Table of Contents

Report to Shareholders

Chairman's Report

Belize Water Services Limited has performed exceptionally well, improving on customer satisfaction, increasing operational efficiency and profits, and ensuring the continued stream of annual dividends. As this annual report shows, the company's Key Performance Indicators including Water Coverage, Non-Revenue Water, Staff Efficiency, Collection Efficiency, Working Ratio and Profitability, have all improved over previous years.

However, the challenges continue. Globally, with climate change creating increasing threats to water supplies, water is now recognised as being absolutely invaluable. Just last month Tom Selleck, a well-known American actor, was charged with stealing multiple bowsers of water in order to provide for his ranch and avocado farm in drought-struck California. It's not that he couldn't pay for the water at the prevailing rates – he, like all others in that area, was subject to rationing restrictions. His selfish actions made international headlines and caused outrage on social media platforms. To paraphrase the well-known saying, we don't know how precious the water is, until the well runs dry!

BWS must invest in development and protection of water sources to ensure that adequate supply will continue to be available 24/7 to our estimated 260,000 consumers countrywide. Even with reliable supplies, the investment required for expansion of this utility service far exceeds the available funds. The loudest and most repeated cries we hear at BWS are from those people who want water connections but can't get them, whether for technical or financial reasons.

Unfortunately, unplanned developments and budget constraints often make it impossible to connect all those who need. We are seeking to collaborate with the various entities to streamline the national planning guidelines for residential developments. Furthermore, especially with growing national and international environmental consciousness, proper wastewater systems and expansions are a critical need. But as all the major stakeholders realise, these require such high levels of investment that they are out of reach of developing countries.

Alberto August
Chairman

A recent editorial in World Water magazine highlighted the Dutch motto with regards to water investment - "the cost comes before the benefit", meaning that "we must invest more, and more wisely, in the full spectrum of water infrastructure." The article pointed out that while national and regional governments are by far the largest investors in water, private sector investments have continued to increase. Belize and BWS are no exception to these trends. The Government and BWS have continued to invest in water and wastewater infrastructure, bringing connections to more people than ever before and helping to further develop our wonderful nation.

Even with the need to commit significant resources to the country-wide municipal infrastructure projects, BWS, with some assistance from the Government of Belize (GOB) and International Financing Agencies, continued water expansions countrywide. Most of the nine villages of the Belize River Valley were connected by March 2015, although the project did not formally complete until June 2015. Expansion also continued in all service areas.

Driven by expansion projects and normal progression growth, we connected 2,044 new customers increasing our customer base by 4%, to 53,477 customers at March 2015. The Public Utilities Commission (PUC) also awarded a 6.9% increase in tariff effective April 1, 2015. These two factors contributed to a 14% increase in Revenue from $34.923M the previous year to $39.821M for 2014/15. This contributed to a jump in profit from $2.961M previous year to $6.765M. The company recorded a remarkably strong financial performance year, with increases in profits, retained earnings and equity.

The company also continued to improve operational efficiency. The number of staff per 1000 customers was reduced, while maintaining a 99.9% continuity of service. Water Losses were reduced even further as the Non-Revenue Water ratio dropped from 24.5% the previous year to 23.6% for this reporting period.

Our improved service delivery, driven by renewed targets and improved policies have led to improvements in customer satisfaction. One noticeable metric is the reduction of 36% in the number customer disconnections for non-payment, while still maintaining our collection efficiency at above 98%.

Appointed by the Government of Belize and the Social Security Board, the Board of Directors maintains good governance and fiduciary responsibility to all shareholders and other stakeholders. The Board continued to be proactive in its duties and involved in guiding the strategic direction of the company. The Board and its Audit and Procurement Committees met regularly throughout the year to review and approve various activities and projects, and to ensure adherence to established policies in alignment with the company's strategic plan.

The Government of Belize, our majority shareholder, again contributed to both the company and to minority shareholders. GOB continued its agreement to waive collection of its share of dividends, proffering that it be paid out to the minority shareholders. I am therefore extremely pleased to be able to announce the uninterrupted payment of dividend to minority shareholders for the ninth consecutive year, at the rate of 7.5 cents per share. This again equates to a 5% return on investment, which is much higher than is available in the commercial banking system.

In October 2014, the company submitted its third Full Five-Year Tariff Review Application, for the period April 2015 – March 2019, to the Public Utilities Commission (PUC). The PUC awarded a 2% increase in tariff effective April 1, 2015. The company also was successful in applying to the Social Security Board, our second largest shareholder, for a refinancing and an additional $12 million loan facility, which was approved in April 2015.

Going forward, the company will continue to execute its strategic plan aimed at improving overall performance and stakeholder relations. We expect to continue to show improvements in operational and financial activity. Growth and expansion will continue. As indicated earlier, the nine Belize River Valley villages now have world class potable water and others are in process as a result of BWS expansion and Government funding. Agreements have already been signed to expand water services in Gardenia, and financial assistance is being sought to extend supply to Biscayne. Funding is also being sought for the Ambergris Caye Water and Sewer Expansion and the Placencia Peninsula Integrated Water and Wastewater System projects.

On behalf the Board of Directors of the Belize Water Services Limited, I express many thanks to the Government of Belize, the Belize Social Security Board and the many smaller shareholders of the company, including all those employees who have shown their trust and invested in company shares. I also wish to thank those funding agencies, especially the Inter-American Development Bank (IDB), The Caribbean Development bank (CDB) and the German GIZ fund, who have shown confidence and trust in BWS. I wish to thank BWS staff for putting in such tremendous efforts and work ethic to help keep the company moving in the right direction. I must also personally thank Board members and the Management team for their very vital contributions. Together, all these stakeholders have helped to push BWS to the forefront in performance among regional water and wastewater utilities.

Having said all of that, I think you will agree that BWS has lived up to theme chosen for this Annual General Meeting: Creating Meaningful Connections…Building Together!

I Thank You.

Financial Performance

Overview

The Financial Year 2014/2015 marked the fourteenth year of operation for Belize Water Services Limited and the fifth and final year of the Second Full Business Plan Period (2010-2015), as approved by the Public Utilities Commission (PUC) in April 2010. Following the constraint of the 7.2% reduction of April 2012, the company received a 6.9% tariff increase effective April 1, 2014. Combined with customer growth and an overall increase in total water usage, this led a welcome increase in Total Revenue (14%) and Profit (128%). The cash generated was vitally needed to assist with much needed Capital Investment by the company. The Government of Belize (GOB), our majority shareholder, continued their direct financial support as well as support and liaison with lending institutions, to enable the Company to perform vital Capital Investment, especially with regard to expansion needed to connect more customers. GOB also continued its support of minority shareholders, who have received dividends for the ninth consecutive year.

"Driven by the 6.9% tariff increase and growth in Customer and Consumption, Total Revenue increased by 14%"

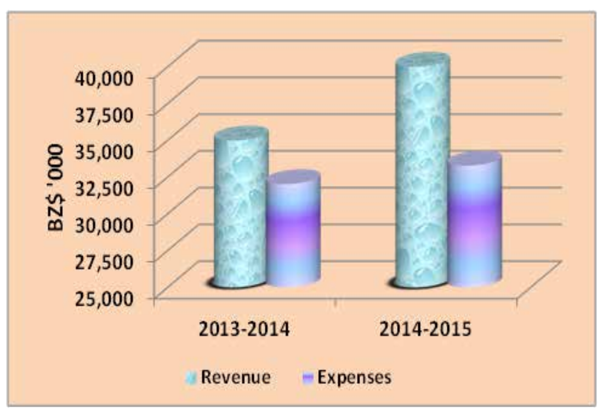
Management and Board continued to focus on the Strategic Business Plan, which played a key role in achieving connection growth and building partnerships. Financial and other contributions played a key role in assisting the company to continue to execute a multiplicity of projects in all the municipalities. The company continued to be adept at managing and optimising scarce resources. At the same time, other key objectives such as improving staff knowledge and skills, improving customer service and improving efficiency were also actively promoted.

Employees must again be commended for their relentless efforts toward continuous improvement which ultimately contributed positively to the financial and operational results detailed in subsequent sections. BWS continues to achieve great successes in efficiency, performance and customer and stakeholder relations.

Financial Results, Sales and Income

Aided by the implementation of the Belize River Valley System, customer connections jumped by **4%** from 51,433 to **53,477**. This growth, along with continued water loss reduction and improved pressure due to the infrastructure projects, resulted in an increase of **7%** in total volume of water sold. Annual Revenue for 2014/15, driven by the 6.9% tariff increase, and the increase in the total water volume, improved by **14%** to **$40.036** million from $34.983 million in previous year. Due to the increases in customer base and required production, along with inflationary cost increases, Total Expenses increased by **4%** to **$33.271** million from $32.022 million mainly due to inflationary costs. With the boost in Revenue far outstripping Cost increases, Profit improved to **$6.765 Million** from $2.961 Million in 2013/14, **a 128% increase**.

The graph below shows the comparison of Revenues and Costs between Fiscal Years 2013/14 to 2014/15.



The Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for the year showed strong growth, totalling $14.097M (35% of Revenue), up from $10.282M (29%) in the previous year.

Over the same period, Water-related Sales, the main contributor to Revenue, provided income of $38.965 million ($34.151 M previous year) while other services provided income of $0.856 million ($0.771M previous year) resulting in total operating revenue for the year of $39.821 million ($34.923M previous year). The average tariff for water sales was $17.17 per thousand US gallons ($16.22 previous year).

Dividends

The Board was again able to approve dividends to the minority shareholders at the same rate as the previous year. This decision was supported by the Government of Belize (GOB), the majority shareholder, having formally agreed to grant its dividend payments to the minority shareholders until 2015 in order to assist both the company and the minority shareholders.

Based on the 40 million shares issued, the net profit of $6.765M equates to earnings of approximately $0.17 (seventeen cents) per share. The total dividend declared was $0.505M, 7% of the year's net profit. Based on the GOB directive, this dividend was distributed solely to minority shareholders who received dividends equivalent to $0.075 (7.5 cents) per share.

It is noteworthy that BWS has now paid dividends for nine consecutive years.

Major Costs and Expenses

The table insert shows the breakdown of costs for FY2014/15 as compared to the previous financial year.

