



FORWARD FOCUSED

2019

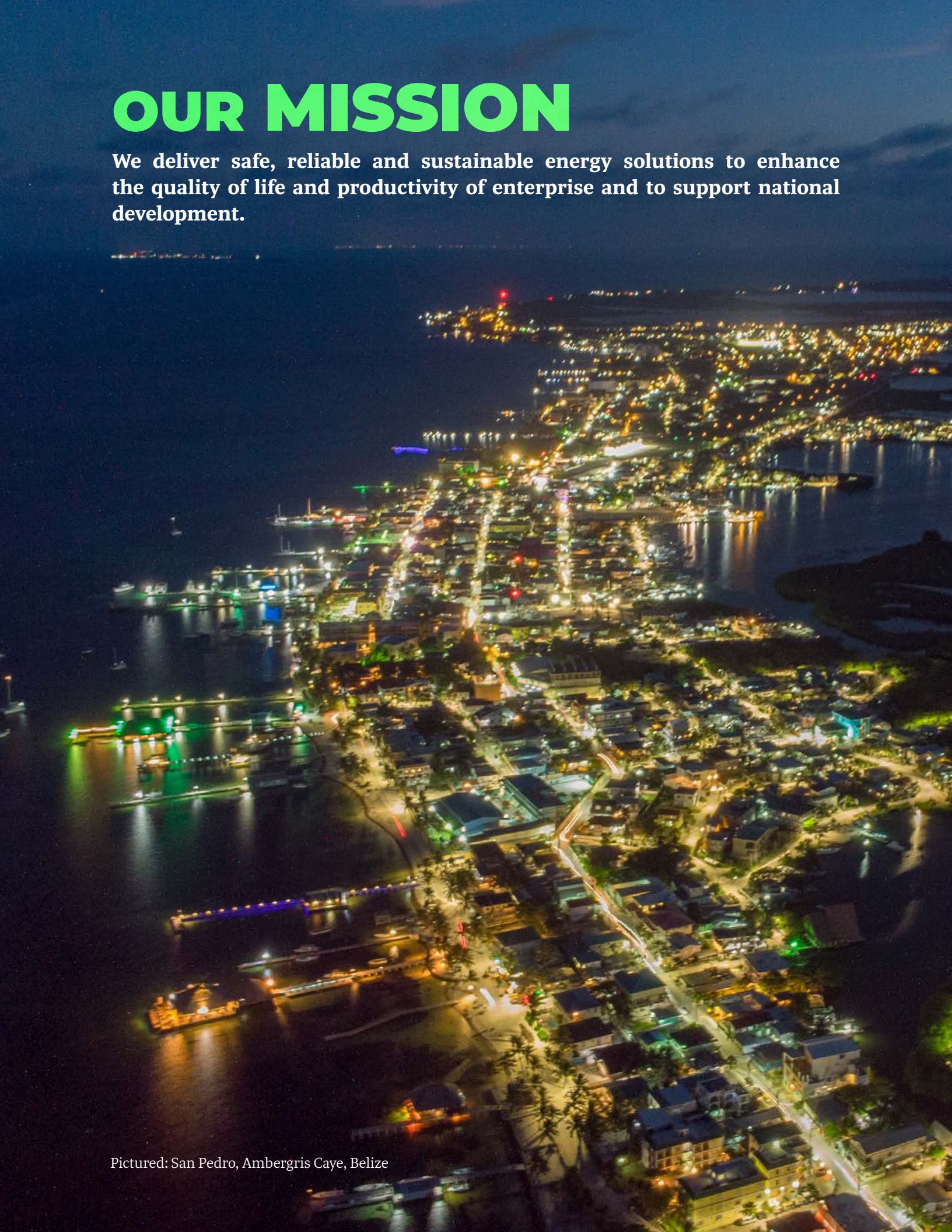
ANNUAL REPORT

BELIZE ELECTRICITY LIMITED



OUR MISSION

We deliver safe, reliable and sustainable energy solutions to enhance the quality of life and productivity of enterprise and to support national development.



Pictured: San Pedro, Ambergris Caye, Belize

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Pictured: West Lake Substation is located at Mile 8, George Price Highway and is the main hub that interconnects the transmission lines from the North (10L), West (11L) and Central Districts (12L & 20 L). It supplies the rural parts of the Belize District, including Ladyville.



Pictured: Belize City is our most densely populated service area with an estimated population of over 124,000.





COMPANY PROFILE

Belize Electricity Limited (BEL) is the primary distributor of electricity in Belize, Central America. Aggregate energy sold in 2019 was 588.4 gigawatt hours (GWh). The Company served a customer base of over 100,000 accounts with peak power demand of approximately 105.6 megawatts (MW) during the year.

BEL's national electricity grid connects all major municipalities (service areas) with approximately 1,900 miles of transmission and primary distribution lines. The grid is supplied by local Independent Power Producers (IPP) utilizing hydroelectricity, biomass, petroleum and solar energy sources; and is secured and stabilized by a 115-kV interconnection with Mexico. Renewable sources accounted for 58.6% of in-country generated energy supply in 2019 despite the persistent drought throughout most of the year; and Belize remains the #1 renewable electricity producer (by % of total electricity generated in-country) in the Caribbean and #2 in the entire North and Central America. BEL also operates two diesel generation facilities, a gas turbine as a standby plant for energy security and reliability, and an off-grid power station that supplies the island of Caye Caulker.

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 33.3% interest and over 1,500 small shareholders own the remaining 2.9% interest in ordinary shares.

DEAR SHAREHOLDERS

"We are forward focused with renewed purpose to generate value over the long term for our customers, our employees and our shareholders..."



Rodwell Williams S.C.
Chairman, Board of Directors

2019 was a year of extraordinary challenges for BEL. Cost of power rose sharply to over 80% of revenues during the first three quarters of the year as imported energy prices from CFE surged to record highs due to persistent supply shortfalls in southern Mexico. At the same time, local hydroelectric power production was drastically reduced to 28% of its historical average output as a result of Belize's worst drought in the past 30 years while demand for electricity spiked due to the hotter weather.

Fortunately, a rate increase at the start of the year coupled with robust sales growth of 6.1% were sufficient to overcome the high cost of power, and the Company was able to achieve a net income of \$3.1 million compared to the net loss of \$4.4 million recorded in 2018. Consequently, the dividends deferred for 2018 were declared at \$0.10 per share to be paid in this year 2020. However, after much consideration, the Board has decided to defer the declaration of dividends for the year 2019.

2019 was also a critical turning point for BEL as the Company pivoted towards a bold new strategic direction aimed at stabilizing electricity costs over the medium term, bolstering in-country renewable sources of energy and enhancing system capacity and resiliency in anticipation of emerging opportunities for market development and growth.

2019

\$247.7
MILLION IN REVENUE

\$39.5
MILLION IN CAPITAL
INVESTMENTS

Over the next five years (2020-2024), the Company expects to invest over \$250 million dollars to connect to over 50 MW of new in-country renewable and low carbon generation sources, reducing dependence on CFE energy supply by half; expand the reach and capacity of the transmission grid by more than 50% to support a projected 4.5% sales growth per annum over the medium term; roll out smart meters to 50% of its customer base as the first step in its 'smart grid' build-out; and make preparations for and promote the inevitable emergence of the promising electric ground transportation and distributed generation market segments. The long-awaited installation of the 34.5KV submarine cable connecting Ambergris Caye to Caye Caulker is scheduled for completion in the first half of 2021 to be followed by the installation of a second submarine cable between the mainland and Ambergris Caye by the end of 2022 to serve the burgeoning demand on the islands. We are convinced that these initiatives are urgently essential to Belize's socio-economic viability; and, even as the unabated spread of the COVID-19 pandemic works to delay implementation, the Company is redoubling its efforts and re-engineering its business processes to avoid losing traction with realizing these strategic goals.

Our capital investment plan and operational programs will be underpinned by the implementation of the Company's new customer-centric organizational structure designed to put the Company's resources and the relevant decision-making apparatus closer to our customers and the markets we serve, to respond to changing customer needs in the face of growing competition from independent distributed generators, and to move quickly to seize opportunities for market growth as soon as they arise. We are setting the foundation for BEL to continue evolving as the premier energy solutions provider of choice in a rapidly transforming industry landscape!

Under the guidance of a refreshed and determined leadership, we are fostering a new culture of innovation, transparency, and inclusivity. We are forward focused with renewed purpose to generate value over the long term for our customers, our employees and our shareholders, and we are committed to fulfil our new Mission: **“We deliver safe, reliable and sustainable energy solutions to enhance the quality of life and the productivity of enterprise and to support national development”.**



Rodwell Williams S.C.
Chairman, Board of Directors

6.1%

GROWTH IN SALES

58.6%

IN-COUNTRY
RENEWABLE ENERGY SOURCES

#1

RENEWABLE
ELECTRICITY PRODUCER
IN THE CARIBBEAN

A scenic landscape at sunset. The sky is a mix of deep blue and warm orange, with the sun low on the horizon behind a line of trees. In the foreground, a paved road with a metal guardrail runs diagonally from the bottom right towards the center. Several power lines stretch across the frame from the left towards the right. The ground is covered in lush green vegetation, including trees and grass. The overall mood is peaceful and natural.

THE NEW BEL

THE FIVE PILLARS OF OUR STRATEGIC PLAN

COST OF POWER STABILIZATION

Cost of power is the largest (74% in 2019) and most volatile component of BEL's costs and hence of the prices charged to customers. We plan to connect to an additional 50 MW of new in-country capacity over the next 5 years to stabilize the cost of power below \$0.27 per kWh sold, to increase the share of green energy in the local supply mix to over 75% and to build up sufficient levels of in-country capacity reserves.

GRID EVOLUTION

The integration of smart grid technologies into the transmission and distribution electric grid on top of a planned 50% increase in traditional transmission capacity over the medium term will extend the reach and resilience of the grid to enable BEL to embrace evolving consumer preferences and fringe-of-grid innovations such as distributed generation and battery storage, thus preserving and increasing BEL's unique value proposition as the premier provider of safe, reliable and sustainable energy solutions for our customers.

CULTURAL TRANSFORMATION

The transition from traditional monopoly to an agile, competitive energy solutions provider focused on delivering exceptional outcomes through people is underway. The foundation of this transition is an inspired and knowledgeable workforce, physically and virtually deployed as close to customers as possible, and well-resourced, empowered and entrusted to make the decisions and take necessary action.

INCREASED PRODUCTIVITY

The Company's new operating strategy is designed to put the organization's resources and the relevant decision-making apparatus closer to customers and the markets it serves. This will also involve deploying tools and technologies such as GIS and AMI in combination with new innovations such as Big Data, in-home automation systems and robotics to reduce service response times and diagnosis and repair times and to predict and rectify failures.

MARKET EVOLUTION

We are redesigning our services to offer customers more customized choices in an increasingly competitive market. These offerings will be marketed to different market segments under five broad categories: on-grid service, off-grid service, grid-tied service, EV (electric vehicle) service and support services. The Company will build a Research & Development Unit to stimulate development of these market segments and to promote and position its services to rapidly build market share and dominate these new segments

TAKING THE CUSTOMER EXPERIENCE TO A NEW AND EXCITING LEVEL

We opened the new San Pedro Branch Office and renovated offices countrywide to provide comfortable settings for customers that include designated seating areas for senior citizens.

To thrive in an era of competition and evolving consumer preferences, BEL must now make the transition to an agile, customer-centric energy solutions provider obsessed with delivering exceptional services and exceeding expectations.



Pictured: San Pedro, Ambergris Caye, Belize

PLANNING FOR TOURISM AND GROWTH

In 2019, system upgrades were conducted to the transmission and distribution system to further strengthen the grid to improve reliability and service delivery to our customers. Under the System Expansion Project, over 1,100 new customers were connected in 17 previously unserved communities.

