		772
EIB training fund		838		838
	$	1,959	$	2,451

9. TAXES PAYABLE

		2015		2014
Business tax	$	271	$	876
General sales tax		1,409		1,592
	$	1,680	$	2,468

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.

On December 31, 2015, the Company redeemed all outstanding preference shares from SSB and simultaneously cancelling the lien that the SSB held.

(in thousands of Belize dollars)

11. LONG - TERM DEBTS

	2015	2014
1. Government of Belize		
a. ***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$86,812 are done quarterly since December 2008. The loan bears interest at 2.97 % (2014 – 3.95%) per annum.	**$ 348**	$1,302
b. ***Loan No. 21/OR-BZ*** Loan of US$ 11,231,000 to be drawn down over three years from the Caribbean Development Bank for on-lending to the Company, approved as part of the Power VI Project. Repayment is by 48 equal quarterly instalments The loan bears interest at 1.00 % per annum commitment fee on the undrawn balance and 2.97% interest on the loan amount.	**337**	-
	685	1,302
Less Current portion (repayable in 12 months)	**(348)**	(1,128)
	$ 337	$174

The loans are repayable as follows:	
2016	**348**
2017	**337**
	$ 685

(in thousands of Belize dollars)

12. OTHER PAYABLES

	2015	2014
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 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**	25,000
	$ 77,575	$ 77,575

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 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.

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.

(in thousands of Belize dollars)

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

	2015	2014
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
Special share:		
Authorized, issued and fully paid 1 share of $1.		

The rights attached to Convertible Redeemable Preference Shares are as follows:

There are no Convertible Redeemable Preference Shares outstanding at the end of 2015. Shares outstanding during 2015 were redeemed on December 31, 2015. Rights attached to these shares below are only applicable when shares are issued and fully paid.

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.

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.

14. SHARE CAPITAL *(Continued)*

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.

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

(in thousands of Belize dollars)

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.

	2015	2014
Capital contributions brought forward	**$ 57,316**	$ 51,507
Additions	**3,369**	5,809
Capital contributions carried forward	**60,685**	57,316
Amortization brought forward	**12,802**	11,543
Additions	**1,389**	1,259
Amortization carried forward	**14,191**	12,802
Capital contributions – net	**$ 46,494**	$ 44,514

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. On June 26, 2014, the Company set aside this amount in a 2.5% one-year term deposit.

(in thousands of Belize dollars)

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.

On December 10, 2014, the Company submitted its application to amend the 2014 Annual Tariff Period Final Decision where it proposed a decrease in the MER from $0.4347/kWh to $0.4200/kWh to rebate reduced cost of power for 2014 as compared to the approved forecast and to cover expected cost of power for the period January 1 to June 30, 2015. On January 2, 2015, the PUC issued its final decision and reduced the MER by $0.0218/kWh from $0.4347/kWh to $0.4129/kWh. – In April 2015, the Company submitted its application for the 2015-2016 ATP based on actual cost of power from July 2013 to December 2014, forecasted cost of power for 2015 forward and revised forecast for electricity sales, other revenues and proposed investments. In June 2015, the PUC issued its final decision for the 2015 ATP further reducing the MER from $0.4129/kWh to $0.3500/kWh. The approved MER $0.3500/kWh will remain in place until June 30, 2016.

19. COST OF POWER

	2015	2014
Power purchased	**$ 120,942**	$ 118,140
Power generation costs:		
Fuel	**8,366**	4,417
Operations and maintenance	**1,600**	1,212
Depreciation (Note 5)	**2,345**	2,758
	$ 133,253	$ 126,527

20. OTHER INCOME

	2015	2014
Service installations	**$ 30**	$ 17
Rent income	**1,735**	1,736
Capacity charges	**2,903**	2,903
Amortization of capital contributions	**1,389**	1,259
Sundry income	**1,410**	1,498
Loss on disposal of fixed assets	**(823)**	(1,045)
	$ 6,644	$ 6,368

(in thousands of Belize dollars)

