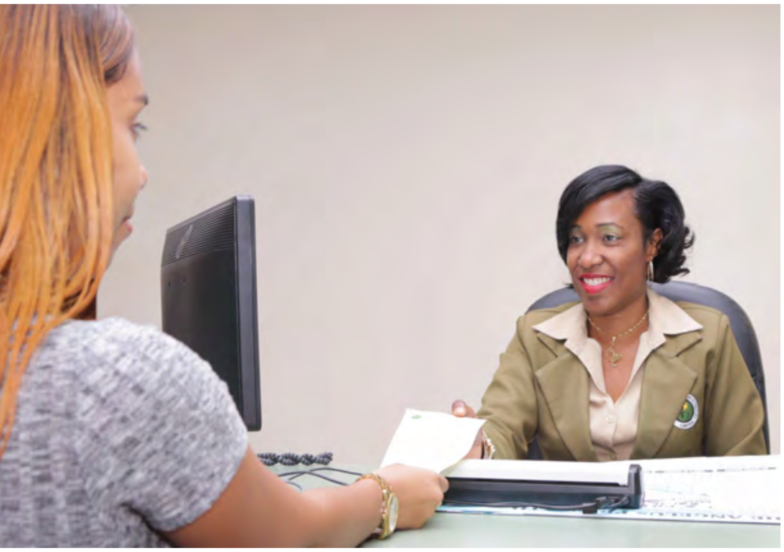
BELIZE ELECTRICITY LIMITED

ANNUAL REPORT 2017

CONTENT



A Model of Excellence!

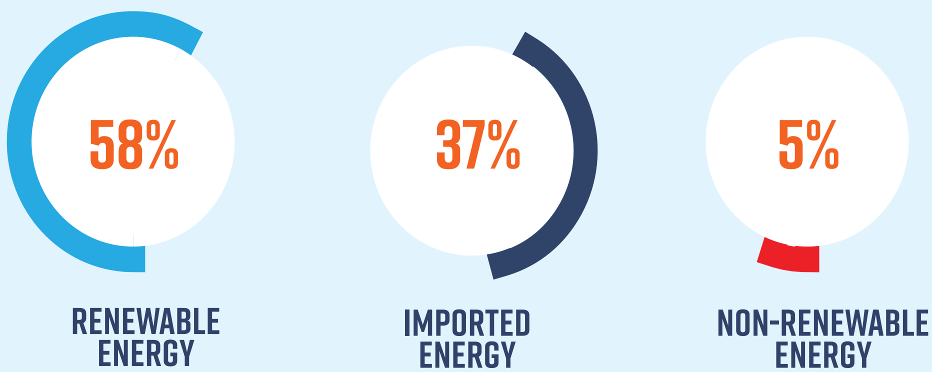
COMPANY **PROFILE**

Belize Electricity Limited (BEL) is the primary distributor of electricity in Belize, Central America. Aggregate energy sold in 2017 was approximately 552.5 gigawatt hours (GWh). The Company served a customer base of approximately 94,450 accounts with a peak power demand of approximately 104 megawatts (MW) during the year.

BEL's national electricity grid connects all major municipalities (load centers), except for Caye Caulker, with approximately 1,900 miles of transmission and primary distribution lines. The grid is primarily supplied by local Independent Power Producers (IPP) utilizing hydroelectricity, biomass, petroleum and solar energy sources, and is secured and stabilized by interconnection with Mexico. BEL also operates a gas turbine facility as a standby plant for energy security and reliability.

The Government of Belize (GOB) has direct ownership of 32.6% interest in the Company, whilst the Social Security Board (SSB) owns 31.2% resulting in public sector interest of 63.8%. Fortis Cayman Inc. owns approximately 33.3% and over 1,500 small shareholders own the remaining 2.9% interest in ordinary shares.

ENERGY SOURCES



REPORT TO **SHAREHOLDERS**

Rodwell Williams S.C.
Chairman, Board of Directors

Jeffrey Locke
Chief Executive Officer

Belize Electricity Limited (BEL) remains committed to its Mission to support national development. The Company's operations continue to be managed towards fulfilling the growing power needs of our customers and performing to standards of excellence expected of us by all stakeholders.

In 2017, the Company's net earnings were $17.8 million, compared to $27.3 million in 2016. This reduction in net earnings is attributed to a 13% increase in unit cost of power, relative to 2016, which negated successful efforts made by the Company to reduce operating expenses and manage the volatility in the cost of power in areas that are within the Company's control.

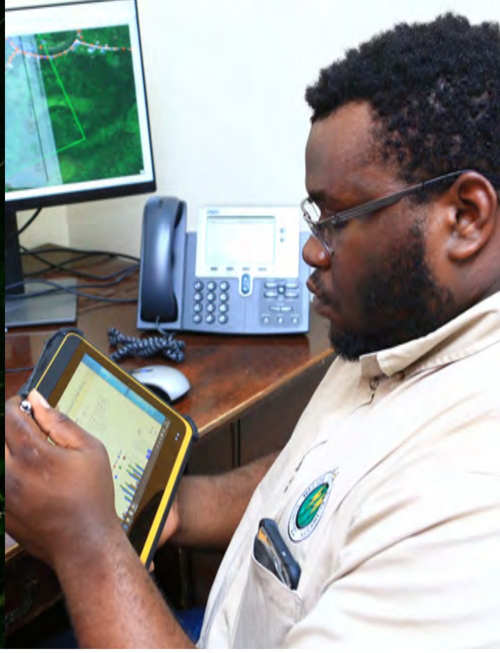
The Board of Directors has declared a dividend of $0.20 per share for shareholders on record as of December 31, 2017. Notwithstanding the challenges BEL continues to face in the current operating environment, the Company remains committed to providing an adequate Rate of Return to shareholders, while addressing the needs of other stakeholders.

BEL's customers have come to expect reliable electricity supply and sustainable prices. We are proud to report that in 2017, customers experienced the lowest frequency and duration of outages in the history of the Company. This success is a direct result of the hard work and dedication of employees in planning and executing the reliability improvement programs over the last five years. Furthermore, the results also reflect the benefits of introducing technology to better identify potential failures, as well as rapidly detect, locate and isolate faults. Worthy of special mention is the under-frequency load shedding scheme that prevents total system collapse. Consequently, the system has not experienced a total collapse for over a year as compared to a minimum of two total system failures per year in prior years.

For the third consecutive year, the Mean Electricity Rate was maintained below $0.39 per kilowatt hour (kWh). These rates remain competitive compared to both Central American and Caribbean countries. The challenge remains that customers are required to allocate a significant portion of their earnings to meet electricity and other utility bills due to the inefficient usage of electricity and the low earnings per capita in Belize. BEL will be supporting the Government's efforts to sensitize customers on how to reduce their consumption, especially in the commercial and tourism sectors. Furthermore, the Company will continue to push for competitive in-country generation and provide for the productive sector to boost earnings.

Steady progress is being made to expand service to new communities and provide access to electricity





to over 98% of the country's population by 2020, in line with Belize's sustainable development goals (SDG7). Since 2014, over 150 new communities countrywide and 13 banana farms in Southern Belize gained access, 40% of which were funded through a partnership with the European Union and Government of Belize. BEL's Customer Access Policy was rolled out to provide more affordable access for new customers. As a result of these programs, over 3,800 new customers were connected in 2017 and just under 96% of the country now has access to safe and reliable supply of electricity. BEL is keen on supporting the country's economic development and is confident that these initiatives help to meet this objective.

With system expansion, and an overall increase in per household consumption, comes an increasing demand for power which BEL must be prepared to satisfy. In February 2017, BEL connected the SS Energy Limited Project, which now supplies up to 8 MW of power from a biomass plant to the national grid. With this connection, local generation supply has increased to 118 MW, compared to the country's peak demand of 104 MW.

The Company established a new Operations Center in Ladyville to better service this community. A Joint Utility Office was established in Benque Viejo, in partnership with Belize Water Services Limited (BWSL). This office now provides customers in this community Benque, San Jose Succotz and other nearby communities, with direct access to BEL and BWSL.

Our customers' needs are becoming more complex and dynamic. BEL is leveraging GIS technology to improve response time and service offerings to customers. This technology is also facilitating improvements in power line designs, asset management, power line maintenance and inspection programs.

