btl
Belize Telemedia Limited

GO BEYOND...

ANNUAL DIRECTORS' REPORT

2016-2017

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COMPANY PROFILE

Belize Telemedia Limited (BTL) owns and operates an extensive telecommunications network throughout the country of Belize encompassing landline, mobile, and broadband services. The company offers an extensive range of products and services which include:

- Mobile Voice, SMS and Data services over a 4G LTE Advanced mobile network
- Residential & Business Landline telephone service
- National and International call services
- International voice and data roaming
- Residential and Business High Speed Internet service (DSL)
- Fiber-to-the-Home Broadband services (Pilot phase)
- National and International data networks

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, 2016 to March 31, 2017, and gives an overview of BTL and the main developments in the company's business, including an assessment on the impact of the business operations on the company's finances. BTL's audited financial statements for the year ending March 31, 2017, together with the auditor's report, form an integral part of this report.

CHAIRMAN'S MESSAGE TO SHAREHOLDERS

Dear BTL Shareholders,

During the fiscal year under review spanning April 2016 to March 2017 (FY2016/17), BTL accelerated its efforts to align its technology, infrastructure and products with the demands and expectations of a modern and increasingly globally integrated Belizean marketplace. Our primary focus for FY2016/17 was to begin the promised redevelopment of the key elements of our landline, mobile and billing infrastructure as part of our stated ambition to become a regional telecommunications leader by 2020.

At BTL, our crowning achievement for FY2016/17 was undoubtedly the installation of a brand new mobile network, making Belize the very first country in Central America to roll out '4G LTE Advanced'. Others had rolled out an LTE network, but BTL was first with the "Advanced" iteration of the technology and its attendant superior mobile data speeds and quality.

I applaud our BTL team members who worked extremely hard to overcome the inevitable challenges that accompany a project of this scope, delivering the new mobile network in December 2016 on time and on budget.

During the year, BTL also piloted its Fiber-to-the-Home Broadband product in four communities. This served as a prologue to our ambitious multi-year plan to completely replace our aged copper landline infrastructure countrywide with ultra-modern fiber-optic technology that will place Belize on par with leading global jurisdictions in terms of broadband quality and speed.

The company also began work on a brand new billing platform to provide more solutions and offerings for our customers, delivered in a much more efficient way. We continued to place emphasis on world class customer care, augmenting our industry leading digital contact center and launching the new DigiCell Store in Belize City.

We ended the fiscal year with operating revenues of $156.9 million, and profits of $20.6 million. Mobile postpaid revenues saw a significant increase of 18%, with a boost in 4G data revenues by 19%. This growth is a result of the increased uptake of 4G data plans and the ongoing advertising of best value propositions. Our base of active data mobile users grew by some 10,000 customers.

Our performance reflects the attribute for which BTL has become known: leadership in landline, mobile and broadband services. We remain well-positioned for long-term profitable growth and continue aiming to become one of the top performing regional leaders in telecoms by 2020.