The next step in improving resilience is the installation of the 6.47-mile-long 15 MVA capacity submarine cable connecting Ambergris Caye to Caye Caulker scheduled for completion by mid-2021. The interconnection of Caye Caulker to the national electricity grid via this submarine cable will improve reliability, reduce generation costs by as much as \$4 million annually and reduce the environmental impacts caused by diesel generation. A second submarine cable will be installed between the mainland and Ambergris Caye by the end of 2022 to improve reliability and to serve the burgeoning demand in both San Pedro and Caye Caulker. This system capacity upgrade will also allow for future interconnection of the islands further to the south of Caye Caulker, including Caye Chapel, Long Caye, St. George's Caye and Hick's Caye, eventually ringing back to the mainland near Belize City.



OUR EMPLOYEES

At the core of our value proposition to our customers is an inspired and knowledgeable workforce, physically and virtually deployed as close to customers as possible, and well-resourced, empowered and trusted to make the decisions and take action.



"I like that we had the opportunity to share and participate in creating the new Mission. It really emphasizes what we do and stand for as a Company."

Lizbeth Crawford - Loss Reduction Representative,
Metering & Loss Reduction Unit

"Staff involvement is necessary for change and to expand our services to meet the demands of customers. Being involved in this process will help us to contribute positively to the new strategic direction."

Jeremy Jex - Technician,
Distribution Operations

"It is a welcome change for employees to be involved in decision making and to be consulted on changes within the company. This allows us to better appreciate our purpose and to embrace the new strategic direction."

Olivia Noralez - District Lead,
Customer Care Department

"I am excited about the new ventures and how we plan to be more involved with our customers to meet their needs"

Kimisha Yama - Supervisor,
Treasury, Finance
Department



Earnings

Net Income was \$3.1 million or \$0.04 per share in 2019, a positive turnaround from the net loss of \$4.4 million recorded in 2018. Earnings before interest, taxes, depreciation and amortization (EBITDA) grew by \$11.2 million to \$33.2 million in 2019 from \$22.0 million in 2018.

Earnings Overview (\$MN) For Years Ended December 31

	2019	2018	2017	2016	2015
Comprehensive Revenue	\$253.634	\$222.854	\$214.569	\$204.640	\$213.029
Cost of Power	(\$187.796)	(\$168.683)	(\$141.636)	(\$122.879)	(\$133.253)
Operating Expenses	(\$32.668)	(\$32.126)	(\$31.587)	(\$32.889)	(\$32.479)
EBITDA	\$33.169	\$22.046	\$41.346	\$48.871	\$47.297
Depreciation & Amortization	(\$20.782)	(\$18.784)	(\$16.845)	(\$15.322)	(\$14.461)
EBIT	\$12.388	\$3.262	\$24.501	\$33.549	\$32.836
Interest Expense	(\$4.902)	(\$3.810)	(\$3.042)	(\$2.751)	(\$4.327)
Corporate Taxes	(\$4.396)	(\$3.822)	(\$3.686)	(\$3.505)	(\$3.659)
Net Income	\$3.089	(\$4.371)	\$17.773	\$27.292	\$24.850

"Net Income was
\$3.1 MILLION
or \$0.04 per
share in 2019"

Earnings increased in 2019 due to a substantial growth of \$30.8 million in revenues despite persistently high levels of Cost of Power. Energy purchases (Cost of Power) accounted for 74% of comprehensive revenues in 2019 compared to 76% in 2018. The high Cost of Power is a consequence of continued volatility in CFE prices (Mexican energy imports) compounded by drastically lower than average production from hydro and biomass plants due to the drought.

Common Size Income Statement For Years Ended December 31

	2019	2018	2017	2016	2015
Comprehensive Revenues	\$253.6	\$222.9	\$214.6	\$204.6	\$213.0
Cost of Power	74%	76%	66%	60%	63%
Operating Expenses	13%	14%	15%	16%	15%
Depreciation and Amortization	8%	8%	8%	7%	7%
Interest Expense	2%	2%	1%	1%	2%
Corporate Taxes	2%	2%	2%	2%	2%
Fixed Asset Impairment	0%	0%	0%	0%	0%
Gain (Loss) on disposal of fixed asset	0%	1%	0%	0%	0%
Profit	1%	(2%)	8%	13%	12%

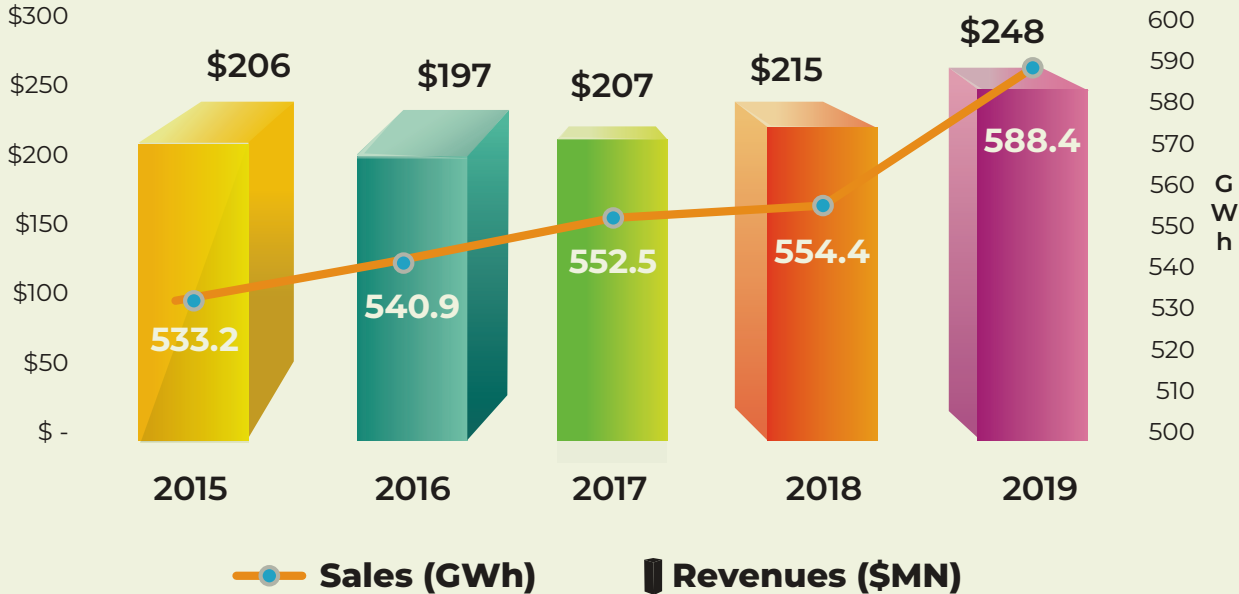
FINANCIAL PERFORMANCE

Sales and Revenues

Electricity sales grew by 6.1% to 588.4 GWh in 2019 from 554.4 GWh in 2018. This increase was driven by the residential and commercial sectors, which grew by 9.2% and 5.5% respectively. The uptick in residential and commercial consumption coincided with persistent drought conditions and unusually high temperatures in 2019. Industrial sales, in contrast, declined by 6.3% as demand for electricity by citrus and shrimp production customers contracted. Similarly, streetlight demand fell by 3.7% as the Company continues to upgrade public lighting infrastructure to the more energy efficient LED fixtures.

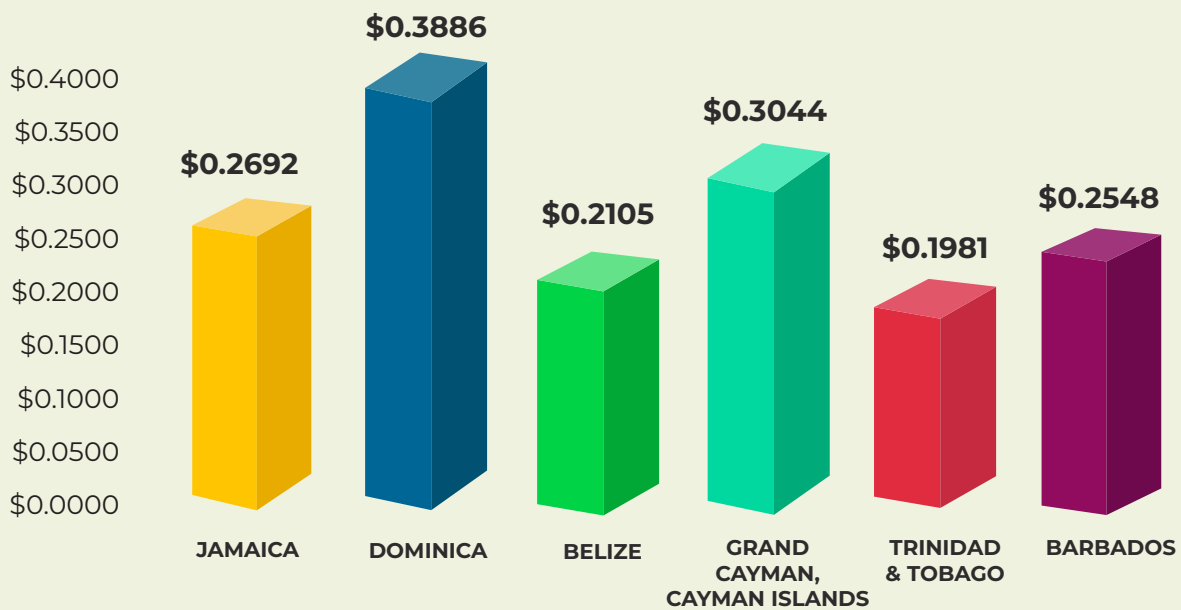
A change in the electricity tariffs came into effect on January 1, 2019 resulting in an increase in the Mean Electricity Rate (MER) from 39.30 to 41.38 cents per kWh.

ELECTRICITY SALES AND REVENUES





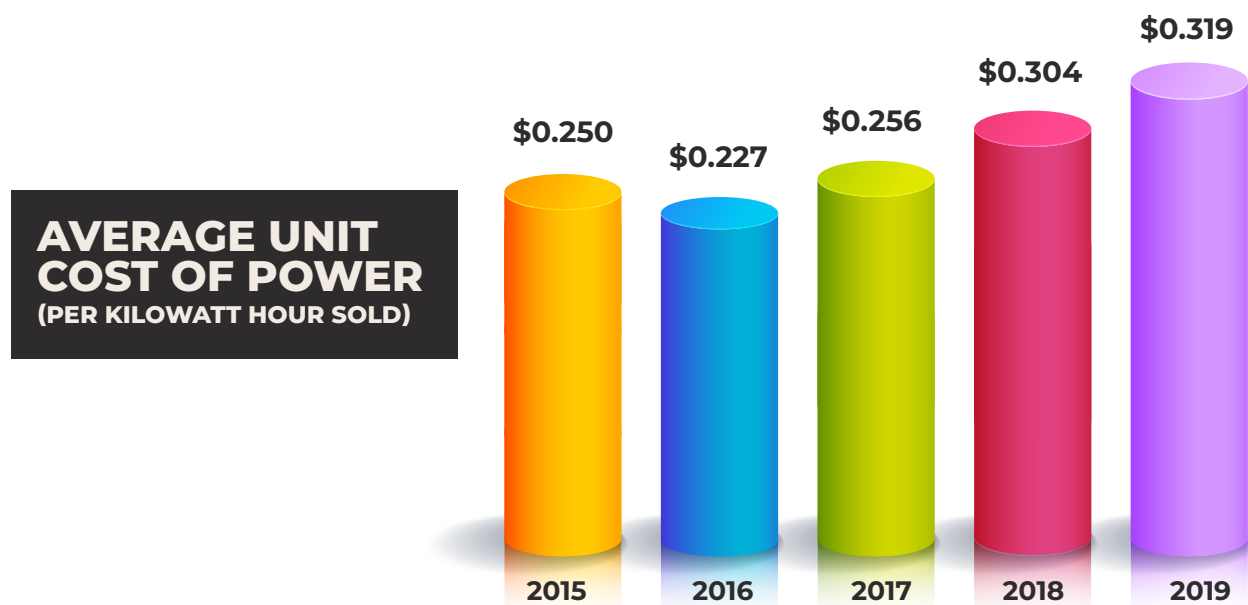
MEAN ELECTRICITY RATES IN THE CARIBBEAN (\$USD)



Cost of Power Sold

Cost of Power was \$187.8 million in 2019, an increase of 11.3% from \$168.7 million in 2018. The annual average unit cost of power sold was 31.92 cents per kilowatt-hour (kWh) compared to 30.42 cents per kWh in 2018.

