INSPIRING INFINITE OPPORTUNITIES

ANNUAL REPORT 2019/2020

ANNUAL REPORT 2019/2020

Digi

CONTENT

COMPANY PROFILE

Belize Telemedia Limited (BTL) is the leading national telecom company in Belize that is committed to keeping Belizeans connected and developing the nation's digital future. BTL owns and operates an extensive telecommunications network throughout the country encompassing landline, mobile, broadband, and business solutions. With over 600 skilled and trained employees and 13 offices countrywide, BTL is focused on developing, engineering, and expanding its state-of-the-art network and technologies. In its aim to provide the best in communications and Over the Top services, the company offers universal access. It is the only full-service provider operating in Belize offering turnkey solutions for businesses, residents and transient customers while roaming. Our extensive range of products and services include:

- >> Mobile Voice, SMS and Data Services over a 4G LTE Advanced mobile network
- >> International Voice, Text and Data Roaming
- >> Residential & Business Landline Telephone Service
- >> Residential and Business Broadband via Fiber
- >> National and International Data Networks
- >> Business Solutions

ANNUAL DIRECTORS' REPORT

The Directors of Belize Telemedia Limited submit this report to the company's shareholders. This report covers the fiscal year April 1, 2019 to March 31, 2020 and gives an overview of BTL and the main developments in the company's business including an assessment of the impact of the business operations on the company's finances. BTL's audited financial statements for the year ending March 31, 2020 together with the auditor's report form an integral part of this report.

CHAIRMAN'S MESSAGE TO SHAREHOLDERS

DEAR BTL SHAREHOLDER,

This report highlights BTL's performance for Fiscal Year April 1, 2019 to March 31, 2020 under the leadership and guidance of the previous Board of Directors. This proved to be a very difficult period for the company as a special audit revealed that there was abuse and misuse of the company credit cards by the previous chairman. This audit also revealed that the previous Board of Directors and especially the Internal Audit Committee of the Board failed in their responsibility to implement proper oversight and reporting mechanisms to the Board of Directors. On behalf of the current Board of Directors, we promise to implement structural reforms that will bring us into conformity with internationally accepted best practices for good corporate governance.

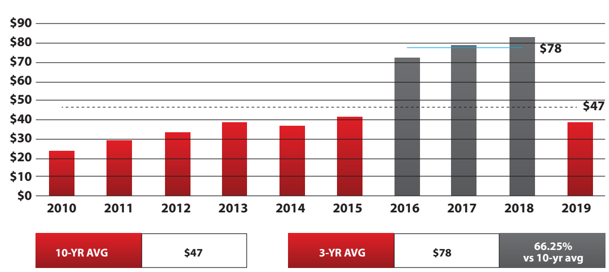
The present Board of Directors was appointed in December 2020, with a mandate by the new administration to improve corporate governance and to return BTL to its state of profitability and dominance. As its first act on this mandate, the new Board recommended and executed a thorough analysis of the company's financials for Fiscal Year 2018/2019 and 2019/2020. The findings of this analysis reflected unrealistic, provisioning deficiencies that would have contributed to an overly aggressive and unrealistic portrayal of profits. Consequently, the necessary adjustments are being made to show the true performance of the company in compliance with the implementation of international accounting standards IFRS 9 for the 2019 Financial Report; these changes also resulted in the restating of BTL's 2018 Financial Report.

Mark Lizarraga, Chairman, Board of Directors, Belize Telemedia Limited

Looking back, under the previous leadership, the Company pursued an aggressive capital expansion program attempting to solidify its position as the leader in the telecoms industry in Belize with the enhancement and the upgrade of our mobile and fixed broadband networks and introduction of new and innovative products, services and solutions. These technological advancements it was purported would have a positive impact on our country and its future development; however, what ensued was a daunting economic strain, with revenues and cost of goods sold increasing and profits continuously spiraling downward with the company's long-term liabilities increasing significantly. BTL has invested a total of $468M over a 10-year period with large cash requirements for this massive capital expansion. This resulted in the depletion of cash reserves, increasing the long-term loan portfolio and the use of overdraft facilities.

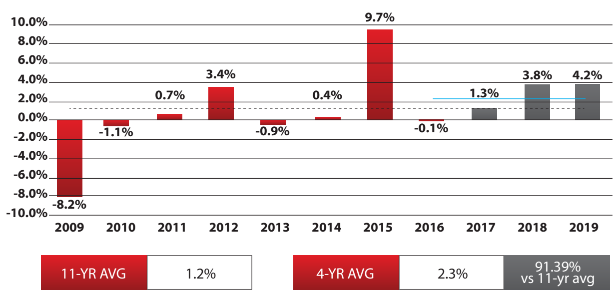
In BZ$ millions except percent data, and those shown as cents/dollars

Capital Expenditure



Whilst there has been significant growth in the asset base, the growth in revenues year on year (YoY) has not been enough to provide a reasonable rate of return on these investments. The decrease in prices of services over the years along with the increased competition from Internet Service Providers (ISP's) and Cable Operators has created a race to the bottom, further adversely impacting profitability. After careful scrutiny, we are able to reflect and attach graphs depicting the financial performance over the previous years.

Gross Revenue Growth



We ended the fiscal year with gross operating revenues of $172M, and profits of only $2.5M. One of the biggest impact on this year's profitability is the increase in bad debt expense of $7.5M due to significant challenges with the implementation of the convergent billing system and the implementation of accounting standard IFRS 9. This will hopefully be normalized in the following 1-2 fiscal years as this implementation comes to an end. Similarly, this impacted the previous fiscal year 2018 in which the bad debt expense had to be increased by $6M resulting in a restatement of the 2018 financials to include this amount.

In November 2020, the people of Belize overwhelmingly voted for hope and improvement in the way we are governed. Fiscal Year, starting April 1st, 2020 and ending March 31, 2021 will as well be challenging in many respects compounded by the global pandemic and the economic crisis, we found our country in. However, as technological innovations around the world has continued unabated, the new virtual demands present us with new opportunities for BTL. The new Board and Company commencing December 2020 will capitalize on these opportunities and accelerate development by focusing on innovation, new products and services, while taking advantage of the full extent of our network capabilities and the talent of our teams.

We are looking forward to working in partnership with the Management Team and all employees to enhance BTL's profitability, creating long-term value for shareholders and the people of Belize. We remain optimistic about our future as we navigate the challenges ahead. We will continue to persevere with determination, ingenuity, and our collaborative spirit that has always propelled the company forward.

As we achieve new milestones, I am hopeful that you, our shareholders will continue providing us with your support and we will be sure to update you on our ongoing developments of the Company with timeliness and transparency.

Sincerely,

Mark Lizarraga
Chairman,
Board of Directors
Belize Telemedia Limited

2019

ANNUAL REPORT

HIGH

Belize Telemedia Limited

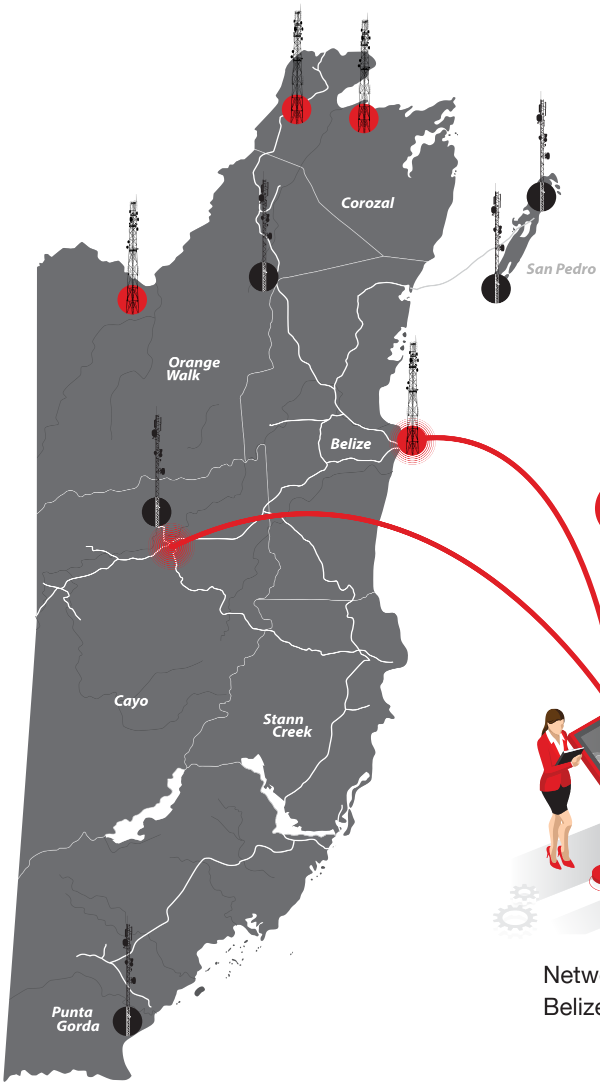
LIGHTS

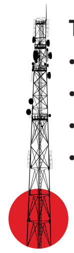
IMPROVING NETWORK RELIABILITY

Our continuous investment in network quality and expansion has helped to establish our distinguished position as the number one network in the country.

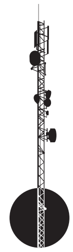
ENHANCING OUR MOBILE NETWORK

Our Mobile Network expansion and improvements continued with:





Tower Replacements
- BKP Tower
- Patchakan
- Blue Creek
- Chunox



Erection of 5 New Sites
- San Pedro North
- Trial Farm
- Barranco
- Valley of Peace
- Victoria House in San Pedro (Indoor Site)

Network Optimization in Belize City & Belmopan.

Improvements to Network coverage, call quality & capacity.

FUTURE-PROOFING OUR
FIXED LINE INFRASTRUCTURE

COMPLETION OF DIGINET COUNTRYWIDE

A total 2,000 km of fiber has been deployed &

34,000

customers have enrolled

The Digi Team has grown from playing a supporting role in the building of our new fiber network to now being able to build our own network from end-to-end. The first build fully executed by our Digi Team was Forest Home Village in October 2019.

GIVING OUR CUSTOMERS EVEN MORE

We continue to deliver an outstanding and exceptional experience to our customers.

In December 2019, DigiFans enjoyed amazing deals & giveaways with our Digi Krismus Campaign.

In August 2019, DigiNet Boost speeds were tripled to meet customer demands and to ensure that we maintain our dominance in the fixed broadband market.

DigiNet's 2nd Anniversary was celebrated with the announcement of achieving 30,000 customers.

ENHANCING CUSTOMER EXPERIENCE

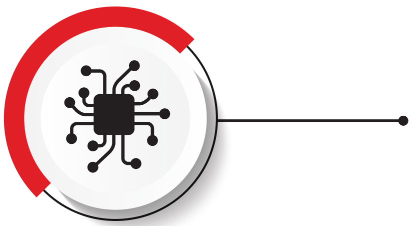
We continue to build loyalty with our customers by offering great value and opportunities to win even more.

Implementation of Remote Call Center Agents to always be available to our customers when they need us most.

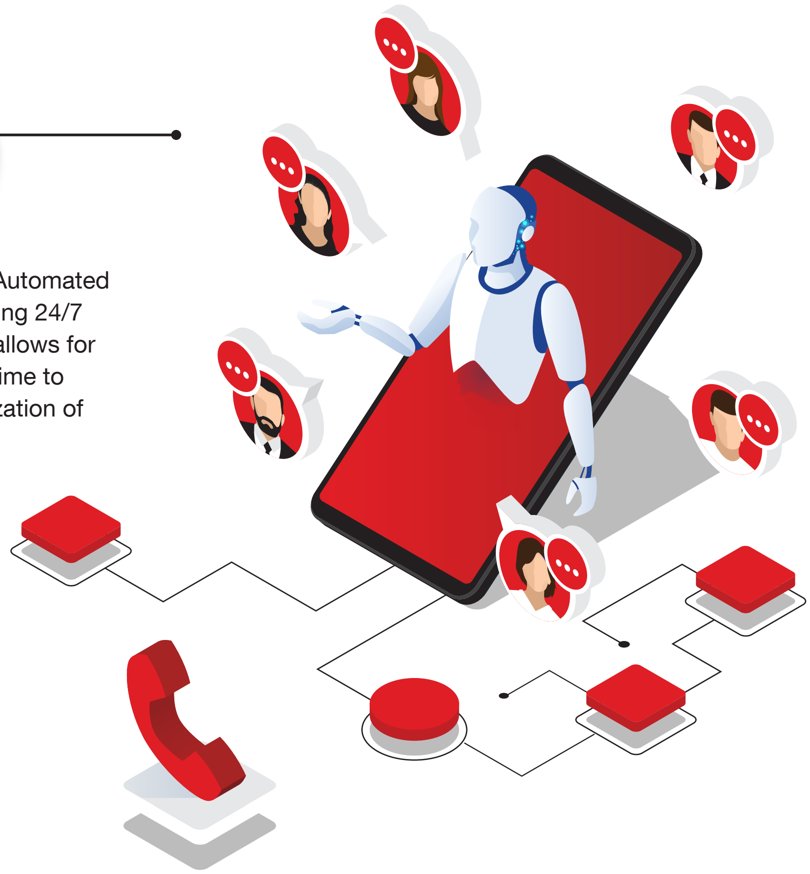
New Data Validation Processes implemented to ensure customer information is accurate to minimize issues.