Sincerely,

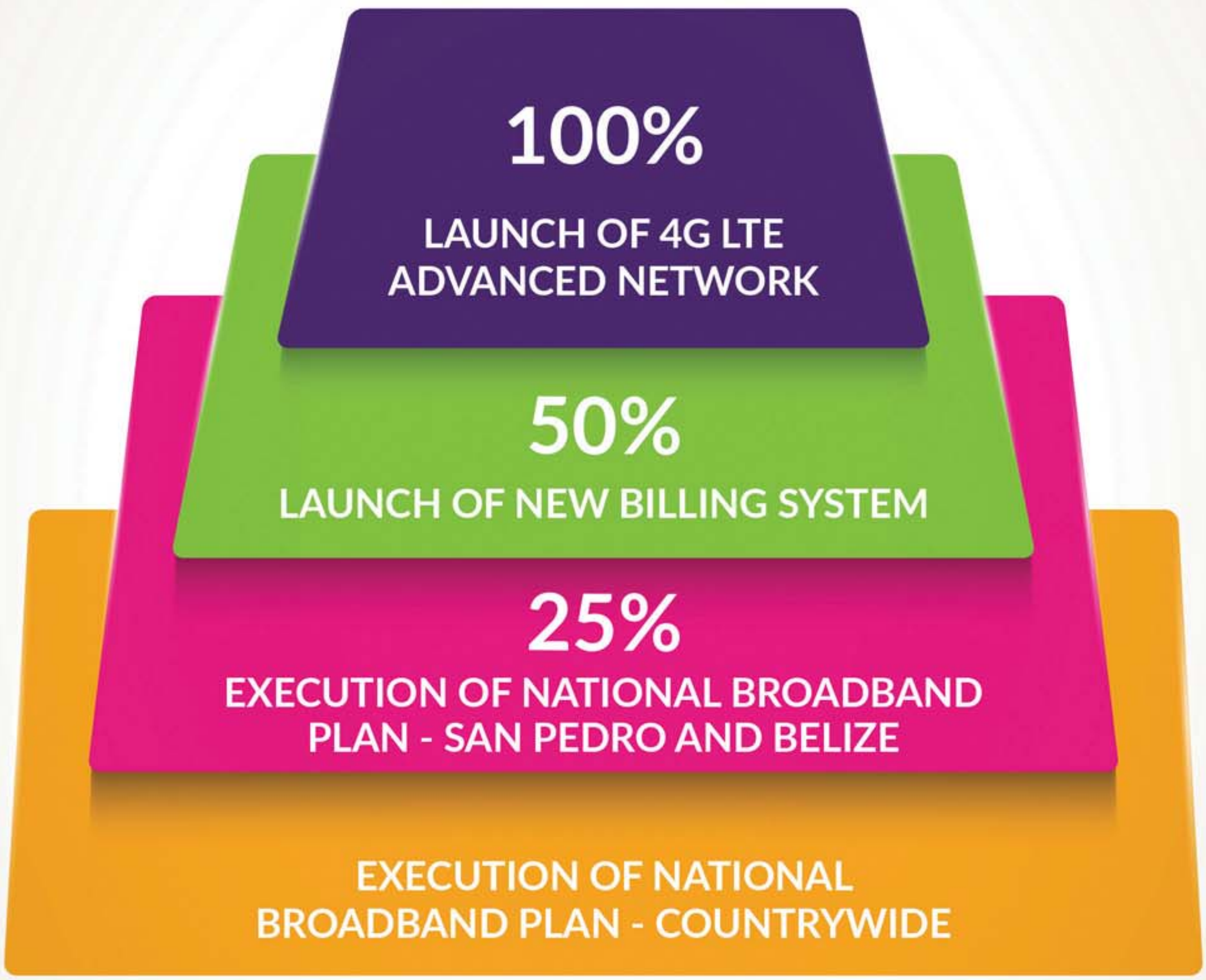
Nestor Vasquez

Nestor Vasquez
Chairman
Board of Directors

Nestor Vasquez
Chairman
Board of Directors

Anwar Barrow
Chairman
Executive Committee

DESTINATION GREATNESS: TOP 3 BY 2020



KEY MILESTONES

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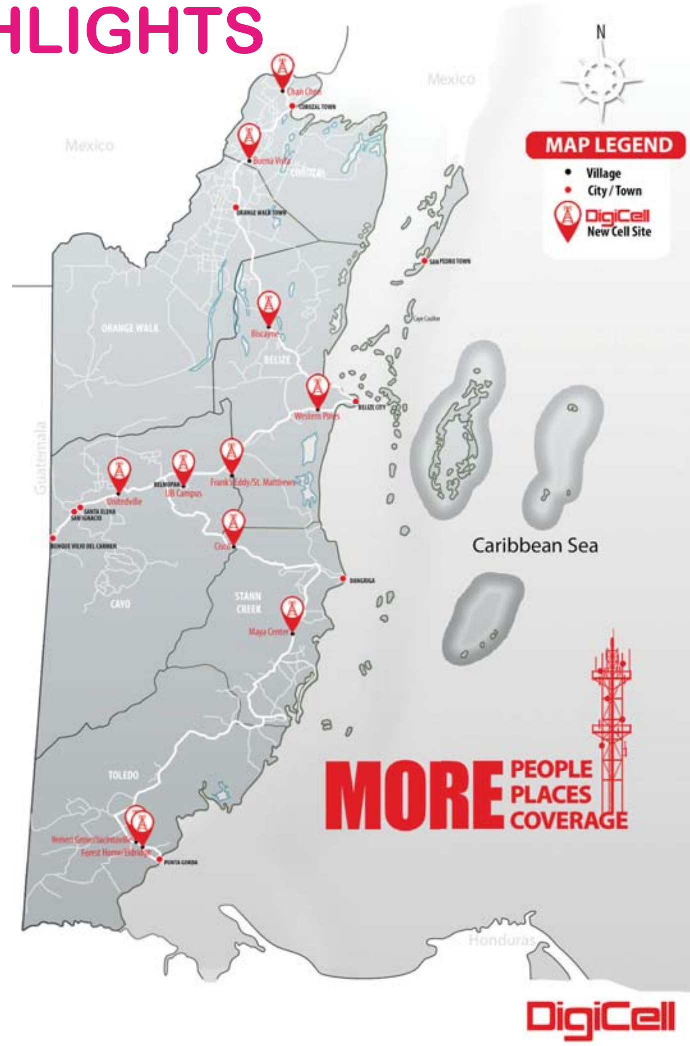
2016 HIGHLIGHTS

DIGICELL 4G LTE ADVANCED

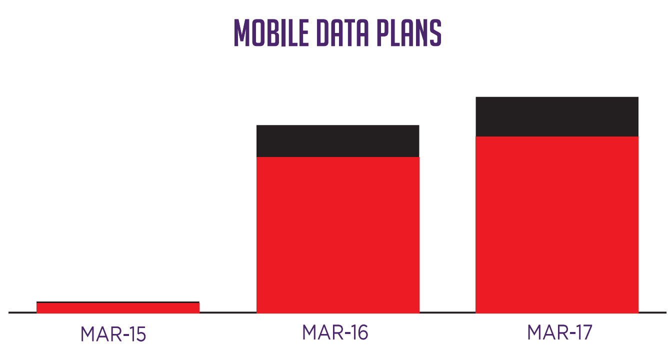
- In 2016, BTL partnered with Huawei for the installation of its 4G LTE Advanced mobile network, a $40M investment

4G LTE Advanced was launched countrywide in December 2016 with customers enjoying great deals on devices

In March 2017, BTL launched its NEW cutting edge store in downtown Belize- The DigiCell Store



111 4G LTE cell sites nationwide with 11 NEW cell sites launched in March 2017



At March 2017, we gained 10,000 NEW DigiCell data customers

BTL'S BROADBAND SERVICE

In August 2016, BTL partnered with Huawei on a $17M investment for the undersea fiber optic cable project that will connect Ambergris Caye to Belize mainland and the rest of the world.

To be better aligned with this technology, staff were trained & certified over the course of the year; we had a 97% success rate

BTL slashed High Speed Internet Prices in September 2016 allowing customers to enjoy savings of up to 43%

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2016 HIGHLIGHTS

ALL NEW BILLING SYSTEM

In 2016, we commenced work on the NEW billing system which provides flexibility to offer best value propositions to our mobile customers

The billing system allows for more automated processes, which in turn permits Customer Service Reps to provide quick response to queries and faults

BUILDING TOMORROW

A total of 251 institutions benefit from the Internet for Schools Program

Over 600 students have been a part of BTL's Scholarship Program since its inception, of which 25 were new scholars for FY2016/17

In August 2016, BTL contributed $100K towards Hurricane Relief. By partnering with Hand in Hand Ministry for the construction of Homes and providing relief to the Belize Red Cross for over 400 persons

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FINANCIAL STATEMENTS
Financial Review

The following represent audited figures for the year ended March 31, 2017.

REVENUE

In FY2016/17 gross revenues remained relatively flat at $156.9 million as compared to $157.1 in the prior year. The moderation in revenue growth was primarily a result of significant pressure on broadband revenues, as the company responded to heavy price competition in the marketplace, coupled with a fixed plant with limited room for expanded uptake. Fixed line telephony revenues and long distance revenues continue to decline as customers transition to mobile devices and internet VoIP apps as substitutes.

These developments countered what was continued strong performance in our mobile services including an increase in mobile postpaid customers and significant growth in mobile data customers and mobile data revenues – especially in the fourth quarter of the year after the launch of the new 4G LTE network in December 2016.