Costs Summary	FY 2014/2015 Total (BZ$'000)	FY 2014/2015 Percent of Total	FY 2013/2014 Total (BZ$'000)	FY 2013/2014 Percent of Total
*Water Purchases	5,154	15.49%	5,198	16.18%
*Electricity	2,612	7.85%	2,631	8.19%
*Staff Costs	8,931	26.84%	8,546	26.60%
Other direct/Operating Costs	8,980	26.99%	8,265	25.72%
Total direct costs & Expenses	**25,677**	**77.18%**	**24,640**	**76.69%**
*Depreciation	4,858	14.60%	4,674	14.55%
*Interest expense	2,041	6.13%	2,204	6.86%
Taxes & Fees	695	2.09%	613	1.91%
Total Other Expenses	**7,594**	22.82%	**7,491**	23.31%
Total Costs and Expenses	**33,271**	100.00%	**32,131**	100.00%
***Total Major Costs**	**23,596**	**70.92%**	**23,253**	**72.37%**

Staff Costs, Water Purchases, Depreciation, Electricity and Interest remain the major costs for the company. The main direct costs continued to be Staff Costs, Water Purchases (San Pedro) and Electricity. The major indirect costs are Loan Interest Expense, Taxes and Depreciation.

Loans, Grants and Debt Servicing

At the beginning of the 2014/15 financial year, BWS had outstanding loans of $39.177 million. The $9.34 unsecured loan held with the Development Finance Corporation (DFC) of $9.3M was fully paid off as at March 31, 2015. The majority shareholder, GOB continues to assist by foregoing debt repayments for the Caribbean Development Bank loans #5 and #10; this totalled $3,049M in principal and interest payments for the financial year. There were no new loans acquired during the financial year, but an application was in process for a further $12M from SSB.

BWS, with the support of GOB, was the recipient of several grant facilities from the Caribbean Development Bank (CDB), the Inter-American Development Bank (IDB), the Caribbean Regional Fund for Wastewater Management (CReW) and the German Gesellschaft fur International Zusammenarbeit (GIZ). These grants, some of which originated in prior years, were primarily utilized for technical assistance consultancies.

At March 31, 2015 the total outstanding loans decreased to $34.7 million. The Table insert summarises the Loan balances and debt servicing cash requirements over the last two financial years.

Loan Movement and Debt Servicing

Net Loan Movement	2014/15	2013/14
Beginning Balance	39,177	42,545
Draw downs/Increases	-	1,479
Principal Repaid	4,437	4,846
Principal Balance	34,740	39,177
Total Debt Servicing		
Principal Repaid	4,437	4,846
Interest Charges	2,001	2,145
Total Debt Reduction	**6,438**	**6,991**
All figures in BZ$ '000		

Asset Expansion and Improvement

During 2014/15, investments in new assets totalling $12.197 million were undertaken with approximately $2.876 million being indirect contribution by the Government of Belize. Collaboration and partnerships continued with various municipalities, ensuring that our aged infrastructures were replaced prior to the concreting and/or paving of the major roads in towns and cities. Major water main extensions and upgrades were done in Belize City, San Pedro, San Ignacio & Santa Elena, Belmopan, Dangriga, Placencia and Corozal. Other capital investments include vehicle and heavy duty equipment replacements, rehabilitation of the Chan Pine Ridge Well and a new Electrical and Chlorinator Room in Orange Walk. The proceeds of grant funding received from the Inter-American Development Bank (IDB) and the German Society for International Cooperation (GIZ) resulted in a new equipped Laboratory in Seine Bight. The overall investment in assets inclusive of refurbishments and maintenance was $15.194 million in 2014/2015. The table insert shows the breakdown of the Investment in Assets and Asset Improvement over the last two financial years.

New Assets, Refurbishment and Maintenance	2014/15	2013/14
Plant & Equipment	535	1,357
Water Expansion	11,662	10,768
Total New Assets	**12,197**	**12,125**
Developer's Contributions & Grants	(5,923)	(6,413)
BWS Expenditure	**6,274**	**5,712**
Repairs & Maintenance	2,997	3,221
Total Assets & Maintenance	**15,194**	**15,346**
All figures in BZ$ '000		

With the expected cash inflow from the additional $12 million loan from the SSB approved in April 2015, the Company plans to increase its capital expenditure in the upcoming financial year.

Government Contributions

In an effort to continue strengthening the financial position of the company, GOB has never extended its agreement to forego its dividends until the year 2020.

In addition, the majority shareholder has also granted an extension of the moratorium on payments for the debt servicing of loans CDB #5 and #10 until March 31, 2020. This unyielding commitment and support shown to BWS will ensure this essential service be provided in a cost effective and efficient manner. During the course of FY 2014/15, GOB has contributed both directly and indirectly $5.5 million, made up as shown in the table insert.

Government Contributions	2014/15	2013/14
Debt Repayment	$3,049	$3,336
Expansion Projects	$398	$1,125
GST Savings - Zero Rated Status	$2,019	$1,773
Total Contributions	**$5,466**	**$6,234**
All figures in BZ$ '000		

Operations

Overview

The company assisted customers and consumers in many ways, creating meaningful connections and building together. In the year 2014/15, other than connecting thousands of new consumers, almost uninterrupted 24-hour supply was provided to all consumers, resulting improvements in the quality of life. BWS's continuity of supply increased to 99.91% ,up from 99.89% the previous year. Additionally, pressures were further increased by 4% with the ultimate goal of achieving 20psi minimum distribution pressure at all locations.

"Efficiency and Continuity of Supply were improved, even with the addition of over 2000 more connections"

The comparison of reporting year to previous year key performance indicators (KPIs) is listed below:

- 8.2% increase in Sales volume – 2,278 MUSG (previous year: 2,105 MUSG).
- 7.0% increase in production volume - 2,982 MUSG (previous year: 2,787 MUSG).
- 3.4% increase in Non-Revenue Water losses 704 MUSG (previous year: 682 MUSG).

- Improvement in the overall annual Non-Revenue Water (NRW) figure by 0.8 percentage points (from 24.5% to 23.6%).

Despite the 8.2% increase in overall water demand, NRW and production efficiency improvements led to an increase of only 7% in production. These contributed to positive net effect on operational activity and on production costs.

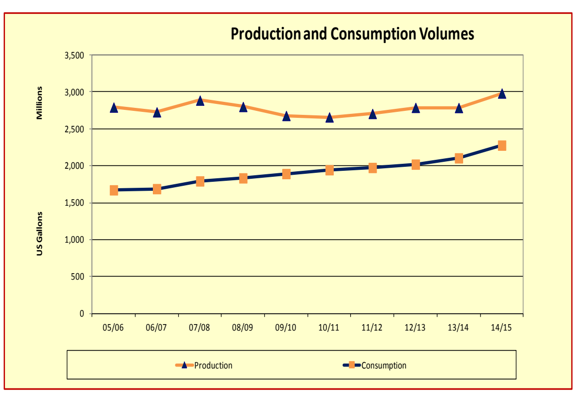
During the year, significant investment and efforts were put into improving the safety of our employees and of the general public with whom we interact daily. Continued improvements in water treatment and delivery processes and to wastewater collection and treatment systems were achieved, in alignment with our objectives of improving quality of service and protecting the environment.

Production and Consumption

The achievement in continuity of supply and increased pressures resulted in an 8.2% increase in sales volumes since customers consumed 2,278 million US gallons (MUSG) of potable water when compared to 2,105 MUSG in the previous financial year. The increase in consumption is also attributed to our expansion program and the focus to ensure the accuracy of customer meters.

The water production for this financial year totalled 2,982 million US gallons – this represents a 7.0% increase when compared to the previous year. The increase in production was a direct result of the increase in consumption.

The Chart below shows water production and consumption for the last ten years of the company.



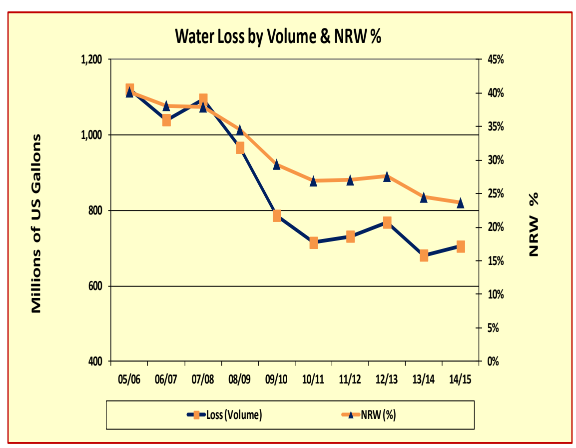
Non-Revenue Water (NRW) Losses

The 8.2% increase in water consumption propelled a 7% increase in the required production. Despite this increase and our increase in system pressures, the overall NRW percentage loss reduced even further from 25.4% to 23.6%, the lowest in the company's fourteen year history, and among the very lowest in the Caribbean and Latin America. Water loss volume did increase from 682 million US Gallons the previous year to 704 MUSG for this financial year, a mere 3.3%.

The company's water loss reduction program includes proactive searching and repairing of leaks, replacing older water mains, identification/removal of illegal connections, and pressure management controls. During the year, the company focused on replacement of aged infrastructure, the identification and elimination of unauthorized connections and tampering.

It is estimated that the illegal activities accounted for some 73.1 million gallons of water or 10.4% of total annual water loss, compared to the 88.3 million gallons or 12.9% of total annual water loss for the previous year. This reduction was aided by the abandonment of the majority of older mains in Belize City and in several other areas.

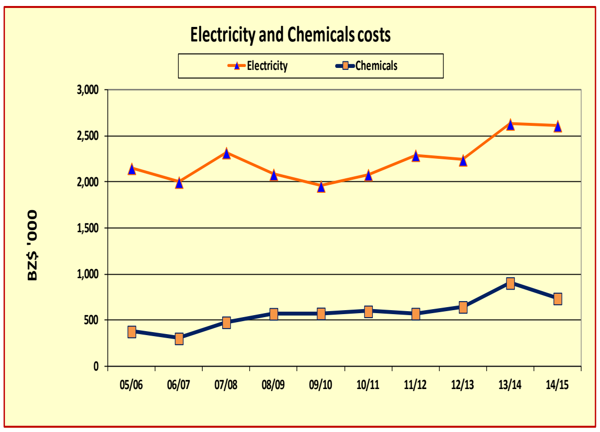
The chart below shows water loss by volume for the most recent ten years of the company's operations.



Production Management

Due to the increase in production and poor raw water condition resulted in a 7.3% increase in chemicals usage. The result was similar for electricity consumption where there was a 1.7% increase in electricity consumption. A 1.4 million gallon increase in production at the Caye Caulker Reverse Osmosis Plant, required to accommodate the increase in local consumption, contributed much to the increase in electricity as R/O plants consume significantly more electricity to produce water than conventional water treatment plants.