In total, BEL invested approximately $33.6 million during 2017 in system expansion, improving system reliability, service delivery and productivity, as well as reducing system losses and upgrading streetlights. The Company's LED Streetlight Project continues to be well received by communities countrywide. Over 8,000 of these energy efficient streetlights have been installed on main thoroughfares in the cities and several towns across the country. By 2020, all of the old technology lights will be replaced with these more energy efficient LED lights and overall streetlight coverage will be increased by 25%.

The Connecting Homes Improving Lives (CHIL) initiative is another program which continued in 2017, connecting another 417 Belizean families who otherwise would not have been able to afford the

cost of connecting to BEL's grid. Under BEL's Golden Citizen Program, the Company subsidizes the electricity bills for qualified senior citizens. In 2017, the program extended its reach to over 1,300 new Golden Citizens, or 800 more beneficiaries compared to 2016.

The Company's success continues to be driven by its employees. Ensuring staff remained well equipped with the skills to execute their job functions therefore remained a key focus in 2017. Accordingly, employees spent over 940 man-days training in various technical and non-technical areas including utility pole climbing, fundamentals of electricity, lineman training, leadership development and project management.

Keeping our employees safe each day continues to be one of the Company's most important commitments to staff. The Company maintains a Responsible Driver Program under which it recognizes employees for consistently demonstrating responsible driving habits. Real time monitoring of all vehicles in the Company's fleet also continues to encourage employees' compliance with safety requirements.

With rapid changes in the electricity industry, BEL continues to prepare to face the future. Our dedicated workforce equips us well to face the challenges ahead. Management and the Board of Directors are developing new strategic plans that will ensure we remain relevant to our customer base, while maintaining the value of our shareholders' investment. We extend gratitude to our employees, customers, shareholders and the wider community for the continued support given to BEL.

Rodwell Williams S.C.
Chairman, Board of Directors

Jeffrey Locke
Chief Executive Officer

2017 HIGHLIGHTS

RECORD LOW POWER OUTAGES

16.4% REDUCTION SINCE 2013

$17.8 MILLION NET EARNINGS


$0.20
DIVIDEND
PER ORDINARY SHARE


$33.6
MILLION
IN INVESTMENTS

2.1% GROWTH IN ENERGY SALES


$207.2
MILLION
IN REVENUES

8MW ADDED TO LOCAL GENERATION


46 COMMUNITIES CONNECTED


3,800 NEW CUSTOMERS


1,300 GOLDEN CITIZENS AWARDED


417 LOW INCOME FAMILIES CONNECTED

940 MAN-DAYS IN TRAINING

787 MAN-DAYS IN COMMUNITY SERVICE

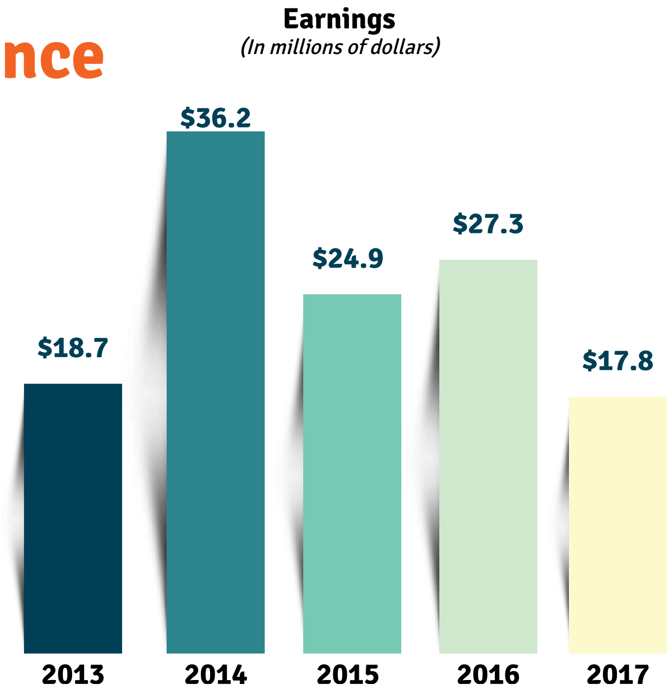
MANAGEMENT DISCUSSION & ANALYSIS

Financial Performance

Earnings

Net earnings in 2017 were $17.8 million or $0.26 per share, compared to net earnings of $27.3 million and earnings per share of $0.40 in 2016.

Although the Company recorded an increase in sales and a reduction in operating expense, net earnings declined largely due to a significant increase in Cost of Power compared to 2016. New Power Purchase Agreements are being negotiated with suppliers to reduce the volatility in cost of power and stabilize earnings.

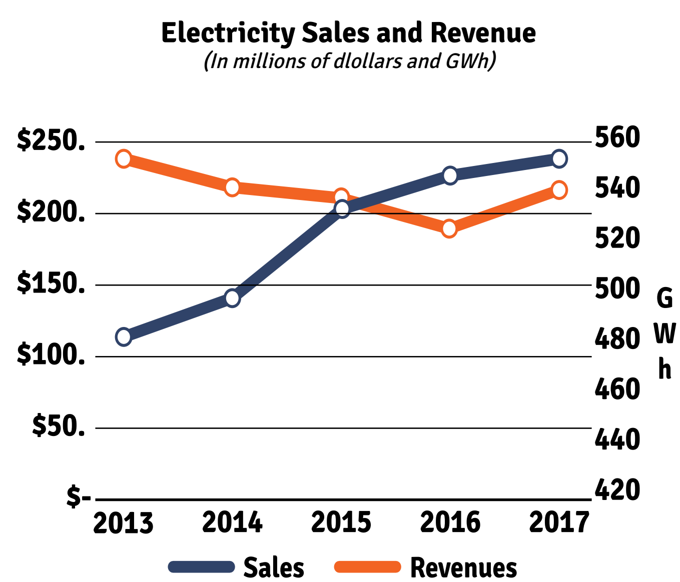


Revenue and Sales

Energy sales grew by 2.1% to 552.5 gigawatt hours (GWh) compared to 540.9 GWh in 2016.

When compared to 2016, residential sales increased by 4.7%, commercial sales increased by 1.7%, industrial sales decreased by 6.5% and streetlight sales decreased by 1.7%.

The decrease in industrial sales is indicative of continued weakness in the aquaculture sector; however, it is a marked improvement from the 35.6% contraction between 2015 in 2016. The decrease in streetlight sales is attributable to the on-going replacement of high-pressure sodium and mercury vapour lighting with the more energy efficient LED fixtures.



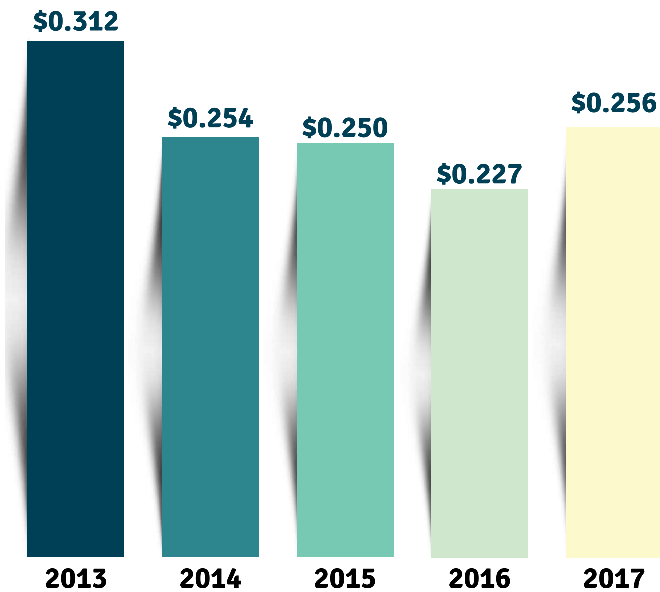
Electricity revenue grew by $10.2 million to $207.2 million due to an increase in actual Mean Electricity Rate (MER) and the increase in sales. The change in MER resulted from higher than anticipated sales to customers in a higher tariff bracket.

Cost of Power (Wholesale)

Cost of Power increased by $18.8 million to $141.6 million in 2017. Annual average unit cost of power was 25.6 cents per kilowatt hour (kWh) compared to 22.7 cents per kWh in 2016.

Variations in prices from local suppliers (Independent Power Producers) were slight and minimally impactful. However, there was a 50% increase in average unit price from CFE when compared to 2016, due to delays in several natural gas pipeline projects in Mexico. Despite this increase, CFE remains the cheapest of BEL's top four suppliers.

