Belize Telemedia Limited

DEVELOPING
BELIZE

Belize Telemedia Limited
Annual Report 2017/2018

DEVELOPING **BELIZE**

Belize Telemedia Limited Annual Report 2017/2018

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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, broadband and business solutions. With over 700 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 and is the only full service provider operating in Belize offering turnkey solutions for businesses, residences 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 (DSL & Fiber)**
- **National and international data networks**
- **Business Solutions**

ANNUAL DIRECTOR'S REPORT

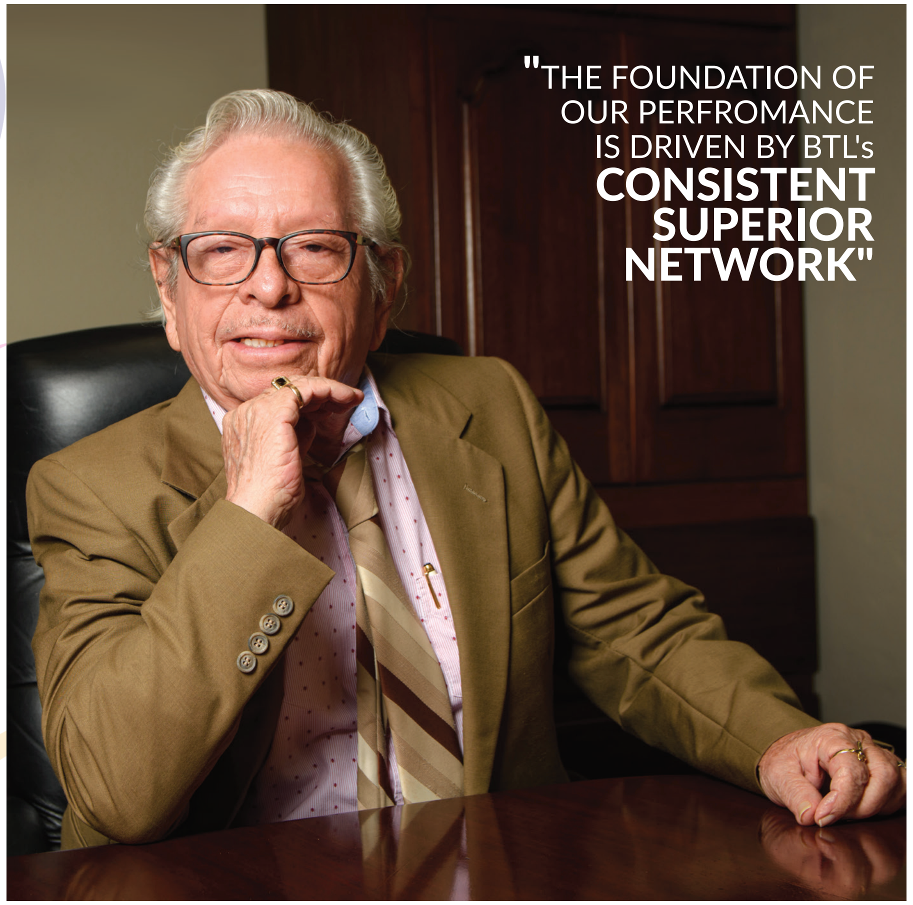
The Directors of Belize Telemedia Limited submit this report to the company's shareholders. This report covers the fiscal year April 1, 2017 to March 31, 2018, and gives an overview of BTL and the main developments in the company's business, including an assessment on the impact of the business operations on the company's finances. BTL's audited financial statements for the year ending March 31, 2018, 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 2017 to March 2018, Belize Telemedia Limited delivered solid results. We continued to transform the digital marketplace reflecting the attribute for which BTL has become known: leadership in landline, mobile, broadband and now Business Solutions.

The foundation of our performance, is driven by BTL's consistent superior network. We have sustained our competitive edge amid a period of extraordinary growth with our rank as the fastest mobile network in Belize, and a growth of 35 percent in mobile data revenues.