21. OPERATING EXPENSES

	2015	2014
Bad debt expense	**$ 191**	$107
Company taxes and fees	**1,403**	1,332
Computer hardware and software Support	**1,046**	940
Contract labour	**5,187**	4,337
Corporate insurance	**1,105**	1,241
Donations & customer claims	**217**	219
Employee electricity discount	**285**	333
Employee service facility	**458**	474
Employer medical, life and social security expenses	**821**	752
Employer pension expense	**910**	932
Fortis expense	**184**	-
Inventory expense	**574**	205
Maintenance of office equipment	**66**	37
Maintenance of grounds and buildings	**729**	779
Materials	**941**	652
Notification and advertisments	**189**	189
Payroll expenses - labour & wages	**12,958**	12,350
Professional fees	**305**	403
Stationery & office supplies and postage and subscription	**377**	316
Telephone & communications	**1,140**	1,120
Training & certfication	**445**	283
Travel expenses	**505**	314
Uniform & safety gear	**434**	417
Vegetation management	**1,047**	784
Vehicle maintenance	**962**	774
	$ 32,479	$ 29,290

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

(in thousands of Belize dollars)

23. EARNINGS PER SHARE

	2015	2014
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.	**$ 0.36**	$ 0.53
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.	**$ 0.36**	$ 0.49

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

	2015	2014
Net profit attributable to ordinary shareholders for basic and diluted earnings	**$ 24,850**	$ 36,239
Weighted average number of ordinary shares for basic earnings per share	**69,023,009**	
Effect of dilution:		69,023,009
Weighted average number of ordinary shares adjusted for the effect of dilution	**69,023,009**	74,023,009
Basic earnings per ordinary share	**$ 0.36**	$ 0.53
Diluted earnings per ordinary share	**$ 0.36**	$ 0.49

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.

(in thousands of Belize dollars)

24. RELATED PARTY TRANSACTIONS

The Company is controlled by the Government of Belize who owns 36.9% of the shares. A statutory board of the Government of Belize, the Social Security Board owns 26.9%, Fortis Inc owns 33.3% and about 1,500 other shareholders own 2.9%.

The following transactions were carried out with related parties:

		2015		2014
(a) Sale of power				
Government of Belize	**$**	**24,913**	$	28,104
Belize Social Security Board		**471**		413
(b) Purchases of goods and services				
Belize Social Security contribution payments	**$**	**414**	$	383
Belize Social Security interest Payments		**431**		792
Belize Social Security dividend payments		**3,789**		1,486
Belize Electric Company Limited power purchase		**15,942**		-
Government of Belize dividend payments		**7,271**		3,878
(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		**$606**		$499
(d) Year-end balances				
Receivable from related parties:				
Government of Belize	**$**	**-**	$	-
Social Security Board		**8**		-
Belize Electric Company Limited		**-**		-
Entities controlled by key management personnel		**NIL**		NIL
Payable to related parties:				
Government of Belize		**502**		1,271
Social Security Board		**32**		38
Belize Electric Company Limited		**5,906**		-
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

(in thousands of Belize dollars)

25. PRIOR PERIOD ADJUSTMENT

In December 2012, the Company made a provision for business tax base on the interpretation of the PUC and business tax act by our then auditors. After discussions and audits carried out by the Income Tax Department, the company was advised that it was in compliance with both the PUC and business tax acts and that the provision accrued in 2012 should be reversed.

26. 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, 2015, 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.

Other Contingencies - The Company is currently disputing a number of invoices from Belize Electric Company Limited with respect to water overflowing at the Mollejon dam during 2011, 2012 and 2013. These invoices that are specifically for spills that occurred at the Mollejon dam are not recorded in our books until the dispute over these invoices is resolved.

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

	Total	**2016**	**2017 - 2020**
Long-term debt	0.6	0.3	0.3
Purchase obligations - energy (BECOL)	269.9	50.5	219.4
Purchase obligations – energy (BELCOGEN)	73.3	14.2	59.1
Purchase obligations – energy (Hydro Maya)	8.5	1.7	6.8
Purchase obligations – energy (BAPCOL)	46.4	9.0	37.4
Purchase obligations – GSR Energy	39.4	-	39.4
Purchase obligations – SS Energy	32.3	3.7	28.6
Purchase obligations – Solar South	12.2	-	12.2
Interest obligations on LTD and Debentures	30.2	6.0	24.2
Total Obligations	512.8	85.4	427.4

(in thousands of Belize dollars)

27. 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 Assets	Loans and Receivables	
	2015	2014
Cash and cash equivalents	**$ 29,151**	$ 36,289
Term deposit	**20,900**	20,674
Trade receivables	**15,459**	15,157
Other receivables	**1,426**	2,181
Staff receivables	**592**	1,089
Total Financial Assets	**$ 67,528**	$ 75,390

Financial Liabilities	Other Financial Liabilities at Amortized Cost	
	2015	2014
Trade payables	**$ 21,853**	$ 18,742
Accrued interest	**70**	92
Dividends payable	**222**	196
Other payable	**1,960**	2,451
Long-term debt	**685**	1,302
Debentures	**77,574**	77,574
Total Financial Liabilities	**$ 102,364**	$ 100,357

28. 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 Company'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.