Average Unit Cost of Power
(per Kilowatt hour sold)



Operating Expenses

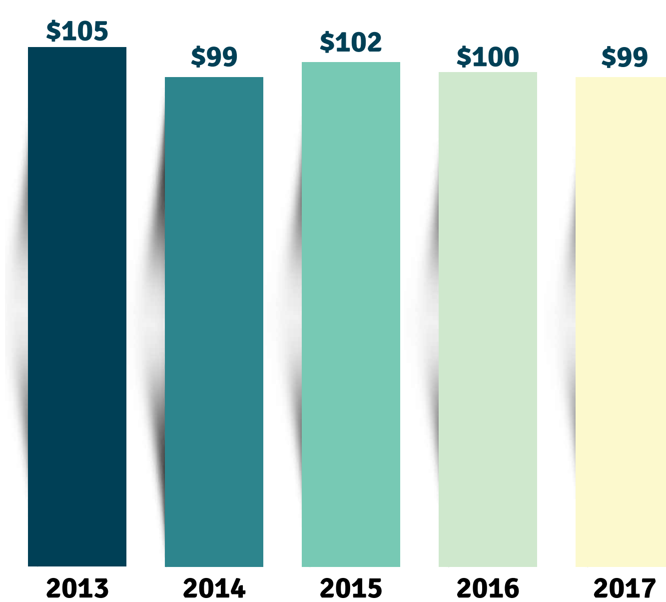
Annual operating expenses decreased to $31.6 million from $32.9 million in 2016. Notable cost savings were in service delivery, procurement and transport expenses. Furthermore, with the increase in sales, the unit cost of delivery per megawatt hour (MWh) sold decreased by 0.5% from $100 in 2016 to $99 in 2017.

Depreciation expense increased from $15.3 million in 2016 to $16.8 million in 2017. This was as a result of a marked increase in the assets being commissioned into service.

Finance charges for the year increased marginally from $2.8 million in 2016 to $3 million in 2017.

Business tax for 2017 was $3.7 million as compared to $3.5 million in 2016, consistent with the uptick in electricity revenues.

Unit Cost of Delivery
(per megawatt hour sold)
(Excludes Cost of Wholesale Power)



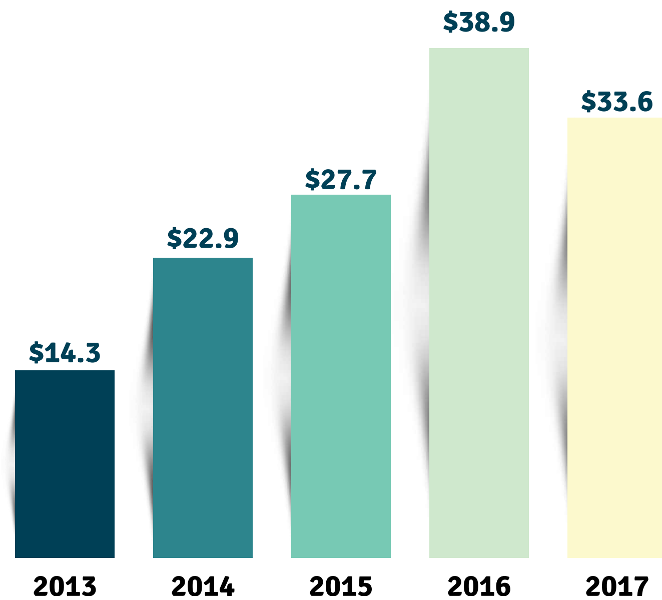
Capital Expenditure

BEL invested $33.6 million in capital projects in 2017, which was 13.6% less than 2016. The slowdown in investment was due mainly to procurement delays for projects funded by the Caribbean Development Bank (CDB), delays in the supply of vehicles ordered for 2017 and delays in the procurement of computing and communication equipment.

The Company is committed to connecting 98% of Belize to the grid by 2020. Correspondingly, 50% of the 2017 capital investments was spent on system expansion projects. Improving system reliability, standards and safety accounted for another 20% of capital spending and the installation of LED streetlights countrywide took up 19% of total investments.

The Company also continued its investments in improving productivity and quality of service delivery.

Capital Expenditure
(In millions of dollars)

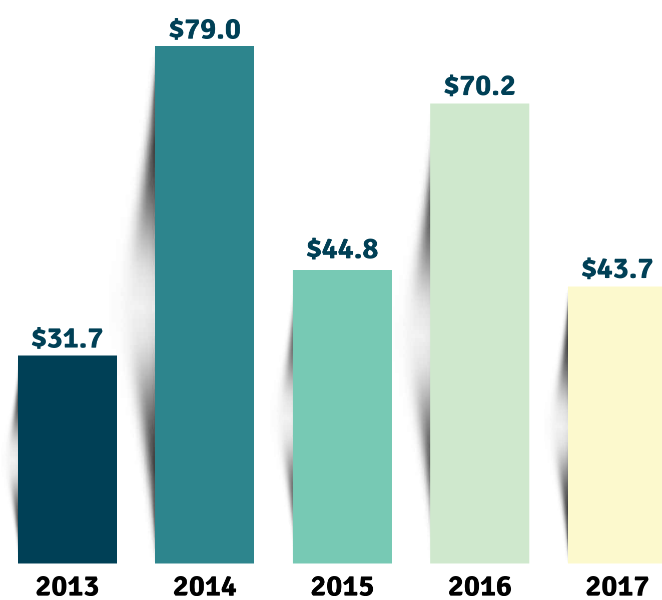


Financing

BEL continues to fund investments in system improvement and special projects, largely through the use of its operating cash flows. The Company also used loan financing to augment its operations. The most notable debt financing was the $9 million draw down from the CDB Power VI Loan in December.

Dividends of $0.29 per share were declared for shareholders on record at the of end 2016. This resulted in total dividend payout of $20 million, which was made in July 2017. BEL's has paid higher than normal dividends for two consecutive years because of its strong cash position.

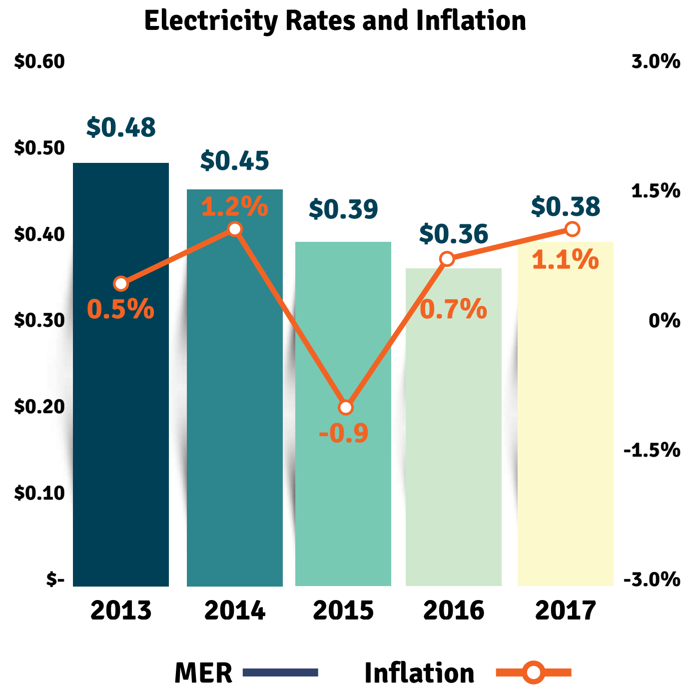
Cash from Operations
(In millions of dollars)



Regulation

In the second half of 2017, the PUC approved BEL's request to maintain the MER of $0.369 per kWh for the period July 1, 2017 to June 30, 2018. This decision allowed for a Value Added of Delivery (VAD) of $0.139 per kWh sufficient to sustain the Company's operations through the Annual Tariff Period and return fair value to shareholders.

The Company, in line with its Mission to provide electricity at the lowest sustainable cost, planned to maintain rates between $0.36 per kWh and $0.39 per kWh over the Full Tariff Period - from July 2016 to June 2020. However, upward inflationary pressure on the cost of local power produced and higher prices from Mexico may require a rate increase from $0.37 per kWh in 2017 to just over $0.39 per kWh in 2018.