REVENUE TREND

FIGURES ARE IN BZ$ MILLION EXCEPT % FIGURES

NET INCOME

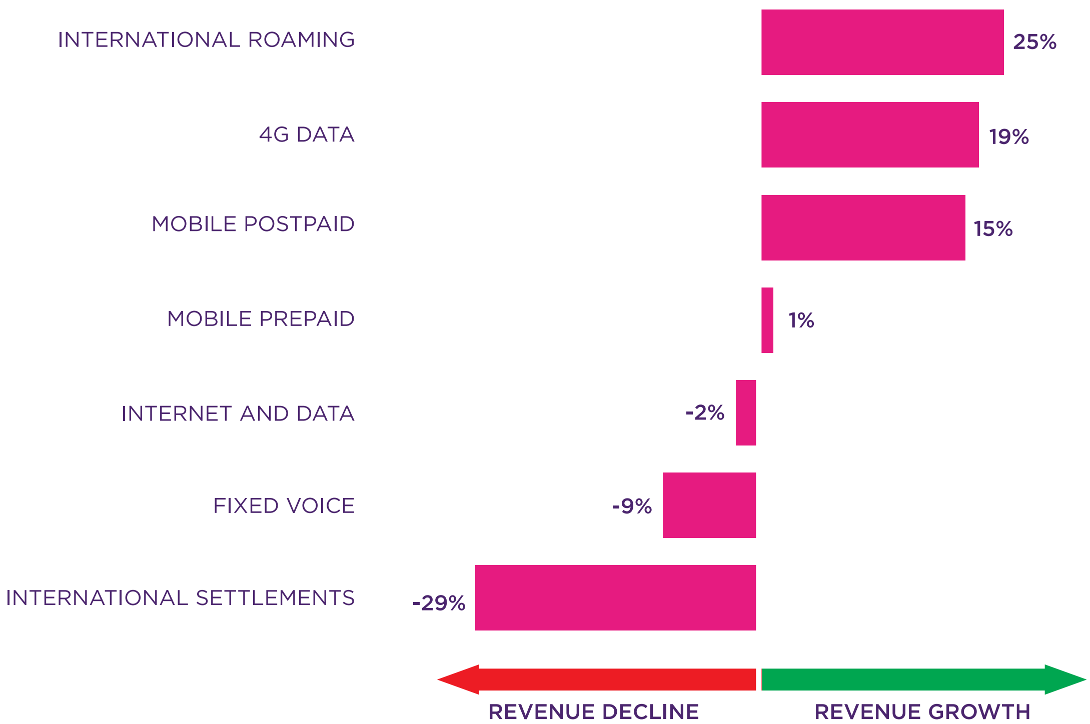
For the year ended March 31, 2017 we had a net income of $20.6 million, down from $22.1 million, representing a decrease of 7%. While revenues remained flat year on year, net income came under pressure due to increased expenditure related to purchase of additional international bandwidth, marketing expenses for the launch of the new 4G LTE Advanced network, and regulator imposed frequency fees related to the LTE network.

The chart below shows the major items of the income statement in arriving at the net income for this fiscal year.

INCOME STATEMENT WATERFALL

FIGURES ARE IN BZ$ MILLION

REVENUE YEAR ON YEAR GROWTH BY SERVICE



Mobile postpaid revenues saw a significant increase by 18%, with the mobile postpaid customer base up by one-third compared to the previous year. Mobile 4G data revenues also increased by 19%, buoyed in part by a surge in data customers particularly following the successful launch of the 4G LTE Advanced network and the accompanying promotions and product repositioning.

Mobile prepaid revenues saw a slight increase of 1% over last year. The increase is driven by the 43% new prepaid customers that began using the 4G service, helping to overcome the decrease in usage for voice and SMS. We expect that with the 4G LTE Advanced service being ubiquitous, we will continue to see a shift from traditional voice and SMS to 4G LTE services.

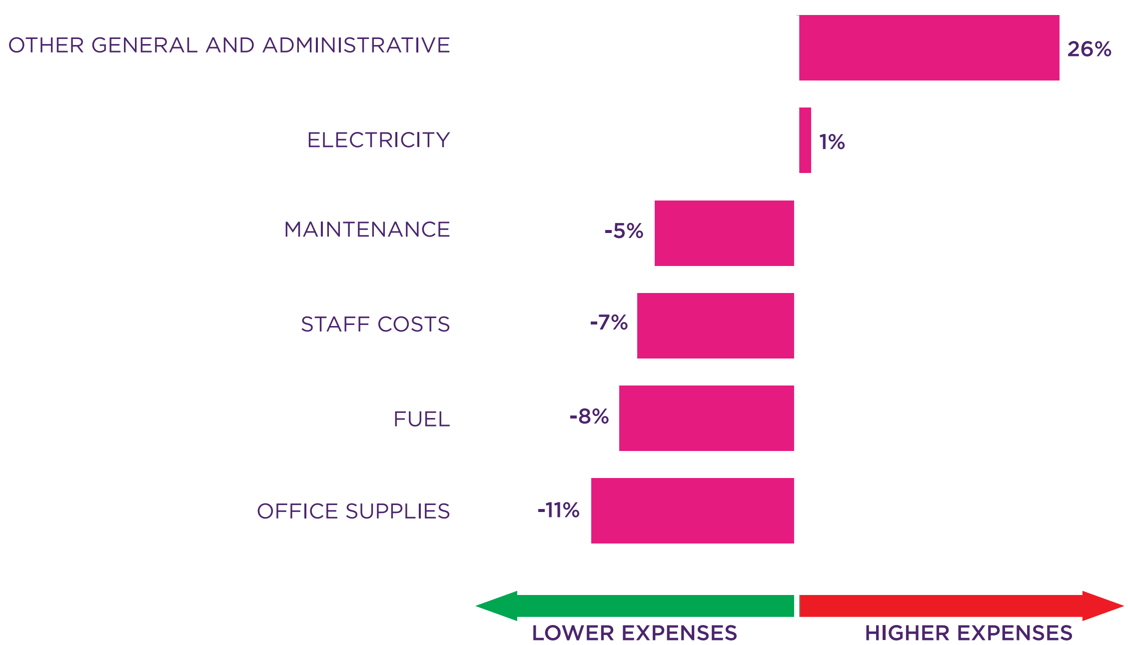
Internet and data revenues has marginally decreased by 2% due to significant reduction in internet prices and a fall off in customer uptake due to plant limitations.

International roaming revenues saw a healthy growth of 25%, which can be attributed to the increase in visiting mobile subscribers on the BTL network and their greater usage of 4G data whilst in Belize. This increase kept pace despite the impact of continued lowering of roaming settlement rates from our major roaming partners. However, international settlement (i.e. revenues derived from long distance calls) decreased by 29%, due to a reduction in voice traffic as a result of continued increased competition from VOIP technologies and Over The Top (OTT) providers.

The fixed line revenue streams, including the HomeFone and BizFone bundling, experienced a moderate decrease of 9%. This is due to a decrease in the customer base by 6% as compared to March 2016. These decreases have been consistent year on year as customers move away from traditional landline. The company also faced limitations in plant availability even in areas of demand for the service. The plant limitations will be addressed in the Fiber-optic network infrastructure project to revitalize the existing aged copper based landline infrastructure.

The combined impact of changes in the various revenue streams resulted in a modest decline of gross revenues of $184 thousand or 0.1% to $156.9 million from $157.1 million as compared to the previous financial year.