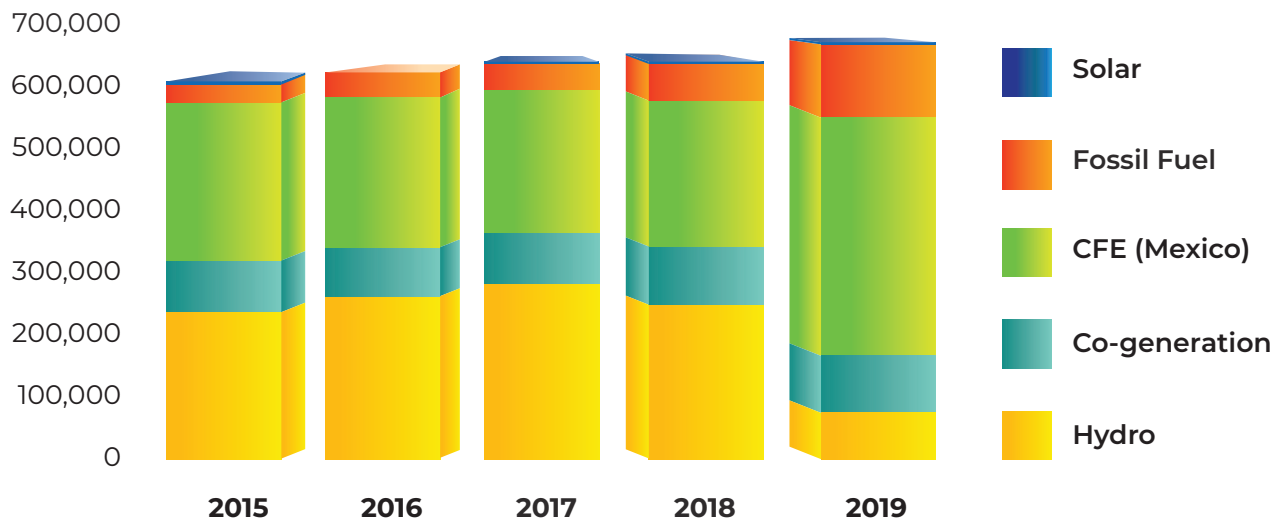
A major drought created a shortage in supply from hydroelectric and biomass plants which forced the Company to rely heavily on comparatively more expensive energy sources: fossil fuels and energy imports. The average unit cost of power from fossil fuel sources was 45.91 cents per kWh sold while the average unit cost of power imported from CFE was 29.46 cents per kWh sold compared to an average unit cost of power of 27.00 cents per kWh sold from local, renewable energy sources.



Pictured: Bladimir Alvarez, Lineman III - Distribution Operations, West Zone. Maintenance of LED light in San Ignacio, Belize.



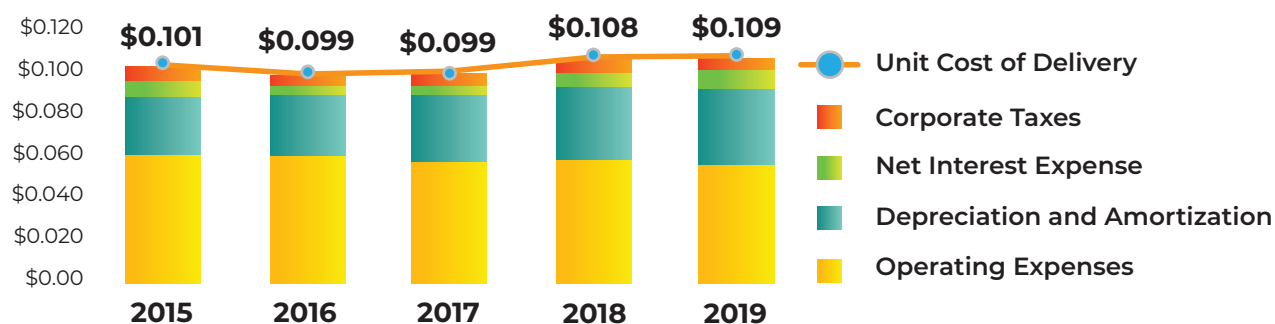
ENERGY PRODUCTION (MWH) BY SOURCE



Operating Expenses

The unit cost of delivering electricity to customers increased marginally by 0.8% to \$0.109 per kWh in 2019 from \$0.108 per kWh in 2018. The increase was mainly due to higher interest expenses from additional debt financing and higher depreciation costs associated with new investments. Specifically, finance charges went up by 32.9% to \$4.8 million in 2019 from \$3.6 million in 2018 while depreciation and amortization expenses increased by 10.6% to \$20.8 million in 2019 from \$18.8 million in 2018. In both cases, the increases were substantially as a result of large investments in operations and network communication assets.

UNIT COST OF DELIVERY (PER KILOWATT HOUR SOLD)

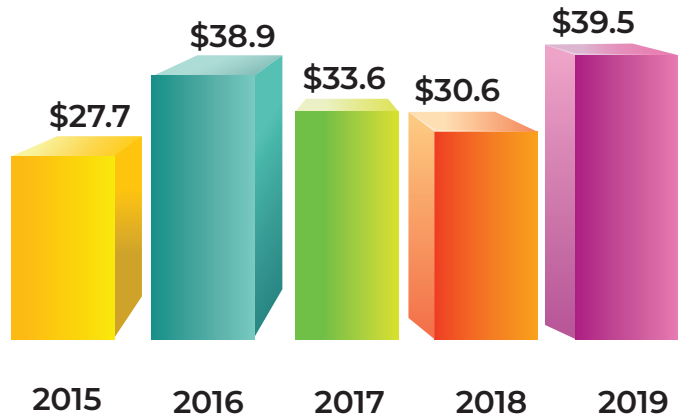


Pictured: Brian Cob, Lineman Leadhand – Distribution Operations, North Zone. Maintenance of voltage regulator at the Boca del Rio Substation in San Pedro, Ambergris Caye, Belize.

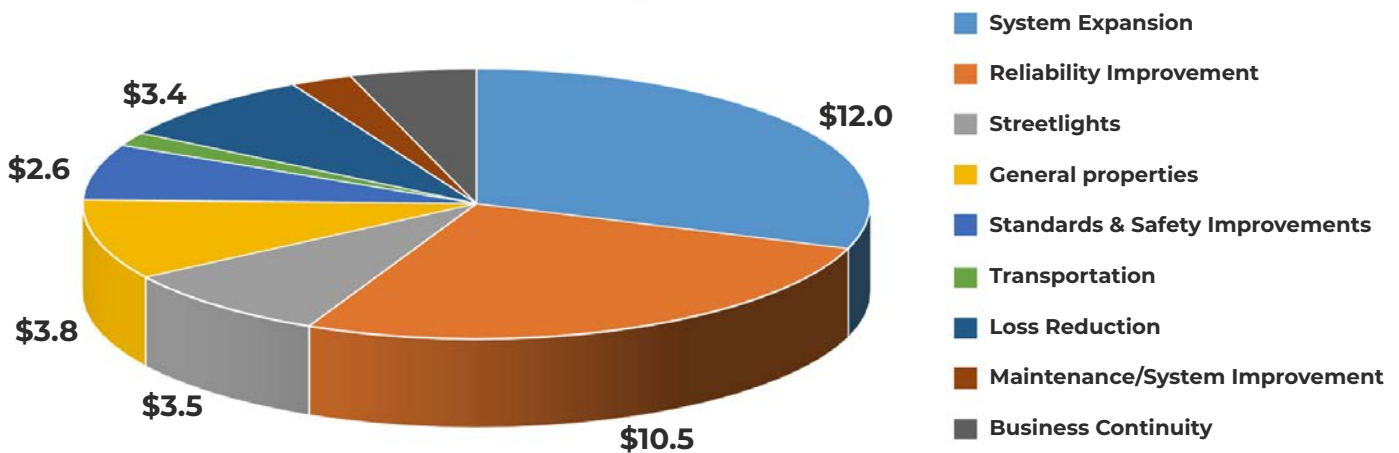
Capital Investments

In millions of dollars

BEL invested \$39.5 million in 2019 compared to \$30.6 million in 2018 and \$32.7 million on average in the previous four years. Investments were made in system maintenance, upgrades, and expansion and included \$11.8 million or 30% of capital expenditures in the transmission and substation network and \$18.5 million or 47% of capital expenditures in the distribution network. The Company also invested \$3.8 million or 9% of capital expenditures in vehicles and operations equipment and facilities. General Expenses Capitalized (GEC) and Interest during Construction (IDC) accounted for \$5.4 million or 14% of capital expenditures. Additionally, the Company closed a deal to purchase a 20-year fiber optic communications lease for \$17.4 million from Belize Telemedia Limited to be paid in instalments over 20 years. Fiber optic technology is a core component of modern electrical systems, enabling secure and reliable communications for grid monitoring and control. The investment is a major step towards the development of a Smart Grid for Belize.



2019 CAPITAL EXPENDITURE BREAKDOWN (\$MN)

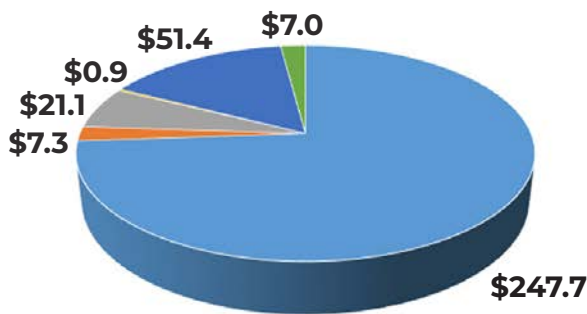


Financing

Electricity Revenues remain the most significant funding source for the Company's operating expenses and capital investments. Electricity revenues accounted for 73.9% of the \$335.3 million dollars in funds available in 2019, while drawdowns from short-term and long-term debt facilities accounted for 15.3%.

Most of the cash inflows for 2019 was used in energy purchases, which accounted for 56% of the funds spent in 2019. Furthermore, the Company spent 12.8% of its funds on debt servicing, 12.1% on operating expenses, and invested 11.8% in grid infrastructure and other operational assets. Cash remaining and carried forward to 2020 was 5.9% of total 2019 cash inflows.

SOURCES OF FUNDS (\$MN)



- Electricity Revenues
- Other Income
- Cash Savings
- Working Capital
- Loans
- Contributed Capital, Consumer Deposits & Grants

USES OF FUNDS (\$MN)

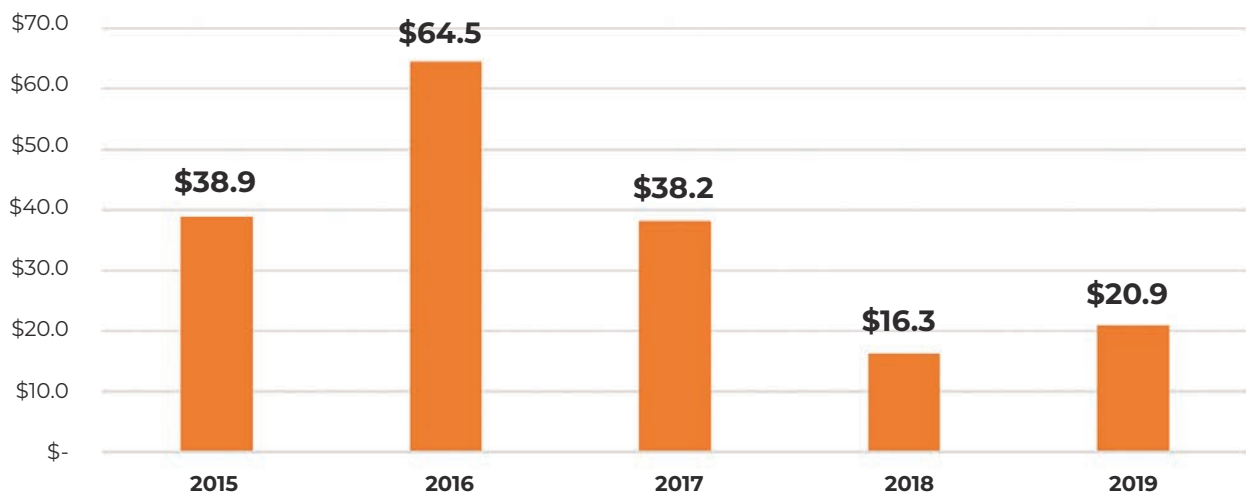


- Cost of Power
- Operating Expenses & Other Expense
- Taxes Paid
- Capital Expenditure
- Debt Servicing
- Cash Balance



Pictured: Hummingbird Highway, Cayo District, Belize.