"THE FOUNDATION OF OUR PERFROMANCE IS DRIVEN BY BTL's **CONSISTENT SUPERIOR NETWORK"**

Nestor Vasquez, Chairman, Board of Directors, Belize Telemedia Limited

The surging demand for mobile data usage continues unabated and will be one of our core businesses for years to come. For this reason, we are constantly maintaining the capacity and expanding coverage. In 2017 alone, 17 new cell sites were added which now brings the number of cell sites to 127.

We made the bold move to launch our National Broadband Plan (NBP) and future proof our network. One of the highlights of the NBP this year was the successful implementation of the Submarine Evolution Underwater Link on time and on budget connecting San Pedro to the rest of the world. With the ongoing roll out of our National Broadband Plan, BTL positions itself as one of the leaders in Central America to roll out 'Fiber to the Home'.

I applaud our BTL team members who worked extremely hard to overcome the inevitable challenges that accompany a project of this scope.

Through every generation of technology we have delivered for Belize. With BTL there has always been new opportunities for growth and superior service to customers. In this fiscal year, our focus was not only to optimize what we deliver, but also to meticulously deliver it.

We revamped our marketing strategies and introduced numerous digital campaigns on Social Media: Facebook, Instagram and Snapchat. In March we launched a customer App, DigiGo, which allows PrePaid customers to purchase plans, check their usage and account balance. After only 3 months in the market over 10,000 customers are using DigiGo.

We continuously use periods of change in technology to deliver new innovative products and services. With every technological advancement, the potential for creating value for Belize gets bigger and more exciting.

We are poised for the challenges in 2018 and beyond. We will continue to develop our capabilities, build our resources and make our networks stronger, faster and better.

Sincerely,

Nestor Vasquez

Nestor Vasquez

Chairman,
Board of Directors
Belize Telemedia Limited

DESTINATION
GREATNESS

TOP 3 BY
2020

Launch of 4G LTE Advanced Network 100%

Launch of Submarine Cable to San Pedro 100%

Launch of New Billing System 100%

Execution of National Broadband Plan Countrywide 40%

GO BEYOND

Telcos globally are losing revenues to technological advancements such as Facebook, WhatsApp, online messaging, streaming and VOIP.

We built on the success of our Destination Greatness Strategy and continue to transform our company to respond to these challenges. Now, we are on a mission to build Belize Telemedia Limited for the future and **Go Beyond** is our evolutionary strategy.

This evolution has also been driven by increased market competitiveness which accelerated our roll out of new products and services.

With Go Beyond, we have moved away from providing only mobile, fixed and internet services to new innovative product offerings. The launch of this strategy started with the BTL and Microsoft partnership which offers new business solutions.

We are excited about how Go Beyond will deliver for Belize.

btl
Belize Telemedia Limited

2017 Highlights

View Year in Review video here - http://bit.ly/btl-agm

DELIVERY OF SUBMARINE CABLE TO SAN PEDRO

BTL's partnership with Huawei on a $17M investment for the undersea fiber optic cable project was executed and San Pedro was connected to Belize mainland and rest of the world.

$17M

INVESTMENT

BTL's partnership with Huawei

BTL's CEO and executive team met with key stakeholders in San Pedro for the launch of DigiNet.

Third from the left
Mr. Daniel Guerrero,
Mayor of San Pedro
Ambergris Caye
Belize

Second from the left
Mr. Rochus Schreiber,
CEO
Belize Telemedia Limited

NEW BILLING SYSTEM

In June 2017, a NEW billing system which provides flexibility to offer best value propositions to our mobile customers was launched.

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

MINDBill

BILLING SYSTEM

MIND is a leading provider of convergent real-time end-to-end billing and customer care product based solutions as well as unified communication call accounting and analytics solutions for organizations and large multinational corporates.