Launch of 2 state-of-the-art stores to improve customer experience and to create a more interactive environment to improve sales.

DigiSignature Store on the Philip Goldson Highway & Digi Garden City Store in Belmopan.



Launch of DANA- Digi's Automated Voice Assistant providing 24/7 Customer Service that allows for improved response time to customers and optimization of contact center.



Sales Certification for all Front-End Staff to support solutions and bundle selling.

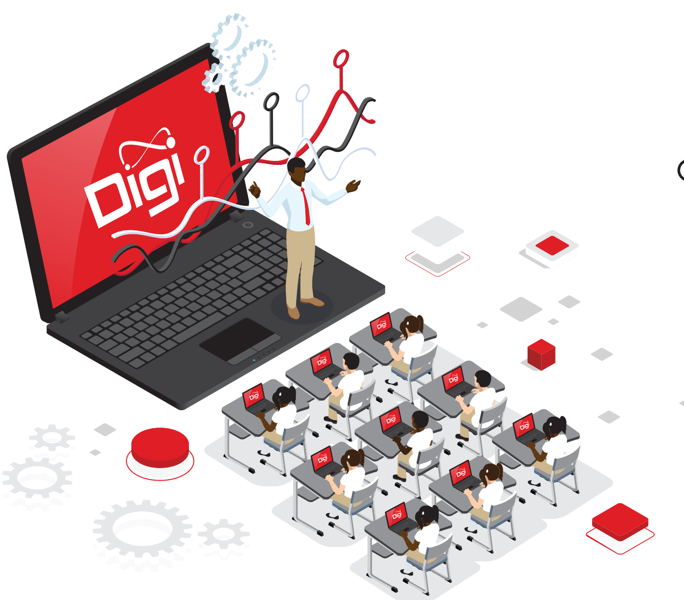
Introduction of Queuing System to facilitate the reduction of customer wait time and to capture relevant data to manage in-store traffic better.

ACCELERATING DIGITAL TRANSFORMATION

We have a clear ambition to strengthen our brand identity and to lead the industry in digital transformation. As a result, we are systematically transforming our operating model by being Digital-first, delivering a fundamentally improved customer experience with three primary areas of focus: digital customer management, digital technology management and digital operations.

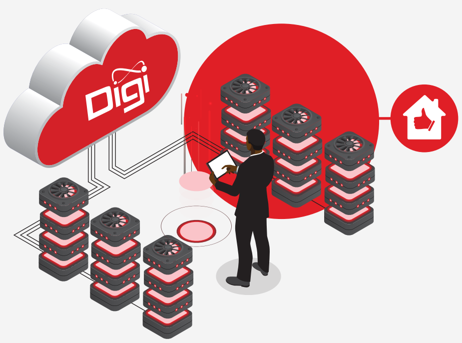
Safe Cities Project Launch with the Belize Police Department to support the fight against crime using technology.

Work-from-Home modality introduced for the uninterrupted operations of Digi during the pandemic.



Launch of DigiLearn Phase 2, facilitating online learning and digital education for 1st & 2nd formers from 8 high schools (3,000 teachers and students benefited).

Utilized internal resources to develop and maintain a new feature-rich SMS platform allowing for additional revenue opportunities.



Internal SharePoint migration for easy and dependable file storage & sharing, effectively enhancing productivity & collaboration.

Increased efficiency and reduced cost with the introduction of Microsoft Teams to employees countrywide, limiting travel for meetings and optimizing time via new collaborative features.

ACCELERATING DIGITAL TRANSFORMATION

To accelerate the simplification and automation of day to day standard processes for both operational and support areas we:

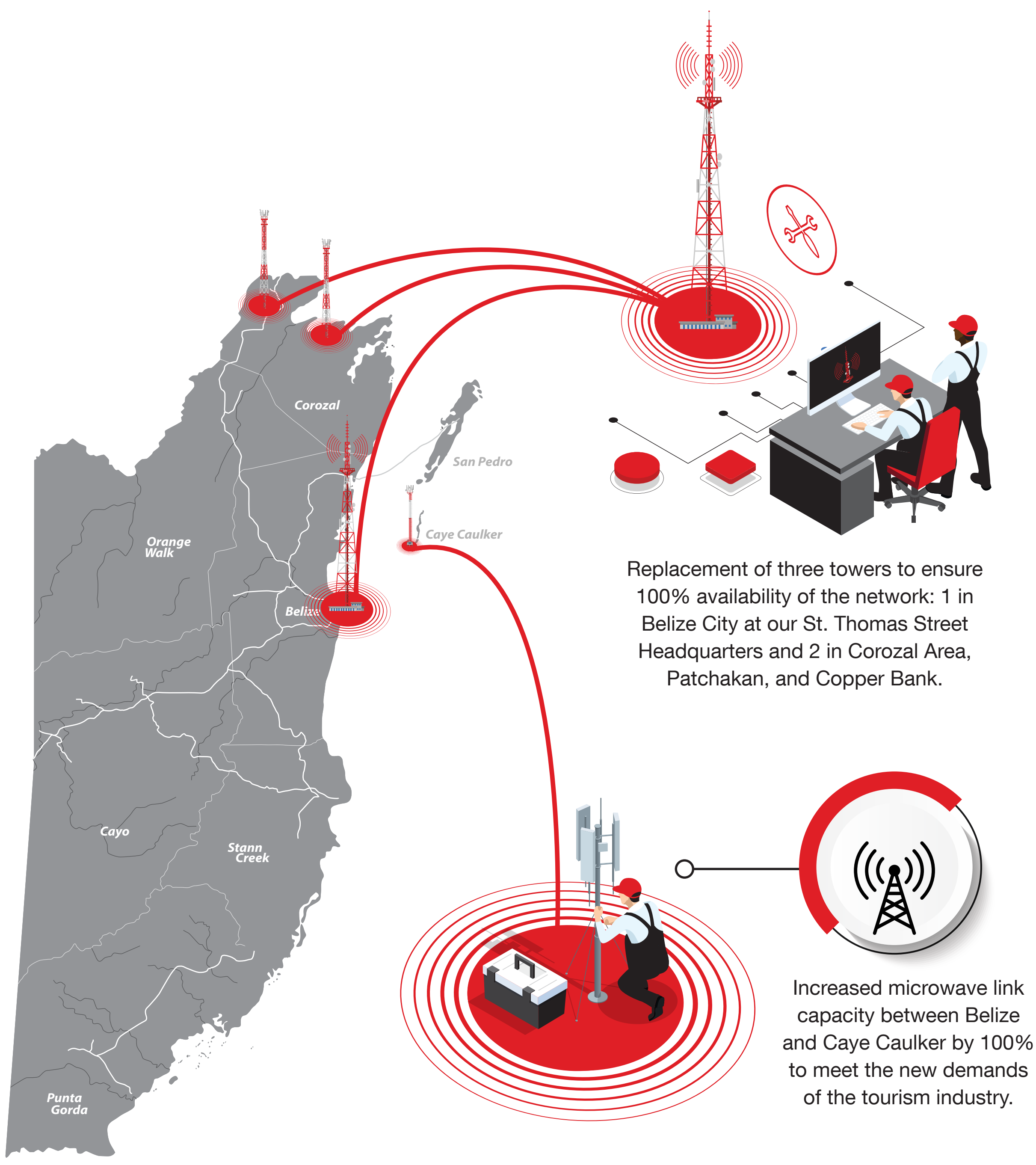
Completed the development of a new process that fully transitioned the payroll system from check printing to wire transfers.

Implemented attack simulator to determine and manage the risk of phishing against internal users to secure Digi's data.

Implemented Jira Ticketing Management System to effectively manage internal fault resolution process and to facilitate quick turnaround time while monitoring employee performance.

Implemented a Mobile Device Management System to increase operational efficiency for new installations and faults to increase revenue and reduce cost.

OPTIMIZING THE PORTFOLIO

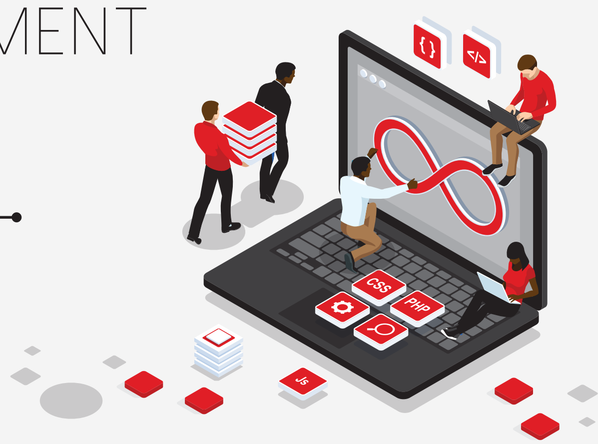


Replacement of three towers to ensure 100% availability of the network: 1 in Belize City at our St. Thomas Street Headquarters and 2 in Corozal Area, Patchakan, and Copper Bank.

Increased microwave link capacity between Belize and Caye Caulker by 100% to meet the new demands of the tourism industry.

Aggressively targeted customers on our copper network in areas where fiber was available to encourage customers to enjoy better value while also allowing us to reduce the cost of managing both networks.

PEOPLE DEVELOPMENT



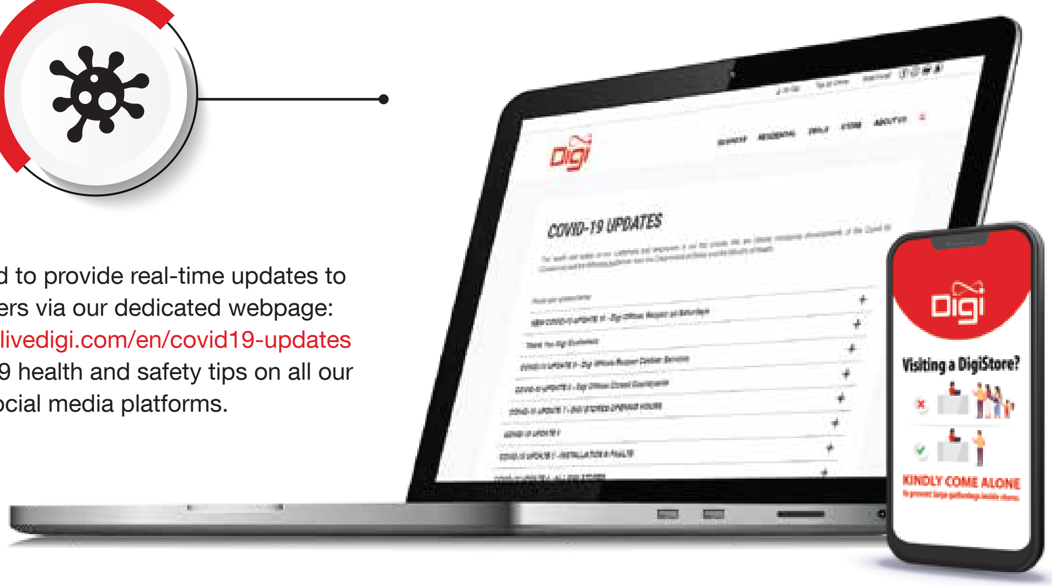
Technical and Leadership training for staff countrywide to develop knowledge of fiber deployment & maintenance to optimize performance.

SUPPORTING OUR COMMUNITY

#WEAREHERE
COVID-19 UPDATES

We launched our #WeAreHere Campaign- a social media movement designed to keep Belizean communities informed and engaged with positive online activities, show appreciation to our staff and first responders, and most importantly, to foster solidarity and hope during these challenging times.

We continued to provide real-time updates to our customers via our dedicated webpage: hhttps://www.livedigi.com/en/covid19-updates and COVID-19 health and safety tips on all our social media platforms.



Over 1,000 healthcare frontline workers received a FREE Goodwill Prepaid Package of Talk, Text and Data valuing $80.

In March, we automatically increased internet speeds, FREE of cost, to over 60% of our fixed broadband customers to foster a seamless transition to online learning and work from home, considered to be the 'new norm.'

SUPPORTING OUR COMMUNITY

DigiLearn, our innovative online learning solution launched in 2019, undoubtedly assisted in a smooth transition from physical to virtual classroom environments. DigiLearn now equips 3,000 teachers and students with full access to advanced technology, fast internet, and online learning tools anytime, anywhere.

Due to the high demand for residential fixed broadband, we introduced a new Mega Mobile PrePaid data plan with 25GB of data to support those unable to quickly be installed for DigiNet due to the then countrywide lockdown.

2X

More frequent mobile PrePaid promotions to allow customers to get more and do more during the lockdown.

EMBRACING CHANGE & EMBRACING INNOVATION

Additionally, as Belize's leading Telecom and a significant employer, we prioritized the safety and well-being of our customers and employees by implementing a work-from-home strategy for the majority of our workforce and limiting to only essential workers in the field for customer support. DigiStores countrywide remained open at reduced hours, and hygienic and distancing guidelines were put in place to ensure a safe and comfortable in-store experience.