The chart below shows the electricity and chemical costs for the last ten (10) years.



Continuous Improvement Activities

Some major achievements and activities in the past financial year are:

- Significant progress achieved in improving the continuity of service to 99.91%, despite on-going major works.
- Replacement of aged water infrastructure in most systems resulting in the 4% increase of water pressures.
- Continued reduction of water loss (NRW) ratios.
- Continued upgrades to sewer infrastructure in all three sewer systems.
- Continued flushing of sewer mains in Belize City with further success.
- Continued training of staff in safety on the job.

Ongoing and Future Activities

- International certification program for key personnel.
- Planned replacement for aged infrastructure.
- Continued program on improvement in water quality and sewer effluent quality.
- Continued accuracy testing and replacement of customer meters.
- Continued focus on reduction of Non-Revenue Water.

Solar installation in progress

Customer Services/Billing

Overview

During the fiscal year the company executed a number of initiatives geared towards improving customer service. These included improvements to our Call Centre and an improved system for managing call-in complaints. To achieve this goal, we installed a new Automatic Call Distribution System in our Call Centre Unit which reduced our response time to handling customer calls. Further enhancement of the unit involved expansion of the square footage and the staff complement.

Under a new initiative to keep customers connected, disconnections for non-payment of bills were reduced by 36% from 11,950 down to 7,618. We maintained our collection efficiency at over 98% of billed amounts by following up with our customers through SMS messages reminders, telephone calls, email reminders and delivery of warning notices to customer premises.

Further training investments were undertaken for further development of staff skills to ensure improvement of service delivery to customers.

As a result of the expansion and normal progression projects implemented during this fiscal year, 2,044 new customer connections were added. This increased our customer count from 51,433 to 53,477, recording a growth rate of 4%.

Call Center at work

Sales

In 2014/15, thanks to the 6.9% tariff increase and customer and consumption increases, the water sales revenue amounted to $38.965M, 14% more than last year's figure of $34.151M.

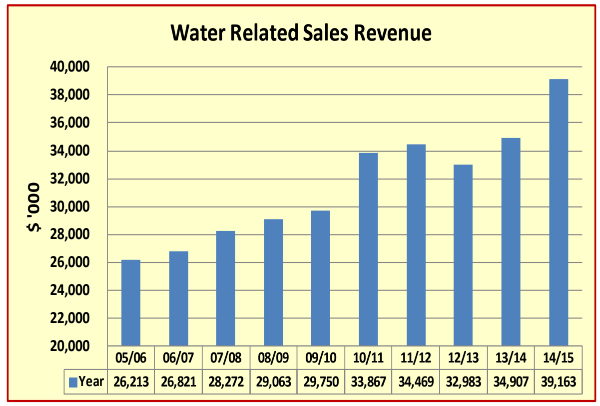
The 8.2% increase in total consumption of water from 2,105 MUSG previous year to 2,278 MUSG can be attributed to the following:

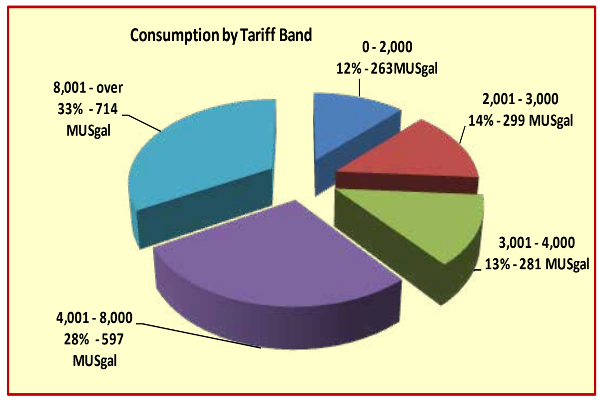
- Our Customer base grew by 4.0%.
- The average monthly sales volume per connection increased by 4.6% (from 3,465 to 3,626 gallons).

As a result of the above factors:

- The Average tariff per 1,000 gallon increased by 5.8% (from $16.22 to $17.17).
- The average monthly income per connection increased by 8.3% (from $57.50 to $ 62.27).

The charts below illustrates the trend in annual Water-related Sales Revenue and the breakdown of annual consumption by bands.



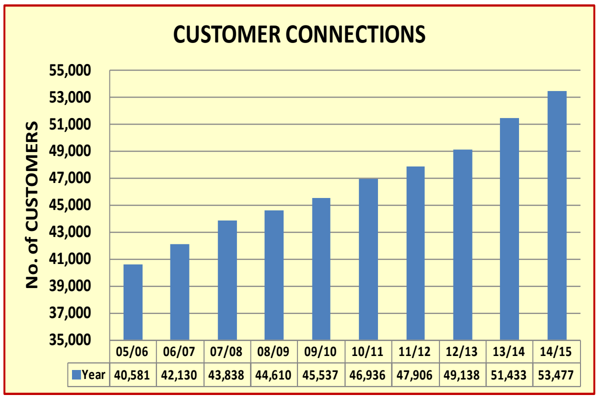


Customer Connections

During the fiscal year 2014/15, the company continued its objective of expanding services to reach more of the population of our country; our service area was expanded to include the 9 villages of the Belize River Valley Area. Our active customer base at the end of the fiscal year was 53,477, an increase of 4.0% from 51,433 the previous year.

The number of customers who requested discontinuation of their services was 2,062. Total new accounts were 4,836, of which 1,596 were new physical connections. These along with the net disconnections for non-payment resulted in a net increase in our customer base of 2,044 customers.

The chart below highlights the growth in our customer connections over the last 10 years. This shows an overall increase of 34.5% and an average annual growth of 1,371 connections.



Engineering and Projects

Overview

Needs and requirements for projects are initiated by either external or internal stakeholders of BWS. Once the Procurement Committee reviews and approves projects, the engineering and technical staff focus is to complete approved projects within estimated time, approved budget, and quality requirements while keeping facilities safe to work and functional. The Technical team also provides services such as Project Management, Engineering, Estimation, Construction, Planning and Supervision.

It was a very active and productive year for the company, with a focus on investment in replacement and upgrade of aged infrastructure, and refurbishment and upgrade of facilities and plants to improve quality service and reduce Non-Revenue water.

By utilizing project management and resource planning and management, the company successfully conducting most of projects with its own resources. The major exceptions were for the internationally funded projects, where works are subcontracted as part of the procurement guidelines. Some of our major achievements are detailed below.

Water Distribution Systems

We have upgraded, replaced and installed approximately 160,000 feet of water mains and 710 service connections country wide in year 2014/2015. To date, we have upgraded and replaced aged infrastructure in more than 100 Streets in Belize City alone, and varying numbers in each of the other municipalities.

Company has invested over $1.3 M on water mains upgrade or replacement countrywide this includes but is not limited to supply and install new pipes and fittings, flushing, pressure testing and disinfection. Approximately 110,000 feet of watermains were upgraded in year 2014/2015.

The company also invested over $700,000 in normal expansion countrywide for this year. This included expansion of our network system by approximately 50,000 feet.

Civil and Building Works

BWS executed a number of other projects aimed at ensuring safe potable water supply, improving customer service, and improving the sewerage effluent quality, among others.

The table below includes a summary of some of the major projects.

Branch	Description
Belize City	Expanded the Call Center office space
Belize City	Upgraded and concreted the main parking lot.
San Ignacio	Constructed a new modern treatment facility to improve the water quality.
Benque Viejo	Installed a new transmission main to connect spring water source to the water network system.
Benque Viejo	Constructed a new clorinator and electrical room.
Seine Bight	Constructed a new laboratory for water quality analysis.
Dangriga	Refurbished the water treatment plant, replaced old pipework and installed new filters.
Punta Gorda	Installed a new generator.
Punta Gorda	Refurbishment of the branch office (ongoing).

Upgraded Parking Lot, Belize City

In Belize City, the upgrade of Parking Lot and Call Centre has allowed the company to provide better facilities and improved services to customers.

In San Ignacio/Santa Elena and Esperanza, for the last several years, customers had been experiencing water discolouration due to problems associated with iron and manganese from the water source. After conducting extensive research, BWS identified a supplier for a product called SeaQuest. The product, certified by Food and Drug Authority in USA is inexpensive, easy to use, readily available, and solve many water quality problems. BWS constructed a facility to utilise this product in San Ignacio. Since commencement of treatment in December 2014, there has been no 'dirty water' complaint from customers.

The refurbishment of Dangriga Water Treatment Plant (phase 1) project included, among other things, the installation of two new filters, a new office for operators and replacement all asbestos cement pipes with new ductile iron pipes.

This improves the treatment capability of the plant ensuring more reliable supply for customers.

Seaquest Treatment, San Ignacio

Major Projects and Plans

The capital projects described below are those funded by external funding agencies, that were either begun in the year under review, or, had begun in a prior year but were work-in-progress at some time during the year ended March 31, 2015. Three such projects can be identified as on-going:

BRV Inauguration (June 2015)

Belize River Valley (BRV) Project

The Belize River Valley (BRV) Project's goal is to supply potable water to nine (9) villages of the BRV area, including the villages are Rancho Dolores, Willows Bank, St Paul's Bank, Double Head Cabbage, Bermudian Landing, Lemonal, Isabella Bank, Flowers Bank and Scotland Halfmoon. The total project budget was BZ$7.617M comprising of BZ$6.810M as CDB loan fund to GOB and GOB contributing a further BZ$0.807 as counterpart funding. BWS agreed to add counterpart funding as necessary to complete the project.

The project endured significant delay due to inclement weather during the year under consideration, but 'bounced back' with the villages of Flowers Bank and Scotland Halfmoon being connected to the system and receiving potable water. The project's completion was therefore extended into FY 2015/16.

Expansion of Ambergris Caye Water and Wastewater

Detailed designs for the expansion of water and wastewater facilities on North Ambergris Caye is being funded by CDB and GOB/BWS. Ambergris Caye is the primary tourist destination in Belize and has seen tremendous growth over the last few years. This positive development creates considerable apprehension about the effects of human pollution and contaminants on the sensitive marine and reef environment. Consequently, this project is deemed essential to support the ongoing development, promote the welfare of residents, and safeguard the natural environment upon which the island's tourism sector depends.

The Detailed Designs Consultancy was awarded to Dillon Consulting Ltd. (DCL) of Canada for a total of US$0.932M. The contract was executed September 6th, 2013, with planned completion in June 2015.