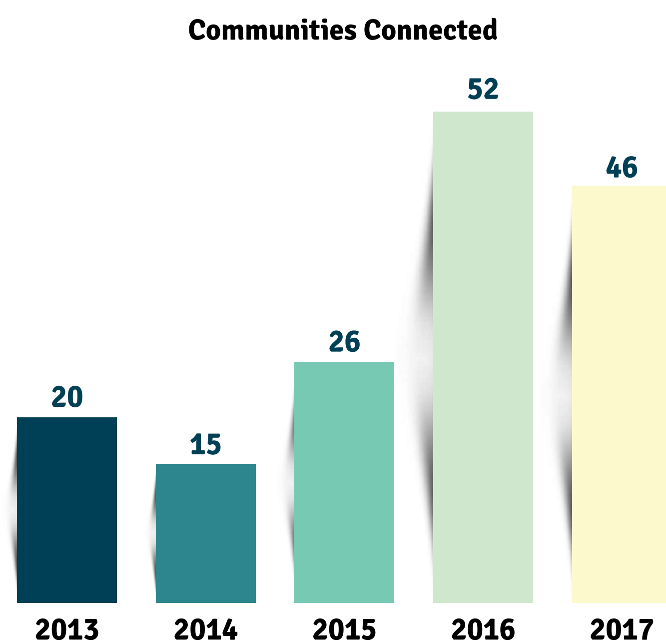


The Company continues to dialogue and collaborate with the PUC and other key stakeholders in the energy sector to build the legal and regulatory framework to support a diversified, modern energy landscape facilitative of distributed generation, electric-powered transportation and other emerging opportunities.

Operating Performance

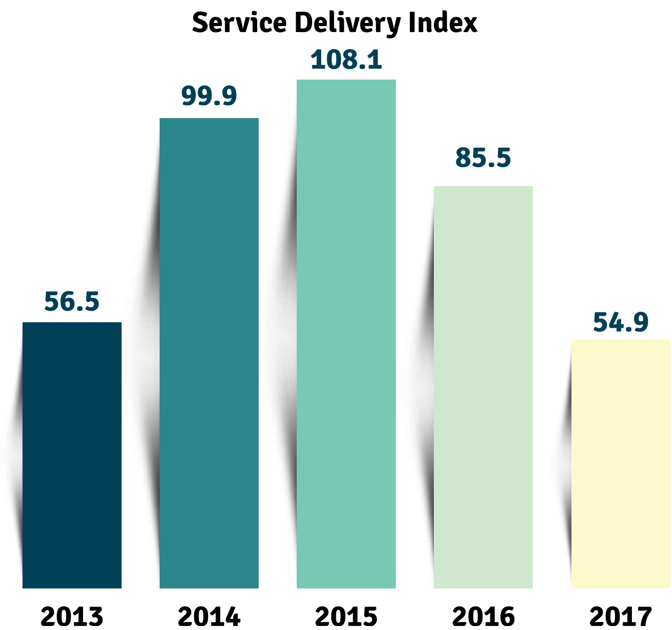
System Expansion

Procurement delays in CDB financed projects were offset by the Company's conscious and proactive decision to fast-track its system expansion projects, specifically, to power communities around the Spanish Lookout area. The Company was able to extend its power lines just in time for the end of year holidays to supply the villages of Selena, Santa Teresita, Los Tambos and San Marcos for the benefit of 300 households in the Cayo District. The Company was also able to successfully complete its European Union funded system expansion projects in 2017. Since 2014, BEL has connected over 150 communities countrywide and is confident that by 2020, 98% of all Belizean households will have access to safe, reliable and affordable electricity.



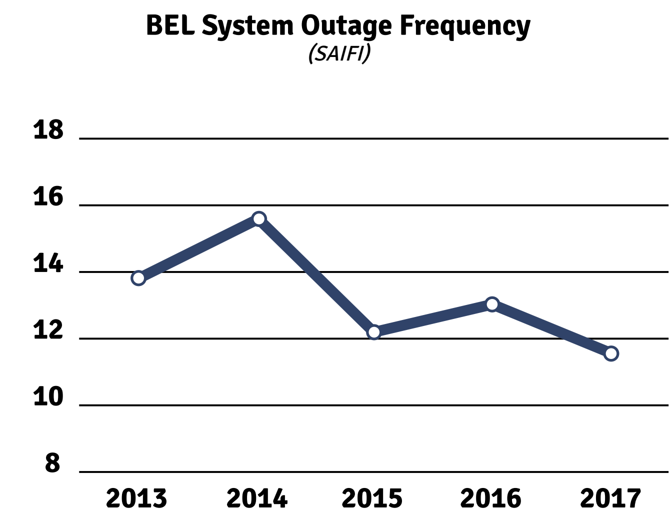
Service Delivery

Service delivery performance[1] in 2017 declined significantly when compared to previous years. Notable areas where performance levels fell included service order management, call handling and billing. Procedural and policy changes were introduced in late 2017 and will help restore performance to acceptable levels. For example, the new Customer Access Policy will improve service order management by ensuring faster connection of customers within defined coverage areas.



Reliability

Over the last five years, BEL has steadily reduced power interruptions due to transmission and distribution system failures by 16.4%. In 2017, customers experienced the lowest frequency and duration of outages in the history of the Company. On average, customers experienced 11.5 outages during 2017. The introduction of a new under-frequency protection scheme in 2017, along with better coordination of maintenance were the two key programs that led to the historic acheivement. BEL's technical team is working diligently to further reduce outages.

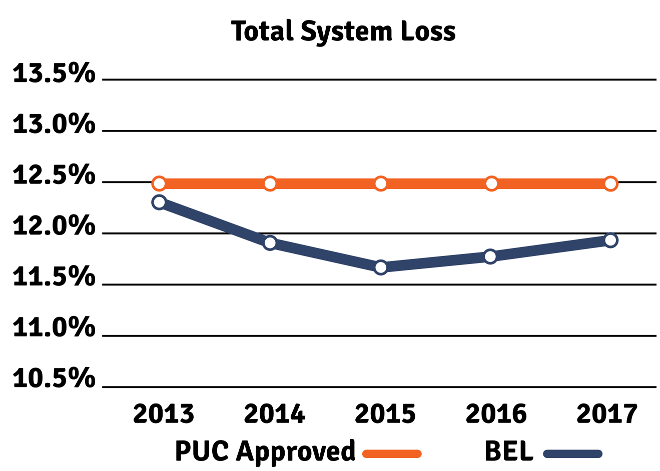


Excludes power interruptions due to IPP failures, hurricane or vandalism

System Losses

System losses increased to 11.9% in 2017 from 11.6% in 2016. Losses were higher on both distribution and transmission lines compared to 2016. This is the expected correlative effect of increasing energy sales.

At the close of 2017, the Company reformulated its loss reduction strategy and introduced a System Losses Committee with primary focus on reducing technical losses



Total System Losses include technical and non-technical losses.

[1]Since 2013, BEL developed a service delivery index tool to measure its performance in call handling, field services, billing and customer complaints.

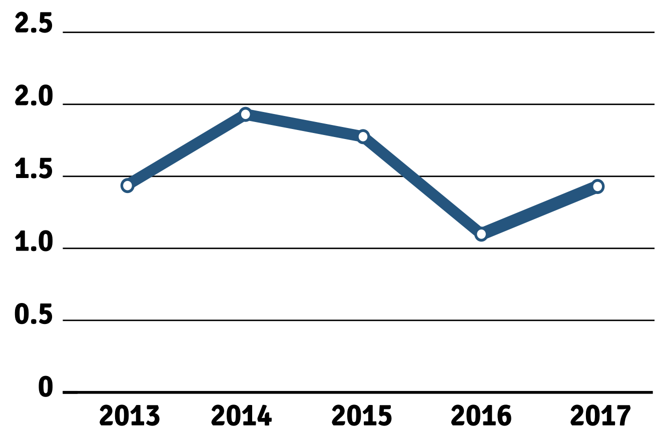
through engineering analysis. The Revenue Protection Committee wll continue to focus on reducing commercial losses through theft prevention and metering accuracy.

Safety, Health and Environment

The Company continues to perform well in its safety, health, and environmental program, with 99% completion of its scheduled activities supporting healthy employees, accident-free workspaces and harm-free (to the environment) operating practices.

Notwithstanding achievements in proactive safety measures, the Company recorded increases in both its Vehicle Accident Frequency and Lost Time Injury Frequency rates after two consecutive years of marked improvement. Enhancements to the Responsible Driver Program and a management decision to hold employees more accountable for accidents due to negligence should help reverse this trend.

Lost Time Injury Frequency
(LTI)



2018 Outlook

The Belizean economy is slowly but steadily rebounding from an economic downturn of 0.5%[2] in 2016, as preliminary indicators point to an expansion in output of around 2.0% in 2017. The Central Bank of Belize anticipates the positive, albeit modest growth trend will continue in 2018, estimating that real GDP should grow by 1.5% to 2.0%. This positive forecast is contingent on the realization of a reversal in the three-year decline in aquaculture, a sustained robustness in tourism and the absence of any adverse weather events on these and other sensitive sectors.