CASH FROM OPERATIONS (IN MILLIONS)



OPERATING PERFORMANCE

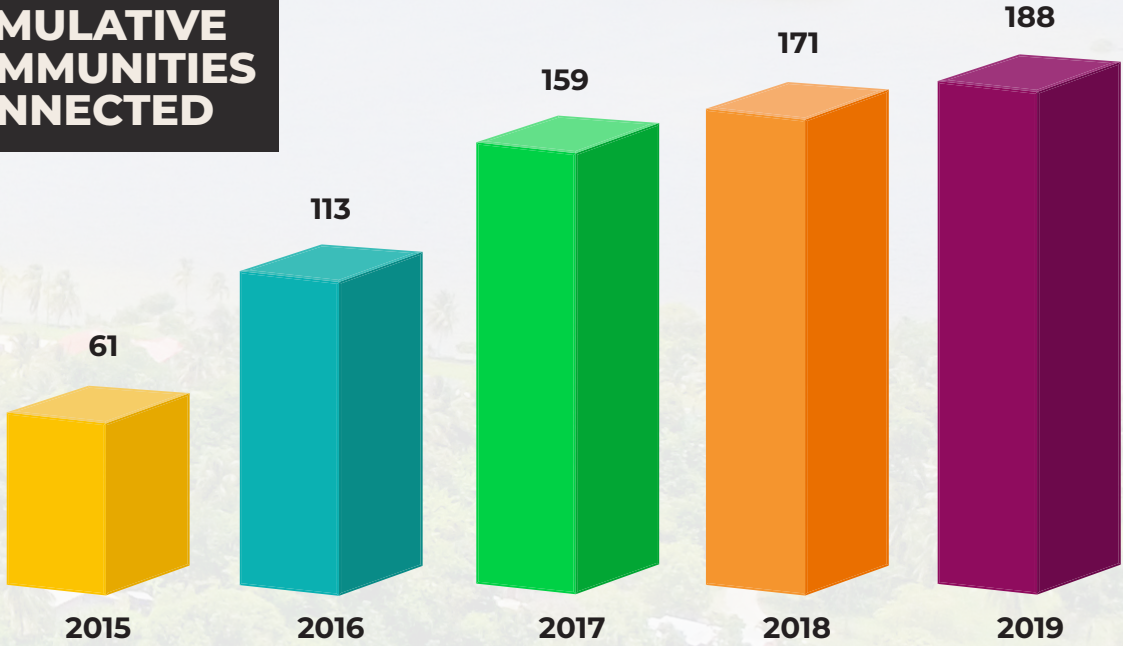


Pictured: Progresso, Corozal District, Belize.

System Expansion

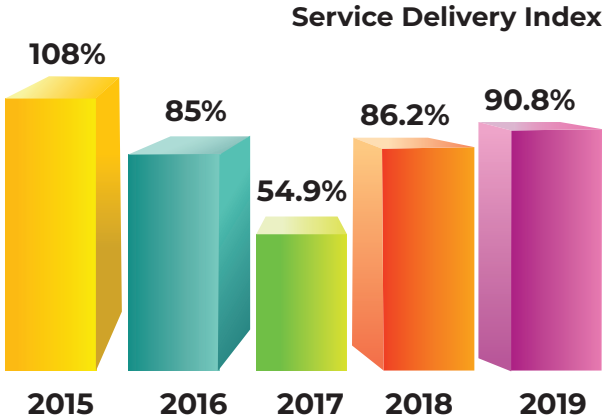
The Company extended electricity services to 17 communities in 2019 including Progresso, Conception, Black Water Creek, Carmelita, Santa Marta, Fresh Pond, Western Pines, Armenia, Roaring Creek, Camalote, Belmopan, Blackman Eddy, Crimson Park and Jaguar Paw. These newly connected services encompass 4,300 households in 188 previously off-grid communities.

CUMULATIVE COMMUNITIES CONNECTED



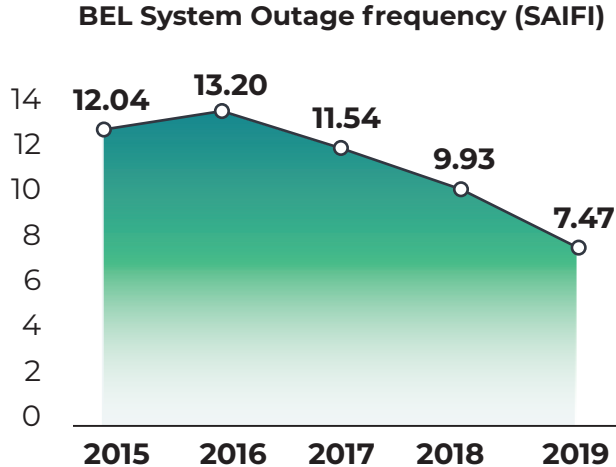
Service Delivery

Service delivery performance, as measured by the Company’s Service Delivery Index (SDIX)¹, continues to improve. The SDIX score increased to 90.8% in 2019 from 86.2% in 2018 as the time taken to satisfactorily address customer queries and resolve complaints met or exceeded internal benchmarks. Furthermore, field staff were able to complete straightforward connections in less than three business days on average. Connecting new customers with more extensive infrastructure requirements in a timely manner remains a challenging area that the Company will address with better project management.



Reliability

Customers on average experienced a record low of 7.5 outages in 2019. Planned works for maintenance and improvements at substations and on the distribution network accounted for 31.7% of these outages, while unplanned disruptions on the distribution network accounted for 38.9% of the outages.



Graph excludes power interruptions due to IPP failures, hurricane or vandalism

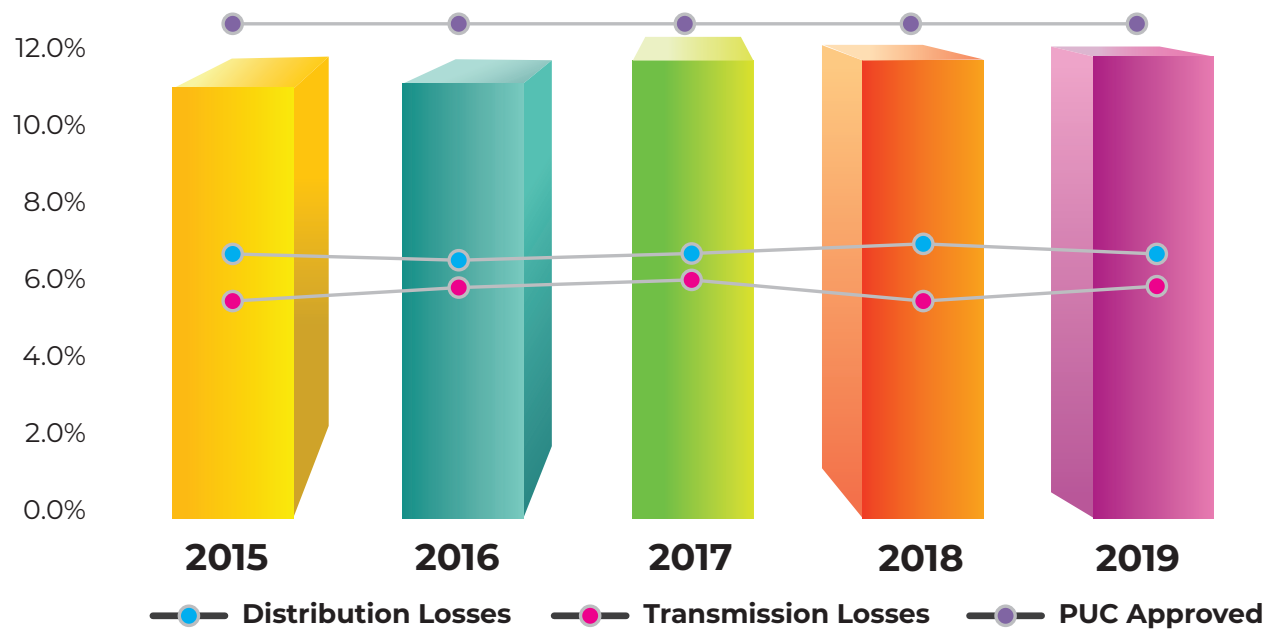
¹The SDIX is an internal measure of the Company’s performance in field services, call handling, billing and resolving customer complaints.



System Losses

The Company continues to maintain system losses below the PUC-approved limit of 12%. Total system losses³ reduced to 11.7% in 2019 from 11.9% in 2018. Losses on the distribution lines decreased by 0.1% to 6.3% while losses on the transmission lines remained relatively constant at 5.4%.

TOTAL SYSTEM LOSSES



³Total system losses include technical and non-technical losses.



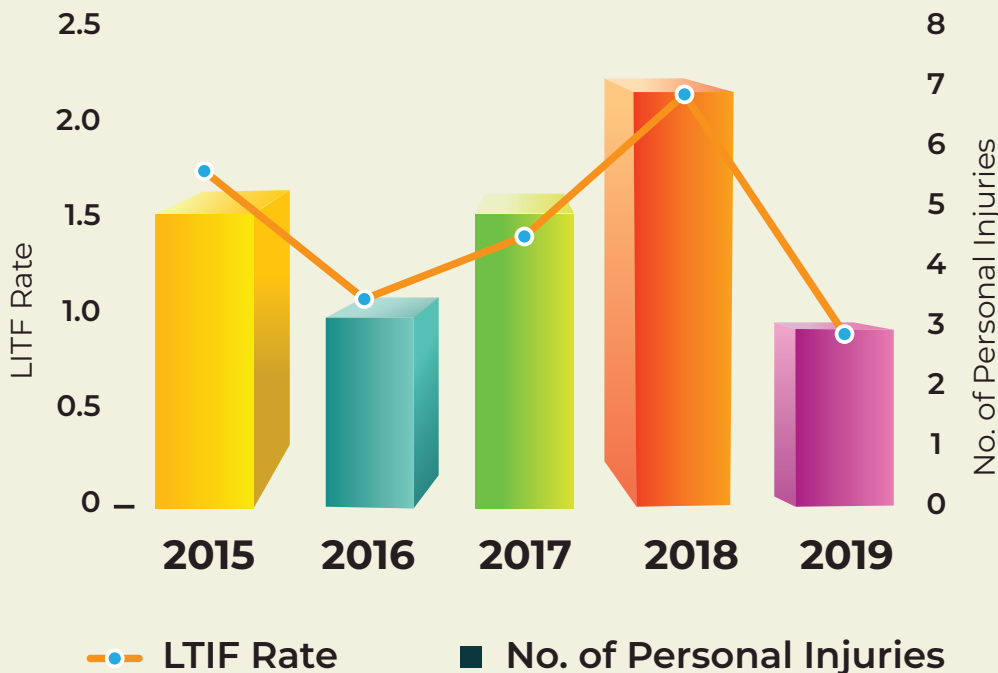
Safety, Health and Environment

BEL completed 95% of its scheduled 2019 safety, health and environmental (SHE) initiatives aimed at reducing SHE risks. Nonetheless, the Company recorded 12 vehicle accidents in 2019, double the number of accidents recorded in 2018. Consequently, the motor vehicle accident⁴ frequency rate increased to 5.47 in the fourth quarter of 2019 compared to 2.65 in the fourth quarter of 2018.