2019

ANNUAL REPORT

FINANCIAL

Belize Telemedia Limited

STATEMENTS

FULL-YEAR RESULTS

The information and communications technology (ICT) industry, both locally and internationally, continues to be impacted by key trends that affect all businesses within this industry. These include rapidly evolving technologies, increasing customer expectations, expanding customer choices, and increasing competition both from within the industry and from non-traditional challengers.

T
o combat these many challenges while maintaining its viability, BTL's strategy has been to expand and enhance its broadband capacities throughout Belize. In 2016, the company began this expansion with the launch of its state of the art mobile 4G LTE Advanced network spanning most of the country. The company then embarked on an even more ambitious plan which resulted in building a passive optical, Fiber to the Home (FTTH) network. This network would serve almost 90% of all households in Belize and enabled the transition of all services from a dated copper network to ultra fast fiber connectivity. The strategy also included the installation of a brand new convergent billing platform that brought together the previous postpaid and prepaid legacy billing systems. This implementation experienced challenges that adversely impacted both the operations and profitability of the company in this fiscal year. The impacts of both the industry trends and challenges and the company's strategy to combat these are reflected clearly in the financial results for the year.

As at March 31st, 2020, net operating profit after tax (NOPAT) was $2.5 million, down 75% from $10.1 million (restated) for the period ended 2018/19. Despite the declining NOPAT, gross revenues increased to $172.0 million, up $6.9 million (4.2%) over the same period ended 2018/19. This growth was largely realized through the internet broadband revenues earned via the company's newly commissioned fiber network; new revenue sources from the the launch of Internet for Schools as well as pilot projects such as DigiLearn and Safe Cities. In addition, revenues increased as a result of our expanding postpaid and prepaid mobile customer bases.

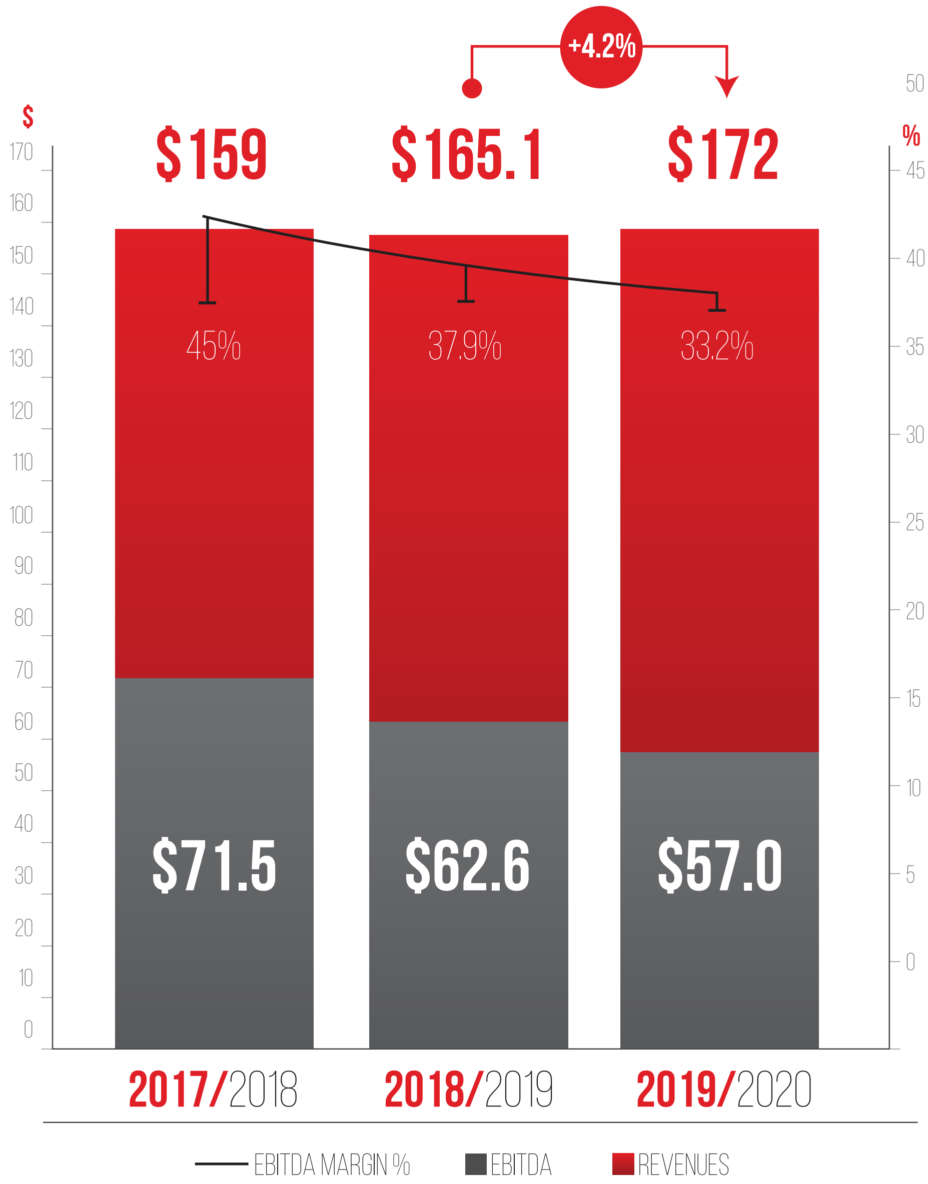
The growth in revenue was however offset and surpassed by increases in operating cost of $13.8 million. These increases are directly related to the increasing cost of international bandwidth to support expanding broadband services, reclassification of the commissions paid to distributors of the company's prepaid credits from revenue to Cost of Goods Sold combined with increased commissions to distributors for purchasing in larger amounts, depreciation and the cost of software and services associated with emergent ICT businesses.

With the commissioning of the fiber network, expansion of the mobile network and the accelerated depreciation of the copper network, the company's depreciation expense increased by $6.2 million from the same period last year.
During the year, the Company wrote down the remaining value of $5.1 million of the replaced Ericsson mobile network assets held for resale. This mark-down reflects an accelerated decline in the value of the assets and is in line with the declining economic life spans of this telecom asset. This network equipment is now fully written down.

Our convergent billing system (MIND) was commissioned during the year and is used to invoice both our prepaid and postpaid customers. The project to converge both our legacy billing systems was very complicated and resulted in several billing issues which included the inability to suspend customers' accounts for non payment. As a consequence of the billing issues and the preliminary impact of COVID-19 on our collections, the subscriber account receivables increased significantly. The Company also implemented the Accounting Standard, IFRS 9, which introduced a new impairment model for subscriber account receivables resulting in an increase in the recognition of bad debt expense allowance. As a result, the company was required to consider current economic conditions along with reasonable and sustainable forward-looking information that is available when estimating expected credit losses. This implementation necessitated for the Company to provide for potential bad debts totalling $16.2 million at March 31, 2020. Consequently, this resulted in recognizing an increase in bad debt expenses in this current fiscal year of $7.5 million and $6 miillion in the previous fiscal year 2018/19 (restated).

REVENUE & EBITDA MARGIN

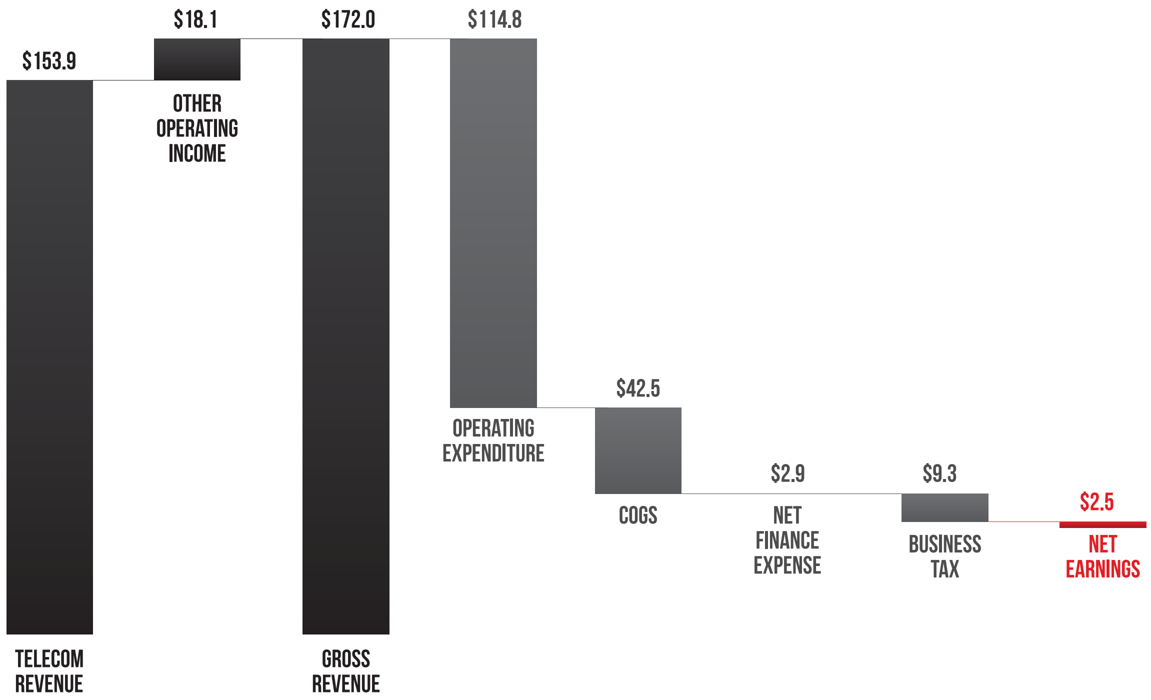
Figures in BZ$ Millions Excluding % Data



NET INCOME

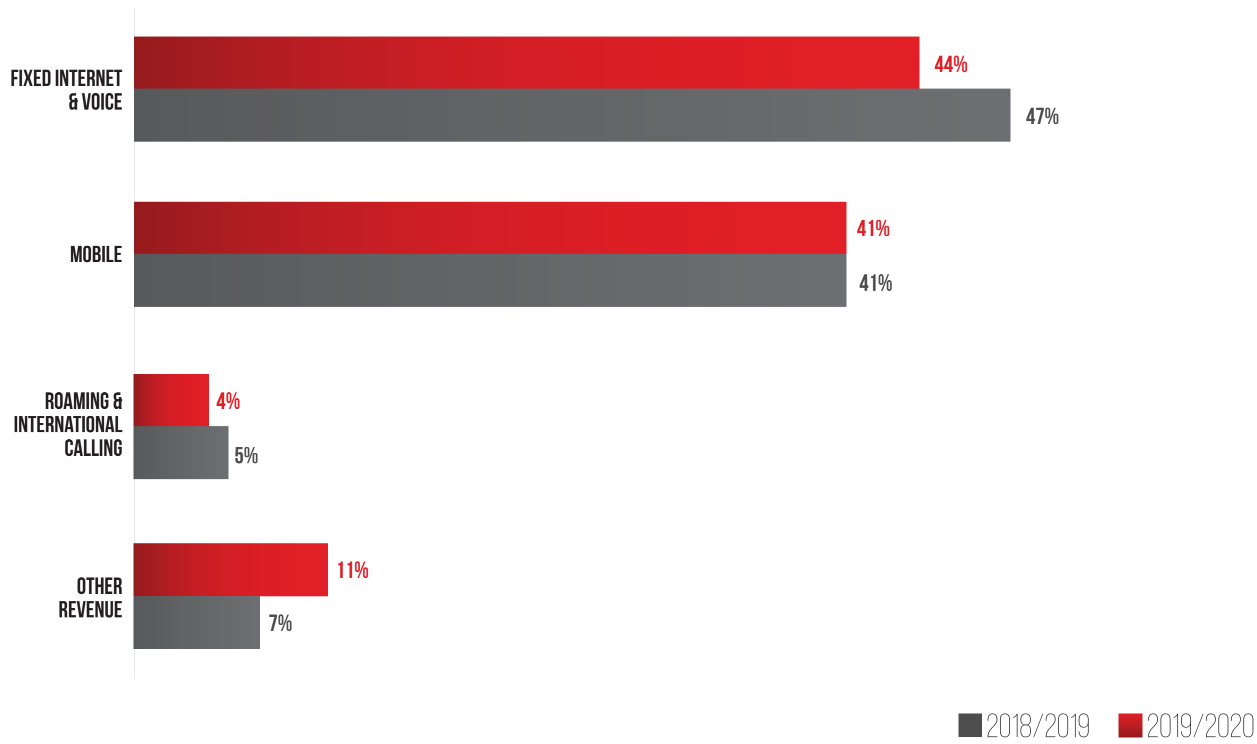
For the year ended March 31, 2020, net income declined 75% to $2.5 million from $10.1 million in 2018/19. In 2019/20, revenues increased by $6.9M or 4.2% from the prior year, however, these gains were offset by higher expenses in bad debt, cost of goods sold, staff costs, depreciation, and interest expense incurred to finance the fiber and mobile networks.

INCOME STATEMENT WATERFALL



Figures in BZ$ Million

REVENUES BY CATEGORY



Fixed internet and voice accounted for (44%) of total revenues, mobile (41%), other services that include emergent ICT services such as DigiLearn, Safe Cities and partnership agreements make up a balance of (11%) and roaming and international calling (4%).