Notwithstanding the positive outlook, there is a real risk of sales under-performing. Downside risks include slowing growth or contraction in Belize's major trading partners, intractability of disease in farmed shrimp and weather shocks. The medium-term outlook points to average annual sales growth of between 2.0% to 2.5% over the next five years.

This outlook reflects the fragility in the economy and in particular, the aquaculture sector. Despite a concerted effort among stakeholders in this sector to address high shrimp mortality rates, the impact on production and energy demand remains uncertain. While modest growth is expected in residential consumption, little or no growth is expected in the commercial or industrial sectors. Therefore, despite the projected growth in GDP, electricity sales are expected to remain flat in 2018.

[2]Statistical Institute of Belize

FINANCIAL
& OPERATING STATISTICS

	2017	2016	2015	2014	2013	2012	2011	2010 - 2006 Average	2005 - 2001 Average
FINANCIAL STATISTICS									
(Belize thousands of dollars except as noted)									
Energy Revenues	207,227	197,001	206,024	221,692	232,233	193,294	190,245	165,371	102,858
Net Profit (Loss)	17,773	27,292	24,850	36,239	18,719	(16,000)	3,178	11,491	14,778
Dividends Paid	20,017	27,859	11,355	5,522	6,103	0	3,796	6,042	5,771
Net Fixed Assets	464,612	450,599	431,596	421,461	430,017	445,012	445,143	394,158	284,007
Capital Expenditures	33,558	38,898	27,717	22,893	14,339	17,682	31,471	41,703	34,561
Total Assets	554,966	545,811	521,726	514,524	481,361	487,833	489,997	444,624	326,547
Capital Contribution	50,199	49,856	46,494	44,514	39,964	36,708	33,190	24,389	14,150
Long Term Debt	10,531	2,564	337	174	871	6,518	12,139	36,590	89,823
Debentures	77,500	77,500	77,574	77,574	77,363	76,458	69,311	67,100	46,687
Shareholders' Equity (excluding Contributed Capital)	359,419	361,663	362,230	353,889	313,172	292,793	308,792	249,864	123,979
Financial Indicators									
Rate of Return on Net Fixed Assets	4.9%	7.5%	7.6%	10.7%	6.3%	-2.4%	2.2%	5.7%	9.1%
Rate of Return on Investment[5]	13%	20%	18.0%	26.3%	13.6%	-11.6%	2.3%	8.3%	28.5%
Rate of Return on Shareholders' Equity	4.9%	7.5%	6.9%	10.9%	6.2%	-5.3%	1.1%	5.1%	12.5%
Earnings/Loss ($ per share)	0.26	0.40	0.36	0.53	0.27	(0.23)	0.05	0.19	0.51
Dividends Declared for Years Ended ($ per share)	0.20	0.54	0.15	0.15	0.08	0.05	-	0.11	0.20
Book Value per Share (BVPS)	5.21	5.24	5.25	5.13	4.54	4.24	4.47	3.62	4.77
Gearing Ratio[6]	42%	39%	38%	37%	45%	49%	57%	76%	144%
OPERATING STATISTICS									
Reliability of the Transmission & Distriubtion System									
Average duration of power outages - SAIDI	13.12	19.3	16.1	19.9	20.0	22.8	24.5	35.4	-
Average number of power outages - SAIFI	11.54	13.2	12.0	15.4	13.8	15.9	16.2	29.1	-
System Outages due to IPPs & Vandalism									
Average duration of power outages - SAIDI	1.11	24.42	3.4	3.9	1.0	1.3	3.5	12.8	-
Average number of power outages - SAIFI	4.3	6.6	6.9	5.7	1.7	1.7	6.7	6.1	-
Sales (MWH)									
Commercial	286,664	281,892	274,986 [4]	262,186 [3]	255,346	148,907 [2]	132,756	125,107	98,666
Industrial	30,466	32,567	50,552	42,381	43,699	37,597	19,483	25,500	14,371
Residential	209,180	199,843	181,455	164,709	159,333	250,884 [2]	251,764	223,738	169,221
Street Lighting	26,168	26,619	26,238	26,116	25,516	24,781	24,486	24,044	22,324
Total	552,478	540,921	533,230	495,392	483,894	462,169	428,489	398,389	304,583
Mean Electricity Rates (MER) $/kWh	0.3751	0.3642	0.3864	0.4475	0.4799	0.4182	0.4440	0.4151	0.3377
Customer Accounts (numbers)									
Industrial, Commercial & Street Lighting	18,210	18,003	17,629	17,549 [3]	17,463	15,658 [1]	720	711	520
Residential	76,255	72,632	69,185	66,835	64,977	64,705 [1]	78,007	73,380	62,418
Total	94,465	90,635	86,814	84,384	82,440	80,363	78,727	74,091	62,938
Number of Customer Accounts per Employees	299	291	287	285	297	295	285	281	259
Net Generation (MWh)									
Net Diesel Generation	15,514	14,354	19,141	7,486	7,858	13,377	6,910	20,657	69,630
Purchased Power - BECOL	267,650	247,012	225,770	245,259	243,177	199,039	232,081	193,112	74,452
Purchased Power - Hydro Maya	14,509	13,491	10,220	10,508	15,454	9,553	12,518	11,230	-
Purchased Power - BAL/BAPCOL	19,436	17,497	11,934	2,808	954	3,578	0	26,621	-
Purchased Power - Belcogen	63,939	78,886	83,175	66,355	48,859	64,506	70,720	24,753	-
Purchased Power - CFE	230,138	243,429	254,858	233,150	234,070	237,864	170,612	211,909	203,530
Purchased Power - SS	18,401								
JICA	573		422	614	581	255			
Total	630,159	614,669	605,520	566,180	550,952	528,172	492,841	488,282	347,612
Other									
Total System Losses	12.0%	11.6%	11.7%	11.9%	12.3%	12.2%	13.1%	12.5%	12.3%
Peak Demand (MW)	104.5	96.0	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	24.0	24.0	25.0	28.3	35.7	38.1
Number of Employees	316	311	302	296	278	272	276	263.3	243

[*] 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 large 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 profit.

AUDITED
FINANCIAL STATEMENTS

CONTENT

Grant Thornton
An instinct for growth™

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Belize Electricity Limited, which comprise the statements of financial position as at December 31, 2017 and 2016, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Belize Electricity Limited as at December 31, 2017 and 2016, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Belize Electricity Limited in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing Belize Electricity Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Belize Electricity Limited or to cease operations, or has no realistic alternative but to do so.

Independent Auditors' Report
Page 2

Those charged with governance are responsible for overseeing Belize Electricity Limited's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Belize Electricity Limited to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during the audit.

Grant Thornton

Chartered Accountants
Belize City, Belize
March 21, 2018

STATEMENT OF
FINANCIAL POSITION
Years Ended December 31, 2017 and 2016
(in thousands of Belize dollars)

	Notes	2017	2016
Assets			
Current assets:			
Cash and cash equivalents	2g	$ 40,994	$ 34,578
Short term investments	2h	10,266	20,532
Trade receivables	2i,3	15,152	15,403
Other receivables and prepayment	2i, j	2,099	1,845
Materials and supplies	2k,4	19,210	19,824
Total current assets		87,721	92,182
Non-current assets:			
Property, plant and equipment	2l, 5	$ 464,612	450,599
Intangible assets	2m, 6	1,854	2,069
Total non-current assets		466,466	452,668
Total Assets		$ 554,187	$ 544,850
Liabilities and Equity			
Current iabilities:			
Trade payables	2p	$ 40,133	$ 39,313
Other payable	2p,w, 8	4,218	3,747
Current portion of long-term debt	2r, 10	980	-
Taxes payable	2q, 9	1,037	680
Total current liabilities		46,368	43,740
Non-current liabilities:			
Capital contributions	15	50,199	49,856
Long-term debts	2r, 10	10,531	2,564
Debentures	11	77,500	77,500
Consumer deposits	12	10,170	9,527
Total non-current liabilities		148,400	139,447
Total liabilities		194,768	183,187
Equity:			
Ordinary shares	2v, 13	138,046	138,046
Additional paid in capital	14	5,741	5,741
Insurance reserve	16	5,000	5,000
Revaluation reserve	5	5,112	5,112
Retained earnings		205,520	207,764
Total equity		359,419	361,663
Total Liabilities and Equity		$ 554,187	$ 544,850

The financial statements on pages 3 to 6 were approved and authorized for issue by the Board of Directors on March 21, 2018 and are signed on its behalf by:

____________ Chairman

____________ Deputy Chairman

____________ Chief Executive Officer

The notes on pages 30 – 57 form an integral part of these financial statements.

STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Years Ended December 31, 2017 and 2016
(in thousands of Belize dollars)

	Notes	2017	2016
Revenues	2s, 17	**$ 207,227**	$ 197,001
Cost of power	2t, 18	**(141,636)**	(122,880)
Gross profit		**65,591**	74,121
Other income	19	**7,088**	7,197
Operating expenses	2u, 20	**(48,432)**	(48,211)
Profit before interest income, interest expenses and taxes		**24,247**	33,107
Interest income	2s	**254**	441
Interest expense	2u	**(3,042)**	(2,751)
Net interest expense		**(2,788)**	(2,310)
Profit before business tax		**21,459**	30,797
Business tax	2q, 21	**(3,686)**	(3,505)
Profit for the year from continuing operations		**$ 17,773**	$ 27,292
Other comprehensive income		**-**	-
Total comprehensive income for the year		**$ 17,773**	$ 27,292
Earnings per share (expressed in $ per share)	22		
Profit for the year attributable to ordinary equity holders:			
Basic		**$ 0.26**	$ 0.40
Diluted		**$ 0.26**	$ 0.40

The notes on pages 30 – 57 form an integral part of these financial statements.

STATEMENT OF
CHANGES IN EQUITY
Years Ended December 31, 2017 and 2016
(in thousands of Belize dollars)

	Ordinary shares	Additional paid-in capital	Insurance reserve	Revaluation reserve	Retained earnings	Total
Balance, January 1, 2016	138,046	5,741	5,000	5,112	208,331	362,230
Comprehensive income:						-
Profit for the year	-	-	-	-	27,292	27,292
Total comprehensive income for the year	-	-	-	-	27,292	27,292
Transactions with owners of the Company recognized directly in equity:						
Dividends declared and paid (Notes 2w, 23)	-	-	-	-	(27,859)	(27,859)
Total transactions with owners	-	-	-	-	(27,859)	(27,859)
Balance, December 31, 2016	**$ 138,046**	**$ 5,741**	**$ 5,000**	**$ 5,112**	**$ 207,764**	**$ 361,663**
Balance, January 1, 2017	138,046	5,741	5,000	5,112	207,764	361,663
Comprehensive income:						-
Profit for the year	-	-	-	-	17,773	17,773
Total comprehensive income for the year	-	-	-	-	17,773	17,773
Transactions with owners of the Company recognized directly in equity:						
Dividends declared and paid (Notes 2w, 23)	-	-	-	-	(20,017)	(20,017)
Total transactions with owners	-	-	-	-	(20,017)	(20,017)
Balance, December 31, 2017	**$ 138,046**	**$ 5,741**	**$ 5,000**	**$ 5,112**	**$ 205,520**	**$ 359,419**

The notes on pages 30 – 57 form an integral part of these financial statements.

STATEMENT OF
CASH FLOWS

Years Ended December 31, 2017 and 2016
(in thousands of Belize dollars)

	2017	2016
Cash flow provided by		
Operating activities		
Profit for the year	**$ 17,773**	$ 27,292
Adjustments for:		
Amortization of intangible assets	**461**	132
Depreciation	**16,383**	15,190
Loss on disposal of assets	**870**	599
Bad debt expense	**(204)**	(444)
Obsolescense expense	**79**	745
Amortization of capital contribution	**(1,512)**	(1,553)
Business tax	**3,686**	3,505
Interest expense	**3,042**	2,751
Changes in items of working capital:		
Decrease in trade and other receivables	**383**	621
Decrease in materials and supplies	**536**	580
Increase in trade and other payables	**5,928**	24,235
	47,425	73,653
Business tax paid	**(3,695)**	(3,496)
Interest paid	**(5,566)**	(5,696)
Net cash generated from operating activities	**38,164**	64,461
Investing activities		
Purchase of property, plant and equipment	**(33,558)**	(38,898)
Proceeds from sale of property plant and equipment	**117**	67
Net cash used in investing activities	**(33,441)**	(38,831)
Financing activities		
Term deposits - net	**10,266**	367
Repayment of long-term debts	**(53)**	(348)
Proceeds from long term debt	**9,000**	2,227
Proceeds from issuance of debentures	**-**	27,500
Debentures Redeemed	-	(27,574)
Dividends paid	**(20,017)**	(27,859)
Consumer deposits	**643**	569
Capital contributions	**1,854**	4,915
Net cash generated from (used in) financing activities	**1,693**	(20,203)
Net increase in cash and cash equivalents	**6,416**	5,427
Cash and cash equivalents , beginning of the year	**34,578**	29,151
Cash and cash equivalents , end of the year	**$ 40,994**	$ 34,578

The notes on pages 30 – 57 form an integral part of these financial statements.

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, Belize.

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. 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. After the settlement, Government of Belize and the Belize Social Security Board combined to retain majority shares totaling to 63.8% shareholding in the Company.

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 and will expire in 2025.

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 (measured at fair value) and Property and Plant (measured at revalued amounts). 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 26)

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.

(in thousands of Belize dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Change in accounting policies (Continued)

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

Standards/ Amendments	Pronouncement	When effective	Response
Disclosure Initiative (Amendments to IAS 7)	Amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	January 1, 2017	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	Pronouncement	When effective	Response
IFRS 9	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),	January 1, 2018	The standard 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)

e. Change in accounting policies (Continued)

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	Pronouncement	When effective	Response
IFRS 9	but these standards remain available for application if the relevant date of initial application is before 1 February 2015.	January 1, 2018	The standard will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.
IFRS 15 Revenue from Contracts with Customers	IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. 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.	January 1, 2018	The standard will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.
Clarification to IFRS 15 'Revenue from Contracts with Customers'	Amends IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	January 1, 2018	The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.
IFRIC 22 Foreign Currency Transactions and Advance Consideration	The interpretation addresses foreign currency transactions or parts of transactions where: - there is consideration that is denominated or priced in a foreign currency; and - the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; - the prepayment asset or deferred	January 1, 2018	The interpretation will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Change in accounting policies (Continued)

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	Pronouncement	When effective	Response
IFRIC 22 Foreign Currency Transactions and Advance Consideration	income liability is non-monetary. The Interpretations Committee came to the following conclusion: - The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. - If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.	January 1, 2018	The interpretation will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.
IFRS 16 Leases	IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	January 1, 2019	The standard will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.	January 1, 2019	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)

e. Change in accounting policies (Continued)

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.

Annual Improvements 2015-2017 Cycle - Makes amendments to the following standards for periods beginning on or after January 1, 2019:	**When effective**	**Response**
IAS 23 - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.	January 1, 2019	The annual improvement will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

f. Financial instruments

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

Initial recognition and measurement

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

Financial assets

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

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

Effective interest method

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Financial instruments (Continued)

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

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

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

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

Evidence of impairment could include:

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Financial instruments (Continued)

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

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

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

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

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

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

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

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 of materials and supplies is determined on the First-in-First-out (FIFO) method during the current fiscal period.

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 or revalued amounts.

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:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

l. Property, plant and equipment (continued)

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

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.

n. Impairment of non-financial assets

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

o. Employee benefits

(i) Post-employment benefits obligations:

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

o. Employee benefits

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 10%.

(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. Business tax

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

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

r. Long-term debt

Long-term debts are recognized initially at the transaction price, that is, the present value of cash payable to the lender. Long-term debt is 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 debt to finance long-term construction or development projects are capitalized during the developmental phase.

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:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

s. Revenue (Continued)

(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 Belize Electric Company Limited (BECOL), a Fortis Inc. owned Company, and biomass electric power plants, principally Belize Co-Generation Energy Limited (Belcogen) 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.

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.