EXPENSES YEAR ON YEAR GROWTH BY CATEGORY



Operating expenses to March 2017 experienced a marginal increase of $964 thousand over the previous year to $83.7 million from $82.7 million. Electricity charges increased by 1% mainly due to consumption and the addition of new mobile sites countrywide. Other General and Administrative expenses increased by 26% fueled by increases in marketing expenses related to the launch of the brand new 4G LTE Advanced network, the launch of the DigiCell Store in downtown Belize City, other office refurbishments in Belize City, rent expense for additional mobile sites countrywide, charitable contributions towards education, sports and the community and advisory expense - amounting to $3.4 million. License fees increased by 28% or $619 thousand due to additional frequency spectrum obtained for the 4G LTE Advanced mobile network.

Reductions in operating expenses were realized on several fronts. During the fiscal year, the company embarked on several major strategic capital projects thus permitting increased capitalization of staff cost to these projects; the net effect of this was a reduction of 7% in operating staff cost and overtime. Maintenance decreased by almost 5% due to less requirement for maintenance works, along with the non-renewal of Service Level Agreements (SLAs) with vendors and suppliers that were no longer needed. Other decreases were experienced in Office Supplies (down 11%) and fuel (down 8%). Total operating expenses for FY2016/17 including business tax and depreciation amounted to $136.3 million increasing from $134.9 million over the previous year.

Interest earned on our cash and cash equivalents deposited at financial institutions, resulted in net interest income of $257 thousand as compared to a net financial cost. The drastically reduced interest rates - and in some cases zero percent interest rate - offered by the commercial banks with whom we have banking relationships has once more reduced our interest income. As a result interest income decreased by 33% or $127 thousand to $257 thousand as compared to the previous year's figure of $384 thousand.

BALANCE SHEET (AUDITED)

	CONSOLIDATED BALANCE SHEET YEAR ENDED 31 MARCH			
	AUDITED 2017	AUDITED 2016	VARIANCE $	VARIANCE %
ASSETS	**$BZ**	**$BZ**	**$BZ**	
Current Assets	84,814	74,284	10,530	14%
Non Current Assets	249,619	234,326	15,293	7%
TOTAL ASSETS	**334,433**	**308,610**	**25,823**	**8%**
LIABILITIES				
Current Liabilities	52,067	42,846	9,221	22%
Non Current Liabilities	10,268	381	9,887	2593%
TOTAL LIABILITIES	**62,335**	**43,228**	**19,107**	**44%**
Retained Earnings	170,650	163,934	6,716	4%
Other Shareholders' Equity	101,449	101,449	0	0%
TOTAL SHAREHOLDERS' EQUITY	**272,099**	**265,383**	**6,716**	**25%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**334,433**	**308,610**	**25,823**	**8%**

FINANCIAL RATIO ANALYSIS YEAR ENDED 31 MARCH		
	2017	**2016**
Current Ratio	1.6	1.7
Return on Assets	6%	7%
Return on Equity	8%	8%

Belize Telemedia Limited
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In the 2016/17 fiscal year, the company's working capital ratio decreased to 1.2:1 from 1.7:1 as compared to the previous fiscal year. This was due to a decrease in cash and cash equivalents for payments made towards the 4G LTE Advanced mobile network along with other network expansions such as MPLS data network, Fiber to the Home and fiber back bone expansion.

Capital Additions for fiscal year 2016/2017 totalled $70 million which consist mainly of equipment and charges for 4G LTE Advanced network, continued expansion to the 4G network, Convergent Billing System, additional installation of broadband network equipment and for existing Fiber network.

CASH AND CASH EQUIVALENTS

At the end of March 2017, Cash on hand decreased to $15.9 million as compared to the $28.9 million cash on hand for the same period previous year. The increase in cash outflow is due to the recent and ongoing investment in the 4G LTE Advanced mobile network along with other strategic capital projects.

SHAREHOLDER RETURNS

The twelve months ended March 31, 2017 resulted in net profit of $20.6 million from $22.1 million recorded in the previous year. Earnings per share decreased to 42 cents from 45 cents per share from the previous year.

Shareholders' equity increased by 2.5% to $272 million or an increase of $7 million from $265 million after inflows from profits and after declaring of dividends.

The company for this fiscal year achieved a return on equity of 8%, remaining consistent from previous year.

DIRECTORS

As at March 31, 2017, The Board of Directors of Belize Telemedia Limited for the financial year 2016-17 was comprised of Mr. Nestor Vasquez – Chairman of the Board, Mr. Anwar Barrow, Col. George Lovell (Rtd.), Ms. Audrey Wallace, Dr. Colin Young, Mr. Rafael Marin, Mr. John Mencias and Mr. Eric Eusey.

AUDITORS

For the end of the fiscal year 2016/2017 Pannell Kerr Foster was BTL's external auditor. A resolution to re-appoint them or to appoint another competent accounting firm as auditors for 2017/2018 for Belize Telemedia Limited will be proposed at BTL's Annual General Meeting.

By order of the Board of Directors,

Magalie Perdomo
Secretary of the Board
Belize Telemedia Limited

CONSOLIDATED FINANCIAL STATEMENTS

PKF
Accountants &
business advisers

Belize Telemedia Limited

Consolidated
Financial statements
March 31, 2017

BELIZE TELEMEDIA LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

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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, 2017, 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, 2017 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.

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PKF Belize • 35 Regent Street • P.O. Box 280 • Belize City • Belize
Partners: J.A. Bautista • J. Ortez

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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

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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 responsibie 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.

The engagement partner on the audit resulting in this independent auditor's report is Jose Ortez.

Jose Ortez
PKF Belize
Chartered Accountants
Belize City

August 14, 2017

BELIZE TELEMEDIA LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017

	Notes		2017	2016
ASSETS				
Non-current assets				
Property, plant and equipment	5		**242,545**	206,254
Intangibles	6		**3,195**	3,599
Other non-current asset	7		**3,379**	3,730
Non-current financial assets	8		**500**	755
Total non-current assets			**249,619**	214,338
Current assets				
Inventories	9		**15,753**	9,385
Trade and other receivables	10		**53,136**	55,928
Non-current financial assets, current portion	8		**-**	15
Cash and cash equivalents	11		**15,925**	28,945
Total current assets			**84,814**	94,273
TOTAL ASSETS		**BZ$'000**	**334,433**	308,611
LIABILITIES & EQUITY				
LIABILITIES				
Non-current liabilities				
Trade and other payables, non- current portion	13		**10,268**	-
Borrowings	12		**-**	381
Total non-current liabilities			**10,268**	381
Current liabilities				
Trade and other payables	13		**47,512**	35,045
Current tax liabilities			**4,174**	4,826
Borrowings	12		**381**	2,976
Total current liabilities			**52,067**	42,847
TOTAL LIABILITIES			**62,335**	43,228
EQUITY				
Stock issued and fully paid	14		**49,552**	49,552
Treasury stock	15		**(14)**	(14)
Equity attributable to owners of parent			**49,538**	49,538
Share Premium	16		**15,274**	15,274
Share Capital Reserve - Non-distributable	17		**36,637**	36,637
Retained earnings			**170,649**	163,934
TOTAL EQUITY			**272,098**	265,383
TOTAL LIABILITIES AND EQUITY		**BZ$'000**	**334,433**	308,611