Revenues for fixed voice and internet decreased by $2.2 million from last year, however, included in the prior year revenues was the Right to Use lease of certain fiber assets that led to a windfall revenue gain of $13.7 million. Excluding the effect of this windfall from the prior year, the reality is that this revenue stream increased by $11.5 million in the current year. The increase in the customer base coupled with ongoing marketing initiatives have resulted in increased revenues.

Mobile revenues increased $3.5 million due to an increased customer base for both our prepaid and postpaid mobile services. Legacy Roaming and International calling revenues continued their expected decline in line with global market trends. Other revenues increased by $6.5 million reflecting the company's emerging ambitions to diversify its earnings and become a fully-fledged ICT company.

MOBILE

Mobile revenues increased by $3.5 million from the prior year even though the mobile market continues to be highly competitive. Despite these challenges, the past and current investments in our network quality have been successful in our ability to reduce churn and expand both our prepaid and postpaid customer bases. In addition, innovative marketing initiatives assist greatly in keeping the customer base loyal to “Digi”.

FIXED INTERNET & VOICE SERVICE

By the close of 2019/20, our Fiber to the Home (FTTH) network had been expanded to cover almost 90% of all targeted areas. Via this network, the company delivers all its traditional wire-line services, including our flagship fixed broadband internet service “DigiNet.” The expansion of the DigiNet foot-print, combined with our value added service bundles were effective in turning around the previous declines in our fixed customer base. Over the period between implementation and completing of the project, the customer base has seen an increase of over 65%.

As at March 31st, 2020, the company’s fixed customer base continues to increase and coupled with the innovative marketing initiatives, the average revenue per line continues to increase for both our residential and business DigiNet and DigiTel customers.

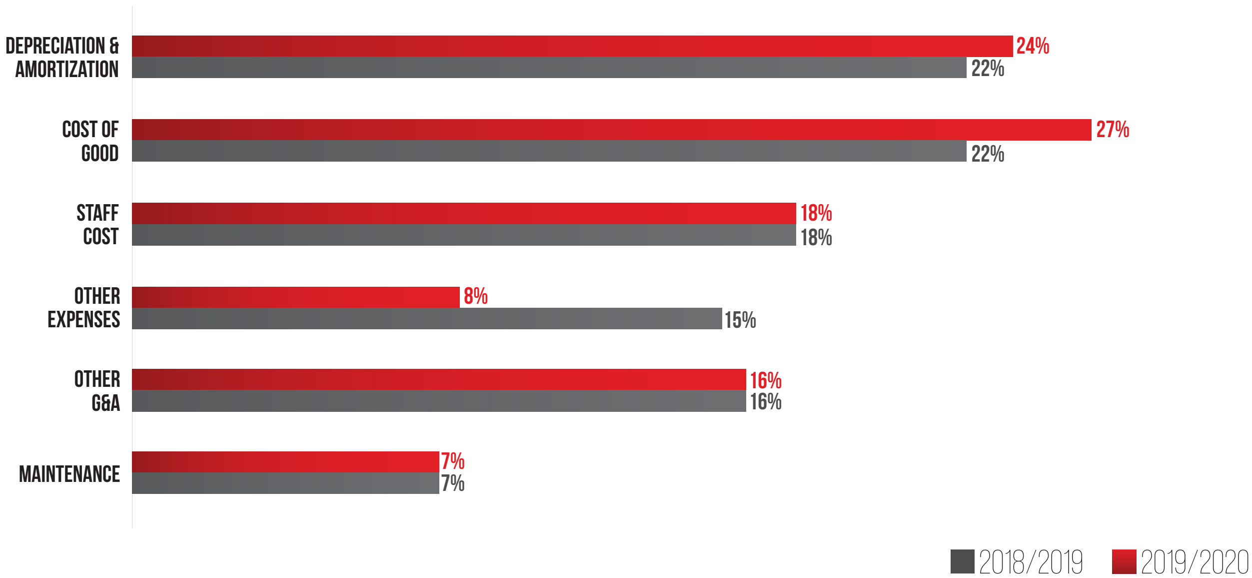
ROAMING & INTERNATIONAL CALLING

Roaming and International Calling revenues have a modest decrease of $0.9 million over the comparative period last year. This decrease is due to aggressive international carrier and competitor pricing that led to significant declines in the inter-operator tariffs and to the continuing substitution of internet-based Over the Top (OTT) alternatives (example Whatsapp, Facebook messenger, etc). It is expected that these revenues will continue their declining trend into the future.

ALL OTHER REVENUES

Other revenues increased by $6.5 million over the prior year. This increase was the result of the introduction of new services that reflect the company's ambition of transforming itself to an Information and Communications Technology (ICT) Company. BTL's offering of services such as DigiLearn, Safe Cities, Internet for Schools and reselling of Microsoft licenses and collaboration platform products resulted in the revenue growth

EXPENSES BY CATEGORY



BTL's total operating expenses are made up of cost of goods (27%), depreciation and amortization (24%), staff cost (18%), general administrative expenses (16%), all other expenses (8%) and maintenance expenses (6.5%). For the 12 months ended 2019/20, total operating expenses increased by $13.8 million to $157.4 million from $143.6 million in the prior period.

DEPRECIATION & AMORTIZATION

Depreciation and amortization expenses increased by $6.4 million or 21% over the prior period. This increase is a result of the accelerated depreciation being charged on the legacy copper network ($3.7 million) and the depreciation of the fiber and mobile networks that were commissioned during the current year.

COST OF GOODS

Cost of goods expenses increased by $11.3 million from the same period last year. This increase is related to the increasing cost of international bandwidth to support expanding broadband services ($4 million), reclassification and increases in commissions paid to distributors of the company's prepaid credits ($6 million) and the cost of software and services associated with emergent ICT businesses (Microsoft $1.3 million).

STAFF COSTS

Net salaries, wages and benefits increased by approximately $2.6 million or 10% over the prior period. The change over the prior period was due to increased cost that arose from the negotiation of the collective bargaining agreement with the trade union coupled with the completion of the fiber project which resulted in less capitalization of staff costs.

MAINTENANCE EXPENSES

Over the period, maintenance expenditures declined marginally by $0.1 million or 1%. This decline as opposed to an increase was due to management's deliberate focus on cost control, and its dis-investment in the copper network, which was replaced by the fiber network

OTHER G&A

Other General and Adminstrative expenses increased by $2.3 million from the prior year. This increase is mainly attributable to bad debt expense which amounted to $9.3 million in 2019/2020 an increase of $2.9 million up from $6.4 million in 2018/ 2019. The increase in bad debt expense is attributable to the implementation of IFRS 9 accounting standard that stipulates a new measurement approach on all receivables resulting in an increase of the bad debt expense allowance to $16.2 million at March 31st, 2020. Excluding this impact of bad debt expense, other general expenses decreased by $0.6 million or 3.6%.

OTHER EXPENSES

Other expenses decreased by $8.8 million from the prior year,with a $5 milion decrease which is the final write down of the Ericsson 3G mobile network in 2019/2020 as compared to $10.2 million in 2018/2019. A decrease of $3 million due to the revised calculation of the company's annual license fee to include only telecom related revenues and spectrum fees.

In August 2020, the Public Utilities Commission finalized its deliberations with BTL in computing the Mobile Spectrum fees where a total of $1.79M was agreed to be paid for period April 2017 - March 2020. This mobile spectrum fee was changed affecting financial statements for the prior periods which resulted in recognizing $1 million for 2019/2020 and $0.8 million in 2018/2019.

BALANCE SHEET (AUDITED)

CONSOLIDATED BALANCE SHEET
YEAR ENDED 31 MARCH

	AUDITED 2020	AUDITED 2019	VARIANCE $	VARIANCE %
ASSETS	BZ$'000	BZ$'000	BZ$'000	BZ$'000
CURRENT ASSETS	59, 069	62, 141	(3, 072)	-5%
NON CURRENT ASSETS	345,065	347, 835	(2,770)	-1%
TOTAL ASSETS	**404, 134**	**409, 976**	**(5,842)**	**-1%**
LIABILITIES				
CURRENT LIABILITIES	92, 797	95, 823	(3,026)	-3%
NON CURRENT LIABILITIES	78,843	72, 091	6,751	9%
TOTAL LIABILITIES:	171,640	167, 915	3, 726	2%
RETAINED EARNINGS	82, 545	92, 113	(9, 568)	-10%
OTHER SHAREHOLDER'S EQUITY	149,949	149, 949	-	0%
TOTAL SHAREHOLDERS' EQUITY:	232,494	242, 062	(9, 568)	-4%
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY:	**404, 134**	**409, 976**	**(5, 842)**	**-1%**

FINANCIAL RATIO ANALYSIS
YEAR ENDED 31 MARCH

	2020	2019
CURRENT RATIO	0.6	0.6
RETURN ON ASSETS	0.6%	2.5%
RETURN ON EQUITY	1.3%	5.4%

RETURN ON ASSETS

Over the period 2019/20, the return on assets declined by 1.9% over the prior year. The decline was due to a fall in net income, coupled with significant average yearly capital expenditures of $60.2 milllion over the past two years.

CAPITAL EXPENDITURES

BTL operates the largest and most extensive telecom network in Belize and has been continuously investing in same. During 2018/19, the company invested $83 million in capital expenditures, an increase of 6% over the prior year. In 2019/20, the Company invested another $37.5 million in capital expenditures. These company investments were geared to improving our customer's experience creating opportunities for us to provide additional, more advanced enhancements and capabilities now and in the future. More specifically, the capital expenditure was spent on property, plant and equipment, including; Fiber to the Home (FTTH), wireless mobile networks (4G LTE Advanced), and our convergent customer billing system.

SHAREHOLDER RETURNS

The twelve months ended March 31st, 2020, resulted in net profit decreasing by $7.6 million or 75% to $2.5 million from $10.1 million recorded in the previous year. Earnings per share decreased to 1 cent from 17 cents per share from the previous year.

Shareholders' equity decreased by 4% to $232.5 million from $242.1 million following the transfers of net profits and payment of dividends.

The company for this fiscal year achieved one of its lowest return on equity in the past few years, 1.3% as compared to 5.4% from the previous year.

DIRECTORS

As at March 31st, 2020, the Board of Directors of Belize Telemedia Limited comprised of Chairman of the Board - Mr. Nestor Vasquez, Directors - Dr. Colin Young, Col. George Lovell (Rtd.), Ms. Audrey Wallace, Mr. Rafael Marin, Ms. Juilet Thimbriel, Ms. Lorelei Westby, Mr. Eric Eusey and Ms. Annie Burns.

As at December 4, 2020, there was a change in the composition of the Board of Directors of Belize Telemedia Limited which now comprises Chariman of the Board- Mr. Markhelm Lizarraga, Directors -Mr. Marconi Leal Jr., Mr. Jermie Usher, Mr. Jose Urbina, Ms. Denise Courtney, Mr. Michael Bowen, Ms. Lorelei Westby and Mr. Eric Eusey.

AUDITORS

For the end of the fiscal year 2019/2020, Pannell Kerr Foster was BTL's external auditor. A resolution to re-appoint them or to appoint another competent accounting firm as auditors for 2020/2021 for Belize Telemedia Limited will be proposed at BTL's annual general meeting.