Placencia

The Government of Belize (GOB) and BWS commissioned two consultancies, a feasibility study and a detailed design, for implementing the Placencia Peninsula Integrated Water and Wastewater Management System. The Feasibility Study, funded by the U.S Trade and Development Agency (USTDA), was completed by Halcrow in 2012; and the Inter-American Development Bank (IDB) and Gesellschaft fur Internationale Zusammenarbeit GmbH (GIZ) funded the detailed designs consultancy.

It was identified that considerations relating to the project's Sewage Treatment Plant (STP) site and final effluent disposal locations required further studies to definitively and conclusively establish these sites. As a result, a decision was made during the latter part of the year under consideration to put the detailed designs component of this project on hold and to commission a Nutrient Fate and Transport (NFT) Study on the Placencia Peninsula and surrounding marine areas to complement the Feasibility Study and detailed designs.

This study requires approximately one and one-half years to properly document the changes, currents and movements brought about by the various seasons.

Looking to the Future

Looking forward, the Company needs to proceed on two fronts: (i) develop a Country-wide Master Plan to address the attendant issue of wastewater generation and its treatment, and (ii) adopt measures to mitigate against Climate Change and Natural Hazards.

Although financing for wastewater treatment, which requires high capital investment is no easy task, the company will embark on a preliminary exercise to determine the scope and initial costs to address wastewater treatment country-wide.

BWS is determined to balance the conflicting and competing demands for water against the backdrop of Climate Change and Natural Hazards and Ill-Advised Human Activities (CC/NH/IHA). This will mandate the inclusion in the design of all future projects, such measures as are necessary to mitigate the risks and negative consequences associated with CC/NH/IHA. Such measures are being included in the detailed designs of the current Ambergris Caye Project and will be incorporated in all future designs.

UV Treatment, Belmopan

Ongoing and Upcoming Projects

Listed below are all major on-going and planned projects for the new fiscal year (2015/16):

- Belize River Valley Project

- Placencia Water and Wastewater System
- Ambergris Caye expansion
- Gardenia and Biscayne Water Expansion
- Southside Reservoir repair
- Upgrade of Dangriga Water Treatment Plant
- Refurbishment of BWS Office in Punta Gorda
- Refurbishment of Belmopan WTP
- Expansion of Headquarter Building
- San Ignacio new reservoir and generator.
- Generators for Seine Bight, Tea Kettle and San Andres Villages
- New wells for Caye Caulker
- San Pedro new pumping station
- Belmopan Sewerage Expansion Project
- Sea Quest installation at Rockville

Human Resources

Staffing

Strategic Plan Execution

In 2014/2015, as part of the company's strategy to improve efficiency, a computerised Human Resource Management System was implemented. The company facilitated training programmes in key knowledge areas for our valued employees. In addition, renegotiation of the collective agreement commenced and is expected to conclude sometime in the new financial year. The company continued its focus on service excellence to our employees and other stakeholders.

Project Management Training

The permanent staff number count shows a 2% increase (from 251 to 256), due to planned strategic restructuring to the needs of an increasing customer base and to be able to adequately meet our strategic objectives.

During the year, significant resources and efforts were put into planning and executing on-the-job and specialized training. Certification programmes have been established - from introductory to advanced, throughout the employee work cycle within the Operations and Technical Services Departments. This is a new area being developed and will be introduced all the other departments as it is intended to increase employees' knowledge and skills which will eventually result in greater efficiencies, improved business processes, and ultimately better customer satisfaction.

"Great Vision without great people is irrelevant, strategic alignment and focus help to build the business"

As part of our Balance Scorecard implementation, strategic cascading continued in several departments. The restructuring and re-evaluation processes have resulted in improved alignment with company strategy. Through this process employees and departments will be able to align fully with company strategy. The departments involved in this process have seen a strategic transformation and focus emerge among members of staff, who are more aware of the strategy elements and objectives and have become more results oriented.

Staff Performance a Strategic Plan Executed

As well as developing skills and knowledge, the company actively continued its objective of improving morale and culture, hosting a number of events, both intra- and inter-departmental. The bonds resulting from our group activities created opportunity for new synergies and development and improved communication among staff.

It allowed for new employees to become involved in mainstream decision-making and for new ideas and plans to be quickly embraced and developed. This was noticeable as staff proposed and help implement several initiatives to support other staff members in need, and educational developmental programmes were developed and deployed in record time.

The company's strategic position continues to improve as more employees have become aligned to promoting operational and service excellence throughout their daily activities. In essence, we have garnered even more collaborative efforts towards achieving our vision of becoming the number one in the service industry within the region, delivering quality service in an environmentally responsible manner.

Staff Development and Training

The company has been actively promoting staff development, including the introduction of a planned upward mobility to the technical and operations employees, through online certification programs. Since its commencement, a number of employees have taken advantage of the opportunity. In addition to those, we have seen a significant growth in the employees registering in degree programs. Supervisory staff and other employees returning to complete and in some cases do a degree programs relative to their responsibilities. There are currently more than 15 employees registered in varying programs.

Smartdraw Training

In-house trainings, such as those for health and safety, were well received. Out of this initiative, we have established a health and safety club. Additionally, we have continued courses in confined space entry and this was expanded to all Operations employees, which is over 100 plus employees. Employees who completed the full course received their certification and badges to convey their specialised training.

Management staff were also included in the slew of training as they sharpened their project management skills. The courses in project management and other strategic related courses have been put to use create a more result-oriented work environment.

BWS also shared exchange visits with Contra Costa Water District (CCWD), California, with whom we have a twinning relationship. This exchange included coverage on areas of Health and Safety, SCADA, Water Operator certification and training, meter calibration, backflow prevention, water quality monitoring and public outreach.

Training will continue to be a key strategic initiative going forward.

Public Relations and Community

This financial year, BWS continued its corporate initiatives within the communities we serve. We continued our public education program and initiated works in developing a training manual, which will be utilized in future outreach programmes.

The company improved the corporate marketing and public relations strategy, as we focused our donations and other activities on national projects all within the budgeted expense. Some of the main recipients included the Belize Defence Force, Support Telethons, national teams, National School Sports, scholarships to needy children, and rural water systems.

Even so, as part of our corporate responsibility, we still gave contributions to many other needy organisations and individuals.

These donations have resulted in improved quality of life for many.

One of many donations

A number of public hearings and discussion group sessions were held for new areas added to the water systems under our management. The company also participated in activities such as World Water Day, where the importance of sustainable water development was the topic of the day. For this event, BWS was able to share the experience with several staff members from our sister water utility, Contra Costa Water District. This twinning with CCWD has produced much knowledge-sharing and even cost-saving for BWS. CCWD introduced the concept of developing training booklet which BWS will utilize in Public Relations training sessions with schools countrywide.

Information Technology

Information Technology (IT) continues to be the backbone of our business; it is used, and is often the most critical tool, in every BWS departmental unit. IT allows us to streamline business processes, to solve problems, to make decisions, and, of course, to better facilitate communication with each other and our external stakeholders.

One of the most significant projects during 2014/15 was the expansion of the new Human Resource Management system by automating employee information and requests. Previously, the HR department managed and kept track of personnel using paper based manual systems.

HRMS Training

Employees can now submit requests electronically from any office location – anything from time-off and additional personnel requests through to claims for subsistence and overtime. Submitted forms are then processed by Supervisors and Managers. One challenge to implementing this system was to include computer novices. To solve this, we installed touch-screen PCs at all locations and delivered Introductory Computer training countrywide.

Using IT technology, BWS continues to provide the convenience of making payments via the banks and through payment agents. Customers also continue to commend us on providing e-mail and SMS text messages to customers for bills, reminders, interruption notices, and so on.

Our corporate strategy includes improving business process efficiency through using cost-effective technology. This year the company embarked on a project to upgrade its entire wide area network to the latest technology provided by BTL. This will allow us to use VoIP technology, video conferencing solutions and allow remote viewing of our security cameras and provide better data storage solutions for data storage countrywide. The first district to be upgraded was Belmopan who are already enjoying application and network response times that are 4 times faster. We will continue this project to upgrade our networks countrywide in 2015/16.

During the year, our activities included upgrades to several of our network servers.

We also made improvements for our engineering department through the provision of network licencing for AutoCad, new computers and larger monitors. In the coming year, we plan to continue to improve our IT network, software applications, web pages and social media in order to provide appropriate and responsive services.

Health and Safety

In line with our strategic objectives, efforts have been made to improve Health and Safety awareness during 2014/15. Safety committees which consists of staff representatives from all departments were formed and have played an active role in training and trying to inculcate a safety culture.

Activities included a country-wide 'roadshow' introducing safety concepts and explaining why Health and Safety is important. Our staff committee received training on how to conduct risk assessments and a recent training on ladder safety. We have also been busy looking at fire safety and evacuation from Belize City HQ, aggression from customers and the public, confined spaces and problems associated with maintenance of assets at the treatment plant. We have also trained sub-contractors in implementing road and construction safety.

As a responsible corporate citizen and as part of our commitment to our stakeholders, we will continue our efforts to promote Health and Safety awareness in everything we do.

Health & Safety Committee

Internal Audit

Overview

The Internal Audit Department was bolstered with new staff with extensive audit experience in the previous year. This, combined with continued training to enhance skills, led to improved audits and audit reporting during 2014/15.

A number of planned audits, a few investigations, and various spot checks were performed during the year. Wherever weaknesses were identified, these were addressed expeditiously by Management. As a result, improved controls continue to be implemented in order to streamline the company in achieving its Mission and Vision as identified in our strategic plan.

In the past, Internal Audit conducted more compliance audits. During the year, based on training and best practice guidelines, our focus shifted to conduct risk-based audits. The first risk-based audit commenced near the end of the year.

In preparing to perform risk-based auditing, the Internal Audit and other personnel participated in several training sessions on Enterprise Risk & Management. Board and Management have welcomed the utilisation of risk based audits and have agreed to establishing an Enterprise-wide Risk Management (ERM) Framework.

With dynamic changes taking place within the company and its environment, Internal Audit monitors events and activities to mitigate risk and to ensure compliance to regulations and procedures.