Foreign exchange risk is minimized when the Company's transactions with foreign entities are denominated in US dollars. At December 31, 2015 and 2014, the Company had no material liability denominated in a foreign currency other than the US dollar.

(in thousands of Belize dollars)

28. FINANCIAL RISK MANAGEMENT *(Continued)*

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: 12%
Residential customers: 27%
Commercial customers: 53%
Industrial customers: 8%

Management mitigates this type of risk by regularly enforcing a customer deposit policy based on the level of risk exposure and is generally guaranteed by being the sole electricity distributor nationwide.

(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	21,853	-	-	21,853
Accrued interest	70	-	-	70
Dividends payable	222	-	-	222
Other payables	1,960			1,960
Long-term debt	348		337	685
	24,453	-	337	24,790

29. 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.

30. SUBSEQUENT EVENTS

Regulatory

In December 2015, the PUC ruled to maintain the MER at $0.35/kWh for the entire 2015|2016 Annual Tariff Period. On January 22, 2016, the Company submitted in its Full Tariff Review Application a new request for an increase in the MER to an average of $0.3904/kWh for the period July, 2016 to June 2020. This request is based on pending adjustments to the projected cost of the company and the annual correction balance. On March 7, 2016, the PUC released its Initial Decision that includes amendments to the tariffs to be charged for electricity sales with a proposed MER of $0.3643/kWh for the period July 1, 2016 to June 30, 2020. The Company will object to the initial decision as it has deemed the decision to significantly impair its ability to execute its Business Plan.

Series 7 Debentures

March 1, 2016, the Company exercised its call option to debenture holders of the Series 2 and Series 4 debentures giving them 30 days' notice and providing them with the first option of rolling over to the Series 7 Fixed Rate 6% 12 years debentures.

FINANCIAL AND OPERATING STATISTICS

	2015	2014	2013	2012	2011	2010 - 2006 Average	2005 - 2001 Average
FINANCIAL STATISTICS							
(Belize thousands of dollars except as noted)							
Energy Revenues	206,024	221,692	232,233	193,294	190,245	165,371	102,858
Net Profit (Loss)	24,850	36,239	18,719	(16,000)	3,178	11,491	14,778
Dividends Declared	10,353	10,353	5,522	3,451	0	7,524	5,194
Net Fixed Assets	431,596	421,461	430,017	445,012	445,143	394,158	284,007
Capital Expenditures	27,717	22,893	14,339	17,682	31,471	41,703	34,561
Total Assets	521,726	514,524	481,361	487,833	489,997	444,624	326,547
Capital Contribution	46,494	44,514	39,964	36,708	33,190	24,389	14,150
Long Term Debt	337	174	871	6,518	12,139	36,590	89,823
Debentures	77,574	77,574	77,363	76,458	69,311	67,100	46,687
Shareholders' Equity (excluding Contributed Capital)	362,230	353,889	313,172	292,793	308,792	249,864	123,979
Financial Indicators							
Rate of Return on Net Fixed Assets	6.7%	11.1%	6.3%	-2.4%	2.2%	5.7%	9.1%
Rate of Return on Investment[5]	18.0%	26.3%	13.6%	-11.6%	2.3%	8.3%	28.5%
Rate of Return on Shareholders' Equity	6.9%	10.9%	6.2%	-5.3%	1.1%	5.1%	12.5%
Earnings/Loss ($ per share)	0.36	0.53	0.27	(0.23)	0.05	0.19	0.51
Dividends Declared for Years Ended ($ per share)	0.15	0.15	0.08	0.05	-	0.11	0.20
Book Value per Share (BVPS)	5.25	5.13	4.54	4.24	4.47	3.62	4.77
Gearing Ratio[6]	38%	37%	45%	49%	57%	76%	144%
OPERATING STATISTICS							
Reliability of the Transmission & Distriubtion System							
Average duration of power outages - SAIDI	16.1	19.9	20.0	22.8	24.5	35.4	-
Average number of power outages - SAIFI	12.0	15.4	13.8	15.9	16.2	29.1	-
System Outages due to IPPs & Vandalism							
Average duration of power outages - SAIDI	3.4	3.9	1.0	1.3	3.5	12.8	-
Average number of power outages - SAIFI	6.9	5.7	1.7	1.7	6.7	6.1	-
Sales (MWH)							
Industrial & Commercial	325,537 [4]	306,787 [3]	299,045	186,504 [2]	152,239	150,607	113,038
Residential	181,455	165,838	159,333	250,884 [2]	251,764	223,738	169,221
Street Lighting	26,238	26,116	25,516	24,781	24,486	24,044	22,324
Total	533,230	498,742	483,894	462,169	428,490	398,389	304,583
Mean Electricity Rates (MER) $/KWh	0.3864	0.4445	0.4799	0.4182	0.4440	0.4151	0.3377
Customer Accounts (numbers)							
Industrial, Commercial & Street Lighting	17629	17549 [3]	17,463	15,658 [1]	720	711	520
Residential	69185	66,835	64,977	64,705 [1]	78,007	73,380	62,418
Total	86,814	84,384	82,440	80,363	78,727	74,091	62,938
Number of Customer Accounts per Employees	279	278	282	288	285	281	259
Other							
Total System Losses	11.7%	11.9%	12.3%	12.2%	13.1%	12.5%	12.3%
Peak Demand (MW)	96.0	87.7	84.3	82.0	79.3	70.8	57.0
Installed Capacity - Diesel Plant (MW)	24.0	24.0	24.0	25.0	28.3	35.7	38.1