BY ORDER OF THE BOARD OF DIRECTORS,

Melissa Balderamos
Corporate Secretary
Belize Telemedia Limited

Digi

2019

ANNUAL REPORT

Belize Telemedia Limited

CONSOLIDATED FINANCIAL STATEMENTS

Belize Telemedia Limited

Consolidated
Financial statements
March 31, 2020

BELIZE TELEMEDIA LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2020

INDEX

PKF Belize
Global expertise with local knowledge

Accountants &
business advisers

INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS OF
BELIZE TELEMEDIA LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Belize Telemedia Limited, which comprise the Group statement of financial position as at March 31, 2020, the Group statement of comprehensive income, the Group statement of changes in equity, and the Group statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Belize Telemedia Limited and its subsidiaries as of March 31, 2020 and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Responsibilities of Management and the Directors for the Financial Statements

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

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

PKF Belize • Regent House • 35 Regent Street • P.O. Box 280 • Belize City • Belize
Tel: (501) 227-7428 • (501) 227-7222 • Email: info@pkfbelize.com • Website: pkfcaribbean.com/belize
Partners: J.A. Bautista • J. Ortez

PKF

Accountants &
business advisers

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of Management and the Directors for the Financial Statements (continued)

Those charged with governance, the directors and management, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

PKF

INDEPENDENT AUDITOR'S REPORT (continued)

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

PKF Belize

PKF Belize
Chartered Accountants
Belize City

December 21, 2020

BELIZE TELEMEDIA LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	Notes	2020	2019 Restated	April 1, 2018 Restated
ASSETS				
Non-current assets				
Property, plant and equipment	6	**304,649**	314,849	269,935
Intangible assets	7	**20,411**	8,907	2,154
Right-of-use assets	8	**2,056**	-	-
Other non-current asset	9	**2,377**	2,721	3,067
Non-current assets held for sale	10	**-**	5,068	15,218
Finance lease receivable, net	13	**15,572**	16,290	2,198
Total non-current assets		**345,065**	347,835	292,572
Current assets				
Inventories	11	**13,236**	18,974	16,220
Trade and other receivables	12	**39,672**	35,000	34,105
Finance lease receivable, net	13	**717**	771	1,203
Non-current financial assets		**-**	-	500
Cash and cash equivalents		**5,444**	7,396	5,517
Total current assets		**59,069**	62,141	57,545
TOTAL ASSETS	**BZ$'000**	**404,134**	409,976	350,117
LIABILITIES & EQUITY				
LIABILITIES				
Non-current liabilities				
Trade and other payables, non- current	15	**2,600**	672	2,498
Lease liabilities	8	**1,413**	-	-
Borrowings	14	**74,830**	71,419	21,722
Total non-current liabilities		**78,843**	72,091	24,220
Current liabilities				
Trade and other payables	15	**57,261**	69,390	66,917
Current tax liability		**695**	930	1,052
Lease liabilities	8	**653**	-	-
Borrowings	14	**34,188**	25,503	15,887
Total current liabilities		**92,797**	95,823	83,856
TOTAL LIABILITIES		**171,640**	167,915	108,076
EQUITY				
Stock issued and fully paid	16	**49,552**	49,552	49,552
Preference shares	17	**48,500**	48,500	48,500
Treasury shares	18	**(14)**	(14)	(14)
Equity attributable to owners of parent		**98,038**	98,038	98,038
Share premium	19	**15,274**	15,274	15,274
Share capital reserve - non-distributable	20	**36,637**	36,637	36,637
Retained earnings		**82,545**	92,113	92,092
TOTAL EQUITY		**232,494**	242,062	242,041
TOTAL LIABILITIES AND EQUITY	**BZ$'000**	**404,134**	409,976	350,117

Chairman **Director**

Independent auditor's report - pages 1 to 3
The notes on pages 8 to 36 form an integral part of these financial statements.

	Notes		2020	2019 Restated
Revenue			**153,888**	153,250
Other operating income	21		**18,116**	11,876
Operating costs			**(114,958)**	(102,487)
Depreciation and amortization			**(37,338)**	(30,942)
Impairment of non-current assets held for sale	10		**(5,068)**	(10,150)
Operating profit			14,639	21,547
Finance income			**404**	95
Finance costs			**(3,258)**	-
Net finance (cost)/income			(2,854)	95
Profit before tax			11,785	21,642
Business tax	22		**(9,255)**	(11,463)
PROFIT FOR THE YEAR		BZ$'000	2,530	10,179

Profit attributable to:				
Equity shareholders of the parent		BZ$'000	**2,530**	10,179
Earnings per share attributable to the equity shareholders of the parent during the year:				
Basic and diluted earnings per share	23	BZ$	**0.01**	0.17
Dividends per share		BZ$	**0.21**	**0.21**

The notes on pages 8 to 36 form an integral part of these financial statements.

BELIZE TELEMEDIA LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT MARCH 31, 2020

	Share Capital	Preference Shares	Treasury Shares	Share Premium	Capital Reserve, Non-Distributable	Retained Earnings	Total
At March 31, 2018	49,552	48,500	(14)	15,274	36,637	92,289	242,238
Correction of PUC fees (Note 4 (b))	-	-	-	-	-	(197)	(197)
Restated total equity at the beginning of the financial year	49,552	48,500	(14)	15,274	36,637	92,092	242,041
Profit for the year (restated)	-	-	-	-	-	10,179	10,179
Dividends paid to ordinary shareholders	-	-	-	-	-	(10,158)	(10,158)
At March 31, 2019, as restated	49,552	48,500	(14)	15,274	36,637	92,113	242,062
Profit for the year	-	-	-	-	-	2,530	2,530
Dividends provided and paid to ordinary shareholders	-	-	-	-	-	(10,158)	(10,158)
Dividends provided and paid to preferred shareholders	-	-	-	-	-	(1,940)	(1,940)
At March 31, 2020 (BZ$'000)	**49,552**	**48,500**	**(14)**	**15,274**	**36,637**	**82,545**	**232,494**

The notes on pages 8 to 36 form an integral part of these financial statements.

BELIZE TELEMEDIA LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2020

	Notes		2020	2019
Cash flow from operating activities:				
Profit for the year			**2,530**	10,179
Adjustments for non-cash items:				
Depreciation and amortization	5,6,8		**37,338**	30,942
Gain on disposal of property, plant and equipment			**(242)**	(42)
Transfer from property, plant and equipment to finance lease			**-**	625
Impairment of non-current assets held for sale	10		**5,068**	10,150
Business tax	22		**9,255**	11,463
			53,949	63,317
Changes in working capital:				
Increase in trade and other receivables			**(4,672)**	(895)
Decrease (Increase) in inventories			**5,738**	(2,754)
(Decrease) Increase in trade and other payables			**(10,201)**	647
Cash generated from operations			**44,815**	60,315
Business tax paid			**(9,490)**	(11,585)
Net cash from operating activities			**35,325**	48,730
Cash flow from investing activities				
Purchase of property, plant and equipment			**(37,526)**	(82,890)
Proceeds on disposal of property, plant and equipment			**252**	45
Proceeds on maturity of non-current financial assets			**-**	500
Proceeds from finance lease			**772**	-
Investment in finance lease			**-**	(13,660)
Net cash used in investing activities			**(36,502)**	(96,005)
Cash flow from financing activities				
Dividends provided and paid to shareholders			**(12,098)**	(10,158)
Proceeds from borrowings			**38,732**	75,223
Repayment of borrowings			**(26,636)**	(15,911)
Principal elements of lease payments			**(773)**	-
Net cash (used in) from financing activities			**(775)**	49,154
Net (decrease) increase in cash and cash equivalents			**(1,952)**	1,879
Cash and cash equivalents, beginning of the year			**7,396**	5,517
Cash and cash equivalents, end of the year		**BZ$'000**	**5,444**	7,396

The notes on pages 8 to 36 form an integral part of these financial statements.

1. GENERAL INFORMATION

Belize Telemedia Limited (the Company) and its subsidiaries (together, the Group) provide communication products, services and a broad range of voice, broadband and data communication services including fixed and mobile telephone services and internet services within Belize.

Belize Telemedia Limited is a public limited liability company incorporated and domiciled in Belize. The address of its registered office is #1 St. Thomas Street, Esquivel Telecom Centre, Belize City, Belize.

The Group includes Belize Telemedia Limited (the parent company) which provides telecommunication services and its wholly-owned subsidiaries who are Telemedia Free Zone Limited which provides telecommunication services in the Commercial Free Zone at Santa Elena, Corozal; BTL Digicell Limited which operates the LTE Advanced network; Business Enterprises Systems Limited ("BESL"), which sells telecommunication products, rents telecommunication equipment, and provides other non-telecommunications services; International Communication Services Limited and International Communication Services (Belize District) Limited which operate in the E-Business Freezone Park at Mile 13 1/2 on the Northern Highway; Belize Telecommunications (Overseas) Limited; and BTL Mobile Services Limited.

The Company operates under an Individual Telecommunications License, issued by the Public Utilities Commission ("PUC"). The License expired on December 29, 2017 and was automatically renewed until December 28, 2022 and thereafter is renewable for consecutive periods of five years, unless the PUC or the Licensee serves not less than one year's written notice to the contrary.

These financial statements were approved by the Board of Directors for issue on December 21, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Belize Telemedia Limited and its subsidiaries.

2.1 Basis of preparation

(i) Compliance with IFRS
The consolidated financial statements of Belize Telemedia Limited Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(ii) Historical cost convention
The financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities measured at fair value and assets held for sale measured at fair value less costs to sell.

(iii) New and amended standards adopted by the Group:

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2019:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(iii) New and amended standards adopted by the Group (continued):

(a) IFRS 16, '*Leases*': This standard replaces the current guidance in IAS 17. This will require far-reaching changes in accounting, in particular for lessees. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 will require lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for certain short-term leases of low-value assets; however, this exemption can only be applied by lessees. Lessor accounting under IFRS 16 is similar to that which currently exists under IAS 17, with the exception that IASB has updated the guidance on the definition of a lease as well as the guidance on the combination and separation of contracts. IFRS 16 applies to annual reporting periods beginning on or after January 1, 2019.

The Group had to change its accounting policies as a result of adopting IFRS 16 *Leases*. The Group elected to adopt the new rules retrospectively but recognized the cumulative effect of initially applying the new standard on April 1, 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on April 1, 2019.

On the adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the implicit interest rate if that rate is readily available or the Group's incremental borrowing rate.

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset measured at the amount equal to the lease liability at the date of transition. Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(b) IFRS 9 '*Financial Instruments*': This standard is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. IFRS 9 established a new model for recognition and measurement of impairments in loans and receivables that are measured at Amortized Cost or FVOCI—the so-called "expected credit losses" model.

Following the adoption of IFRS 9, the Group has made certain retrospective adjustments which is disclosed at Note 3.

(c) Amendment to IFRS 9 Financial Instruments (on prepayment features with negative compensation), confirms that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. This amendment applies to annual reporting periods beginning on or after January 1, 2019.

(d) Annual Improvements to IFRSs 2015-2017 (IFRS 3 Business Combinations, IFRS 11 Joint arrangements, IAS 12 Income Taxes, IAS 23 Borrowing Costs); where these apply to annual reporting periods beginning on or after January 1, 2019.

(e) Amendments to IAS 28 'Investments in associates', on long term interests in associates and joint ventures. These amendments clarify that companies account for long term interests in an associate or joint venture to which the equity method is not applied using IFRS 9. This amendment applies to annual reporting periods beginning on or after January 1, 2019.

(f) Amendments to IAS 19, "Employee benefits" on plan amendment, curtailment or settlement'. These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement. It also allows an entity to recognise profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. This amendment applies to reporting periods beginning on or after January 1, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(iii) New and amended standards adopted by the Group (continued):

(g) The Group also elected to early adopt Amendment to IAS 1 and IAS 8 on the definition of material. These amendments use a consistent definition of materiality throughout IFRSs, clarify the explanation of the definition of material and incorporate some of the guidance in IAS 1 about immaterial information.

Except for the adoption of IFRS 9 and IFRS 16, the adoption of the remaining amendments did not have any material impact on amounts recognized in the current and previous years.

(iv) New standards and interpretations not yet adopted:

Amendment to IFRS 3: this amendment revises the definition of a business as the current guidance is commonly thought to be too complex and it results in too many transactions qualifying as business combinations. This standard applies to financial reporting periods beginning on or after January 1, 2020. This standard is not expected to have a material impact on the financial report of the Group.

There are no other IFRSs or IFRIC interpretations, relevant to the Group, that are not yet effective that would be expected to have a material impact on the Group.

2.2 Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. The accounting policies of subsidiaries are changed if necessary to ensure consistency with Group policies.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of income, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation (continued)

(i) Subsidiaries (continued)

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in comprehensive income or as a change to other comprehensive income. A contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of comprehensive income.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to comprehensive income.

2.3 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Belize dollars' (BZ$), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or expense'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'sundry income/expense'.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the "first-in, first-out" (FIFO) method. Cost comprises of direct material costs (which includes all shipping, importation costs and delivery costs to the warehouse), direct labour and overheads that have been incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. At each reporting date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less cost to complete and sell and the impairment loss is recognized immediately in the statement of comprehensive income.

2.5 Property, plant and equipment

Land and buildings comprise mainly offices, transmission stations and warehouses. Land and buildings are shown at (a) cost or (b) fair value based on annual valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items and any cost incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the Statement of Comprehensive Income. Each year the difference between depreciation based on the revalued carrying amount and depreciation based on the asset's original cost is transferred from "other reserves" to "retained earnings".

Land and special projects (capital work-in-progress) are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amount to their residual values over their estimated useful lives, as follows:

Type of assets:	Useful life
Buildings (wood, concrete)	25 or 40 years
Transmission equipment	7-10 years
Switching equipment	5-20 years
Tower equipment	10-20 years
Other plant and equipment	10-20 years
Motor vehicles	5 years
Computer equipment	4-5 years

The residual values of assets, useful lives and depreciation methods are reviewed annually, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other income" in the statement of comprehensive income.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Intangible assets

(i) Licenses

Separately acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. They have a finite useful life and are subsequently carried at cost less accumulated depreciation and impairment losses.

(ii) Computer software

Computer software comprises computer software purchased from third parties.

Software integral to an item of hardware equipment is classified as property, plant and equipment.

Costs associated with maintaining computer software programs are recognized as an expense when they are incurred.

2.7 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the statement of financial position.

2.8 Impairment of non- financial assets

Assets that have an indefinite useful life or assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.9 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

Financial assets

(i) Classification

The Group classifies financial assets in the following measurement categories:
(a) those to be measured subsequently at fair value, either through OCI or profit and loss; and
(b) those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or OCI.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial instruments (continued)

Financial assets (continued)

(i) Classification (continued)

The Group reclassifies its financial instruments when and only when its business model for managing those assets changes.