Nestor Vásquez
Chairman

Director

Independent auditor's report - pages 1 to 3
The notes on pages 8 - 26 form an integral part of these financial statements

BELIZE TELEMEDIA LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED MARCH 31, 2017

	Notes		2017	2016
Revenue			**147,924**	147,342
Other operating income	18		**8,995**	9,760
Operating costs			**(83,737)**	(82,773)
Depreciation and amortization			**(36,376)**	(35,964)
Operating profit			**36,806**	38,365
Finance income			**381**	719
Finance expense			**(124)**	(335)
Net finance income			**257**	384
Profit before tax			**37,063**	38,749
Business Tax	19		**(16,473)**	(16,614)
PROFIT FOR THE YEAR		**BZ$'000**	**20,590**	22,135

Profit attributable to:				
Equity shareholders of the parent		**BZ$'000**	**20,590**	22,135

Earnings per share attributable to the equity shareholders of the parent during the year:

Earnings per share	20	**BZ$**	**0.42**	0.45

The notes on pages 8 - 26 form an integral part of these financial statements

BELIZE TELEMEDIA LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT MARCH 31, 2017

	Share Capital	Treasury Shares	Share Premium	Capital Reserve, Non-Distributable	Retained Earnings	Total
	BZ$'000	BZ$'000	BZ$'000	BZ$'000	BZ$'000	BZ$'000
At March 31, 2015, as restated	49,552	(14)	15,274	36,637	153,196	254,645
Profit for the year	-	-	-	-	22,135	22,135
Dividends paid to shareholders	-	-	-	-	(11,397)	(11,397)
At March 31, 2016	49,552	(14)	15,274	36,637	163,934	265,383
Profit for the year	**-**	**-**	**-**	**-**	**20,590**	**20,590**
Dividends paid to shareholders	**-**	**-**	**-**	**-**	**(13,875)**	**(13,875)**
At March 31, 2017	**49,552**	**(14)**	**15,274**	**36,637**	**170,649**	**272,098**

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2017

		2017	2016
Cash flow from operating activities:			
Profit for the year		**20,590**	22,135
Adjustments for non-cash items:			
Depreciation and amortization		**36,377**	35,964
Gain on disposal of property, plant and equipment		**(93)**	(126)
Business tax		**16,473**	16,614
		73,347	74,587
Changes in working capital:			
Decrease / (Increase) in trade and other receivables		**2,792**	(21,673)
(Increase) / Decrease in inventories		**(6,368)**	1,097
Increase / (Decrease) in trade and other payables		**22,735**	(5,507)
Cash generated from operations		**92,506**	48,504
Business tax paid		**(17,125)**	(15,897)
Net cash inflow from operating activities		**75,381**	32,607
Cash flow from investing activities			
Purchases of property, plant and equipment and other assets		**(72,015)**	(40,307)
Proceeds on disposal of property, plant and equipment		**195**	168
Proceeds from non-current financial assets		**270**	4,263
Net cash outflow from investing activities		**(71,550)**	(35,876)
Cash flow from financing activities			
Dividends paid to company's shareholders		**(13,875)**	(11,397)
Repayment of borrowings		**(2,976)**	(2,775)
Net cash outflow from financing activities		**(16,851)**	(14,172)
Net decrease in cash and cash equivalents		**(13,020)**	(17,441)
Cash and cash equivalents, beginning of the year		**28,945**	46,386
Cash and cash equivalents, end of the year	**BZ$'000**	**15,925**	28,945

1. GENERAL INFORMATION

Belize Telemedia Limited (the Company) and its subsidiaries (together, the Group) is Belize's largest telecommunications Group. The Group provides a wide range of telecommunications services and products, including wireless and wireline voice and data services.

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

The Group includes Belize Telemedia Limited (the parent company) which provides telecommunication services and its wholly-owned subsidiaries - Telemedia Free Zone Limited which provides telecommunication services in the Commercial Free Zone at Santa Elena, Corozal; BTL Digicell Limited which operates the mobile cellular 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.

Telemedia operates under an Individual Telecommunications License, issued by the Public Utilities Commission ("PUC"). The License expires on December 29, 2017, 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 August 14, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of Belize Telemedia Limited have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations issued by the International Accounting Standards Board (IASB). The consolidated financial statements include all the companies within the Group as described in Note 1, paragraph 3. The consolidated financial statements have been prepared under the historical cost convention.

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.

2.1.1 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2016:

Amendments to IAS 1, 'Presentation of financial statements' which became effective on 1 January 2016 seeks to clarify the concept of materiality as it applies to the disclosure of notes as well as the recognition and measurement in the primary statements. The application of this amendment did not have a significant effect on the Group's financial statements.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures': These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments had no impact on the Group's financial statements.

Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation: This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. This amendment did not have a significant effect on the Group's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1.1 Changes in accounting policies and disclosures (continued)

(a) New and amended standards adopted by the Group (continued)

Amendment to IAS 16, 'Property, plant and equipment': This amendment clarifies that the use of revenue-based methods to calculate depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. This amendment did not have an impact on the Group's financial statements.

Amendment to IAS 19, 'Employee benefits' regarding employee or third party contributions to defined benefit plans. This amendment did not have a significant effect on the Group's financial statements.

IAS 24,'Related party disclosures' is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. This amendment did not have a significant effect on the Group's financial statements.

Amendments to IAS 27, 'Separate financial statements' on the equity method: These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate (parent only) financial statements. These amendments did not have a significant effect on the Group's financial statements.

IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
IFRS 7, 'Financial instruments: Disclosure', (with consequential amendments to IFRS 1, regarding servicing contracts).
IAS 19, 'Employee benefits' regarding discount rates, and
IAS 34, 'Interim financial reporting' regarding disclosure of information.
These amendments became effective 1 January 2016.

These amendments did not have a significant effect on the Group's financial statements.

b) New standards, amendments and interpretations not yet adopted

Amendments to IAS 7, 'Cash flow statements' on the disclosure initiative: These amendments introduce another disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financial activities. It is effective for annual periods beginning on or after 1 January 2017. Early adoption is permitted.