Key Performance Indicators (KPI'S)

Description of KPI	UNIT	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008	2006/2007	2005/2006
PROFITABILITY											
Net Turnover	$' 000	39,821	34,923	33,583	35,327	34,869	31,047	29,673	28,866	27,448	27,322
Operations and Maintenance	$' 000	25,724	24,640	24,535	23,673	21,810	18,494	19,216	18,705	16,868	16,905
EBITDA	$' 000	14,097	10,282	9,049	11,654	13,059	12,553	10,457	10,161	10,580	10,417
EBIT	$' 000	9,239	5,608	5,095	8,058	9,696	9,117	7,264	7,509	7,905	7,789
Net Profit (Loss)	$' 000	6,765	2,961	2,360	5,391	5,457	4,878	2,069	1,693	1,863	1,919
EBITDA/Net Turnover	%	35%	29%	27%	33%	37%	40%	35%	35%	39%	38%
Earnings Per Share	$	0.169	0.074	0.059	0.135	0.136	0.122	0.052	0.042	0.047	0.048
Dividends Per Share[1]	$	0.013	0.013	0.013	0.025	0.025	0.025	0.078	0.078	0.033	0.000
Retained Earnings (Deficit)	$' 000	24,262	18,003	15,546	13,692	9,311	4,861	3,589	2,041	768	(755)
LIABILITIES & EQUITY											
Long Term Liabilities	$' 000	40,149	43,947	44,330	47,023	47,854	49,622	53,135	62,653	62,956	66,117
Current Liabilities	$' 000	11,655	13,189	13,162	11,327	12,136	10,971	9,182	10,553	11,676	10,407
Total Equity	$' 000	111,253	104,993	102,537	100,682	96,302	90,578	84,251	77,317	76,157	74,521
ASSETS											
Current Assets	$' 000	14,995	15,396	14,341	15,250	16,022	14,675	10,584	9,588	8,398	7,593
Total Net Assets	$' 000	163,057	162,129	160,029	159,032	156,291	151,172	146,566	150,523	150,789	151,045
Additions to Assets	$' 000	12,197	12,124	10,906	7,294	10,113	7,059	4,742	4,212	2,746	3,907
BALANCE SHEET STRUCTURE											
Current Assets/Current Liabilities	No.	1.29	1.17	1.09	1.35	1.32	1.34	1.15	0.91	0.72	0.73
Gearing (LT Liabilities/Equity)	%	36%	42%	43%	47%	50%	55%	63%	78%	83%	89%
Total Assets/Total Equity	No.	1.47	1.54	1.56	1.58	1.62	1.67	1.74	1.95	1.98	2.03
Total Assets/Share Capital	No.	2.72	2.70	2.67	2.65	2.60	2.52	2.44	2.51	2.51	2.52
Return on Assets(EBIT/Avg. Assets)	%	5.7%	3.5%	3.2%	5.1%	6.3%	6.1%	4.9%	5.0%	5.2%	5.2%
WATER VOLUMES											
Water Production	MUSG	2,982.8	2,787.1	2,788.8	2,706.6	2,659.4	2,679.1	2,800.9	2,887.1	2,735.1	2,792.9
Water Sales	MUSG	2,277.9	2,105.0	2,020.4	1,975.1	1,948.3	1,892.5	1,841.7	1,788.4	1,694.3	1,677.1
Non-Revenue Water Volume	MUSG	704.9	682.1	768.4	731.4	711.1	786.6	959.2	1,098.6	1,040.8	1,115.8
Non-Revenue Water %	%	23.6%	24.5%	27.6%	27.0%	26.7%	29.4%	34.2%	38.1%	38.1%	40.0%
Non-Revenue Water (M^3/Conn/Day)	M^3	0.14	0.14	0.16	0.16	0.16	0.18	0.22	0.27	0.26	0.29
Non-Revenue Water (M^3/Km/Day)	M^3	5.38	5.35	6.49	6.42	6.50	7.53	9.28	10.91	10.77	11.80
CONNECTIONS											
Beginning Connections	No.	51,433	49,138	47,906	46,936	45,537	44,610	43,835	42,130	40,581	39,764
New Connections Added	No.	4,836	5,234	4,500	4,768	1,777	1,089	3,235	1,322	2,634	2,785
Disconnections	No.	7,618	11,950	12,380	14,693	12,365	15,138	13,061	16,153	16,109	13,916
Reconnections	No.	6,888	10,591	11,120	11,089	10,548	13,145	12,937	16,536	15,024	11,948
Ending Connections	No.	53,477	51,433	49,138	47,906	46,936	45,537	44,610	43,835	42,130	40,581
Ending Sewer Connections**	No.	10,519	10,264	10,158	10,121	10,279	10,233	10,323	10,309	10,441	10,436
BILLING											
Avg. Number of Connections	No.	54,019	50,619	48,522	47,421	46,237	45,074	44,223	42,983	41,119	40,107
Water Sales Revenue	$' 000	38,965	34,151	32,815	34,250	33,867	29,750	29,064	28,272	26,819	25,757
Avg. Usage per Connection Monthly	Gal	3,626	3,465	3,470	3,471	3,511	3,499	3,471	3,467	3,434	3,485
Avg. Sales per Connection Monthly	$	62.27	57.50	56.32	60.68	61.09	55.00	54.77	54.81	54.35	53.52
Avg. Tariff per 1000 Gallons	$	17.17	16.22	16.24	17.34	17.38	15.72	15.78	15.81	15.83	15.36
OPERATIONAL EFFICIENCY											
Avg. No. of Staff (Permanent)	No.	256	251	252	246	238	229	232	228	216	215
Staff Per 1000 Connections	No.	4.7	5.0	5.2	5.2	5.1	5.1	5.2	5.3	5.3	5.4
Total Staff Costs	$'000	8,931	8,546	8,567	8,252	7,745	6,816	7,460	6,557	6,354	6,286
Staff Costs/Emp.	$	3,489	3,405	3,400	3,355	3,254	2,976	3,216	2,876	2,942	2,924
Revenue/Emp.	$	155,552	139,135	133,267	143,607	146,507	135,576	127,901	126,605	127,074	127,079
COLLECTION EFFICIENCY											
Overdue Debtors/Trade Debtors	%	12.4%	14.0%	13.4%	15.0%	17.4%	14.2%	26.6%	26.5%	19.7%	19.2%
Bad Debts Write Off/Net Turnover	%	0.4%	0.0%	0.2%	1.1%	0.7%	0.3%	0.9%	0.2%	0.5%	1.2%
Collection Efficiency	%	98.9%	98.2%	98.3%	98.1%	96.8%	98.7%	97.0%	n/a	n/a	n/a
WATER INFRASTRUCTURE											
Total Length of Mains**	Miles	844.3	821.5	763.0	734.4	704.5	673.2	666.3	648.7	622.6	609.5
Total Length of Mains**	Km	1,359	1,322	1,228	1,182	1,134	1,083	1,072	1,044	1,002	981
Length of Mains/Connection	Ft.	83.4	84.3	82.0	80.9	79.3	78.1	78.9	78.1	78.0	79.3

KPI Description Note	Key - Units	Key - Units	Key - Units
**=Includes some estimated figures	MUSG = Millions of U.S. Gallons	Gal = US Gallon	% = Percentage
[1]See Management report for details	$' 000 = Thousands of Belize Dollars	No. = Number/Count of Units/Ratio	Ft. = Feet
	$ = Belize Dollars	M^3 = Cubic meters ($1M^3$ = 264.1721Gal)	Km. = Kilometer

Belize Water Services Limited

Financial Statements for the Years Ended March 31, 2015 and 2014 and Independent Auditors' Report

BELIZE WATER SERVICES LIMITED

TABLE OF CONTENTS

BELIZE WATER SERVICES LIMITED

STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2015 AND 2014

ASSETS	Notes	2015	2014
CURRENT ASSETS:			
Cash and cash equivalents	2f, 2g, 3	**$ 2,750,590**	$ 4,297,676
Trade receivables	2f, 2h, 4	**2,321,807**	2,223,513
Other receivables	2f, 2h	**837,816**	1,038,951
Prepayments	2i	**597,361**	420,286
Materials and supplies	2j, 5	**8,487,261**	7,415,854
Total current assets		**14,994,835**	15,396,280
NON-CURRENT ASSETS:			
Fixed assets	2k, 6	**148,061,815**	146,732,224
Total non-current assets		**148,061,815**	146,732,224
TOTAL ASSETS		**$163,056,650**	$162,128,504
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payable	2L	**$ 2,740,075**	$ 3,653,651
Interest payable	2m	**196,654**	209,963
Taxes payable	2m	**58,277**	53,069
Dividends payable	2t	**580,729**	572,835
Other payable	2m, 7	**135,289**	188,844
Accrued expenses	2m	**417,383**	652,021
Security deposits	2n	**2,977,208**	2,843,375
Current portion of long term debt	2p, 8	**4,549,639**	5,014,852
Total current liabilities		**11,655,254**	13,188,610
NON-CURRENT LIABILITIES:			
Deferred income	2o	**9,958,291**	9,784,850
Long term debt	2p, 8	**30,190,469**	34,161,875
Total non-current liabilities		**40,148,760**	43,946,725
Total liabilities		**51,804,014**	57,135,335
EQUITY:			
Share capital	9	**60,000,001**	60,000,001
Contributed capital	10	**11,714,281**	11,714,281
Capital reserve	11	**15,276,362**	15,276,362
Retained earnings		**24,261,992**	18,002,525
Total equity		**111,252,636**	104,993,169
TOTAL LIABILITIES AND EQUITY		**$163,056,650**	$162,128,504

The financial statements on pages 3 to 6 were approved and authorized for issue by the Board of Directors on July 31, 2015 and are signed on its behalf by:

Director　　　　　　　　Director

The notes on pages 7 to 28 are an integral part of these financial statements.

BELIZE WATER SERVICES LIMITED

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEARS ENDED MARCH 31, 2015 AND 2014

	Notes	2015	2014
CONTINUING OPERATIONS			
OPERATING REVENUES:	2q		
Measured water income – net		**$38,965,282**	$34,151,347
Income on charges, fees and penalties		**856,146**	771,463
Total operating revenues		**39,821,428**	34,922,810
OPERATING EXPENDITURES:	2r		
Depreciation and amortization of grant income	6	**4,858,496**	4,674,477
Materials and other external costs	12	**8,973,043**	9,040,726
Other operating charges	14	**7,820,513**	7,053,717
Staff costs	13	**8,931,487**	8,546,020
Total operating expenses		**30,583,539**	29,314,940
OPERATING PROFIT		**9,237,889**	5,607,870
Interest income		**62,952**	78,073
Other income		**214,775**	59,886
(Loss) / gain on disposal of fixed assets		**(14,747)**	31,936
PROFIT BEFORE FINANCE CHARGES AND TAX		**9,500,869**	5,777,765
Financial expenses	8	**(2,040,949)**	(2,203,962)
Business tax	17	**(695,270)**	(612,674)
PROFIT FOR THE YEAR		**6,764,650**	2,961,129
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME		**$ 6,764,650**	$ 2,961,129
EARNINGS PER SHARE	15		
From continuing operations:			
Basic and diluted		**$0.17**	$0.07

The notes on pages 7 to 28 are an integral part of these financial statements.