(ii) Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all of the risks and rewards of ownership.

(iii) Measurement

At initial recognition, in the case of a financial asset not at fair value through profit or loss (FVPL), the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

A financial asset is measured at amortized cost if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss (FVPL) unless it is measured at amortised cost or at fair value through other comprehensive income (FVOCI) in accordance with the criteria mentioned in the preceding paragraphs.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

Financial liabilities

The Group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method.

A financial liability (or part of it) is extinguished when the debtor either (a) discharges the liability (or part of it) by paying the creditor, normally with cash, other financial assets, goods or services; or (b) is legally released from primary responsibility for the liability (or part of it) either by process of law or by the creditor.

2.10 Impairment of financial assets

The Group recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group assumes that the credit risk on financial assets has increased significantly if it is more than 90 days past due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of financial assets (continued)

The Group recognizes loss allowances for ECLs on a financial asset in default when it meets the following criteria:

(i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realizing security if any is held; or

(ii) the financial asset is more than 90 days past due.

Life-time ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs:

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets:

At each reporting date, the Group assesses whether financial assets carried at amortized costs are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position:

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off:

The gross carrying amount of a financial asset is written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'bad debts recoveries' in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2.11 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Trade receivables (continued)

The Group recognises lifetime expected credit losses (ECL) for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience and an analysis of the debtor's current financial position, adjusted for various factors. The factors include issues specific to the debtors, the general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The time value of money is included where appropriate. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts which are repayable on demand and which forms an integral part of the Group's cash management. Bank overdraft facilities available to finance capital expenditures are included in borrowings.

2.13 Share capital

Ordinary and preference shares are classified as equity. Preference shares are shares which entitles the holder to a fixed dividend, whose payment takes priority over that of common stock dividends.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Where any company within the Group purchases the parent company's shares (treasury shares), the consideration paid is deducted from the equity attributable to the parent company's equity holders.

2.14 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

2.17 Business tax

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

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

Complying with deferred taxation accounting pursuant to International Accounting Standard (IAS) 12 is not applicable.

2.18 Employee benefits

(i) Pension obligations

The Group has two defined contribution plans, one for management and one for non-management staff. The defined contribution plans are pension plans under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The plans are administered by separate Board of Trustees and the funds are held outside the Group.

The Group pays contributions to privately administered pension plans on a mandatory or contractual basis. The contributions are recognized as staff pension expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognized as an asset.

(ii) Termination benefits

The Group recognizes termination benefits in accordance with the labour laws of Belize, union agreement and Group policy.

2.19 Provisions

Provisions for legal claims, restructuring costs and environmental restoration are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably measured. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The discount rate used reflects current market assessments of the time value of money and the risks specific to the obligation.

2.20 Revenue recognition

In accordance with IFRS 15, the Group recognizes revenue when a performance obligation specified in a contract with a customer is performed, the amount of the transaction price allocated to the performance of that obligation is identified, and the Group expects to be entitled to the said consideration in exchange for transferring the contracted goods and services to the customer. Revenue is measured based on the consideration receivable, excluding amounts collected on behalf of third parties and shown net of general sales tax, returns, rebates and discounts. Group revenue is reported after eliminating sales within the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Revenue recognition (continued)

(a) Sales of services

The Group earns revenue mainly from providing the following telecommunication services: access charges, airtime usage, fixed line usage, messaging, interconnection fees, data services and information provision, connection fees and equipment sales. Products and services may be sold separately or in bundled packages. Revenue for access charges, airtime usage and messaging by contract customers is recognized as revenue when the services are performed, with unbilled revenue resulting from services already provided, billed at the end of the billing cycle. Unearned revenue from services to be provided in future period is deferred. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the credit, or it expires.

Revenue from interconnection fees is recognized at the time the services are performed.

Revenue from data services and information provision is recognized when the Group has performed the related service and, depending on the nature of the service, is recognized either at the gross amount billed to the customer or the amount receivable by the Group as commission for facilitating the service.

Customer connection revenue is recognized together with the related equipment revenue to the extent that the aggregate equipment and connection revenue does not exceed the fair value of the equipment delivered to the customer. Any customer connection revenue not recognized together with related equipment revenue is deferred and recognized over the period in which services are expected to be provided to the customer.

Revenue from prepaid sales is recognized based on extent of consumption by customer. Allocations are done to respective revenue streams based on the type of service usage.

(b) Sale of goods

Revenue for device sales is recognized when the device is delivered to the end customer and the sale is considered complete. For device sales made to intermediaries, revenue is recognized if the significant risks associated with the device are transferred to the intermediary and the intermediary has no general right of return. If the significant risks are not transferred, revenue recognition is deferred until sale of the device to an end customer by the intermediary or the expiry of the right of return.

(c) Multiple element sales

Bundled offers that combine different elements are assessed to determine whether it is necessary to separate the different identifiable components and apply the corresponding revenue recognition policy to each element. Total package revenue is allocated among the identified elements based on their respective values. Under IFRS 15, for bundled packages that combine voice, text and data services, the total revenue will be treated as one single performance obligation and will be recognised when (or as) the obligation is satisfied.

Sales of SIMs in bundled packages:

Under IFRS 15, the total consideration in the contract must be allocated to all the products and services provided, for example, SIMs and mobile telecommunication services, based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells the SIMs and telecommunication services.

Bundled Packages:

When revenue arrangements include multiple deliverables, the revenue recognition criteria are applied separately to each transaction. In certain circumstances it is necessary to separate a transaction into identifiable components to reflect the separate obligations of the transaction. Deliverables are separated into individual transactions when the following two conditions are met: (1) the deliverable has value to the customer on a stand-alone basis and (2) there is evidence of the fair value of the item. The arrangement consideration is then allocated to each separate unit of accounting based on its relative fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Revenue recognition (continued)

(c) Multiple element sales (continued)

Bundled Packages: (continued)

The Group has adopted the practical expedients associated with the application of the new criteria that were adopted in the implementation of the standard with the objective of reducing the complexity in its application. The main practical expedients that the Group adopted are:

The financial component is not considered significant as the period between the moment when the promised good or service is transferred to a customer and the moment when the customer pays for that good or service is less than one year. The vast majority of contracts issued do not include a significant financing component.

Costs to obtain a contract are recognised as expenses when incurred as the amortisation period of the asset that the Group would otherwise recognise is less than one year.

2.21 Interest income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognized using the original effective interest rate.

2.22 Leases

As explained in note 2.1 (iii) (a) above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described in note 8 (iii) and the impact of the change in note 3.

Until March 31, 2019 leases of property, plant and equipment were classified as either finance leases or operating leases. A finance lease was a lease in which substantially all the risks and rewards of ownership of the asset were transferred to the lessee. Finance leases were capitalized at the lease's inception at the fair value of the leased property, or if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term liabilities. Lease payments were allocated between the liability and finance cost.

Any other lease was considered an operating lease. Payments made under operating leases were charged to profit and loss on a straight- line basis over the period of the lease.

From April 1, 2019 onwards, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

(i) Leases where the Group is the lessee

For any new contracts entered into on or after April 1, 2019, the Group considers whether the contract is, or contains a lease. A lease is defined as 'a contract or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time on exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

(a) The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
(b) The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
(c) The Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Leases (continued)

(i) Leases where the Group is the lessee (continued)

At the commencement of the lease term, the Group recognises finance leases as assets and liabilities in its statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Subsequently, lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

At commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in fixed payments.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight line basis over the lease term.

On the statement of financial position, right-of-use assets and lease liabilities are shown separately from other assets and liabilities.

(ii) Leases where the Group is the lessor

The Group's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease. Subsequently, the recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

Lease income from operating leases are recognised in income on a straight-line basis over the lease term. Costs, including depreciation, incurred in earning the lease income are recognised as an expense.

2.23 Dividend distribution

In accordance with Section 128 (B) of the Company's Articles of Association: "Unless otherwise agreed in writing by the holder of the Special Share, upon the 21st day after the publication of the audited balance sheet and accounts for the each financial year (the Dividend Date), the Directors shall be deemed to have recommended and the Company in general meeting be deemed to have declared a final dividend payable in cash such that the total dividends shall be equivalent to 45% of the Company's profits available for distribution divided by the total ordinary shares. The Company's profits available for distribution are its accumulated realized profits, so far as not previously utilized by distribution or capitalization, less any accumulated realized losses, so far as not previously written off in a reduction or reorganization of capital duly made".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity (as shown in the Statement of Financial Position) plus net debt.

2.25 Exceptional items

Exceptional items are disclosed separately in the financial statements, when it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that are shown separately due to the significance of their nature or amount.

3. CHANGES IN ACCOUNTING POLICIES

3 (a) This note explains the impact of the adoption of IFRS 16 *Leases* on the Group's financial statements.

As indicated in note 2.1 (iii) (a) above, the Group has adopted IFRS 16 Leases retrospectively from January 1, 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on April 1, 2019. The new accounting policies are disclosed in note 2.22.

The adoption of IFRS 16 'Leases' has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identifies as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 adjusted in the opening balances of retained earnings at the date on initial application. Prior period have not been restated. The Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

On transition to IFRS 16 the incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 6.25%.

3. CHANGES IN ACCOUNTING POLICIES (continued)

3 (a) This note explains the impact of the adoption of IFRS 16 *Leases* on the Group's financial statements (continued):

The reconciliation between operating lease commitments previously reported for the year ended March 2019, discounted at the Group's incremental borrowing rate, and the lease liabilities recognised in the balance sheet on initial application of IFRS 16 is as follows:

Operating lease commitments at March 31, 2019		**3,299**
Recognition exemptions:		
Leases of low value assets	**(12)**	
Leases with remaining lease term of less than 12 months	**(230)**	
Variable lease payments not recognised	**(353)**	**(595)**
Operating lease liabilities before discounting		**2,704**
Discounted using incremental borrowing rate		**(145)**
Lease liabilities recognised at April 1, 2019		**2,559**
Discounted using incremental borrowing rate- 2019/2020		**177**
Additions- 2019/2020		**280**
Lease payments- 2019/2020		**(950)**
Lease liabilities ended March 2020	**BZ$'000**	**2,066**

3 (b) This note explains the impact of the adoption of IFRS 9 *Financial Instruments* the Group's financial statements.

As a result of the change in the Group's accounting policy, the prior year financial statement had to be restated as shown below:

Balance Sheet (extract)		March 31, 2019	Increase/ (Decrease)	March 31, 2019 (Restated)
Trade and other receivables, current		41,079	(6,079)	35,000
Total current assets		68,220	(6,079)	62,141
Total assets		416,055	(6,079)	409,976
Retained earnings, see Note 4 (b)		98,192	(6,079)	92,113
Total equity, see Note 4 (b)		248,141	(6,079)	242,062
Total liabilities and equity	BZ$'000	416,055	(6,079)	409,976

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4 (a) Significant estimates and judgements

The Group provides for bad and doubtful debts based on an evaluation of the collectability of individual debtor balances. The Group estimates expected credit losses based on the Group's historical credit loss experience and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4 (a) Significant estimates and judgements (continued)

The estimate for obsolete inventories is based on an evaluation of slow-moving items, particularly inventories that have not moved in line with its useful life.

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, there have been no changes to the useful life of assets.

The Group's intangible assets mainly consists of licenses and computer software. Licenses are amortized over their estimated useful lives of three to five years and computer software over five years.

The Group measures non-current assets classified as held for sale at the lower of its carrying amount and fair value less costs to sell. Fair value less costs to sell is determined through the engagement of an independent expert experienced in the sale of such assets.

The fair value of items sold on a finance lease is estimated to be the discounted cash flows arising from the payments due under the finance lease agreement.

The Group applies judgement in determining whether a contract is, or contains, a lease and in estimating the incremental borrowing rate of the lease.

4 (b) Correction of PUC fees

Since 2016 the Group had been operating based on previous legal interpretation when computing the Mobile Spectrum fees payable to the Public Utilities Commission (PUC), the Group's regulatory body. The Group paid what it thought PUC might charge for annual fees. In August 2020, the PUC finalized its deliberations as to what would be the annual fees payable by the Group and advised managment that the Group owed them an additional $1,790,375 for Mobile Spectrum fees for the period, April 2017 to March 2020.

The Mobile Spectrum fees payable was corrected by restating each of the affected financial statement line items for the prior periods as follows:

Balance Sheet (extract)		March 31, 2019	2018 Increase/ (Decrease)	2019 Increase/ (Decrease)	March 31, 2019 (Restated)	March 31, 2018	Increase/ (Decrease)	April 1, 2018 (Restated)
Trade and other payables, current		68,403	197	789	69,389	66,720	197	66,917
Total current liabilities		94,836	197	789	95,822	83,659	197	83,856
Total liabilities		166,928	197	789	167,914	107,879	197	108,076
Retained earnings		99,178	(197)	(789)	98,192	92,289	(197)	92,092
Total equity	BZ'000	249,127	(197)	(789)	248,141	242,238	(197)	242,041

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, mainly, credit risk, foreign currency risk, interest rate risk and liquidity risk.

(a) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, and credit exposures to customers.