DIGINET

5 Mbps

10 Mbps
+ Free DigiCell Plan

20 Mbps
+ Free DigiCell
& DigiTel Plan

Value packed plans were launched for DigiNet Customers- giving them DigiNet, DigiCell and DigiTel services for one monthly price.

In August 2017, BTL successfully launched DigiNet in San Pedro and November in North Side Belize City

10,000

DIGINET CUSTOMERS

by August 2018 from 5,000 in March 2018.

1ST BELIZE
TECH EXPO

In September 2017, BTL successfully launched its first Belize TechExpo which featured local & international exhibitors.

- Featured presentations by key stakeholders in technology including Dell, Atlantic Bank, CITO & Microsoft.
- Showcased local entrepreneurs & winners of the CANTO CODE Competition.
- The 2 day event hosted top level content and discussions from industry leaders, a vast exhibition exploring the latest technologies, live demos and networking opportunities.
- More than 1k attendees participated and learnt about the newest technologies and network with their peers.

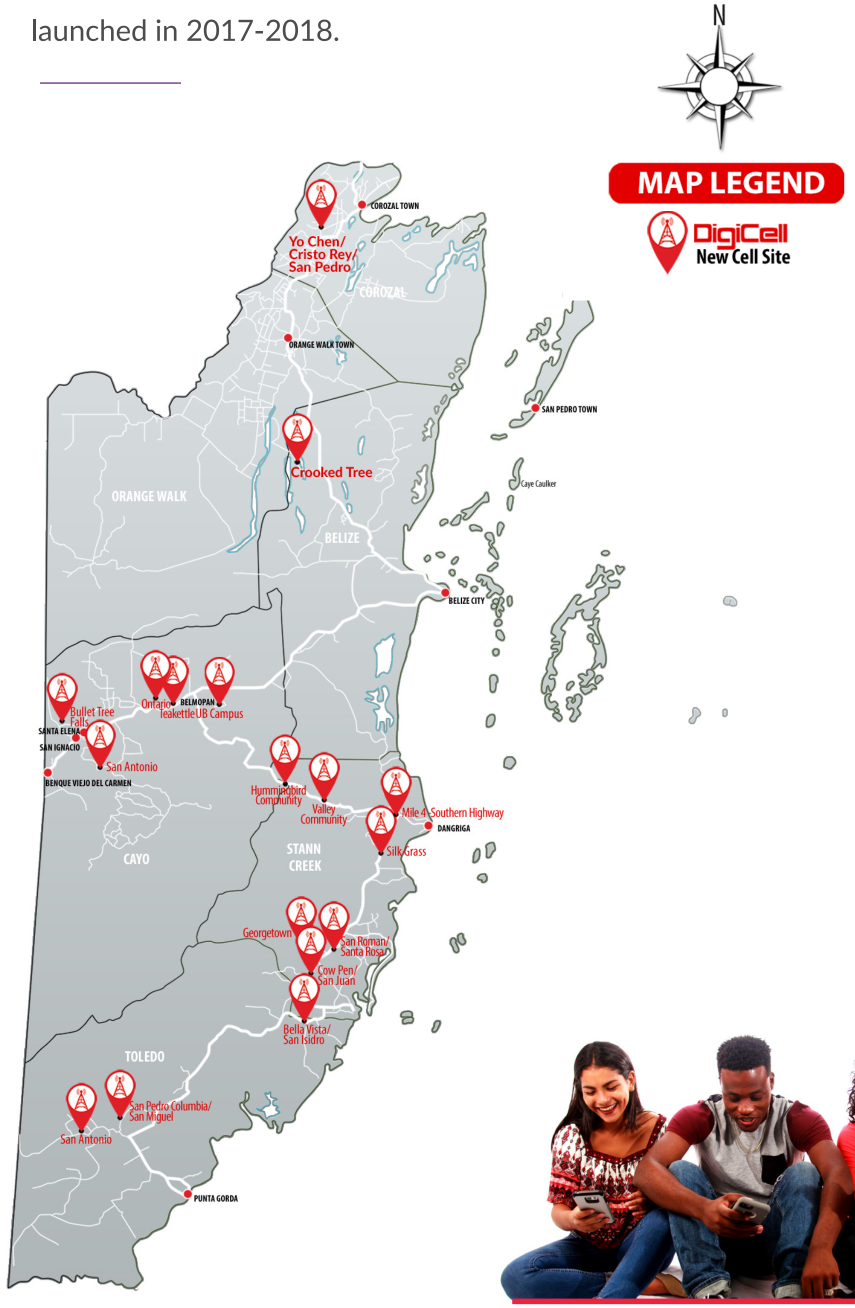
DIGIHOME

BTL'S HIGHLIGHT FOR THE TECHEXPO

Which featured automated lights, locks, Alexa, game systems, etc powered by DigiNet.

MOBILE

127 LTE cell sites nationwide with 17 NEW cell sites launched in 2017-2018.



- Launch of New PrePaid DigiCell Menu in October 2017.
- Launch of PrePaid Data Roaming to 27 destinations.
- In March 2018, BTL launched its NEW feature packed DigiGo App for PrePaid Customers.
- Revamped Data Plans for PrePaid & PostPaid Customers.
- **40,000** NEW data customers gained in Fiscal Year 2017/ 2018.

BUILDING
TOMORROW

25 new scholars were awarded free four year tuition at BTL's 26th Scholarship award ceremony. These students join BTL's Scholarship Alumni of over 600 Belizeans.

- 1st School on BTL's Internet for School Program (San Pedro High School) got connected with 130 Mbps DigiNet.
- In August 2017, BTL contributed $25K towards Hurricane Relief in the Caribbean.
- Over $100K was contributed to local ICT & Technology Sponsorships (CANTO C.O.D.E. 3.0 Regional Virtual Hackathon, Entrecon, CANTO Video Competition, CyberSense Campaign, SPISE Awards)

130MBPS

INTERNET FOR SCHOOLS PROGRAM

All institutions on Internet for Schools Program in areas that have DigiNet now get 130Mbps FREE of charge

IP TRANSIT &
Microsoft 365

NEW business ventures were explored for business and residential markets.