IFRS 9, 'Financial instruments': This standard replaces the guidance in IAS 39. It includes requirements on the classification, measurement and recognition of financial assets and financial liabilities. It also includes an expected credit losses model that replaces the current incurred loss impairment model. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's impact on its financial statements.

IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of revenue in financial statements globally. The standard is effective for annual periods beginning on or after 1 January 2018. The Group is yet to assess the impact of IFRS 15 on its financial statements.

IFRS 16, 'Leases': This standard replaces the current guidance in IAS 17. This will require far-reaching changes in accounting by lessees in particular. 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 now requires 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. IFRS 16 applies to annual reporting periods beginning on or after 1 January 2019.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation

(a) 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 and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. 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.

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.

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.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. The accounting policies of subsidiaries are consistent with Group policies.

(b) 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.

(c) 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Foreign Currency Translation

(a) 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.

(b) 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)'.

2.4 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) and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. 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 depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 bringing 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:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property, plant and equipment (continued)

Buildings	40 years
Transmission equipment	10 - 15 years
Switching equipment	10 - 20 years
Mobile equipment	5 - 10 years
Other plant and equipment	3 - 40 years
Motor vehicles	4 years
Computer equipment	3 - 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 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.

2.6 Intangible assets

(a) Licenses

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of five years.

(b) Computer software

Computer software comprises of computer software purchased from third parties. Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring into use the specific software. Computer software is amortized over their estimated useful lives of five years.

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 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.

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets (continued)

2.8.1 Classification (continued)

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. The Group did not have any financial assets at fair value at year-end.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current financial assets. The Group's loans and receivables comprise 'trade and other receivables' in the statement of financial position.

(c) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than:

those that the Group upon initial recognition designates as at fair value through profit or loss;

those that the Group designates as available for sale; and

those that meet the definition of loans and receivables.

Interests on held-to-maturity investments are included in the statement of comprehensive income and are reported as 'Interest income'. In the case of an impairment, the impairment is reported as a deduction from the carrying value of the investment and recognised in the statement of comprehensive income as 'Net gains/(losses) on investment securities'.

(d) Available-for-sale financial assets

Available-for-sale are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current financial assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting date.

2.8.2 Recognition and measurement

Regular-way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Trade and other receivables are recognized at cost on the trade date and are subsequently carried at amortized cost using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.10 Reclassification of financial assets

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

There were no reclassification of financial assets during the year.

2.11 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:
(a) significant financial difficulty of the issuer or obligor;
(b) a breach of contract, such as a default or delinquency in payments;
(c) the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that a lender would not otherwise consider;
(d) it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
(e) observable data indicating that there is a measurable decrease in the estimated future cash flows from trade and other receivables since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets, including:

(i) adverse changes in the payment status of debtors; and
(ii) national or local economic conditions that correlate with defaults on balances due from debtors.

In the case of trade and other receivables, the amount of the loss is measured as the difference between the asset carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services provided in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

2.13 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. Bank overdrafts are shown within current liabilities on the statement of financial position.

2.14 Share capital

Ordinary shares are classified as equity.

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

2.15 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented in non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in comprehensive income over the period of the borrowing using the effective interest method.

Fees paid on the establishment of loan facilities are recognized 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 that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

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

2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in comprehensive income in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Business tax

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

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

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

2.19 Employee benefits

(a) 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.

(b) Termination benefits

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

2.20 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 the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of general sales tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described in the following paragraphs:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Revenue recognition (continued)

(a) Sales of services

The Group principally obtains revenue 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 as services are performed, with unbilled revenue resulting from services already provided, billed at the end of the billing cycle and unearned revenue from services to be provided in future period deferred. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit 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 call.

(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

When revenue arrangements include multiple deliverables, the revenue recognition criteria usually are applied separately to each transaction. In certain circumstances, however, it is necessary to separate a transaction into identifiable components to reflect the substance 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.

2.22 Interest income and expense

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.

Interest expense is recognized in the statement of comprehensive income using the effective interest method.

2.23 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to comprehensive income on a straight- line basis over the period of the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.25 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 see 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.

2.26 Exceptional items

Exceptional items are disclosed separately in the financial statements where 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 have been shown separately due to the significance of their nature or amount.

3. 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 - is the risk that a debtor will fail to settle an obligation to the Group, thereby causing the Group to incur a financial loss. The Group is exposed to credit risk mainly on accounts receivable from its customers and receivables from entities associated to the Group prior to the change in ownership of the Group. In order to reduce its credit risk, 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. The maximum exposure to credit risk is the carrying value of receivables due from previous associated entities which may only be collected through litigation.

(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. Interest rate risk on borrowings is managed by sourcing the funds needed from competitive financial institutions both locally and abroad.

3. Financial risk management (continued)

(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 reinsurance 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 reinsurance 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.

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.

The Group provides for bad and doubtful debts based on an evaluation of the collectability of individual customer balances.

The estimate for obsolete inventories is based on an evaluation of slow-moving items, particularly inventories that have not moved for more than 12 months and in some cases 24 months.

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.

5. PROPERTY, PLANT AND EQUIPMENT

		Land and buildings	Network equipment	Other assets	Assets in course of construction	Total
Cost						
At March 31, 2015		52,048	393,535	32,238	23,686	501,507
Additions		949	19,998	2,672	16,089	39,708
Disposals		-	(554)	(1,154)	-	(1,708)
At March 31, 2016		52,997	412,979	33,756	39,775	539,507
Additions		875	33,552	1,955	33,723	70,105
Disposals		-	-	(668)	-	(668)
At March 31, 2017	**BZ$'000**	**53,872**	**446,531**	**35,043**	**73,498**	**608,944**

5. PROPERTY, PLANT AND EQUIPMENT (continued)

		Land and buildings	Network equipment	Other assets	Assets in course of construction	Total
Accumulated depreciation						
At April 1, 2015		11,023	262,647	28,074	-	301,744
Charge for the year		817	30,371	1,987	-	33,175
Write back on disposals		-	(554)	(1,112)	-	(1,666)
At March 31, 2016		11,840	292,464	28,949	-	333,253
Charge for the year		813	30,859	2,040		33,712
Write back on disposals				(566)		(566)
At March 31, 2017	**BZ$'000**	**12,653**	**323,323**	**30,423**	**-**	**366,399**
Carrying amount:						
At March 31, 2016	BZ$'000	41,157	120,515	4,807	39,775	206,254
At March 31, 2017	**BZ$'000**	**41,219**	**123,208**	**4,620**	**73,498**	**242,545**

Other assets comprise vehicles, furniture, fixtures, computers and other equipment.