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

(i) Risk management

Credit risk is managed on a group basis. For cash and cash equivalents and deposits with banks and financial institutions, the Group does business with only reputable entities.

For customers, the Group has adopted credit policies which include assessing the customer's credit worthiness, requesting a deposit before credit is granted, regular review of credit limits and pursuing legal recourse to collect overdue balances.

(ii) Impairment of financial assets

The Group's only type of financial asset that would be subjected to the expected credit loss model is trade receivables.

Whilst cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the impairment loss identified was considered immaterial.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before March 31, 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables. The Group has identified the COVID-19 pandemic and its significant negative impact on employment and the economy of Belize to be the most relevant factors.

On that basis, the loss allowance as at March 31, 2020 and March 31, 2019 was determined as follows:

March 31, 2020	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 120 days past due**	**Total**
Expected loss rate	**18.1%**	**32.7%**	**39.1%**	**47.8%**	
Gross carrying amount	**9,527**	**5,386**	**3,422**	**23,762**	**42,097**
Loss allowance	**1,721**	**1,763**	**1,339**	**11,368**	**16,191**

March 31, 2019	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	15.3%	21.3%	26.3%	35.0%	
Gross carrying amount	5,671	3,206	2,036	14,144	25,057
Loss allowance	868	682	536	4,955	7,041

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

(ii) Impairment of financial assets (continued)

The loss allowance for trade receivables as at March 31 reconcile to the opening loss allowance as follows:

		2020	2019
Opening loss allowance at April 1		**7,041**	883
Increase in loan loss allowance recognized in profit or loss during the year		**9,315**	6,442
Receivables written off during the year as uncollectible		**(164)**	(210)
Unused amount reversed		**-**	(74)
Closing loss allowance at March 31	**BZ$'000**	**16,191**	7,041

Trade receivables are written off where there is no reasonable expectation of recovery which include failure of customer to engage in a repayment plan, and a failure to make contractual payments for a period greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit and subsequent recoveries of amounts previously written off are credited against the same line item.

(b) Foreign currency risk

Foreign currency risk - is the risk that the value of a financial transaction will fluctuate because of changes in foreign exchange rate. The Group incurs currency risk exposure in respect of overseas trade purchases and commitments made in currencies other than Belize dollars and repayable in foreign currencies, mainly in US dollars. Its exposure to losses from currency risk is mitigated by the fact that the official exchange rate for the Belize dollar is tied to the US dollar at BZ$2 to US$1.

(c) Interest rate risk

Interest rate risk - is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no significant exposure to interest-rate risk on its assets held in the form of bank deposits since these assets earn fixed interest rates. The Group has managed to mitigate changes in interest and interest rate risk on borrowings by negotiating fixed interest rates and terms with the local and foreign financial institutions that provide funding to the Group.

(d) Liquidity risk

Liquidity risk - is the risk that an entity's available cash may not be sufficient to meet its working capital obligations. The Group performs cash flow forecasting to ensure that it has sufficient cash to meet operational needs whilst maintaining a sufficient buffer in its undrawn committed borrowing facilities so that the group does not breach borrowing limits or covenants on any of its borrowing facilities.

(e) Market risk

Market risk- relates to unforeseeable factors that could occur both within the local market and also within the international telecommunication market. Local market risk examples include the impact to the Group's business arising from activities of new or existing competitors; local socio-economic factors which affect the insuring public and changes to the regulatory environment. International market risk examples include availability of capacity from the international telecommunications market and pricing of such capacity and global socio-economic factors which impact the local market.

The Group minimizes its exposures to market risks by maintaining informational networks that allow early recognition of and response to changing market conditions and also through maintaining close contacts with its customer base, local regulatory and other governing authorities and international parties.

6. PROPERTY, PLANT AND EQUIPMENT

		Land and buildings	Network equipment	Other assets	Assets in course of construction	Total
At March 31, 2018	BZ$'000	58,392	450,807	36,965	103,376	649,540
Additions		395	471	155	81,214	82,235
Transfers to intangibles		1,200	91,488	12,415	(113,014)	(7,911)
Disposals		-	(42)	(213)	-	(255)
Transfer to finance lease		-	(852)	-	-	(852)
At March 31, 2019	**BZ$'000**	**59,987**	**541,872**	**49,322**	**71,576**	**722,757**
Additions		**34**	**87**	**90**	**36,708**	**36,919**
Transfers to intangibles		**4,672**	**83,097**	**(4,008)**	**(96,665)**	**(12,904)**
Disposals		**-**	**-**	**(1,732)**	**-**	**(1,732)**
At March 31, 2020	**BZ$'000**	**64,693**	**625,056**	**43,672**	**11,619**	**745,040**
Accumulated depreciation						
At March 31, 2018	BZ$'000	13,553	334,224	31,828	-	379,605
Charge for the year		937	25,687	2,159	-	28,783
Write back on disposals		-	(41)	(212)	-	(253)
Transfer to finance lease		-	(227)	-	-	(227)
At March 31, 2019	**BZ$'000**	**14,490**	**359,643**	**33,775**	**-**	**407,908**
Charge for the year		**984**	**30,553**	**2,670**	**-**	**34,207**
Write back on disposals				**(1,724)**	**-**	**(1,724)**
At March 31, 2020	**BZ$'000**	**15,474**	**390,196**	**34,721**	**-**	**440,391**
Carrying amount:						
At March 31, 2019	BZ$'000	45,497	182,229	15,547	71,576	314,849
At March 31, 2020	**BZ$'000**	**49,219**	**234,860**	**8,951**	**11,619**	**304,649**

Other assets comprises of vehicles, computers and other equipment.

Assets in course of construction (Special project assets) at March 31, 2020 consist mainly of materials and cables for installation, additions for LTE network, FTTH network and other projects focused on network improvement.

Transfers for the fiscal year ended March 31, 2020 from assets in the course of construction to the various asset categories consisted mainly of the National Broadband & Fiber to the Home network (FTTH), Convergent Billing hardware and software (MIND), LTE sites, Multiprotocol Label Switching (MPLS Evolution), DWDM Integration, Tower replacements, Power and Cooling upgrades and materials for several sales jobs.

7. INTANGIBLE ASSETS

Cost		
At March 31, 2018	BZ$'000	28,998
Additions		655
Transfers from assets in the course of construction (Note 6)		7,911
At March 31, 2019	**BZ$'000**	**37,564**
Additions		**607**
Transfers from assets in the course of construction (Note 6)		**12,904**
At March 31, 2020	**BZ$'000**	**51,074**

7. INTANGIBLE ASSETS (continued)

Accumulated amortization and impairment

At March 31, 2018	BZ$'000	26,844
Charge for the year		1,813
At March 31, 2019	**BZ$'000**	**28,657**
Charge for the year		**2,005**
At March 31, 2020	**BZ$'000**	**30,662**

Carrying amount:

At March 31, 2019	BZ$'000	8,907
At March 31, 2020	**BZ$'000**	**20,411**

Intangible assets consist of all purchased software mainly for billing, value added services and licenses for all Microsoft products and additional software used by the Group.

8. RIGHT-OF- USE ASSETS

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see Note 13.

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	March 31, 2020	*April 1, 2019
Right-of-use assets:		
Land lease	-	32
Tower space	**1,314**	1,833
Office space	**544**	694
Motor Vehicles	**198**	-
	2,056	2,559

Additions to right-of-use assets during the fiscal year ended March 31, 2020 were BZ$ 279,000.

Lease liabilities:

Current		**653**	696
Non- current		**1,413**	1,863
Total current & non- current	BZ$'000	**2,066**	2,559

The maturity analysis of undiscounted lease liabilities recognised on the Group balance sheet is as follows:

		Lease Payments	Finance Charges	Net Present Values
Rental payments within one year		782	129	**653**
Rental payments due between one and two years		597	88	**509**
Rental payments due between two and three years		389	57	**333**
Rental payments due between three and four years		255	32	**223**
Rental payments due between four and five years		81	22	**59**
Rental payments due after five years		371	81	**290**
Total lease liabilities	**BZ$'000**	**2,475**	**409**	**2,066**

8. RIGHT-OF-USE ASSETS (continued)

* In the previous year, the Group would only recognise lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The accounting policy was changed to comply with IFRS 16, which became effective on January 1, 2019.

(ii) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	2020	2019
Depreciation charge of right-of-use assets		
Land lease	**(32)**	-
Tower space	**(519)**	-
Office space	**(150)**	-
Motor Vehicles	**(82)**	-
	(783)	-
Interest expense included in finance expense	**177**	
Expense relating to low value assets that were included in operating costs.	**595**	

The total cash outflow for leases in the fiscal year ended March 31, 2020 was BZ$ 950,000.

(iii) The Group's leasing activities and how they are accounted for

The Group leases land, office space, tower space, tower room and vehicles. Leases of tower space, tower room and office space are generally limited to a lease term of 3 to 5 years. There are three tower space leases with lease terms extended between 15-20 years. Leases of vehicles are for 3 years. There is one land lease with extended lease term for 99 years. Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantial termination fee. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office premises, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

With the exception of short-term leases and leases of low-value underlying assets, from April 1, 2019, leases are recognized on the statement of financial position as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

• fixed payments (including in-substance fixed payments), less any lease incentives receivable
• variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
• amounts expected to be payable by the group under residual value guarantees
• the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
• payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

8. RIGHT-OF- USE ASSETS (continued)

(iii) The Group's leasing activities and how they are accounted for (continued)

To determine the incremental borrowing rate, the Group:

• where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
• uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
• makes adjustments specific to the lease, for example, term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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

Right-of-use assets are measured at cost comprising the following:
• the amount of the initial measurement of lease liability
• any lease payments made at or before the commencement date less any lease incentives received
• any initial direct costs, and
• restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

9. OTHER NON-CURRENT ASSET

Cost - Arcos -1 and Leasehold Improvements		
At March 31, 2018		8,103
Additions		-
At March 31, 2019		8,103
Additions		-
At March 31, 2020	**BZ$'000**	**8,103**
Accumulated amortization		
At March 31, 2018		5,036
Amortization for the year		346
At March 31, 2019		5,382
Amortization for the year		344
At March 31, 2020	**BZ$'000**	**5,726**
Carrying amount		
At March 31, 2019	BZ$'000	2,721
At March 31, 2020	**BZ$'000**	**2,377**

Telemedia is a party to the Americas Region Caribbean Ring System (ARCOS-1), an optical fiber submarine cable system available to facilitate the provision of international telecommunication services in the region. The original project cost was approximately $801.7 million of which BTL funded BZ$8.006 million.

9. OTHER NON-CURRENT ASSET (continued)

The ARCOS-1 system became operational in March 2002. Its total cost is being amortized over its estimated service life of twenty-five years, commencing March 2002.

10. NON-CURRENT ASSETS HELD FOR SALE

		2020	2019
3G mobile network		-	5,068
At March 31	**BZ$'000**	-	5,068

Non-current assets held for sale includes mainly 3G assets related to the Ericsson 3G mobile network. These assets are measured at the lower of the carrying value and fair value less cost to sell. An evaluation was conducted in fiscal year ended March 31, 2018 by an independent foreign consulting firm where these assets were valued at between BZ$18 to BZ$22 million. An impairment test was conducted at the time of classification of the assets as held for sale, where a loss of BZ$6.5 million was recognised in the consolidated statement of comprehensive income bringing the value of these assets to BZ$15.2 million at March 31, 2018, excluding selling, shipping and other related export costs. An updated fair value assessment was conducted in March 2019 by the independent foreign consulting firm and the assets were valued between US$2 million and US$4 million. A further write down of BZ$10.1 million was therefore performed bringing the final valuation at BZ$5.068 million at March 31, 2019. An updated fair value assessment was conducted at March 31, 2020, and it was determined that the asset's remaining balance of BZ$5.068 million was impaired and consequently the asset's value was written down to nil.

11. INVENTORIES

		2020	2019
Spares, other consumable supplies and goods for resale		**13,822**	19,915
Less: provision for obsolete inventories		**(585)**	(941)
	BZ$'000	**13,236**	**18,974**

12. TRADE AND OTHER RECEIVABLES

Trade receivables		**42,097**	25,057
Less: loss allowance (Note 5 (a))		**(16,191)**	(7,041)
Trade receivables - net		**25,906**	18,016
Foreign telephone network administrations receivable		**2,377**	2,640
Other receivables		**6,456**	8,546
Receivable from Government of Belize, reimbursable interest paid		**909**	428
Prepayments		**4,023**	5,370
	BZ$'000	**39,672**	35,000

13. FINANCE LEASE RECEIVABLE

Current receivables:				
	Finance lease - gross receivable		**1,036**	1,135
	Unearned finance income		**(319)**	(364)
		BZ$'000	**717**	771
Non-current receivables:				
	Finance lease - gross receivable		**18,541**	19,579
	Unearned finance income		**(2,969)**	(3,289)
		BZ$'000	**15,572**	16,290

13. FINANCE LEASE RECEIVABLE (continued)

		2020	2019
Gross receivables from finance lease			
No later than one year		**1,036**	1,135
Later than one year and no later than five years		**4,142**	4,143
Later than five years		**14,400**	15,436
		19,578	20,714
Unearned future finance income		**(3,289)**	(3,653)
Net investment in finance lease	**(BZ$'000)**	**16,289**	17,061

The net investment in finance lease may be analysed as follows:

		2020	2019
No later than one year		**717**	771
Later than one year and no later than five years		**3,012**	2,954
Later than five years		**12,560**	13,336
	(BZ$'000)	**16,289**	17,061

The Group, as lessor, has entered into a finance lease agreement which gives the lessee the exclusive right to use specific strands of Dark Fiber within specified cable routes. The lease is for a period of 20 years with minimum lease payments of BZ$86 thousand per month. In December 2019, a portion of the finance lease was provided as security for a loan re-purchase obligation amounting to BZ$5,000,000 (Note 14).