While the frequency of vehicular accidents increased, there was a reduction in the number of personal injuries. Three personal injuries resulted in 11 lost days, decreasing the lost time injury frequency to 0.9 from 2.2 in 2018.

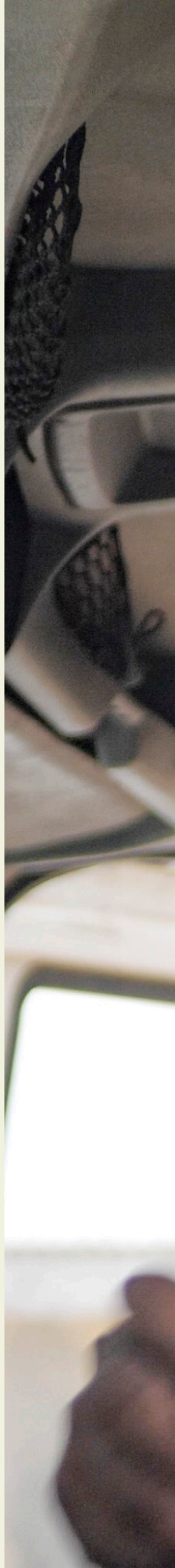
Management continues to emphasize adherence to safety principles and precautionary practices to obviate safety, health and environmental hazards wherever and whenever possible.

LOST TIME INJURY FREQUENCY (LTIF)



⁴The Company's Motor Vehicle Accident Rate is calculated using the formula: (# of Motor accident x 1 Million)/ Total number of kilometres driven.

⁵Lost Time Injury Frequency is calculated using the formula: (# of work injuries experienced per annum/exposure work hours per annum)*200,000.



Pictured: Paul McCalla, Lineman Leadhand
– Distribution Operations, West Zone



2020 Outlook

Belize's real GDP was expected to grow by 2.5% in 2020 with early prospects of recovery from severe drought and a downturn in the tourism sector in 2019. However, this outlook is substantially revised downward with the global outbreak of the novel coronavirus, COVID-19. As a necessary effort to contain the spread of the virus, countries worldwide have implemented severe restrictions on social interactions, thus constraining travel and commerce. Significantly, for Belize, these restrictions curtail the strong tourism inflows that would have driven economic growth. The negative impact on tourism and consequent collateral effects on the wider economy is projected to engender a contraction in GDP by as much as 12% by the end of 2020. This also means that energy demand is expected to fall sharply in 2020 compared to 2019.

While the Company anticipates reduced revenues associated with lower sales, strong financial performance is very much possible in 2020 as global and regional energy and

fuel supply prices have fallen significantly in response to depressed demand for goods and services worldwide caused by the pandemic. However, there is great uncertainty surrounding the trajectory of global energy prices and BEL's financial viability if the proliferation of the pandemic is not contained in the near future. This evolving reality further underscores the merit in BEL's longer-term strategy to build its indigenous, renewable energy capacity. This strategy will help reduce reliance on fossil fuels and imported energy sources which tend to have volatile prices and consume substantial amounts of scarce foreign exchange reserves. The Company's efforts towards expanding into new markets like electric transportation will be key to buffering against lingering losses and foreign exchange scarcity from the pandemic and bolstering our revenue position in the medium to long term.

In January 2020, BEL made a rate case submission to the Public Utilities Commission (PUC) under the Full Tariff Review Proceeding (FTRP) for the period July 2020 to June 2024. Regulatory approval of the generation and transmission expansion plans and capital investments supporting this submission is critical for the Company to deliver on its strategy and mission to move Belize towards a better energy future for all!

Pictured: San Ignacio, Cayo District, Belize.

The Future of Energy in Belize

BEL envisions a future with a vastly diversified energy landscape connected via a more efficient and inclusive network that integrates distributed generation and micro-grid solutions for our customers. BEL plans to invest over \$250 million in modernizing the national electricity grid over the next five years to connect to new in-country renewable sources of energy, introduce smart grid technologies to improve the reliability, quality and efficiency of service to customers and lay the foundation for distributed generation connection and electric vehicles.

These planned investments will stabilize energy cost and improve grid resiliency, enabling BEL to deliver safe, reliable and sustainable energy solutions to our customers.

\$47 MILLION

to interconnect 50 MW of new indigenous generation sources to the national grid to reduce reliance on CFE and help support the country's sustainability goals.

\$54 MILLION

to connect Caye Caulker to the national grid and to add a second submarine cable to Ambergris Caye, which will bolster reliability and capacity.

\$32 MILLION

in smart meter and grid technologies that will improve system reliability, reduce response times to customer requests, and allow for distributed generation integration into the national grid.

\$20 MILLION

to install a second transmission line between Dangriga and La Democracia to upgrade transfer capacity to southern Belize.

**Building
Energy
Security
Using Local
Energy
Solutions**

FINANCIAL & OPERATING STATISTICS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010 - 2006 Average	2005 - 2001 Average
FINANCIAL STATISTICS											
(Belize thousands of dollars except as noted)											
Energy Revenues	247,657	215,141	207,227	197,001	206,024	221,692	232,233	193,294	190,245	165,371	102,858
Net Profit (Loss)	3,089	(4,371)	17,773	27,292	24,850	36,239	18,719	(16,000)	3,178	11,491	14,778
Dividends Paid	-	13,805	20,017	27,859	11,355	5,522	6,103	0	3,796	6,042	5,771
Net Fixed Assets	507,506	473,793	464,612	450,599	431,596	421,461	430,017	445,012	445,143	394,158	284,007
Capital Expenditures	39,546	30,604	33,558	38,898	27,717	22,893	14,339	17,682	31,471	41,703	34,561
Total Assets	590,292	546,157	554,966	545,811	521,726	514,524	481,361	487,833	489,997	444,624	326,547
Capital Contribution	51,471	51,398	50,199	49,856	46,494	44,514	39,964	36,708	33,190	24,389	14,150
Long Term Debt	26,052	9,993	10,531	2,564	337	174	871	6,518	12,139	36,590	89,823
Debentures	87,700	77,500	77,500	77,500	77,574	77,574	77,363	76,458	69,311	67,100	46,687
Shareholders' Equity (excluding Contributed Capital)	340,959	337,869	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	1.8%	-0.2%	5.0%	7.5%	7.6%	10.7%	6.3%	-2.4%	2.2%	5.7%	9.1%
Rate of Return on Investment ⁵	2%	-3%	13%	20%	18.0%	26.3%	13.6%	-11.6%	2.3%	8.3%	28.5%
Rate of Return on Shareholders' Equity	0.9%	-1.3%	4.9%	7.5%	6.9%	10.9%	6.2%	-5.3%	1.1%	5.1%	12.5%
Earnings/Loss (\$ per share)	0.04	(0.06)	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)	4.94	4.90	5.21	5.24	5.25	5.13	4.54	4.24	4.47	3.62	4.77
Gearing Ratio ⁶	52%	45%	42%	39%	38%	37%	45%	49%	57%	76%	144%
OPERATING STATISTICS											
Reliability of the Transmission & Distribution System											
Average duration of power outages - SAIDI	15.07	12.01	13.12	19.3	16.1	19.9	20.0	22.8	24.5	35.4	-
Average number of power outages - SAIFI	7.47	9.93	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	1.78	2.17	1.11	24.42	3.4	3.9	1.0	1.3	3.5	12.8	-
Average number of power outages - SAIFI	3.80	3.85	4.3	6.6	6.9	5.7	1.7	1.7	6.7	6.1	-
Sales (MWH)											
Commercial	305,646	289,712	286,664	281,892	274,986 ⁴	262,186 ³	255,346	148,907 ²	132,756	125,107	98,666
Industrial	19,527	20,836	30,466	32,567	50,552	42,381	43,699	37,597	19,483	25,500	14,371
Residential	239,192	218,989	209,180	199,843	181,455	164,709	159,333	250,884 ²	251,764	223,738	169,221
Street Lighting	23,986	24,896	26,168	26,619	26,238	26,116	25,516	24,781	24,486	24,044	22,324
Total	588,351	554,434	552,478	540,921	533,230	495,392	483,894	462,169	428,489	398,389	304,583
Mean Electricity Rates (MER) \$/kWh	0.4209	0.3880	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	18,076	18,266	18,210	18,003	17,629	17,549 ³	17,463	15,658 ¹	720	711	520
Residential	82,895	79,448	76,255	72,632	69,185	66,835	64,977	64,705 ¹	78,007	73,380	62,418
Total	100,971	97,714	94,465	90,635	86,814	84,384	82,440	80,363	78,727	74,091	62,938
Number of Customer Accounts per Employees	324	311	299	291	287	285	297	295	285	281	259
Net Generation (MWh)											
Net Diesel Generation	33,173	16,848	15,514	14,354	19,141	7,486	7,858	13,377	6,910	20,657	69,630
Purchased Power - BECOL	64,614	232,480	267,650	247,012	225,770	245,259	243,177	199,039	232,081	193,112	74,452
Purchased Power - Hydro Maya	9,954	15,131	14,509	13,491	10,220	10,508	15,454	9,553	12,518	11,230	-
Purchased Power - BAL/BAPCOL	85,147	37,051	19,436	17,497	11,934	2,808	954	3,578	0	26,621	-
Purchased Power - Belcogen	68,533	71,897	63,939	78,886	83,175	66,355	48,859	64,506	70,720	24,753	-
Purchased Power - CFE	383,726	235,155	230,138	243,429	254,858	233,150	234,070	237,864	170,612	211,909	203,530
Purchased Power - SS	23,387	21,937	18,401	-	-	-	-	-	-	-	-
JICA	650	593	573	-	422	614	581	255	-	-	-
Total	669,185	631,093	630,159	614,669	605,520	566,180	550,952	528,172	492,841	488,282	347,612
Other											
Total System Losses	11.7%	11.9%	12.0%	11.6%	11.7%	11.9%	12.3%	12.2%	13.1%	12.5%	12.3%
Peak Demand (MW)	105.6	104.2	104.5	96.0	96.0	87.7	84.3	82.0	79.3	70.8	57.0
Number of Employees	312	314	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 conform 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 equity.

AUDITED FINANCIAL STATEMENTS

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Independent

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FINANCIAL STATEMENTS

FOR THE YEARS ENDED
December 31, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Belize Electricity Limited, (BEL) which comprise the statement of financial position as at December 31, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year 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, 2019, and of its financial performance and its cash flows for the year 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.

Emphasis of Matter

We draw attention to Note 28 of the financial statements, which describes the effects of the restatement to the corresponding figures resulting from the resolution of the dispute with Belize Electric Company Limited.

Other Matter

The financial statements of Belize Electricity Limited for the year ended December 31, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on April 9, 2019.

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.

INDEPENDENT AUDITOR'S REPORT (continued)

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

In preparing the financial statements, management is responsible for assessing BEL'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 BEL or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the directors and management, are responsible for overseeing BEL'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 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 BEL to cease to continue as a going concern.



Accountants &
business advisers

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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.
- Obtain sufficient audit evidence regarding the financial information of BEL to express an opinion on the financial statements. We remain solely responsible for our audit opinion.

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 identify during the audit.

A handwritten signature in blue ink that reads 'PKF Belize'.