(in thousands of Belize dollars)

3. Trade receivables

	2017	2016
Consumers	**$ 19,046**	$ 19,272
Less: provision for doubtful debts	**(3,894)**	(3,869)
	$ 15,152	$ 15,403

Provision for doubtful debts is comprised as follows:

	2017	2016
Balance, January 1	**$ 3,869**	$ 3,626
Additional provision	**204**	444
Write off	**(179)**	(201)
Balance, December 31	**$ 3,894**	$ 3,869

4. Materials and supplies

	2017	2016
Bulkstores	**$ 21,272**	$ 21,848
Fuel and oil	**826**	864
	22,098	22,712
Less: provision for damaged and obsolete spares	**(2,888)**	(2,888)
	$ 19,210	$ 19,824

Provision for damaged and obsolete spares

	2017	2016
Balance, January 1	**$ 2,888**	$ 2,888
Additional provision	**79**	745
Write off	**(79)**	(745)
Balance, December 31	**$ 2,888**	$ 2,888

(in thousands of Belize dollars)

5. Property, plant and equipment

Year ended December 31, 2016

	Land and buildings	Plant, machinery and equipment	Asset under construction	Total
Cost/Valuation				
January 1, 2016	$ 20,355	$ 580,891	$ 33,445	$ 634,691
Additions			38,898	38,898
Transfers	890	37,427	(39,974)	(1,657)
Disposals		(2,015)	-	(2,015)
December 31, 2016	21,245	616,303	32,369	669,917
Accumulated Depreciation				
January 1, 2016	6,845	196,251	-	203,096
Additions	478	17,093	-	17,571
Disposals		(1,349)	-	(1,349)
December 31, 2016	7,323	211,995	-	219,318
Net Book Value December 31, 2016	**$ 13,922**	**$ 404,308**	**$ 32,369**	**$ 450,599**

Depreciation charge of $2,382 thousand was allocated to cost of power.

Year Ended December 31, 2017

	Land and buildings	Plant, machinery and equipment	Asset under construction	Total
Cost/Valuation				
January 1, 2017	$ 21,245	$ 616,303	$ 32,369	$ 669,917
Additions	-	-	33,558	33,558
Transfers	608	53,036	(53,891)	(247)
Disposals	-	(2,013)	-	(2,013)
December 31, 2017	21,853	667,326	12,036	701,215
Accumulated Depreciation				
January 1, 2017	7,323	211,995	-	219,318
Additions	490	17,823	-	18,313
Disposals	-	(1,028)	-	(1,028)
December 31, 2017	7,813	228,790	-	236,603
Net Book Value December 31, 2017	**$ 14,040**	**$ 438,536**	**$ 12,036**	**$ 464,612**

Depreciation charge of $1,928 thousand was allocated to cost of power.
The property, plant and equipment audit conducted in 2013 and 2014 by independent consultants resulted in a revaluation gain of $5.1 million and a cumulative impairment loss of $34.7 million.

(in thousands of Belize dollars)

6. Intangible Assets

Year ended December 31, 2016

	Computer software	Transmission rights	Total
Cost			
January 1, 2016	$ 6,780	$ 2,757	$ 9,537
Additions	1,657	-	1,657
December 31, 2016	8,437	2,757	11,194
Accumulated Amortization			
January 1, 2016	6,236	2,757	8,993
Additions	132	-	132
December 31, 2016	6,368	2,757	9,125
Net Book Value			
December 31, 2016	**$ 2,069**	**$ -**	**$ 2,069**

Transfer total of ($1,657) thousand represents cost in asset under construction that was transferred to intangible assets.

Year ended December 31, 2017

	Computer software	Transmission rights	Total
Cost			
January 1, 2017	$ 8,437	$ 2,757	$ 11,194
Additions	246	-	246
December 31, 2017	8,683	2,757	11,440
Accumulated Amortization			
January 1, 2017	6,368	2,757	9,125
Additions	461	-	461
December 31, 2017	6,829	2,757	9,586
Net Book Value			
December 31, 2017	**$ 1,854**	**$ -**	**$ 1,854**

Transfer total of ($246) thousand represents cost in asset under construction that was transferred to intangible assets.

(in thousands of Belize dollars)

7. Bank overdraft

As at December 31, 2016, the Company had a $1.0 million 8.5% unsecured overdraft facility with Heritage Bank Limited that is reviewed annually on September 30. The facility was not renewed in 2017.

8. Other payables

	2017	2016
Payroll liabilities	$ 774	$ 579
Refunds and other costs	1,297	991
Stale dated checks	903	1,014
Dividends payable	318	247
Interest payable	88	78
EIB training fund	838	838
	$ 4,218	$ 3,747

9. Taxes payable

	2017	2016
Business tax	$ 270	$ 279
General sales tax	767	401
	$ 1,037	$ 680

10. Long - term debts

	2017	2016
1 Government of Belize		
a. 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 3.80% (2016 - 3.43%) interest on the loan amount.	11,511	2,564
	11,511	2,564
Less Current portion (repayable in 12 months)	(980)	-
	$ 10,531	$ 2,564

The loans are repayable as follows:

2018	980
2019	980
2020	980
2021	980
2022	980
Subsequently	6,611
	$ 11,511

(in thousands of Belize dollars)

11. Debentures

	2017	2016
Series 5: 250,000 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
Series 7: 275,000 unsecured debentures of $100 each to mature March 31, 2028 with interest payable quarterly at 6.0% per annum.	**27,500**	27,500
	$ 77,500	$ 77,500

On February 16, 2016, the Company exercised its call option on the $19.4 million 9.5% Series 2 Debentures and $8.2 million 10.0% Series 4 Debentures giving 45 days' notice. The Company also offered a $27.5 million 6.0% Series 7 Debentures on April 1, 2016. The proceeds were used to refinance the Series 2 and 4 Debentures, and or to redeem other existing debentures held by debenture holders who choose not to invest in the new offering.

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 Series 7 debentures can be called by the Company at any time after March 31, 2022 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 March 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.

12. 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.

(in thousands of Belize dollars)

13. Share capital

	2017	2016
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 shares of $2.00 each	**Nil**	Nil

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 2016. 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.

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.

13. Share capital (Continued)

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

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

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

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

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

14. 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 or $5,741 (2016 - $5,741) thousand. The Dividend Reinvestment Program was closed on August 2, 2006.

(in thousands of Belize dollars)

15. Capital contributions

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

	2017	2016
Capital contributions brought forward	**$ 65,600**	$ 60,685
Additions	**1,854**	4,915
Capital contributions carried forward	**67,454**	65,600
Amortization brought forward	**15,744**	14,191
Additions	**1,511**	1,553
Amortization carried forward	**17,255**	15,744
Capital contributions – net	**$ 50,199**	$ 49,856

16. 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 Board of 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. The term deposit is renewed on an annual basis.

(in thousands of Belize dollars)

17. Revenues

In June 2015, the PUC, in its final decision for the 2015 ATP, approved a MER of $0.3500/kWh which remained in effect until June 30, 2016. In December 2015, the PUC ruled to maintain the MER at $0.3500/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 1, 2016 to June 30, 2020. This request was based on pending adjustments to the projected cost of the Company and the annual correction balance. On June 26, 2016, the PUC issued its final decision for the Full Tariff Review Period July 1, 2016 to June 30, 2020. In this decision, the PUC approved a MER of $0.3699/kWh for the period July 1, 2016 to June 30, 2020.

On December 10th, 2016 BEL submitted a proposal to maintain the MER at the rate of $0.3699/kWh as per the FTRP 2016|2020 final decision. On December 21st, 2016 the PUC ruled to maintain the MER of $0.3699/kWh for the period January 1st to June 30th of 2017. On April 1st, 2017, BEL submitted a proposal for the ARP 2017|2018 with a MER of $0.3695/kWh and on June 28th, 2017, the PUC issued the final decision for the ARP 2017|2018 approving a MER of $0.03692/kWh. On December 20th, 2017, the PUC issued a decision to maintain the MER of $0.3692/kWh for the period of January 1st, 2018 to June 30th, 2018 as was requested by BEL in its submission.