- BTL became a Microsoft Silver Cloud Solution Provider reselling cloud services on premise or hybrid solutions through our qualified staff who have Microsoft competencies needed for us to meet our customers' needs in this constantly changing digital environment.

- In December 2017 BTL hosted M365 Business Mixer in partnership with Microsoft to highlight BTL's venture into Cloud Solution.

- BTL also entered into additional internet wholesale by providing IP Transit services to other internet providers.

FASTEST MOBILE NETWORK
DIGICELL

2018 Award Winner for mobile network speed.

- DigiCell was announced as the fastest mobile network in Belize for Q1 (Jan to Mar 2018) by Speedtest® 2018 Awards.

- DigiCell achieved a Speed Score™ of 19.81 with average speeds of 21.16 Mbps for download and 10.08 Mbps for upload.

19.81 MBPS

SPEED SCORE

BTL
REBRAND

The timely brand refresh is in tandem with our strategic focus to Go Beyond, and comes on the back of extensive modernization and expansion of our mobile 4G LTE Advanced network, Fiber network, and the introduction of our new Billing System.

With the constantly evolving digital marketplace, the new DIGI brand is our promise of a new experience for the company and our customers:

- To be at the forefront of bringing the most innovative products and services
- To offer better value, enabling affordable access
- To provide consistent and seamless customer experience, with increased self-serve touchpoints.
- To build and maintain the fastest growing networks, guaranteeing the most consistent voice and internet experience, and engagement.

live the DigiLifestyle

- With BTL's bold outlook for the future; DIGI is a refreshing and exciting change intended to inspire both our employees and customers to keep going beyond. The significant improvement in the performance of our networks, our increased mobile coverage and our focus on providing a wide range of affordable devices, bundle packages and innovative digital services makes Digi even more significant.
- With a futureproof strategy, we will continue to build on the success of our DigiCell, DigiNet and DigiTel services. Our new brand will roll out across all customer touchpoints starting with our website, social media platforms, TV and Radio advertising, followed by the company infrastructures and retail outlets countrywide.