Assets in course of construction (Special project assets) at March 31, 2017 consist mainly of the various equipment and charges for the new LTE Network, Convergent billing system, FTTH Network, MPLS Evolution, Juniper building, charges and materials for various fiber links, tower replacements, power plant upgrade and other various projects.

Transfers for the fiscal year ended 31 March 2017 from assets in the course of construction to the various asset categories included additions to existing 4G Sites, fiber links, ducts expansion, cabinets, QPS upgrade, external plant building expansion, internet and data equipment, transmission equipment, computer equipment and other equipment.

6. INTANGIBLE ASSETS

		Computer software and licenses
Cost		
At April 1, 2015		25,773
Additions		599
At March 31, 2016		26,372
Additions		1,924
At March 31, 2017	**BZ$'000**	**28,296**
Accumulated amortization and impairment		
At April 1, 2015		20,321
Charge for the year		2,452
At March 31, 2016		22,773
Charge for the year		2,328
At March 31, 2017	**BZ$'000**	**25,101**
Carrying amount:		
At March 31, 2016	BZ$'000	3,599
At March 31, 2017	**BZ$'000**	**3,195**

Intangible assets consists of all purchased software mainly for billing, value added services, financial and human resource systems and licenses for all Microsoft products and additional software used by the Group.

7. OTHER NON- CURRENT ASSET

Cost - Arcos -1 and Leasehold Improvements		
At March 31, 2015		8,088
Additions		-
At March 31, 2016		8,088
Additions		10
Transfers		(24)
At March 31, 2017	**BZ$'000**	**8,074**
Accumulated amortization		
At March 31, 2015		4,021
Amortization for the year		337
At March 31, 2016		4,358
Amortization for the year		337
At March 31, 2017	**BZ$'000**	**4,695**
Carrying amount		
At March 31, 2016	BZ$'000	3,730
At March 31, 2017	**BZ$'000**	**3,379**

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 $8.006 million.

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.

8. NON-CURRENT FINANCIAL ASSETS

		2017	2016
Belize City Municipal Bond receivable, interest at 5.5% per annum, payable semi-annually in arrears on 1 June and 1 November, maturing 6 September 2018.		**500**	500
Acuity Holdings Limited Bond receivable, secured by an equitable charge over property, interest at 5% per annum, collectible in 10 years by scheduled semi-annual instalments of $21,810.		**-**	270
	BZ$'000	**500**	770
Less current-portion		**-**	15
	BZ$'000	**500**	755

The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets classified as non-current financial assets. None of these financial assets are either past due or impaired.

9. INVENTORIES

Spares, other consumable supplies and goods for resale		**17,159**	10,547
Less: provision for obsolete inventories		**(1,406)**	(1,162)
	BZ$'000	**15,753**	9,385

10. TRADE AND OTHER RECEIVABLES

		2017	2016
Trade receivables		**15,179**	18,315
Less: provision for impairment of trade receivables (a)		**(1,332)**	(1,182)
Trade receivables - net		**13,847**	17,133
Foreign telephone network administrations receivable		**3,712**	5,925
Other receivables		**6,129**	2,309
Receivable from Government of Belize (b)		**20,416**	18,264
British Caribbean Bank Limited (b)		**-**	1,724
Prepayments		**9,032**	10,573
	BZ$'000	**53,136**	55,928

(a) Provision for impairment of trade receivables

The changes in the provision for impairment of trade receivables follows:

Balance as at April 1		**1,182**	1,246
Increase in provision		**661**	298
Provision no longer required		**(178)**	(84)
Receivables written off against the provision		**(333)**	(278)
Balance as at March 31	**BZ$'000**	**1,332**	1,182

(b) Non-current portion of other receivables

In 2016, trade and other receivables included BZ$18.3 million receivable from the Government of Belize (GOB) representing (i) BZ$8.3 million receivable from GOB for treasury shares acquired by GOB from the BTL Group (BTL International Inc. and BTL Investments Limited in particular) and (ii) BZ$10 million paid by the Group on behalf of GOB as part settlement of an arbitration award in connection with a US$22.5 million loan from British Caribbean Bank (BCB).

In 2017, the amount receivable from GOB increased to BZ$20.4 million after GOB acquired the amount of BZ$1.7 million previously receivable from BCB and after the Group prepaid interest of BZ$428 thousand in connection with a BZ$48.5 million loan payable to GOB. (see note 24 (g)).

(c) Credit risk

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable as shown above. The Group does not hold any collateral or security over these receivables.

11. CASH AND CASH EQUIVALENTS

		2017	2016
Cash on hand and at bank		**13,375**	26,445
Bank term deposits with original maturities of 3 months or less		**2,550**	2,500
	BZ$'000	**15,925**	28,945

		2017	2016

12. BORROWINGS

		2017	2016
US dollar loan from Heritage Bank Limited (the Bank), repayable with interest at 7% per annum over a period of 84 months with a moratorium on principal for the first nine months. Thereafter, the loan is to be repaid by 75 monthly instalments of US$129,901, inclusive of interest. The loan is secured by a legal assignment of the US dollar contract with the International Carriers, an agreement to pay proceeds direct to the Bank for the account of the Group and a guarantee from the Government of Belize (GOB), supported by a resolution of the National Assembly. The GOB guarantee is to remain until the Group is able to provide alternative security.		**381**	3,357
Less: current portion		**(381)**	(2,976)
	BZ$'000	**-**	381
The loan is repayable as follows:			
2016 - 2017		-	2,976
2017 - 2018		**381**	381
	BZ$'000	**381**	3,357

13. TRADE AND OTHER PAYABLES

		2017	2016
Trade payable and accruals		**25,610**	13,974
Customers' deposits		**4,182**	4,345
Other Payables		**10,843**	9,498
Dividend payable		**17,145**	7,228
		57,780	35,045
Less: non-current portion		**(10,268)**	-
Non-current trade and other payables	BZ$'000	**47,512**	**35,045**

14. SHARE CAPITAL

		2017	2016
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

15. TREASURY STOCK

		2017	2016
A Group subsidiary, BTL (Overseas) Limited, holds 2,624 shares in Belize Telemedia Limited, at a cost of $10,625.		**11**	11
A Group subsidiary, BTL Telemedia Investments Limited, holds 500 shares in Belize Telemedia Limited, at a cost of $3,496.		**3**	3
	BZ$'000	**14**	14

16. SHARE PREMIUM

		2017	2016
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 $15,273,595.	BZ$'000	**15,274**	15,274

17. 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.

18. OTHER OPERATING INCOME

This represents revenue from merchandise sales, directory services and sundry items.