PKF Belize
Chartered Accountants
Belize City, Belize

June 5, 2020

Belize Electricity Limited




STATEMENT OF FINANCIAL POSITION December 31, 2019

(in thousands of Belize dollars)

	Notes	December 31 2019	December 31 2018*	January 01 2018*
Assets				
Current assets:				
Cash and cash equivalents	2g	19,889	21,129	40,994
Short term investments	2h	5,000	5,000	10,266
Trade receivables	2i,3	20,645	18,981	15,152
Other receivables	2i	1,550	2,234	1,438
Prepayment	2j	2,094	673	661
Materials and supplies	2k,4	32,265	22,613	19,210
Total current assets		81,443	70,630	87,721
Non-current assets:				
Property, plant and equipment	2l, 5	507,506	473,793	464,612
Intangible assets	2m, 6	1,342	1,734	1,854
Total non-current assets		508,848	475,527	466,466
Total Assets		\$ 590,291	\$ 546,157	\$ 554,187
Liabilities and Equity				
Current liabilities:				
Trade and other payables	2p,w, 7	68,627	55,503	47,726
Current portion of long-term obligations	2r, x, 9	1,890	1,025	980
Taxes payable	2q, 8	2,451	2,231	1,037
Short Term Debentures		10,200	-	-
Total current liabilities		83,168	58,759	49,743
Non-current liabilities:				
Capital contributions	14	51,472	51,398	50,199
Long-term debt	2r, 9	10,298	9,993	10,531
Lease Liability	2y, 9	15,754	-	-
Debentures	10	77,500	77,500	77,500
Consumer deposits	11	11,141	10,638	10,170
Total non-current liabilities		166,165	149,529	148,400
Total liabilities		249,333	208,288	198,143
Equity:				
Share capital	2w, 12	138,046	138,046	138,046
Additional paid in capital	13	5,741	5,741	5,741
Insurance reserve	15	5,000	5,000	5,000
Revaluation reserve	5	5,112	5,112	5,112
Retained earnings		187,059	183,970	202,145
Total equity		340,958	337,869	356,044
Total Liabilities and Equity		\$ 590,291	\$ 546,157	\$ 554,187

* Restated (Note 28)

The financial statements on pages 4 to 7 were approved and authorized for issue by the Board of Directors on **June 5, 2020** and are signed on its behalf by:

 Chairman
 Deputy Chairman
 Chief Executive Officer/Director

The notes on pages 8 – 37 form an integral part of these financial statements.

Belize Electricity Limited
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

	Notes	2019	2018*
Revenues	2s, 16	247,657	215,141
Cost of power	2u, 17	(187,797)	(168,683)
Gross profit		<u>59,860</u>	<u>46,458</u>
Other income	18	5,852	7,498
Operating expenses	2v, 19	(53,450)	(50,910)
Profit before interest income, interest expenses and taxes		<u>12,262</u>	<u>3,046</u>
Interest income	2s	125	215
Interest expense	2v, 20	(4,902)	(3,810)
Net interest expense		<u>(4,777)</u>	<u>(3,595)</u>
Profit(Loss) before business tax		7,485	(549)
Business tax	2q, 21	(4,396)	(3,822)
Profit (Loss) for the year from continuing operations		3,089	(4,371)
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		<u>\$ 3,089</u>	<u>\$ (4,371)</u>
Earnings per share (expressed in \$ per share)	22		
Total earnings per share attributable to ordinary equity holders:			
Basic		<u>\$ 0.04</u>	<u>\$ (0.06)</u>
Diluted		<u>\$ 0.04</u>	<u>\$ (0.06)</u>

* Restated (Note 28)

The notes on pages 8 – 37 form an integral part of these financial statements.

Belize Electricity Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

	Ordinary shares	Additional paid-in capital	Insurance reserve	Revaluation reserve	Retained earnings	Total
Balance, January 1, 2018 as previously reported	138,046	5,741	5,000	5,112	205,520	359,419
Prior period adjustment (Note 28)	-	-	-	-	(3,375)	(3,375)
Balance, January 1, 2018, as restated	138,046	5,741	5,000	5,112	202,145	356,044
<i>Comprehensive income:</i>						
Loss for the year, as restated*	-	-	-	-	(4,371)	(4,371)
Total comprehensive loss for the year, as restated	-	\$ -	\$ -	\$ -	\$ (4,371)	\$ (4,371)
<i>Transactions with owners of the Company recognized directly in equity:</i>						
Dividends declared and paid (Notes 2x, 23)	-	-	-	-	(13,804)	(13,804)
Total transactions with owners	-	-	-	-	(13,804)	(13,804)
Balance, December 31, 2018, as restated	\$ 138,046	\$ 5,741	\$ 5,000	\$ 5,112	\$ 183,970	\$ 337,869
<i>Comprehensive income:</i>						
Profit for the year	-	-	-	-	3,089	3,089
Total comprehensive income for the year	-	-	-	-	3,089	3,089
<i>Transactions with owners of the Company recognized directly in equity:</i>						
Dividends declared and paid (Notes 2x, 23)	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance, December 31, 2019	\$ 138,046	\$ 5,741	\$ 5,000	\$ 5,112	\$ 187,059	\$ 340,958

The notes on pages 8 – 37 form an integral part of these financial statements.

Belize Electricity Limited

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

	2019	2018*
Cash flow provided by		
Operating activities		
Profit (Loss) for the year	3,089	(4,371)
Adjustments for:		
Amortization of intangible assets	481	511
Depreciation	20,301	18,273
(Gain) Loss on disposal of assets	979	1,239
Bad debt expense	(204)	(193)
Obsolescence expense	(1,266)	(1,400)
Amortization of capital contribution	(1,688)	(1,641)
Business tax	4,396	3,822
Interest expense	4,902	3,810
Changes in items of working capital:		
Trade and other receivables	(2,196)	(3,666)
Materials and supplies	(8,386)	(2,002)
Trade and other payables	11,471	11,507
	<u>31,879</u>	<u>25,889</u>
Business tax paid	(4,370)	(3,768)
Interest paid	(6,592)	(5,808)
Net cash generated from operating activities	<u>\$ 20,917</u>	<u>\$ 16,313</u>
Investing activities		
Purchase of property, plant and equipment	(39,546)	(30,604)
Proceeds from sale of property plant and equipment	325	150
Net cash used in investing activities	<u>\$ (39,221)</u>	<u>\$ (30,454)</u>
Financing activities		
Term deposits - net	-	5,266
Proceeds from Short term debt	49,900	-
Proceeds from long term debt	1,488	510
Payment on short-term debt	(39,700)	-
Proceeds received from Grant	4,736	-
Payment on long-term debt	(1,032)	(1,003)
Payment on lease liability	(593)	-
Dividends paid	-	(13,804)
Consumer deposits	504	467
Capital contributions	1,761	2,840
Net cash generated from (used in) financing activities	<u>\$ 17,064</u>	<u>\$ (5,724)</u>
Net increase in cash and cash equivalents	<u>(1,240)</u>	<u>(19,865)</u>
Cash and cash equivalents , beginning of the year	<u>21,129</u>	<u>40,994</u>
Cash and cash equivalents , end of the year	<u>\$ 19,889</u>	<u>\$ 21,129</u>

*Restated (Note 28)

The notes on pages 8 – 37 form an integral part of these financial statements.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

1. GENERAL INFORMATION

Belize Electricity Limited (the ‘Company’) generates and supplies electricity to consumers throughout the country of Belize. The Company is a public limited liability company incorporated and domiciled in Belize. The address of its registered office is 2.5 miles Philip Goldson Highway, Belize City, 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 an 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 per cent to 12 per cent.

S.I. No. 145 of 2005, Electricity (Tariffs, Fees and Charges) Byelaws (the law) provides for an adjustment to the approved tariffs within any Annual Review Period to correct for material variances between the Reference Cost of Power approved by the PUC and the actual cost of power incurred by BEL. As at end December 31, 2019, there was an estimated material variance (annual account balance) in favour of BEL of \$50.931 million (2018 - \$18.925 million).

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

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 (IFRSs) 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 the following:

- property, plant and equipment acquired prior to 2013 - measured at revalued amounts, and
- intangibles - measured at amortized cost.

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 IFRSs 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.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Change in accounting policies

The accounting policies adopted are consistent with those used in the previous financial year except that the Company has adopted the following standards, amendments and interpretations as follows:

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

Standards/ Amendments	Pronouncement	When effective	Response
IFRS 16 Leases	In January 2016 the IASB issued IFRS 16 Leases. IFRS 16 replaces IAS 17, IFRIC 4, SIC-15 and SIC-27. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases.	January 1, 2019	The standard has been adopted and has had the following impact: <ol style="list-style-type: none"> 1. Classification of the lease of fiber strands from Belize Telemedia Limited (BTL) as a finance lease (see Note 9). 2. Recognition of a lease liability measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease as of 1 January 2019. 3. Recognition of a right-of-use asset measured at the amount equal to lease liability at the date of transition. Right of use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.
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 was adopted, but has no current impact on the financial statements.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(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 (continued).

<p>Annual improvements to IFRS Standards 2015 - 2017 Cycle</p>	<p>☐ <u>IFRS3 Business combinations</u> and <u>IFRS11 Joint Arrangements</u> — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.</p> <p>☐ <u>IAS 12 Income Taxes</u> — The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.</p> <p>☐ <u>IAS 23 Borrowing Costs</u> — 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 <i>generally</i> when calculating the capitalisation rate on general borrowings.</p>	<p>January 1, 2019</p>	<p>The amendments were adopted, but had no current impact on the financial statements.</p>
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Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Change in accounting policies (Continued)

The following 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
Amendments to References to the Conceptual Framework in IFRS Standards	<p>Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards.</p> <p>The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.</p> <p>Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.</p>	January 1, 2020	The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.
Definition of Material (Amendments to IAS 1 and IAS 8)	The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.	January 1, 2020	The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Financial instruments

Financial instruments – A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for trade receivables, which do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these financial assets are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Company's cash and cash equivalents, trade and other receivables fall into this category of financial instruments. See also note 26.

Impairment of financial assets

The Company makes use of a simplified approach permitted by IFRS 9 in accounting for trade and other receivables as well as contract assets and records the loss allowance for the expected lifetime credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Company uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Financial instruments (Continued)

Classification and initial measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs.

Subsequent measurement of financial liabilities

Financial liabilities at amortized cost

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

The Company's short-term debt, trade and other payables fall into this category of financial liabilities. See also note 26.

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.

The Company makes use of a simplified approach permitted by IFRS 9 in accounting for trade and other receivables as well as contract assets and records the loss allowance for the expected lifetime credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix. The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. 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.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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. Completed assets are transferred to property, plant and equipment at the end of the fiscal year.

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.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 plan is charged to expense as the contributions become payable.

While in pensionable service, each participant pays contributions at the rate of 4% per annum of his pensionable salary with the option to increase his/her contributions to a maximum of 10%, in increments of 1%. The Company matches the participant's contributions at the regular rate of 4% or at such higher rate as the member may have opted for, up to a maximum of 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.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

(i) Sales of electricity: The Company measures revenues in kilowatt hours delivered to customers via the billing of energy sales based on monthly customer meter readings. Revenue is measured based on the price per kilowatt hour determined and authorized by the PUC in its rate-setting exercise.

(ii) Interest income: Interest income is recognized using the effective interest method.

t. Grants

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Deferral and presentation of grants

Grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Grants relating to the purchase of property, plant and equipment are included in trade and other payables and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

u. 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 diesel-generated power plant facilities.

v. Interest expense and operating expenses

Interest expense and operating expenses are recognized in the period incurred. Interest expenses are netted against capitalized interest.

w. 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.

x. 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.

y. Lease

Lease agreements are evaluated to determine whether they are capital or operating leases under IFRS 16, Leases. Capital leases are capitalized as a right-of-use asset and measured at the net present value of the total amount of streamline of cash payments payable under the leasing agreement (excluding finance charges and appropriate sales taxes). Right of use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term.

The lease payments are discounted using the interest rate implicit in the lease. The interest rate implicit in the lease is the rate that causes the present value of (a) the lease payments and (b) the unguaranteed residual value to equal the sum of (i) the fair value of the underlying asset and (ii) any initial direct costs of the lessor.