BELIZE WATER SERVICES LIMITED

STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED MARCH 31, 2015 AND 2014

	Share Capital	Contributed Capital	Capital Reserve	Retained Earnings	Total
April 1, 2013	**$60,000,001**	**$11,714,281**	**$15,276,362**	**$15,546,454**	**$102,537,098**
Comprehensive income:					
Profit for the year	-	-	-	2,961,129	2,961,129
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	2,961,129	2,961,129
Transactions with owners of the Company recognized directly in equity:					
Dividends declared (Note 20)	-	-	-	(505,058)	(505,058)
Total transactions with owners of the Company	-	-	-	(505,058)	(505,058)
March 31, 2014	**$60,000,001**	**$11,714,281**	**$15,276,362**	**$18,002,525**	**$104,993,169**
April 1, 2014	**$60,000,001**	**$11,714,281**	**$15,276,362**	**$18,002,525**	**$104,993,169**
Comprehensive income:					
Profit for the year	-	-	-	6,764,650	6,764,650
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	6,764,650	6,764,650
Transactions with owners of the Company recognized directly in equity:					
Dividends declared (Note 20)	-	-	-	(505,183)	(505,183)
Total transactions with owners of the Company	-	-	-	(505,183)	(505,183)
March 31, 2015	**$60,000,001**	**$11,714,281**	**$15,276,362**	**$24,261,992**	**$111,252,636**

The notes on pages 7 to 28 are an integral part of these financial statements.

BELIZE WATER SERVICES LIMITED

STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2015 AND 2014

	2015	2014
OPERATING ACTIVITIES:		
Profit for the year	**$ 6,764,650**	$ 2,961,129
Adjustments for:		
- Depreciation	**4,858,496**	4,674,477
- Loss (gain) on disposal	**14,747**	(31,936)
- Provision for doubtful debts	**168,205**	-
- Provision for obsolete materials and supplies	**241,904**	19,674
- Interest income earned	**(62,952)**	(78,073)
- Business tax expense	**695,270**	612,674
- Financial expenses	**2,040,949**	2,203,962
Operating profit before working capital changes	**14,721,269**	10,361,907
Increase in accounts receivable	**(80,489)**	(361,603)
(Increase) decrease in prepayments	**(177,075)**	28,545
Increase in materials and supplies	**(1,313,311)**	(796,261)
Decrease in accounts payable and accrued expenses	**(1,067,936)**	(32,179)
Cash provided by operations	**12,082,458**	9,200,409
Interest received	**78,077**	91,296
Business tax paid	**(690,062)**	(609,744)
Financial expenses paid	**(2,054,260)**	(2,221,669)
Net cash provided by operating activities	**9,416,215**	6,460,292
INVESTING ACTIVITIES:		
Additions to fixed assets	**(12,197,269)**	(12,124,258)
Contributions to fixed assets	**3,047,545**	6,413,585
Proceeds from disposal of fixed assets	**71,282**	99,442
Net cash used in investing activities	**(9,078,442)**	(5,611,231)
FINANCING ACTIVITIES:		
Dividends paid	**(497,289)**	(508,554)
Proceeds from long term debt	**1,646,657**	1,799,822
Repayment of long term debt	**(3,034,227)**	(2,105,853)
Net cash used in financing activities	**(1,884,859)**	(814,585)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(1,547,086)**	34,476
CASH AND CASH EQUIVALENTS, APRIL 1	**4,297,676**	4,263,200
CASH AND CASH EQUIVALENTS, MARCH 31	**$ 2,750,590**	$ 4,297,676

The notes on pages 7 to 28 are an integral part of these financial statements.

1. GENERAL

Reporting entity – Belize Water Services Limited (the "Company") was incorporated by the Government of Belize on January 22, 2001 as the successor company to the Water and Sewerage Authority ("WASA"). Belize Water Services Limited was vested with the Assets and Liabilities of WASA on March 23, 2001. The Company is majority owned by the Government of Belize.

The Company's registered office is #7 Central American Boulevard, Belize City, Belize.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance – The financial statements have been prepared from records maintained in the financial accounting system of the Company, in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

b. Basis of preparation – The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

c. Functional and presentation currency – The financial statements are presented in Belize dollars which is the Company's functional currency.

d. Foreign currency transactions/translation – Transactions in foreign currencies during the year are translated into Belize dollars at the rates ruling on the dates of the transactions. Foreign currency balances outstanding at the balance sheet date are translated at the rates ruling on that date. Gains or losses on ordinary foreign exchange transactions are included in the results of operations.

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

Adoption of New Standards, Amendments and Interpretations Effective from April 1, 2014:

IAS 19 Defined Benefit Plans: Employee Contributions (Amendment)
Amendment to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. The amendment is applicable to annual periods beginning on or after July 1, 2014. The amendment had no impact on the Company's financial statements.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Changes in accounting policies (continued) –

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

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

The amendment is effective for annual periods beginning on or after January 1, 2018. The impact on the Company's financial statements will be assessed when effective.

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

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

IFRS 11 Joint Arrangements- Accounting for Acquisitions of Interests in Joint Operations (Amendments)
Amendment to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Changes in accounting policies (continued) –

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets- clarification of Acceptable Methods of Depreciation and Amortisation (Amendments).
Amends these standards to:

- clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment
- introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated
- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset

The amendment is applicable to annual periods beginning on or after January 1, 2016. The impact on the Company's financial statements will be assessed when effective.

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

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

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

IAS 27 Separate Financial Statements- Equity Method in Separate Financial Statements (Amendments)
Amendment to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. The amendment is applicable for annual periods beginning on or after January 1, 2016. The amendment will have no impact on the Company's financial statements.

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

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Changes in accounting policies (continued) –

- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

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

IAS 1 Presentation of Financial Statements – Amendment
Amends IAS 1 to address and clarify the following changes:

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

The amendment is effective for annual periods beginning on or after January 1, 2016. The impact on the Company's financial statements will be assessed when effective.

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

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

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Changes in accounting policies (continued) –
The amendment is effective for annual periods beginning on or after January 1, 2016. The impact on the Company's financial statements will be assessed when effective.

Annual Improvements 2012-2014 Cycle
The following improvements are effective for annual periods beginning on or after January 1, 2016. The adoption of the below amendments are not expected to have any material impact on the Company's financial performance or financial position.

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

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

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

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

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

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These factors could include:

Judgments
In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations and assumptions, which have the most significant effect on the amounts recognised in the financial statements.

- These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. These financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Financial instruments – Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instrument.

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

Financial assets
Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-forsale'(AFS) financial assets and 'loans and receivables.' The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The Company classifies its financial assets as loans and receivables.

Effective interest method
The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Company's financial assets classified as loans and receivable include: cash and bank balances and accounts receivables. Refer to Note 21.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Financial instruments (continued) –

Objective evidence of impairment could include:

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Financial instruments (continued) –

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for proceeds received.

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

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

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

Other financial liabilities
Other financial liabilities (include borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The Company's other financial liabilities included: accounts payable, other payables and accruals, dividends payable and long-term debt. Refer to Note 21.

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

g. Cash and cash equivalents – Cash and cash equivalents include cash on hand, deposits held with banks and other short-term highly liquid investments with original maturities of 3 months or less.

h. Trade and other receivables – Trade and other receivables are recognized when due and are measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, receivables are measured at amortized cost, using the effective interest rate method. The carrying value of accounts receivable is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Trade and other receivables (continued) -

Accounts receivables are derecognized when derecognition criteria for financial assets have been met.

Short-term provisions are recognized when the Company has a present obligation (legal obligation) and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

i. Prepayments – Prepayments represent costs paid in advance of their intended use or coverage. Prepayments are expensed in the period the service is delivered.

j. Materials and supplies – Materials and supplies are valued at the lower of cost and net realizable value, cost being determined on the weighted average cost method.

k. Fixed assets – Fixed assets are stated at cost less accumulated depreciation. Additions, major renewals and improvements are capitalized. Maintenance and repairs are charged against revenue in the year incurred.

Freehold and leasehold properties, excluding land, are depreciated on the straight-line basis over their estimated useful lives from 25 to 40 years.

Infrastructure assets comprise a network of underground systems. Expenditure on infrastructure assets relating to increases in capacity or enhancement of the network and on maintaining the operating capacity of the network in accordance with defined standards of service is treated as an addition and included at cost and any grants and contributions are amortized over the life of the asset. Infrastructure assets are depreciated over their estimated useful lives of 75 years.

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives from 3 to 10 years.

When items are disposed of, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss on disposal is reflected in the results of operations.

An item is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Trade accounts payable – Trade payables represent amounts outstanding to vendors for goods and services obtained. Trade payables are measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method.

m. Other payables and accrued expenses – Other payables include payroll liabilities, outstanding interest and other short term obligations incurred by the Company. Other payables and accrued expenses are measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method.

n. Security deposits – Security deposits are recognized as a liability upon activation of new customer accounts. Security deposits are applied to accounts in arrears after Management has deemed the account as non-billable after a suitable timeframe has elapsed where the Company has actively pursued collection without recourse. Security deposits not applied to arrears are refunded upon closing of the account.

o. Deferred income – Deferred income includes Government grants received for capital expenditure which have not yet been utilized by the Company. Deferred income is measured on initial recognition at fair value. Subsequent to initial recognition, it is measured at amortized cost using the effective interest rate method.

p. Long term debt – All borrowings and loans are initially recognised at fair value, less directly attributable transaction costs. After initial recognition, they are measured at amortized cost, using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognized as well as through the amortization process.

q. Sales determination and revenue recognition – Operating revenue comprises the value of water supplied net of discounts plus income from other related services. Revenue is recognized when earned.

   Investment income is accounted for on the accrual basis, except for dividends, which are recognized when received. Interest revenue is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

r. Expenses – Expenses are recognized when incurred.

s. Pension costs – Pension costs are determined based on defined contributions to a Plan that is funded.

t. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

u. Impairment – At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets for potential permanent impairment. Should a permanent impairment in the value of the assets be identified, it will be written off against earnings in the period such impairment is recognized.

Where an impairment loss is subsequently reversed, the carrying amount of the assets is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recorded as income in the period the reversal is recognized.

v. Segment reporting – Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as Executive Management.

For management purposes, the Company is organized into business units based on its measured water services reportable in two operating segments as follows:

- Private
- Government of Belize

Segment performance is evaluated sales performance which in certain respects is measured differently from profit or loss in the financial statements. Company operating expenses and taxes are managed on a group basis and are not allocated to individual operating segments.