Financial Statements

Annual Report 2017/2018
Developing Belize

FULL-YEAR
RESULTS

For full-year 2017/18, compared with 2016/17 results, BTL's gross revenues totalled $159.0 million versus $156.9 million an increase of 1.3%, primarily due to growth in mobile revenue and new revenues from strategic business services such as Microsoft Cloud Solutions Provider and from revenues derived from the sale of our fiber network.

These increases were partially offset by the continuing decline in our fixed line business revenues as customers migrate to mobile devices and the use of Over the Top services (OTT) as substitutes to traditional wired and wireless services. Notably however, the declines in the fixed line revenue slowed when compared to the previous year as customers began to subscribe to our new fiber to the home bundles, which supports BTL's strategy to replace the traditional fixed line offerings.

Operating expenses were $103.7 million compared with $102.9 million in the previous year. Excluding a $6.5 million one-time impairment charge for 3G network assets, operating expenses decreased due to cost efficiencies.

Operating income was $34.7 million versus $36.8 million; and operating income margin was 21.8% versus 23.5%. BTL's full-year cash from operating activities were $62.6m versus $75.4 million in 2016/17 as the company continued its capital expansion including construction of over 20,000 FTTH (fiber to the home) passed and connected over 5,000 homes. EBITDA margins for 2017/18 remained healthy at 45% versus previous year of 46.6%. Capital expenditures, including capitalized interest, totalled $78.2 million versus $72.0 million.