18. Cost of power

	2017	2016
Power purchased	**$ 130,077**	$ 111,298
Power generation costs:		
Fuel	**5,983**	5,671
Operations and maintenance	**3,648**	3,529
Depreciation (Note 5)	**1,928**	2,382
	$ 141,636	$ 122,880

19. Other income

	2017	2016
Service installations	**$ 59**	$ 141
Rent income	**1,788**	1,736
Capacity charges	**2,661**	2,661
Amortization of capital contributions	**1,511**	1,553
Sundry income	**1,939**	1,705
Loss on disposal of fixed assets	**(870)**	(599)
	$ 7,088	$ 7,197

(in thousands of Belize dollars)

20. Operating expenses

	2017	2016
Bad debt expense	$ 204	$ 444
Company taxes and fees	1,368	1,308
Computer hardware and software Support	1,325	1,063
Contract labour	4,666	5,056
Corporate insurance	868	927
Depreciation and amortization	16,845	15,322
Donations & customer claims	237	251
Employee electricity discount	307	292
Employee service facility	410	398
Employer medical, life and social security expenses	867	923
Employer pension expense	1,052	955
Inventory expense	79	745
Maintenance of office equipment	9	10
Maintenance of grounds and buildings	684	692
Materials	1,043	1,103
Notification and advertisments	227	239
Payroll expenses - labour & wages	13,475	13,437
Professional fees	304	248
Stationery & office supplies and postage and subscription	287	265
Telephone & communications	924	1,022
Training & certfication	441	482
Travel expenses	441	433
Uniform & safety gear	506	475
Vegetation management	1,148	1,002
Vehicle maintenance	715	1,119
	$ 48,432	$ 48,211

21. Business tax

As provided by the Income and Business Tax Act Chapter 55 of the Substantive Laws of Belize, the Company is charged a tax rate of 1.75% on its gross revenues.

(in thousands of Belize dollars)

22. Earnings per share

	2017	2016
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.	**$ 0.26**	$ 0.40
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.	**$ 0.26**	$ 0.40

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

	2017	2016
Net profit attributable to ordinary shareholders for basic and diluted earnings	**$ 17,773**	$ 27,292
Weighted average number of ordinary shares for basic earnings per share	**69,023,009**	69,023,009
Effect of dilution:		
Weighted average number of ordinary shares adjusted for the effect of dilution	**69,023,009**	69,023,009
Basic earnings per ordinary share	**$ 0.26**	$ 0.40
Diluted earnings per ordinary share	**$ 0.26**	$ 0.40

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.

23. Dividends

	2017	2016
Cash dividends on ordinary shares declared and paid:		
Final dividends for 2016: 29.00 cents per share (2015: 15.00 cents per share)	$ 20,017	$ 10,353
Interim dividends for 2016: 25.00 cents per share	-	17,256
Cash dividends on preference shares		
Final dividends for 2015	-	250
	$ 20,017	$ 27,859

(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:

		2017		2016
(a) Sale of power				
Government of Belize	**$**	**24,590**	$	23,675
Belize Social Security Board		**449**		441
(b) Purchases of goods and services				
Belize Social Security contribution payments	**$**	**433**	$	424
Belize Social Security interest Payments		**431**		431
Belize Social Security dividend payments		**5,388**		7,432
Belize Electric Company Limited power purchase		**59,473**		56,173
Government of Belize dividend payments		**7,392**		10,196

(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	**$**	**617**	$	607
(d) Year-end balances				
Receivable from related parties:				
Government of Belize	**$**	**6**	$	-
Social Security Board		**33**		37
Belize Electric Company Limited		-		-
Entities controlled by key management personnel		**NIL**		NIL
Payable to related parties:				
Government of Belize		**1,037**		680
Social Security Board				33
Belize Electric Company Limited		**29,973**		22,916
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.

(e) Loans to related parties		**NIL**		NIL

25. Commitments and contingencies

Compliance with covenants - The indenture to the debentures and other loan agreements contain covenants that must be complied with by the Company. As at December 31, 2017, 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 – At December 31, 2017 there were five Right of Way claims submitted to arbitration under Section 36 of the Electricity Act. The Company has assessed its exposure at approximately $142,000 in relation to three of these claims. Valuation reports will determine the contingent amount to be allocated to one of the two remaining matters while no provision has been made in relation to the other due to the uncertainty of its outcome. One other ROW claim has been removed from the list of contingent liabilities since the claimant had only submitted a Notice of Intention to file an application to the Court for arbitration but has taken no further steps since 2015.

The Company and Belize Electric Company Limited (BECOL) are still engaged in mediation to resolve a dispute regarding spill charges levied unilaterally by BECOL for the application of adjustments to the invoices based on the annual escalator to the cost of energy purchased from BECOL. The Company expects that a settlement will be reached in 2018. The settlement of this dispute will also require "approval" by the PUC so as to minimize the risk of penalties by the PUC if it deems that the settlement is not consistent with its interpretation of the respective PPAs.

The Company is also engaged in a dispute with Belize Cogeneration Energy Limited (BELCOGEN) regarding the rates levied by BELCOGEN which is 20 percent above the rates established in the PPA between BEL and BELCOGEN. The Company has referred this dispute to the PUC for review, considering the exclusive authority granted to the PUC under the Public Utilities Commission Act Chapter 223 of the Substantive Laws of Belize. In spite of this, BELCOGEN has filed an application to the Supreme Court, requesting that the Court appoint an arbitrator to settle a related dispute between both parties. The Company is currently awaiting the decision of the Court regarding the appointment of an arbitrator, and a decision is expected in March of 2018.

(in thousands of Belize dollars)

26. Analysis of financial assets and liabilities by measurement basis

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

	2017	2016
Financial Assets	Loans and Receivables	
Cash and cash equivalents	**$ 40,994**	$ 34,578
Term deposit	**10,266**	20,532
Trade receivables	**15,152**	15,403
Other receivables	**1,514**	1,191
Staff receivables	**703**	629
Total Financial Assets	**$ 68,629**	$ 72,333

	2017	2016
Financial Liabilities	Other Financial Liabilities at Amortized Cost	
Trade payables	**$ 40,111**	$ 39,313
Accrued interest	**88**	78
Dividends payable	**318**	247
Other payable	**3,812**	3,422
Taxes payable	**1,816**	1,641
Long-term debt	**11,511**	2,564
Debentures	**77,500**	77,500
Total Financial Liabilities	**$ 135,156**	$ 124,765

27. Financial risk management

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

(a) Foreign exchange risk

Foreign exchange risk arises when future recognized assets and liabilities are denominated in a currency that is not the 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, 2017 and 2016, the Company had no material liability denominated in a foreign currency other than the US dollar. (See Note 10)

(in thousands of Belize dollars)

27. Financial risk management (continued)

(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	17%
Residential customers	25%
Commercial customers	53%
Industrial customers	5%

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 to 1 year	1 to 5 years	Total
	$	$	$	$
Trade payables	25,144	14,967	-	40,111
Accrued interest	88	-	-	88
Dividends payable	318	-	-	318
Other payables	3,812			3,812
Long-term debt	245	735	3,920	4,900
	29,607	15,702	3,920	49,229

(in thousands of Belize dollars)

28. Capital management

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

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

29. Subsequent Events

Regulatory

Two Tariff Reviews occurred during 2017. In both review submissions BEL requested that there be no change/amendment to the going approved tariff for the periods as shown on the table below:

Period	Start	End	MER
FTRP 2016|2020	Jul-16	Jun-20	$0.3699
FTRP 2016|2020 Amendment	Jan-10	Jun-17	$0.3699
APR 2017|2018	Jul-17	Jun-18	$0.3692
APR 2017|2018 Amendment	Jan-18	Jun-18	$0.3692

The PUC reviewed and compared the actual expenses on the Cost of Power dating form their last correction which included up to June 2016 with Reference Cost of Power approved for the same period and agreed with BEL's submission. While a full review will be conducted at the submission of the ARP 2018|2019, BEL estimates that the variance between the Reference COP and the Actual COP is minimal at the closing of the 2017 Financials and will have little impact on future electricity rates.

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Corporate Directory

Board of Directors

Mr. Rodwell Williams
Chairman

Mr. Alan Slusher
Deputy Chairman

Mr. Marcello Blake
Director

Mr. Anuar Flores
Director

Mr. James Laurito
Director

Mr. Louis Lue
Director

Mr. John Mencias
Director

Ms. Kay Menzies
Director

Mr. Anthony Michael
Director

Mr. Ariel Mitchell
Director

Ms. Juliet Thimbriel
Director

Mr. Lynn Young
Director

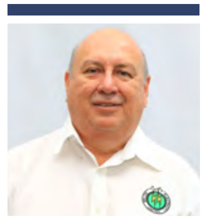
Mrs. Dawn Nuñez
Company Secretary

Top Management

Mr. Jeffrey Locke
Chief Executive Officer

Mr. Derek Davis
Senior Manager
System Planning &
Engineering

Mr. Sean Fuller
Senior Manager
Information &
Communication Systems
and Customer Care



Mr. Ernesto Gomez
Senior Manager
Energy Supply,
Regulatory Affairs and
Stores

Mr. Christopher McGann
Senior Manager
Finance, Business
Strategy & Purchasing

Mr. Jose Moreno
Senior Manager
Transmission &
Distribution

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

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