* Restated
[1] Adjusted to reflect reclassification of Residential to Commercial Customers. Numbers presented in 2011 and prior years does not reflect the reclassification done in 2012.
[2] Adjusted to reflect reclassification of Residential to Commercial customers. Sales amount presented in 2011 and prior years do not reflect the reclassification done in 2012. Certain comparative figures may have been reclassified to confirm with the current year's presentation.
[3] As of 2014, BEL no longer includes own use statistics.
[4] Includes two months billing in May 2015 for TOU customers.
[5] Return on Investment: Net profit(loss) divided by the total par value of the common shares outstanding.
[6] Gearing Ratio: The ratio of debt to equity.

CORPORATE DIRECTORY

Board of Directors

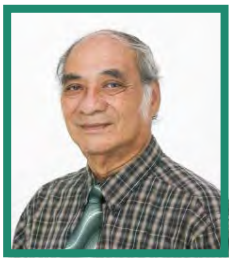
Rodwell Williams
Chairman

Alan Slusher
Deputy Chairman

Anuar Flores
Director

Herman Longsworth
Director

Earl Ludlow
Director



Louis Lue
Director

Kay Menzies
Director

John Mencias
Director

Anthony Michael
Director

Ariel Mitchell
Director

Juliet Thimbriel
Director

Lynn Young
Director

Dawn Nuñez
Company Secretary

Top Management

Jeffrey Locke
Chief Executive Officer

Derek Davis
Senior Manager
System Planning & Engineering

Ernesto Gomez
Senior Manager
Energy & Material Supply

Sean Fuller
Senior Manager
Information & Communication Systems and Customer Care

Jose Moreno
Senior Manager
Transmission & Distribution

Betty Tam
Senior Manager
Finance & Human Resources

Investor Information

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

2½ Miles Philip Goldson Highway
P.O. Box 327
Belize City, Belize
Central America

Telephone: 501.227.0954

Email: corporate@bel.com.bz

FISCAL AGENT

Heritage Trust and Financial Services Limited
106 Princess Margaret Drive
P.O. Box 1988/1867
Belize City, Belize
Central America

On the cover:
View from the historic Bliss Center for the Performing Arts in downtown Belize City. In 2015, BEL completed construction of the Pallotti and Banak substations, which will improve service reliability to the country's most populated municipality.

(Photo by Flying Eye Productions)

2½ Miles Philip Goldson Highway
P.O. Box 327
Belize City, Belize
Central America

web: **www.bel.com.bz**   email: **corporate@bel.com.bz**