Lease payments are allocated between principal and interest expense. The interest is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

3. Trade and other receivables

	2019	2018
Consumers	24,786	23,041
Less: provision for doubtful debts	<u>(4,141)</u>	<u>(4,060)</u>
	<u>\$ 20,645</u>	<u>\$ 18,981</u>

Provision for doubtful debts is comprised as follows:

Balance, January 1	4,060	3,894
Additional provision	204	193
Write off	<u>(123)</u>	<u>(27)</u>
Balance, December 31	<u>\$ 4,141</u>	<u>\$ 4,060</u>

4. Materials and supplies

	2019	2018
Bulkstores	30,976	22,219
Fuel and oil	<u>3,460</u>	<u>2,897</u>
	<u>34,436</u>	<u>25,116</u>
Less: provision for damaged and obsolete spares	<u>(2,171)</u>	<u>(2,503)</u>
	<u>\$ 32,265</u>	<u>\$ 22,613</u>

Provision for damaged and obsolete spares

Balance, January 1	2,503	2,888
Provision adjustment	<u>(332)</u>	<u>(385)</u>
Balance, December 31	<u>\$ 2,171</u>	<u>\$ 2,503</u>

5. Property, plant and equipment

Year ended December 31, 2018

	Land and buildings	Plant, machinery and equipment	Right of use asset	Asset under construction	Total
Cost/Valuation					
January 1, 2018	21,853	667,326	-	12,036	701,215
Additions	-	-	-	30,604	30,604
Transfers	337	28,805	-	(29,533)	(391)
Disposals	-	<u>(4,199)</u>	-	-	<u>(4,199)</u>
December 31, 2018	<u>22,190</u>	<u>691,932</u>	<u>-</u>	<u>13,107</u>	<u>727,229</u>
Accumulated Depreciation					
January 1, 2018	7,813	228,790	-	-	236,603
Additions	500	19,143	-	-	19,643
Disposals	-	<u>(2,810)</u>	-	-	<u>(2,810)</u>
December 31, 2018	<u>8,313</u>	<u>245,123</u>	<u>-</u>	<u>-</u>	<u>253,436</u>
Net Book Value December 31, 2018	<u>\$ 13,877</u>	<u>\$ 446,809</u>	<u>\$ -</u>	<u>\$ 13,107</u>	<u>\$ 473,793</u>

Depreciation charge of \$1.370 million was allocated to cost of power.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

5. Property, plant and equipment (continued)

Year Ended December 31, 2019

	Land and buildings	Plant, machinery and equipment	Right of use asset	Asset under construction	Total
Cost/Valuation					
January 1, 2019	22,190	691,932	17,061	13,107	744,290
Additions	-	-	-	39,546	39,546
Transfers	2,354	50,618	-	(53,061)	(89)
Disposals	-	(2,997)	-	-	(2,997)
December 31, 2019	24,544	739,553	17,061	(408)	780,750
Accumulated Depreciation					
January 1, 2019	8,313	245,123	-	-	253,436
Additions	508	20,271	722	-	21,501
Disposals	-	(1,693)	-	-	(1,693)
December 31, 2019	8,821	263,701	722	-	273,244
Net Book Value December 31, 2019	\$ 15,723	\$ 475,852	\$ 16,339	\$ (408)	\$ 507,506

Depreciation charge of \$1.199 million was allocated to cost of power. The fixed asset audit conducted in 2013 and 2014 by independent consultants resulted in a revaluation gain of \$5.112 million.

During the year, the Company entered into a capital lease with BTL that confers on BEL exclusive rights to Dark Fiber owned by BTL and spanning specific locations throughout the country of Belize for a period of twenty years.

6. Intangible assets

Year ended December 31, 2018

	Computer software	Transmission rights	Total
Cost			
January 1, 2018	8,683	2,757	11,440
Additions	391	-	391
December 31, 2018	9,074	2,757	11,831
Accumulated Amortization			
January 1, 2018	6,829	2,757	9,586
Additions	511	-	511
December 31, 2018	7,340	2,757	10,097
Net Book Value December 31, 2018	\$ 1,734	\$ -	\$ 1,734

Transfer total of (\$391) thousand represents the cost in asset under construction that was transferred to intangible assets (see Note 5).

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

6. Intangible assets (continued)

Year ended December 31, 2019

	Computer software	Transmission rights	Total
Cost			
January 1, 2019	9,074	2,757	11,831
Additions	89	-	89
December 31, 2019	9,163	2,757	11,920
Accumulated Amortization			
January 1, 2019	7,340	2,757	10,097
Additions	481	-	481
December 31, 2019	7,821	2,757	10,578
Net Book Value			
December 31, 2019	\$ 1,342	\$ -	\$ 1,342

Transfer total of (\$89) thousand represents the cost in asset under construction that was transferred to intangible assets (see Note 5).

7. Trade and other payables

	2019	2018
Trade Payables	60,675	51,043
Payroll liabilities	640	750
Refunds and other costs	399	1,504
Stale dated checks	856	833
Dividends payable	399	356
Interest Payable	84	179
EIB training fund	838	838
Energy Resilience for Climate Adaptation Project (ERCAP) Grant (see below)	4,736	-
	\$ 68,627	\$ 55,503

The ERCAP In Belize Project portfolio is comprised of two grant agreements: the first between the Company and the World Bank (WB) (which includes all BEL project activities) for a total of USD 5.62 million and the second between the Government of Belize (GoB) and the WB which includes all project activities for the National Meteorological Services (NMS) and the Ministry of Energy (MOE) for a total of USD 2.38 million. For the purposes of project implementation, the Company, in addition to executing specific project activities, will also be responsible for the overall management of the overall ERCAP In Belize Project portfolio. Both the MOE and NMS will have respective project activities that fall under their purview for execution.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

7. Trade and other payables (continued)

In September 2016, the two grant agreements were signed between the GoB and WB on one part and between the Company and WB in a separate agreement. Subsequently, the project was restructured and an amendment to the Grant Agreement was signed between the GoB and WB in January 2019 which designates the Company as responsible for the implementation and coordination of the project. The project execution started in November 2016 and is slated for completion by July 31, 2020.

The ERCAP In Belize Project is designed to demonstrate measures that enhance resilience of the energy system to adverse weather and climate change impacts in Belize. It covers a comprehensive set of areas for enhancing resiliency in the energy sector, particularly as it pertains to electricity supply.

8. Taxes payable

	2019	2018
Business tax	350	324
General sales tax	<u>2,101</u>	<u>1,907</u>
	<u>\$ 2,451</u>	<u>\$ 2,231</u>

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

9. Long - term debts

	2019	2018
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 4.80% (2018 - 4.80%) interest on the loan amount.	11,475	11,018
	<u>11,475</u>	<u>11,018</u>
Less Current portion (repayable in 12 months)	<u>(1,177)</u>	<u>(1,025)</u>
	<u>\$ 10,298</u>	<u>\$ 9,993</u>
The loan is repayable as follows:		
2020	1,177	
2021	1,177	
2022	1,177	
2023	1,177	
2024	1,177	
2025 and thereafter	5,590	
	<u>\$ 11,475</u>	
Capital Leases Obligation		January 1,
	2019	2019
b. BTL Leases		
Capital leases with BTL conferring exclusive rights to the use of specific strands of dark fiber on BTL's fiber network, measured at the present value of minimum lease payments discounted at the interest rate implicit in the lease of 2%. Leases are for 20 years with monthly lease payment of \$19,396 and 66,910 (inclusive of interest) respectively.	16,467	17,061
	<u>16,467</u>	<u>17,061</u>
Less Current portion (repayable in 12 months)	<u>(713)</u>	<u>-</u>
	<u>\$ 15,754</u>	<u>\$ 17,061</u>
The leases are repayable as follows:		
Within one year	713	
Later than one year but no later than five years	2,998	
Later than five years	12,756	
	<u>\$ 16,467</u>	

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

10. Debentures

	2019	2018
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
	<u>\$ 77,500</u>	<u>\$ 77,500</u>

The Series 5 debentures can be called by the Company at any time 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 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.

11. 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.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

12. Share capital

	2019	2018
Ordinary shares:		
Authorized 100,000,000 shares of \$2.00 each	<u>\$ 200,000</u>	<u>\$ 200,000</u>
Issued and fully paid 69,023,009 shares of \$2.00 each	<u>\$ 138,046</u>	<u>\$ 138,046</u>
Convertible redeemable preference shares:		
Authorized 12,000,000 shares of \$2.00 each	<u>\$ 24,000</u>	<u>\$ 24,000</u>
Issued and fully paid shares of \$2.00 each	<u>Nil</u>	<u>Nil</u>
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 are entitled to a guaranteed annual dividend of five (5%) per cent on the nominal preferred share value. If 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 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.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

12. Share capital (Continued)

The rights attached to the Special Share are as follows.

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

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

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

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

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

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

13. 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 million at the end of December 2019 (2018 - \$5.741 million. The Dividend Reinvestment Program was closed on August 2, 2006.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

14. 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.

	2019	2018
Capital contributions brought forward	70,294	67,454
Additions	<u>1,761</u>	<u>2,840</u>
Capital contributions carried forward	<u>72,055</u>	<u>70,294</u>
Amortization brought forward	18,896	17,255
Additions	<u>1,687</u>	<u>1,641</u>
Amortization carried forward	<u>20,583</u>	<u>18,896</u>
Capital contributions – net	<u>\$ 51,472</u>	<u>\$ 51,398</u>

15. 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.

16. Revenues

On April 1, 2017, BEL submitted a proposal for the ARP 2017|2018 with a MER of \$0.3695/kWh and on June 28, 2017, the PUC issued the final decision for the ARP 2017|2018 approving a MER of \$0.3692/kWh. On December 20, 2017, the PUC issued a decision to maintain the MER of \$0.3692/kWh for the period of January 1, 2018 to June 30th, 2018 as was requested by BEL in its submission.

On April 30, 2018, BEL submitted a proposal for the ARP 2018|2019 with a MER of \$0.3954 and on June 26, 2018, the PUC issued the final decision for the ARP 2018|2019 approving a MER of \$0.3930 with effect from July 1, 2018 to December 31, 2018.

On April 1, 2019, BEL submitted a proposal for the ARP 2019|2020 to retain the MER at \$0.4138. On June 26, 2019, the PUC approved a MER of \$0.4151 with no change to the tariffs that were in effect since January 1, 2019.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

17. Cost of power

	2019	2018
Power purchased	171,591	159,144
Power generation costs:		
Fuel	14,461	8,039
Operations and maintenance	546	2,989
Depreciation (Note 5)	1,199	1,370
	<u>\$ 187,797</u>	<u>\$ 171,542</u>

18. Other income

	2019	2018
Service installations	87	64
Rent income	1,882	1,863
Capacity charges	-	2,177
Amortization of capital contributions	1,688	1,641
Inventory adjustments	1,266	1,400
Sundry income	1,908	1,592
Loss on disposal of fixed assets	(979)	(1,239)
	<u>\$ 5,852</u>	<u>\$ 7,498</u>

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

19. Operating expenses

	2019	2018
Bad debt expense	204	193
Company taxes and fees	1,470	1,542
Computer hardware and software Support	1,080	1,137
Contract labour	5,007	5,266
Corporate insurance	1,027	908
Depreciation and amortization	20,782	18,784
Donations & customer claims	280	218
Employee electricity discount	354	319
Employee service facility	862	381
Employer medical, life and social security expenses	912	915
Employer pension expense	1,160	1,133
Maintenance of office equipment	15	20
Maintenance of grounds and buildings	821	712
Materials	778	894
Notification and advertisements	298	222
Payroll expenses - labour & wages	13,250	13,579
Professional fees	370	268
Stationery & office supplies and postage and subscription	143	147
Telephone & communications	1,122	894
Training & certification	537	650
Travel expenses	303	322
Uniform & safety gear	624	707
Vegetation management	1,329	1,099
Vehicle maintenance	722	600
	<u>\$ 53,450</u>	<u>\$ 50,910</u>

20. Interest expense

	2019	2018
Interest expense	6,214	5,911
Lease liability interest	282	-
Interest capitalized	(1,594)	(2,101)
	<u>\$ 4,902</u>	<u>\$ 3,810</u>

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

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.