14. BORROWINGS

	2020	2019
Amount drawn down on BZD$20 million bank overdraft facility, secured, with interest at 6.25% per annum, to assist with working capital requirements, the installation of the 4G LTE Advanced network and the fiber network.	**12,617**	14,055
Amount drawn down on BZD$10 million bank overdraft facility, secured, with interest at 6.25% per annum, to assist with working capital requirements, the installation of the 4G LTE Advanced network, the fiber network and the MIND Convergent Billing system.	**10,297**	3,486
Bank loan for BZD$30 million, secured, payable in seven years, with payment of interest only during the first three years and principal and interest during the remaining four years. BZD$26 million is repayable with interest at 7% per annum and BZD$4 million (USD$2 million) is repayable with interest at 6.25%. Repayment of principal commences in 2021 and will consist of eight semi-annual instalments of BZD$3.75 million, exclusive of interest.	**30,000**	30,000
Amount drawn down on a 12-year loan of USD$17.5 million (BZD$35 million) from Taiwan International Cooperation and Development Fund (Taiwan ICDF), secured, with payment of interest only at 5.5% per annum for the first three years, and principal and interest during the remaining nine years. Repayment of principal will commence in 2021 and will consist of 18 semi-annual instalments of USD$972 thousand, exclusive of interest.	**35,000**	27,682
Balance of BZD$25.8 million payable to Government of Belize (GOB), at its fair value of BZD$23 million, for full and final settlement of all claims and or obligations arising under the nationalized British Caribbean Bank Loan Agreement. The balance is to be settled over 44 months, beginning with the fiscal year ended March 31, 2019.	**12,605**	21,699

14. BORROWINGS (continued)

			2020	2019
Bank loan for BZD$3.5 million, secured, with interest at 5.75% per annum, repayable in six years, with payment of interest only during the first year and principal and interest during the remaining five years. Repayment of principal commences in August 2020 and will consist of sixty monthly instalments of BZD$67.9 thousand, inclusive of interest.			**3,500**	-
Re-purchase obligation for BZD$5 million, secured, with interest at 6.5% per annum, repayable in full on April 13, 2020.			**5,000**	-
			109,018	96,923
Less: current portion			**(34,188)**	(25,503)
		BZ$'000	**74,830**	71,419
Loans are repayable as follows:				
	2019-2020		**-**	25,503
	2020-2021		**34,188**	7,452
	2021-2022		**11,850**	15,861
	2022-2023		**7,610**	11,578
	2023-2024		**6,419**	10,576
	2024-2025 and thereafter		**48,952**	25,953
		BZ$'000	**109,018**	96,923

Borrowing costs capitalised during the year amounted to BZD$3.3 million (2019 - BZD$2.6M).

15. TRADE AND OTHER PAYABLES

		2020	2019
Trade payable and accruals		**16,660**	27,316
Customers' deposits		**5,031**	4,995
Other Payables		**14,684**	25,106
Dividends payable		**23,486**	12,645
		59,861	70,062
Less: non- current portion		**(2,600)**	(672)
	BZ$'000	**57,261**	69,390

16. STOCK ISSUED AND FULLY PAID

		2020	2019
Authorized share capital - 100,000,000 ordinary shares of $1 par value	BZ$'000	**100,000**	100,000
Issued and fully paid: 49,551,652 ordinary shares of $1 par value and 1 Special Share of $1 par value	BZ$'000	**49,552**	49,552

17. PREFERENCE SHARES

		2020	2019
Issued and fully paid: 48,500,000 4% non-redeemable, cumulative preference shares of $1 par value	BZ$'000	**48,500**	48,500

		2020	2019
18. TREASURY SHARES			
A Group subsidiary, BTL (Overseas) Limited, holds 2,624 shares in Belize Telemedia Limited, at a cost of $11 thousand.		**11**	11
A Group subsidiary, BTL Telemedia Investments Limited, holds 500 shares in Belize Telemedia Limited, at a cost of $3 thousand.		**3**	3
	BZ$'000	**14**	14
19. SHARE PREMIUM			
In July 2007, a rights issue was offered to shareholders at $3 per share. As a result of this offer an additional 8,216,725 ordinary shares were issued, at a share premium of $15,274 thousand.	**BZ$'000**	**15,274**	15,274

20. SHARE CAPITAL RESERVE - NON DISTRIBUTABLE

This represents the sum of the balances on the share premium, revaluation reserve and capital redemption reserve accounts on May 29, 2007, the statutory date when all the operations of the predecessor company, Belize Telecommunications Limited, were vested in Belize Telemedia Limited.

21. OTHER OPERATING INCOME

This represents mainly revenue from merchandise sales, rental of tower space, reconnection fees, directory services, Digi learn services and sale of Microsoft Office 365 licenses.

22. BUSINESS TAX

On June 29, 1998, the Government of Belize passed the Income and Business Tax Act. The Act which became effective July 1, 1998 replaced Corporation Tax with a Business Tax assessable on gross trading receipts. Under the original Act, unrelieved losses could not be carried forward for relief against future assessments to business tax.

On January 1, 1999, the Act was amended and income tax on business profits was reintroduced but revised so that it could co-exist with the business tax regime introduced in 1998.

On April 1, 1999, The Act was further amended to restrictively allow the relief of carried-forward losses against business tax.

In accordance with the Ninth Schedule of the Income and Business Tax Act, as revised, the Group is chargeable to business tax at 1.75% on gross revenue receipts from internet and data services and non-telecommunication services, 19% on gross revenue receipts from telecommunication services, and 3% on gross revenue receipts from rent.

23. EARNINGS PER SHARE

Earnings per share (EPS) is the Group's profit attributable to equity shareholders of the parent minus any dividends on cumulative preferred shares, divided by the weighted average number of common shares outstanding during the period, excluding treasury shares and preference shares. The EPS for the previous year was computed similarly.

24. RETIREMENT BENEFIT OBLIGATIONS

		2020	2019
Pension contributions under defined contribution plans	BZ$'000	**1,485**	1,378

25. COMMITMENTS & CONTINGENCIES

		2020	2019
Capital commitments			
Capital expenditure authorized and contracted - MIND project		-	706
Capital expenditure authorized and contracted - GUL Sites		**461**	-
Capital expenditure authorized and contracted - IP Audit Improvements		-	791
Capital expenditure authorized and contracted - FTTH/ NBP		**7,774**	7,390
Capital expenditure authorized and contracted - BKP Tower Replacement		-	1,147
Capital expenditure authorized and contracted - MS Education		-	265
Capital expenditure authorized and contracted - other projects		**2,380**	2,501
	BZ$'000	**10,615**	12,800
Capital expenditure planned but not contracted	BZ$'000	**1,390**	2,233

Additional PUC fees

In management's opinion, the Group has paid the fees due to the PUC for the use of 1870 - 1885 MHz band. However, in August 2020, the PUC indicated that it has not yet made a final determination as to the fees payable for the 1870 - 1885 MHZ band and that they will do so in due course.

26. RELATED PARTY TRANSACTIONS

The Government of Belize (GOB) owns 49.3% of the ordinary shares and 100% of the preference shares of the Company (Parent). The Belize Social Security Board owns 34.3% of the ordinary shares of the parent company. GOB is also the majority shareholder of Belize Electricity Limited.

The following transactions were carried out with related parties:

		2020	2019
(a) Sales of goods and services			
Sales of services:			
- Belize Social Security Board		**1,663**	967
- Government of Belize		**17,119**	13,232
- Belize Electricity Limited (Note 13)		-	20,714
	BZ$'000	**18,782**	34,914

Good and services are sold to related parties on the same terms and conditions that would be available to third parties.

26. RELATED-PARTY TRANSACTIONS (continued)

(b) Purchases of goods and services

		2020	2019
Purchases of services:			
- Entities controlled by key management personnel		**160**	193
- Belize Electricity Limited		**1,138**	1,129
	BZ$'000	**1,298**	1,322

Goods and services are bought from related parties on normal commercial terms and conditions.

(c) Key management compensation

The total remuneration paid to key management which includes executive and non-executive directors was:

		2020	2019
Salaries and other short-term benefits		**5,844**	5,394
Termination benefits/ post-employment benefits		**195**	183
	BZ$'000	**6,039**	5,577

(d) Year-end balances arising from sales and purchases of goods and services:

		2020	2019
Receivable from related parties:			
Government of Belize		**2,364**	1,762
Belize Social Security Board		**61**	51
Belize Electricity Limited		**19,578**	20,714
	BZ$'000	**22,003**	22,526

Except for the advances to key management, receivables from related parties arise mainly from the sale of telecommunication, data and related services and are due in the month following the date of sale, except for the sale of dark fiber to BEL under a finance lease agreement. Receivables are unsecured and bear no interest, except for the sale of dark fiber.

(e) Year- end balances receivable from key management:

		2020	2019
Advances and loans to key management, interest free with no fixed maturity date		**523**	320
Payable to related parties:			
Government of Belize	**BZ$'000**	**12,605**	21,699

27. LITIGATION

(a) Claim No. 514 of 2011 International Telecommunications Company Limited ("INTELCO") v Belize Telemedia Limited was filed against the Company for US$49.1 million purportedly as a remainder of the purchase price for assets allegedly purchased by BTL. INTELCO also seeks damages in the alternative for alleged breach of contract. A Case Management Conference (CMC) scheduled for June 12, 2012 was later adjourned sine die. The company has applied for a new CMC, no date has been set. As at March 31, 2019, this matter is still outstanding and an invite has been sent to the Registrar of the Supreme court to bring the matter to the attention of the Chief Justice with no response to date. As at March 31, 2020 the Chief Justice has retired from office and this matter will now have to continue, de facto, before a new judge of the Supreme Court, or an application will be made to strike out for want of prosecution.

27. LITIGATION (continued)

(b) Claim No. 690 of 2014, Curtis Dale Swasey v Belize Telemedia Limited et al, was filed by Mr. Curtis Dale Swasey against Belize Telemedia Limited for breach of an Information Exchange Agreement. BTL continues to defend the claim. On February 23, 2016 the Court awarded $25,000 in damages and assessed costs to the Claimant. Both the Claimant and Belize Telemedia Limited appealed to the Court of Appeal. As at March 31, 2018, the Court of Appeal listed the matter for hearing in the June 2018 sitting of the Court. As at March 31, 2019, the Court of Appeal has heard the matter and BTL is awaiting the Court's decision.

(c) Claim No. 362 of 2019, Gustavo Mendez v Belize Telemedia Limited was filed by employee Gustavo Mendez against BTL seeking severance payments of $30,151. The claim has been heard and awaits decision.

(d) Claim No. 751 of 2019, Oscar Gongora v Belize Telemedia Limited was filed by employee Oscar Gongora against BTL seeking severance payments of $34,344. The claim is at the Case Management stage awaiting a date to be set for trial before the Supreme Court.

28. COVID - 19 pandemic

On March 11, 2020, the World Health Organization declared the novel coronavirus, COVID - 19, outbreak a global pandemic. Following the diagnosis of two Belizeans returning from abroad with COVID-19, the Government of Belize (GOB) declared a state of emergency to contain the spread of the virus in the community where the Belizeans resided. Given the rapid spread of the virus overseas, on April 1, 2020, GOB ordered a shut-down of the entire country of Belize which meant closing the borders and the international airport as well. The measures taken to minimize the spread of the pandemic has severely undermined the economy of Belize. It has closed down the tourism sector which is a major contributor to employment and foreign exchange earnings; and it has driven down consumer demand for telecommunication goods and services. The sharp increase in unemployment that followed the state of emergency and shutdown has negatively affected the ability of the Group's customers to settle their telecommunication bills; and it is expected that it may also ultimately affect the collectability of amounts receivable from customers.

The full impact of COVID - 19 cannot be estimated at this time as it is unclear when the Belizean economy will return to normal. The Company has implemented measures to minimize the risk of the spread of the COVID - 19 virus to staff and customers. It is also considering measures that could increase efficiency and reduce operating costs to address the expected downturn in revenues and collections. Management intends to take these and other initiatives to contain the financial impact of the pandemic on the Company's operations. There is no intention to cease operations, and management and the Board are certain that the Company will survive and continue in existence for the foreseeable future.

Digi

ANNUAL REPORT 2019/2020

St. Thomas Street/P.O. Box 603
Belize City, Belize

www.livedigi.com

0-800-CALL-BTL
0-800-FOR-DIGI
Fax: 223-1800