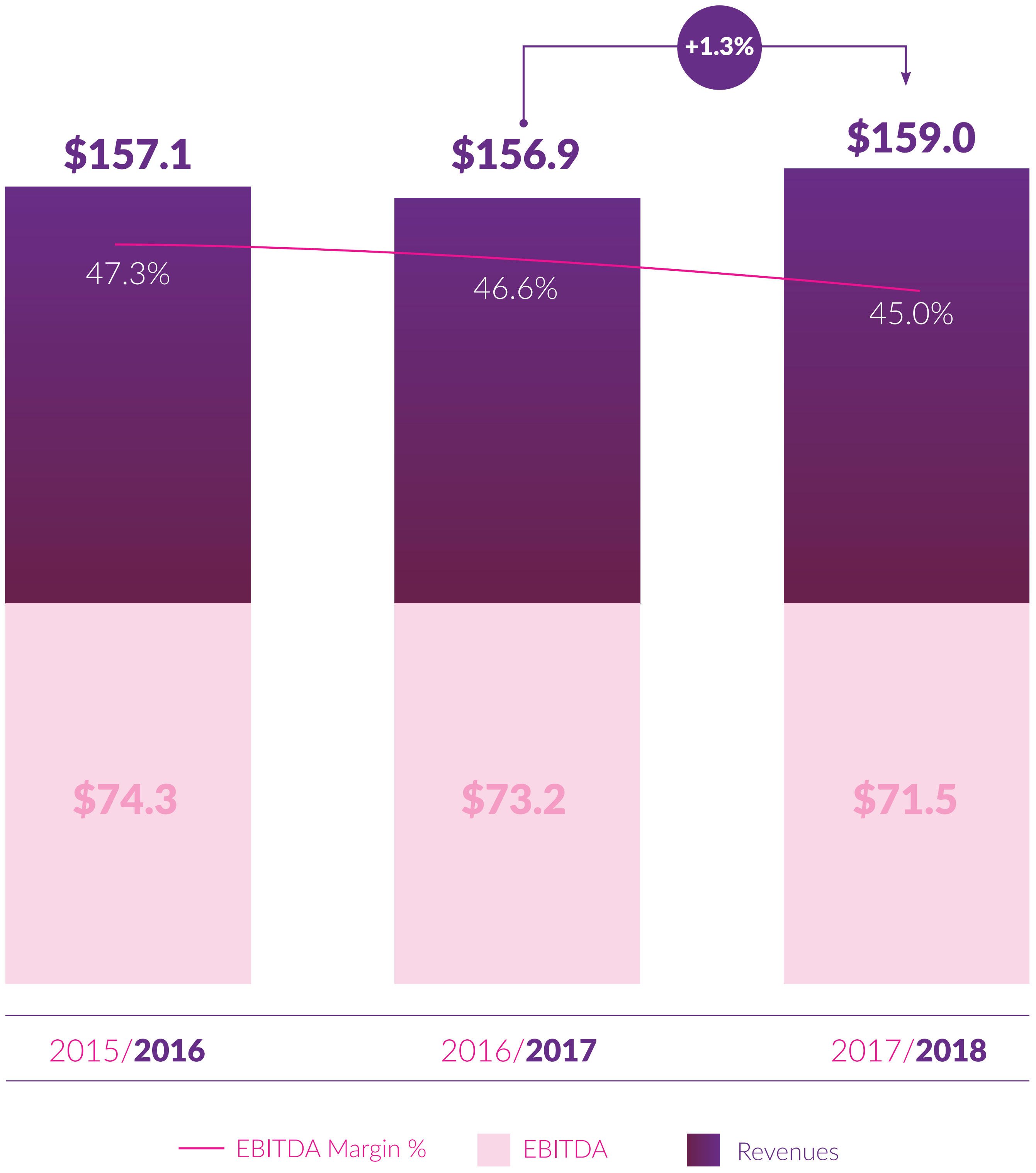
1.3%

GROWTH

From Mobile & New Revenues

Revenue & EBITDA Margin

Figures in BZ$ Million Excluding % Data

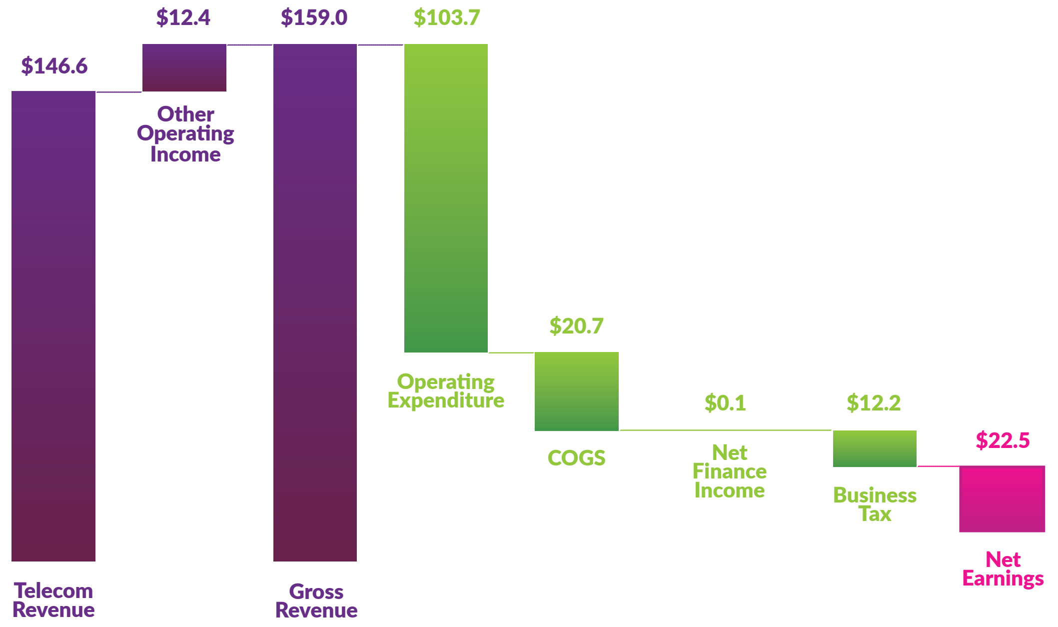


NET
INCOME

For the year ended March 31, 2018 net income was up 10 % to $22.5 million from $20.6 million in 2017. This increase was as a result of higher gross revenues coupled with lower depreciation and amortization charges that arose from the reclassification of our 3G assets as assets for sale. Additional savings were also seen through better management of the maintenance expense with savings from our supplier maintenance contracts. The company was also successful in renegotiating much lower rates for its international internet capacity (IP transit) which translated into better value for customers. For example, a 5MB plan now only costs $69 which was previously the price of a 1MB plan. Over the fiscal year, there was an increase in the internet & data bundle services offered as the market transitions to a data model following the global path for data resulting in lower effective business tax expense.