3. CASH AND CASH EQUIVALENTS

	2015	2014
Cash on hand	**$ 13,200**	$ 12,200
Current accounts	**683,524**	2,305,005
Short term fixed deposits	**2,053,866**	1,980,471
	$2,750,590	$4,297,676

4. TRADE RECEIVABLE

	2015	2014
Trade receivables	**$2,477,807**	$2,574,816
Provision for doubtful debts	**(156,000)**	(351,303)
	$2,321,807	$2,223,513

Provision for doubtful debts consists of the following:

	2015	2014
Provision, beginning of year	**$ 351,303**	$ 471,000
Charge for the year	**168,205**	-
Write-offs	**(363,508)**	(119,697)
Provision, end of year	**$ 156,000**	$ 351,303

5. MATERIALS AND SUPPLIES

	2015	2014
Fuel and chemicals	**$ 228,143**	$ 175,342
Office supplies	**72,769**	85,368
Pipework and appurtenances	**8,365,033**	7,190,500
Spares and consumables	**77,897**	98,969
	8,743,842	7,550,179
Less provision for obsolete materials and supplies	**(256,581)**	(134,325)
	$8,487,261	$7,415,854

Provision for obsolete materials and supplies consists of the following:

	2015	2014
Beginning provision	**$ 134,325**	$ 196,876
Charge for the year	**241,904**	19,674
Write-offs	**(119,648)**	(82,225)
Ending provision	**$ 256,581**	$ 134,325

6. FIXED ASSETS

Cost	**Freehold and leasehold property**	**Plant & equipment**	**Infrastructure**	**Construction in progress**	**Total**
Balance, April 1, 2014	$20,611,294	$48,304,198	$109,342,179	$ 4,326,192	$182,583,863
Additions	65,615	469,622	651,401	11,010,631	12,197,269
Disposals	-	(430,864)	-	-	(430,864)
Contributions	-	-	(4,499,761)	(1,423,392)	(5,923,153)
Transfers	-	2,000,000	5,081,511	(7,081,511)	-
Balance, March 31, 2015	20,676,909	50,342,956	110,575,330	6,831,920	188,427,115
Accumulated Depreciation					
Balance, April 1, 2014	1,773,024	18,312,988	15,765,627	-	35,851,639
Additions	188,308	2,891,478	1,778,710	-	4,858,496
Disposals	-	(344,835)	-	-	(344,835)
Balance, March 31, 2015	1,961,332	20,859,631	17,544,337	-	40,365,300
Net Book Value					
March 31, 2015	**$18,715,577**	**$29,483,325**	**$ 93,030,993**	**$ 6,831,920**	**$148,061,815**
March 31, 2014	$18,838,270	$29,991,210	$ 93,576,552	$ 4,326,192	$146,732,224

Contributions represent projects finances by third party developers and the Government of Belize.

7. OTHER PAYABLES

	2015	2014
Statutory payables	**$ 94,658**	$ 94,259
Advances and other costs	**40,631**	94,585
	$135,289	$188,844

8. LONG TERM DEBT

The Company has long term loans as follows:

	2015	2014
Unsecured BZD$16,800,000 Caribbean Development Bank loan #5 guaranteed by the Government of Belize (GOB) repayable by quarterly instalments. The average interest rate on the loan was 4.80% per annum for the year ended March 31, 2015. The loan has a final maturity date in 2032.	**$ 4,015,361**	$ 4,459,172
Unsecured BZD$27,660,000 Caribbean Development Bank loan #10 guaranteed by GOB repayable by quarterly instalments. Average interest rate on the loan was 3.10% per annum for the year ended March 31, 2015. The loan has varying maturity dates at 2019, 2028, 2031. There were no drawdown for the current year 2015.	**12,806,359**	14,619,547
Unsecured loan of USD $250,000 was signed between Caribbean Development Bank, Government of Belize and the Company on July 15, 2008. The purpose of the loan is for the expansion of the water and sewerage system on Ambergris Caye. The agreement stipulated that if the Bank determines that the project is not feasible, the loan will be converted to a grant. The loan will be repayable in 32 quarterly payments with interest of 2.5% which commenced on July 1, 2011. There were no drawdowns for the current year 2015.	**306,444**	362,161
Unsecured BZD$9,387,334 Development Finance Corporation (DFC) loan guaranteed by GOB repayable semi-annually inclusive of interest at 8% per annum. The loan was fully repaid as at March 31, 2015.	**-**	1,023,905
Secured BZD$22,000,000 Social Security Board loan. This loan was obtained in January 2007 in order to refinance the previously held Alliance Bank of Belize loan. In December 2008, SSB approved a restructuring of the loan. Under the new terms, the interest rate was reduced from 12% to 8.5% per annum. In addition, the moratorium period on principal payments was extended from December 31, 2009 to December 31, 2010. Commencing on March 31, 2011, interest and principal are paid in quarterly payments of $652,194. The loan is guaranteed by mortgage debenture over fixed and floating assets of the Company. The loan matures on December 31, 2025.	**16,133,344**	17,233,342
Secured loan with Government of Belize, under the GRT/FM-12724-RG grant from Inter-American Development Bank, for retroactive financing for the Sewer Lagoon in Belmopan signed between the Government of Belize and the Company for BZ $1,478,666.65 (US$739,333.33) for the "establishing the Belize Wastewater Revolving Fund for the improvement of wastewater management in Belize". The loan matures September 30, 2016. The loan is due in amortized monthly instalments. The Company has a grace period of sixteen (16) months to begin repayment of the principal amount of the loan. No Interest is charged on the loan.	**1,478,600**	1,478,600
Total long term loans	**34,740,108**	39,176,727
Less current portion	**(4,549,639)**	(5,014,852)
Long term portion	**$30,190,469**	$34,161,875
The loans are payable as follows:		
Within one year	**$ 4,549,639**	$ 5,014,852
Within two to five years	**16,942,563**	17,440,486
Over five years	**13,247,906**	16,721,389
	$34,740,108	$39,176,727

9. SHARE CAPITAL

	2015	2014
Authorised:		
66,666,666 ordinary shares of $1.50 each	**$100,000,000**	$100,000,000
1 Special Rights Redeemable Preference Share	**1**	1
	$100,000,001	$100,000,001
Issued and fully paid:		
40,000,000 ordinary shares of $1.50 each	**$ 60,000,000**	$ 60,000,000
Special Rights Redeemable Preference Share	**1**	1
	$ 60,000,001	$ 60,000,001

	2015	2014
Ordinary Shares are held as follows:		
Government of Belize	**82.59%**	82.59%
Social Security Board	**10.00%**	10.00%
Others	**7.41%**	7.41%
	100.00%	100.00%

The Special Rights Redeemable Preference Share has the following rights:

As to income
The Special Share shall not be entitled to participate in any dividends or other distributions by the Company.

As to 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 shall be subject to the provisions of the Statutes and the Articles of the Company.

As to further participation
The Special Share shall not entitle the holder thereof to participate in the profits or assets of the Company beyond such rights as are expressly set forth in the Articles of Association no. 4.

As to voting
The holder of the Special Share shall be 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 shall carry no right to vote or any other rights at any such meeting.

As to purchase and transfers
The Company shall not purchase (but may redeem as set out above) 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.

9. SHARE CAPITAL (Continued)

As to appointment of Directors

1) The holder of the Special Share shall have the right from time to time:

(a) to appoint any person who is not an existing director; or

(b) to nominate any existing director (with the consent of the director concerned) to be a director of the company ("Government Appointed Director") but so that there shall not be more than two Government Appointed Directors at any time. The holder of the Special Share may remove one or both of the same or terminate the nomination and appoint or nominate another or others in their place.

2) At any time during which the Social Security Board is the holder of Ordinary Shares amounting to 10% or more of the issued share capital of the Company the holder of the special share may appoint any Government Appointed Director as a chairman of the board and at any time thereafter may terminate such appointment by like notice in writing.

10. CONTRIBUTED CAPITAL

Represents amounts contributed by the Government of Belize, majority shareholder.

11. CAPITAL RESERVE

Upon vesting in March 23, 2001, net assets of WASA totalling $75,276,363 were received as consideration for the shares allotted by the Government of Belize totalling $60,000,001 resulting in a capital reserve of $15,276,362. This capital reserve was transferred to the Company upon formation.

12. MATERIALS AND OTHER EXTERNAL COSTS

	2015	2014
Chemicals expense	**$ 738,117**	$ 905,531
Electricity costs	**2,612,251**	2,631,108
Meter reading costs	**109,724**	108,466
Plant running costs	**117,118**	177,786
Water purchases	**5,153,929**	5,198,160
Obsolete inventory expenses	**241,904**	19,675
	$8,973,043	$9,040,726

13. STAFF COSTS

	2015	2014
Allowances	**$ 498,907**	$ 473,894
Group health insurance	**587,888**	568,830
Other staff costs and grants	**440,551**	367,303
Pension	**295,248**	273,227
Redundancy costs	**89,227**	73,617
Salaries and wages	**6,632,358**	6,374,072
Social security expense	**294,706**	292,882
Training and recruitment	**92,602**	122,195
	$8,931,487	$8,546,020

14. OTHER OPERATING CHARGES

	2015	2014
Advertisement and marketing	**$ 207,353**	$ 86,966
Bad debt expense	**168,205**	-
Collection fees	**263,639**	253,425
Damages and losses	**2,060**	3,081
Donation	**72,828**	36,683
Electricity – office	**252,609**	250,774
Insurance	**321,437**	309,910
Licenses and taxes	**349,759**	328,167
Loose tools	**44,084**	40,573
Meeting costs	**77,402**	60,269
Office supplies and sundries	**814,702**	568,461
Other	**10,202**	5,703
Professional fees	**180,918**	107,663
Rent	**47,682**	45,500
Repairs and maintenance	**2,998,469**	3,221,524
Security	**1,131,898**	1,053,587
Telephone	**400,972**	374,869
Travel	**476,294**	306,562
	$7,820,513	$7,053,717

15. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit after tax by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are calculated by dividing the profit after tax that is attributable to the shareholders by the dilutive potential of the common shares.