19. BUSINESS TAX

On 29 June 1998, the Government of Belize passed the Income and Business Tax (the Act). The Act which became effective 1 July 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 1 January 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 1 April 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 19% on gross revenue receipts from telecommunication services. Gross revenue receipts from non-telecommunication services, internet and data services are chargeable to business tax at 1.75% and gross revenue receipts from rent is chargeable to business tax at 3%.

20. EARNINGS PER SHARE

Earnings per share is computed based on the weighted average number of shares outstanding, excluding treasury shares, during the period.

21. OPERATING LEASES

The Group has several operating lease agreements with local suppliers whose lease terms ranging from one to five years. The Group incurred lease rental charges amounting to $745,302 for the year ended 31 March 2017 (2016 - $538,083).

22. RETIREMENT BENEFIT OBLIGATIONS

		2017	2016
Pension contributions under defined contribution plans	BZ$'000	**1,231**	1,350

23. COMMITMENTS

		2017	2016
Capital commitments			
Capital expenditure authorized and contracted - Billing software		**3,585**	-
Capital expenditure authorized and contracted - Mobile network and equipment		**15,541**	29,629
Capital expenditure authorized and contracted - Building		**164**	3,522
Capital expenditure authorized and contracted - Fixed network and equipment		**1,140**	1,508
Capital expenditure authorized and contracted - Long Haul Fiber		**887**	-
Capital expenditure authorized and contracted - Fiber Optic Submarine Cable		**1,215**	-
Capital expenditure authorized and contracted - other projects		**2,543**	2,877
	BZ$'000	**25,075**	37,536

24. RELATED-PARTY TRANSACTIONS

The Group is controlled by the Government of Belize (GOB) who acquired, by legislation, 94.5% of the shares of the parent company on August 25, 2009. GOB issued an offer for sale of 44.5% of its shares to the general public in October 2010. After the closure of the offer for sale and as at 31 March 2014, GOB owns 63.4% of the shares of the parent company.

The following transactions were carried out with related parties:

		2017	2016
(a) Sales of goods and services			
Sales of services:			
- Government of Belize	**BZ$'000**	**9,056**	7,930

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

		2017	2016
(b) Purchases of goods and services			
Purchases of services:			
- Entities controlled by key management personnel	**BZ$'000**	**174**	108

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

The entities controlled by key management personnel are entities owned or controlled by directors.

(c) Key management compensation

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

		2017	2016
Salaries and other short-term benefits		**3,119**	3,895
Termination benefits/ post-employment benefits		**168**	191
	BZ$'000	**3,287**	4,086

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

		2017	2016
Receivable from related parties			
- Government of Belize	**BZ$'000**	**1,101**	1,649
Payable to related parties			
- Entities controlled by key management personnel	**BZ$'000**	**NIL**	NIL

The receivables from related parties arise mainly from the sale of telecommunication services and are due in the month following the date of sale. The receivables are unsecured and bear no interest. No provisions are held against receivables from related parties.

The payables to related parties arise mainly from purchase transactions and are due in the month following the date of purchase. The payables bear no interest.

(e) Other receivables from the Government of Belize is disclosed at Note 10.

(f) There were no loans made to key management personnel and their families.

24. RELATED-PARTY TRANSACTIONS (continued)

(g) Commitment

Pursuant to an award by the Permanent Court of Arbitration in British Caribbean Bank Limited v The Government of Belize (GOB), PCA No. 2010-18, the Government of Belize settled the debt and paid the loan of US$22.5 million plus interest to British Caribbean Bank.

On 21 June 2016, GOB advised Telemedia that the amount paid under the arbitration award was recoverable from the Company. The amount to be recovered, after certain mutually agreed set offs and deductions between the parties, was established as BZ$74.3 million, effective as of 15 June 2016. Of the total amount agreed as payable, BZ$48.5 million is repayable over 20 years at the rate of 3% interest per annum and the remainder of BZ$25.8 million is to be considered for waiver.

On 28 February 2017, GOB agreed to revise the effective date of the BZ$48.5 million loan to the 15 June 2019, to increase the interest rate to 3.5% per annum, to reduce the maturity date of the principal to 17 years and to make the loan repayable in full at maturity.

On 31 July 2017, GOB agreed to convert the BZ$48.5 million loan, repayable over 17 years with interest at 3.5% per annum, to equity in the form of 4% preference shares. Furthermore, GOB approved the waiver of the balance of BZ$25.8 million, subject ultimately to approval by Parliament.

In view of the date of the transaction being after the end of this fiscal year, the BZ$48.5 million 4% preference shares will be recognised in the fiscal year ending 31 March 2018.

25. LITIGATIONS

(a) On 18th March 2009 the London Court of International Arbitration issued an arbitration award in the amount of BZ$38.5 million in favour of Belize Telemedia Limited. The then Board of Directors of Belize Telemedia Limited subsequently passed a resolution assigning the award to a company named Belize Social Development Limited. Belize Telemedia Limited has now filed a claim for a Declaration that the purported assignment of the monetary portion of the Final Award by the then Board of Directors on or about the 20th of March was ultra vires the objects of the Company and/or the powers of the Directors. The claim is to proceed to Case Management Conference and is pending the outcome of Claim No. 317 of 2009 in which the Attorney General of Belize seeks declarations that the enforcement of the award would be unconstitutional.

(b) International Telecommunications Company Limited (INTELCO) has filed a claim against the Company for US$49.1 million purportedly as a remainder of the purchase price of assets allegedly purchased by BTL or 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 applied for a new CMC; no date was set.

(c) In Claim No. 690 of 2014, Curtis Dale Swasey v Belize Telemedia Limited and MMR Belize Limited, the Claimant, Mr. Curtis Dale Swasey filed a claim against Belize Telemedia Limited for breach of an Information Exchange Agreement. The Agreement was entered into between the Claimant and the Company during discussions regarding his proposed mobile lottery game. Mr. Swasey alleges that the Company breached both his confidence, and the Agreement by disclosing details of his project to a third party who launched a subsequent game. BTL categorically denies all the allegations and is vigorously defending the claim. On February 23, 2016 the court awarded $25,000 in damages and assessed costs to the Claimant. Belize Telemedia Limited has appealed to the Court of Appeal in this matter which is expected to be heard in the June 2017 session.

(d) In Claim No. 643 of 2015, NSV Enterprise Limited v Belize Telemedia Limited, NSV Enterprise Limited seeks a declaration from the Supreme Court that it is the lawful proprietor of a parcel of land being Lot No. 1004 in Hopkins Village Stann Creek District. Belize Telemedia Limited currently occupies the property pursuant to a valid and subsisting lease issued by the Ministry of Natural Resources. NSV seeks damages in the amount of $250,000. This matter has been referred to mediation by the Court.

26. EVENT AFTER THE END OF THE REPORTING DATE

See Note 24 (g).

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