These gains were partially offset by a one-time impairment charge on the reclassified 3G assets and from final adjustments to staff cost on the conclusion of the collective bargaining process which saw the signing of a new 3 year agreement with the Belize Communications Workers Union.

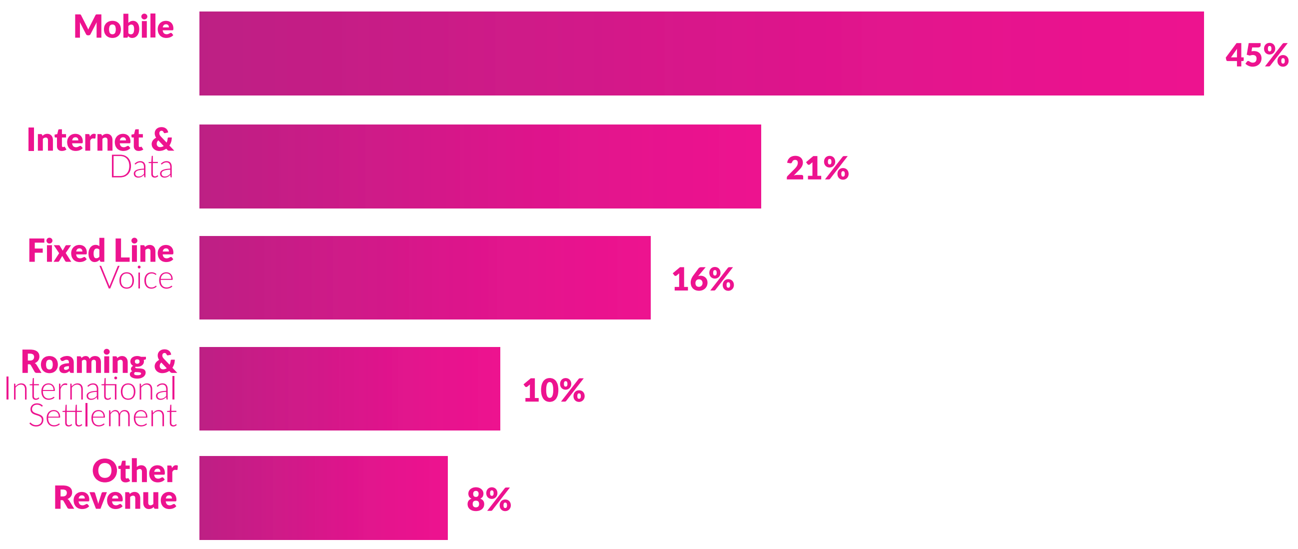
Income Statement Waterfall



Figures in BZ$ Million

BTL's revenues are composed primarily of mobile (45%), internet and data (21%); and fixed line legacy voice (16%), roaming and international settlements (10%) and other services which includes emerging services such as ICT services. Overall, legacy voice and long distance revenues continue to decline but this is offset by revenue growth in mobile and internet and data. BTL expects to mitigate this decline by offering customers increasing value through its bundled services which allows customers to choose internet bandwidth along with mobile and/or fixed line voice over its recently launched DigiNet FTTH (Fiber to the Home) network and by growth in strategic services business unit.