22. Earnings per share

	2019	2018
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.	\$ <u>0.04</u>	\$ (0.06)
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.	\$ <u>0.04</u>	\$ (0.06)

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

	2019	2018
Net profit/(loss) attributable to ordinary shareholders for basic and diluted earnings	\$ <u>3,089</u>	\$ (4,371)
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	<u>\$ 0.04</u>	<u>\$ (0.06)</u>
Diluted earnings per ordinary share	<u>\$ 0.04</u>	<u>\$ (0.06)</u>

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.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

23. Dividends

Cash dividends on ordinary shares declared and paid:	2019	2018
Final dividends declared and paid in 2018 for fiscal year 2017 is		
20.00 cents per share	-	13,804
	<u>\$ -</u>	<u>\$ 13,804</u>

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:

	2019	2018
(a) Sale of power		
Government of Belize	26,920	24,538
Belize Social Security Board	494	462
(b) Purchases of goods and services		
Belize Social Security contribution payments	497	424
Belize Social Security interest Payments	431	431
Belize Social Security dividend payments	-	4,316
Belize Electric Company Limited power purchase	21,602	54,805
Government of Belize dividend payments	-	4,498
(c) Key management 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	1,898	1,333
(d) Year-end balances		
Receivable from related parties:		
Government of Belize	-	3
Social Security Board	7	9
Belize Electric Company Limited	-	-
Entities controlled by key management personnel	NIL	NIL
Payable to related parties:		
Government of Belize	1,849	1,443
Social Security Board	NIL	NIL
Belize Electric Company Limited	14,458	25,403
Belize Telemedia Limited - finance lease	16,467	-
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, except for the BTL leases which are due in accordance with lease agreement (see Note 9). The receivables are unsecured and bear no interest. No provisions are held against receivables from related parties.

(e) Loans to related parties	NIL	NIL
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Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

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, 2019, 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 to minimize exposure.

Other Contingencies - At December 31, 2019, there were four Right of Way claims submitted to arbitration under Section 36 of the Electricity Act. The Company has assessed its exposure at approximately \$220,000 for three of these claims. A valuation report will determine the contingent amount to be allocated to the remaining claim.

Belize Cogeneration Limited (BELCOGEN) has brought an action against the Company for legal fees relating to the arbitration proceedings between the parties which concluded in 2019. BELCOGEN's claim is for approximately \$178,000. In its claim, BELCOGEN is asking the court to remit the matter back to the arbitrator to determine quantum. The arbitrator had only ordered that BEL pay the cost and did not specify quantum. BEL's position is that the amount BELCOGEN is claiming is excessive and unreasonable as advised by the Company's attorney.

Toledo Equipment Enterprise Limited (TEEL) had brought a Supreme Court claim against the Company for alleged breach of contract. TEEL claimed that it had an exclusive right to certain works in the Southern Zone of Belize under a contract with the Company and alleges that the Company breached the agreement by assigning those works to other contractors. BEL's position is that based on its interpretation of the agreement no such exclusivity was conferred on TEEL. Nonetheless, to avoid the legal cost, the Company made an offer to settle in the sum of \$30,000 which represents TEEL's estimated profit for a seven month period which remained within the Limitation period.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

26. Categories of financial assets and financial liabilities

Under IFRS 9, the classification of the Company's financial assets has been revised from loans and receivables to amortized cost while the classification of its financial liabilities remains as amortized cost. The measurement basis for all financial assets and financial liabilities remains as amortized cost. Since there has been no change in the measurement basis of both financial assets and financial liabilities, there have been no required adjustments of opening balances. See also note 2f.

Under 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.

	2019	2018
Financial Assets		
Financial assets at amortised cost		
Cash and cash equivalents	19,889	21,129
Term deposit	5,000	5,000
Trade receivables	20,645	18,981
Other receivables	882	1,543
Staff receivables	668	691
Total Financial Assets	<u>\$ 47,084</u>	<u>\$ 47,344</u>
Financial Liabilities		
Liabilities at amortised cost		
Trade and other payables	68,627	55,503
Taxes payable	2,451	2,231
Long-term debt	11,475	11,018
Debentures (short-term and long-term)	87,700	77,500
Lease liability *	16,467	-
Total Financial Liabilities	<u>\$ 186,720</u>	<u>\$ 146,252</u>

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

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, 2019 and 2018, the Company had no material liability denominated in a foreign currency other than the US dollar (See Note 9).

(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	11%
Residential customers	39%
Commercial customers	47%
Industrial customers	3%

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 this risk by maintaining a diversified debt portfolio. Such borrowings and debt accounted for 6.3% of the Company's total assets.

(d) Liquidity Risk

The Company's operations and 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 the statement of financial position.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

27. Financial risk management (continued)

(d) Liquidity Risk (continued)

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

Contractual maturities of Liabilities at 31 December 2019

	Within 3 months	3 months to 1 year	Between 1 and 5 years	Over 5 years	Total
Trade and other payables	52,019	16,608	-	-	68,627
Taxes payable	2,451	-	-	-	2,451
Debentures (short-term and long-term)	10,200	-	25,000	52,500	87,700
Long-term debt, including lease liability	473	1,417	7,706	18,346	27,942
	\$ 65,143	\$ 18,025	\$ 32,706	\$ 70,846	\$ 186,720

At 31 December 2018

	Within 3 months	3 months to 1 year	Between 1 and 5 years	Over 5 years	Total
Trade and other payables	39,092	16,411	-	-	55,503
Taxes payable	2,231	-	-	-	2,231
Debentures	-	-	-	77,500	77,500
Long-term debt	256	769	4,100	5,893	11,018
	\$ 41,579	\$ 17,180	\$ 4,100	\$ 83,393	\$ 146,252

(e) Capital management

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

Consistent with others in the industry, the Company monitors capital based on 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.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

28. Prior year adjustment

The Company and Belize Electric Company Limited (BECOL), via mediation, resolved a dispute regarding spilled energy charges levied and the application of adjustments to the invoices based on the annual escalator to the cost of energy purchased from BECOL during the period 2010 to 2018. The Company's cost of power recognized for 2018 and prior financial years was understated, and the corresponding trade and other payables was also understated.

The financial statements have been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Statement of financial position (extract)	31 December 2018 as previously stated	Adjustment Inc. / (Decr.)	31 December 2018 as restated	31 December 2017 as previously stated	Adjustment Inc. / (Decr.)	1 January 2018 as restated
Other receivables	2,214	20	2,234	1,438	-	1,438
Total assets	\$ 546,137	20	546,157	554,187	-	554,187
Trade and other payables	(51,324)	(4,179)	(55,503)	(44,351)	(3,375)	(47,726)
Retained earnings	(188,129)	4,159	(183,970)	(205,520)	3,375	(202,145)
Total liabilities and equity	\$ (546,137)	(20)	(546,157)	(554,187)	-	(554,187)
Statement of profit or loss and other comprehensive income (extract)						
Cost of power	167,899	784	168,683			
Total comprehensive loss for the year	\$ (3,587)	(784)	(4,371)			

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for the basic and diluted earnings per share was increase of \$ (0.01) per share.

Belize Electricity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Belize dollars)

29. Subsequent events

Regulatory

On January 22, 2020 BEL made an application to the PUC, under the Full Tariff Review Proceeding for the period July 1, 2020 to June 30, 2024 to maintain the MER at \$0.4151 per kWh for the period July 1, 2020 to December 31, 2020 and \$0.4542 for the period January 1, 2021 to June 30, 2024. The net effect of BEL's submission was to increase the MER to \$0.4533 for the 2020|2024 Full Tariff Period. Substantively, the basis for the request to increase electricity prices is to recover financial losses incurred due to the Company's absorbing higher than anticipated cost of power and to finance investments in the electricity grid that would help stabilize cost of power going forward. The PUC issued an Initial Decision on March 6, 2020 approving a MER of \$0.4151 per kWh for the period July 1, 2020 to December 31, 2020 and \$0.4256 per kWh effective January 1, 2021 to June 30, 2024. The net effect of the Initial Decision is to increase the MER to \$0.4242 for the 2020|2024 Full Tariff Period. On 21 March, 2020, BEL submitted its objection to the PUC's Initial Decision which will trigger the engagement of an Independent Expert to review the Initial Decision in light of BEL's proposal and make recommendations.

Period	Start	End	MER
ARP 2017 2018	Jul-17	Jun-18	\$0.3692
ARP 2017 2018 Amendment	Jan-18	Jun-18	\$0.3692
ARP 2018 2019	Jul-18	Dec-18	\$0.3930
ARP 2018 2019 Amendment	Jan-19	Jun-19	\$0.4138
ARP 2019 2020	Jul-19	Jun-20	\$0.4151
FTRP 2020 2024	Jul-20	Jun-24	\$0.4242

Covid-19

A novel coronavirus (Covid-19) outbreak was first documented in Wuhan, Hubei Province, China in December 2019. Coronaviruses are a large family of zoonotic viruses that cause illness ranging from the common cold to severe respiratory diseases. On March 11, 2020 the WHO declared the novel coronavirus outbreak to be a pandemic. On March 23, 2020, Belize declared its first confirmed case of Covid-19 in Belize. Due to Covid-19, the Government of Belize declared a State of Emergency for the Country of Belize effective midnight April 1, 2020.

The global economic impact is expected to be significant. The Company has no intention to liquidate or cease operations; it expects to continue to generate sufficient revenues to be able to continue to operate for the foreseeable future. The pandemic has already significantly impacted sales, revenue collections and cost of power versus business plan forecasts in the months of April and May and is expected to impact the Company's financial results through to the end of 2020. At this time, management is monitoring and evaluating the situation to forecast the extent of the financial impact and operational impact of Covid-19.

Board of Directors



Rodwell Williams
Chairman



Alan Slusher
Deputy Chairman



Marcello Blake
Director



Dennis Garbutt
Director



James Laurito
Director



Kay Menzies
Director



Anthony Michael
Director



Ariel Mitchell
Director



Rene Montero
Director



Ramon Witz
Director



Lynn Young
Director



Louis Lue
Company Secretary / Director

The Government of Belize appoints the Chairman of BEL's Board of Directors, Mr. Rodwell Williams, and Directors Mr. Dennis Garbutt, Mr. Louis Lue, Mr. Rene Montero and Mr. Anthony Michael. Directors appointed by the Social Security Board are Mr. Marcello Blake, Mr. Ramon Witz and Mr. Ariel Mitchell. Directors appointed by Fortis Cayman Inc. are Mr. James Laurito, Ms. Kay Menzies, and Mr. Lynn Young. Mr. Alan Slusher is appointed by the Board of Directors.

Leadership Team

John Mencias - Chief Executive Officer

Derek Davis - General Manager, Energy Supply & Transmission

Jose Moreno - General Manager, Distribution Services

Sean Fuller - General Manager, Commercial & Retail Services

Dawn Nuñez - General Manager, Employee & Corporate Services

Jason Rivers - General Manager, Finance & Operations Support

Heads of Departments

Herschel Armstrong - Manager, Planning & Engineering

Vonetta Burrell - Manager, Corporate Communications

Marta Castillo - Manager, Internal Audit

Austin Castro - Manager, Information Systems

Diana Forman - Manager, Executive Services

Lisa Green - Manager, Procurement

Kevin Petzold - Project Manager

Sheena Simpson - Manager, Distribution

Lisa Stanford - Manager, Customer Care

Robert Tillett - Manager, Energy Supply

Leon Westby - Senior Business Analyst

Denise Gillett - Manager, Human Resources (Acting)

Barrymore Smith Jr. - Manager, Network & Communication (Acting)

Union Executives

Belize Energy Workers Union

Rutilio Witzil - President

Natalie Novelo Palacio - Vice President

Jose Escalera - General Secretary

Marvin Mora - Assistant General Secretary

Addy Aguilar - Treasurer

Andy Pandy - Trustee

Jose Ruiz - Trustee

Gregory Kerr - Councilor

Ronald Young - Councilor

On the cover: illustration of utility scale solar farm supplying electricity to a city in the horizon.

SHAREHOLDER SERVICES

For general information, shareholder publications and other requests, please contact the Company Secretary.

DIRECT DEPOSIT

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

CORPORATE ADDRESS

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Central America

Telephone: +501.227.0954

Email: corporate@bel.com.bz

FISCAL AGENT

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Belize City, Belize
Central America