	2015	2014
Basic earnings per share		
Profit attributable to Owners of the Company	**$ 6,764,650**	$ 2,961,129
Weighted average number of outstanding ordinary shares	**40,000,000**	40,000,000
Basic earnings per share	**$ 0.17**	$ 0.07
Diluted earnings per share		
Profit attributable to Owners of the Company	**$ 6,764,650**	$ 2,961,129
Weighted average number of outstanding ordinary shares	**40,000,000**	40,000,000
Diluted earnings per share	**$ 0.17**	$ 0.07

16. RELATED PARTY TRANSACTIONS

The following related party transactions occurred during the period.

Water Sales	**2014 Beg. Balance**	**Billed**	**Receipts**	**2015 End. Bal**
Government of Belize	$ 227,116	$3,522,900	$3,519,114	**$230,902**

Loans	**2014 Beg. Balance**	**Drawdown**	**Repayments**	**2015 End. Bal**
Social Security Board	$17,233,342	$ -	$(1,099,997)	**$16,133,345**

During the period, additional transactions with the Government of Belize included $3,049,049 (2014 - $3,336,558) being principal and interest payments made to the Caribbean Development Bank for loan #5 and #10. These loan payments were made to the Caribbean Development Bank by the Government of Belize on behalf of the Company during the period April 1, 2014 to March 31, 2015 and earmarked for capital expenditures. Once utilized, these funds are recognized as project contributions. See also note 6 and 20.

Key management personnel

The following information is presented only in respect of those employees of the Company who would be considered as key management personnel, as defined under IAS 24 (Related Party Disclosures). At March 31, 2015, the number of key management personnel was 18 (2014 - 18).

16. RELATED PARTY TRANSACTIONS (Continued)

Compensation of key management personnel
The remuneration of key management during the year was as follows:

	2015	2014
Salaries and other short-term benefits	**$1,713,595**	$1,665,319
Post-employment benefits	**151,543**	151,990
	$1,865,138	$1,817,309

Loans to key management personnel
As at 31 March, 2015 an amount of $15,868 (2014 - $18,437) was receivable from key managerial personnel as staff loans approved to them. Staff loans for medical purposes bear interest of 5% per annum and all other purposes bear interest at 10% per annum.

17. TAXATION

A Business Tax of 1.75% is applied on gross measured water revenues. There is no deferred tax resulting from this business tax.

A General Sales Tax of 12.5% is charged on consumer spending that is collected in stages, at the point of importation of the business' purchases and on the sales of the business' good and services when the goods are sold or services are provided in country. The sale of water is classified as a zero rated item and as such no input tax is collected on such sales. Output tax on purchases and importation are reimbursed to the Company regularly after being carried forward after 4 months as prescribed by the GST Act 49 of 2005.

18. COMMITMENTS AND CONTINGENCIES

Commitments:
Commitments for capital expenditure at March 31, 2015 totaled $3,746,000 (2014 - $4,335,000).
Planned capital expenditure is $12,250,000 (2014 - $11,344,000).

Contingencies:
As of March 31, 2015, The Company had 2 on-going litigation claims, Claim No. 200 and Claim No. 260 for unlawful termination. The Company is resisting the claims on the basis that the Claimants' dismissals were based on a restructuring of the Company. Trial of these matters has concluded and the Company is awaiting the Court's decision.

19. PENSION PLAN

Belize Water Services Limited operates a Defined Contribution Plan which receives contribution from BWSL (4% of Gross Salary) and its eligible employees (3% of Gross Salary). The Plan is administered by Independent Trustees and the funds are held separately from those of the Company. During the year under review, the Company contributed $295,248 (2014 - $273,227) to the Plan.

20. SIGNIFICANT NON-CASH FINANCING ACTIVITIES

During the period, $3,049,049 (2014 - $3,336,558) being principal and interest payments made to the Caribbean Development Bank loan #5 and #10 on behalf of the Company for the period were forgone by Government of Belize. See also note 6 and 16.

The Board of Directors approved a dividend distribution of $505,183 or 5% of original share price for the year ended March 31, 2015 (2014 - $505,058). Dividends are payable to minority shareholders on record as of March 21, 2015 (2014 - March 31, 2014). The Government of Belize opted to forego its dividend distribution totaling $2,494,817 and "re-invest" in the Company.

21. CATEGORIES OF FINANCIAL INSTRUMENTS

	2015	2014
	Loans and receivables	
Financial assets :		
Cash and cash equivalents	**$2,750,590**	$4,297,676
Trade receivable	**2,321,807**	2,223,513
Other receivable	**837,816**	1,038,951
Total financial assets	**$5,910,213**	$7,560,140

	Other financial liabilities at amortised cost	
Financial Liabilities:	**2015**	2014
Trade payable	**$ 2,740,075**	$ 3,653,651
Other payables and accrued expenses	**807,603**	1,103,897
Long term debt	**34,740,108**	39,176,727
Total financial liabilities	**$38,287,786**	$43,934,275

22. FINANCIAL RISK MANAGEMENT

The Company's activities expose the Company to financial market risk, liquidity risk, credit risk and operational risk. The overall risk management of the Company focuses on ensuring business continuity. This is done by:

Market risk – It is the risk that the value of a financial asset may be reduced because of changes in interest rates, currency exchange rates, stock prices, and other financial variables, as well as the reaction of market participants to political and economic events, whether by latent losses as well as potential profits. Market risk management's objective is to manage and monitor the risk exposures and at the same time to make sure that they are maintained within acceptable parameters optimizing the risk returns.

22. FINANCIAL RISK MANAGEMENT (Continued)

Capital Risk Management

Capital management objectives, policies and approach
The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Company thereby providing a degree of security to shareholders.

- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.

- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.

- To align the profile of assets and liabilities taking account of risks inherent in the business.

- To maintain financial strength to support new business growth and to satisfy the requirements of the shareholders, regulators and stakeholders.

- To maintain healthy capital ratios in order to support its business objectives and maximize shareholders value.

Approach to capital management
The Company seeks to optimize the structure and sources of capital to ensure that it consistently maximizes returns to the shareholders.

The Company's approach to managing capital involves managing assets, liabilities and risks in a co-ordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics. An important aspect of the Company's overall capital management process is the setting of target risk which are aligned to performance objectives and ensure that the Company is focused on the creation of value for shareholders.

The primary source of capital used by the Company is equity shareholders' funds and borrowings.

The capital requirements are routinely forecast on a periodic basis, and approvals are made by the Board.

The Company has had no significant changes in its policies and processes to its capital structure during the past year.

22. FINANCIAL RISK MANAGEMENT (Continued)

The Company has enacted appropriate policies to assist expanding its operations to future development within the urban and rural areas in the country of Belize. Developers are required to contribute to set up of infrastructural expansion which eases the financial burden of expansion on the Company's resources. The Company operates under a monopoly license until March 19, 2026 which provides appropriate safeguards against political and economic events.

Liquidity risk – The liquidity risk is defined as the risk that the Company may encounter difficulties in obtaining funds to meet its commitments and obligations on time. Ultimate responsibility for liquidity risk management rests with the Board of Directors, who keeps watch on availability of liquid funds.

March 31, 2015:

Financial assets	Within 3 months	3 months to 1 year	1-5 Years
	$	$	$
Cash and cash equivalents	2,750,590	-	-
Trade receivable	2,321,807	-	-
Other receivable	837,816	-	-
	5,910,213	-	-
Financial liabilities			
Trade payable	2,740,075	-	-
Other payables and accrued expenses	552,672	-	-
Long term debt	-	4,549,639	30,190,469
	3,292,747	4,549,639	30,190,469

Credit risk – The Company's exposure to credit risk is the risk that a financial loss may take place if customers fail to meet their obligation arising mainly from credit sales. As at March 31, 2015, the Company's trade receivables are concentrated within the country of Belize. The Government of Belize continues to be the largest customer with an outstanding balance as of March 31, 2015 of $230,902 (2014 - $227,116). The following table outlines the Company's credit risk geographically over the country of Belize:

22. FINANCIAL RISK MANAGEMENT (Continued)

	2015	2014
Corozal District	**$ 75,627**	$ 72,254
Orange Walk District	**127,534**	114,642
Belize District	**1,256,542**	1,226,914
Cayo District	**412,225**	409,290
Stann Creek District	**124,420**	50,575
Toledo District	**56,969**	46,806
Ambergris Caye and Caye Caulker	**422,670**	654,335
	$2,475,987	$2,574,816

Operation risk – It is the risk of the potential loss, directly or indirectly, related to the processes of the Company, human resources, technology, infrastructure and other external factors that are not related to credit, market or liquidity risks, such as those arising from legal and regulatory requirements and the application of generally accepted corporate standards.

The objective of the Company is to manage operational risk in order to avoid financial losses and damages to the Company's reputation.

The structure to manage operational risk has been designed to segregate duties among owners, executors, control areas and areas in charge of compliance with policies and procedures. In order to establish such methodology, the Company has assigned resources to strengthen internal control and organizational structure allowing independence among business area, risk control and record keeping. It includes a proper operational segregation of duties in the recording, reconciliation and authorization which is documented through policies, processes, and procedures that include control and security standards.

The Internal Audit Department through its activities monitors compliance with control procedures monitors the severity of the related risks.

The Board of Directors and the Audit Committee have jointly assumed an active role in the identification, measurement, control and monitoring of operational risks and is responsible for understanding and managing these risks.

* * * * * *

MISSION STATEMENT

To improve the lives of consumers by delivering quality and cost-effective water and wastewater services in an environmentally responsible manner while promoting employee excellence, fulfilling our social responsibility and providing a fair return to our shareholders.

VISION STATEMENT

By 2018, we will be the leading provider of water and wastewater services in the region and will exceed stakeholders' expectations.

OUR CORE VALUES

Fairness

We do what is right and treat everyone fairly, the same way we would want to be treated.

Accountability

We are transparent in all activities, taking responsibility for what we do and accepting appropriate rewards and consequences for our performance.

Integrity

We are open and honest, true to our beliefs, matching our behavior to our words and being morally responsible at all times.

Respect

We have the highest regard for our customers, stakeholders, and colleagues treating them with dignity, equality, kindness and trust.

Stewardship

We are committed to building a better, more efficient company, acting with owner's mentality, to develop our resources and improve performance and improving our communities and the environment.

Service-Oriented

We are committed to serving our valued customers by understanding their needs and delivering a high standard of professionalism and workmanship at all times.

Teamwork

We work together through cooperation, dedication and open communication

Board of Directors

Alberto August
Chairman

Winston Michael
Deputy Chairman

Alvan Haynes
Secretary

Kathlyn Tillett
Chairperson - Audit Committee

Thomas Morrison
Director

Kenrick Ysaguirre
Director

Wilmot Simmons
Director

Maria Cooper
Director

Lourdes Smith
Director

Frank Mena
Director