Revenues by Category



MOBILE

In 2017/18 mobile revenues increased by $4.1 million or 6% over the previous year. The major contributor to this increase was growing mobile data usage amongst our subscribers, which lead to higher revenues of $3 million over the comparative period. In addition to the increases in data usage, BTL experienced increased demand for its mobile prepaid service, which resulted in $1.7million of additional revenues. This demand was affected as customers took advantage of the numerous value promotions on our 4G LTE Advanced network which reduced traditional mobile revenues of Voice and SMS.

INTERNET & DATA SERVICE

In the current year BTL's internet and data revenues increased by $1.4 million or 4.6%, this was a complete turn-around from the previous year where revenues had declined by 2.3%. The primary reason for the change was the launch of our new FTTH network which is capable of delivering the broadband speeds that customers are demanding and which our aged copper networks was unable to deliver. As we continue to expand our fiber network countrywide, we expect increased customer uptake and a commensurate increase in revenues.

FIXED LINE VOICE

The fixed-line revenue streams, including the HomeFone and BizFone bundling, declined by $3.7 million or 13%. This reduction is directly related to decreases in both customer base and usage. We expect that this trend will continue as customers continue to migrate to the mobile network and away from fixed lines but at a reduced rate as customers take up bundled services which include fixed voice.

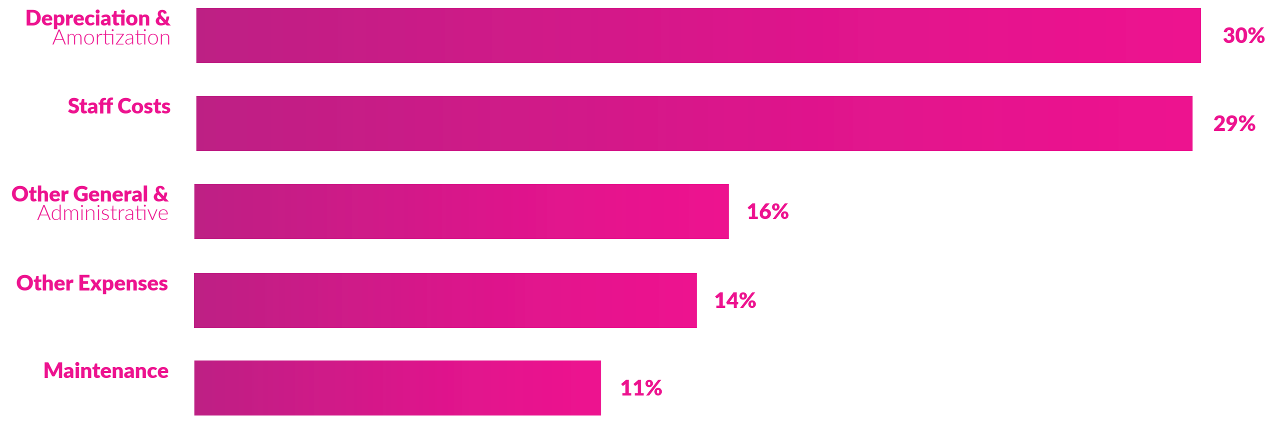
ROAMING & INTERNATIONAL SETTLEMENTS

Roaming and International Settlement revenues decreased by $3 million or 15% over the previous year. This decrease is mainly attributed to a reduction in roaming rates from the Inter Operator Tariff partners which occurred during the fiscal year. This is coupled with continuing shift towards mobile services and pervasive competition from Over the Top (OTT) providers. This global international trend is expected to continue and we will mitigate this revenue decline by offering new services in other areas along with bundles for roaming packages.

OTHER REVENUES

Other revenues increased by $3.3million or 8% over the previous year. This was largely due to the sale of services from being a Microsoft Cloud Solutions Provider, sale of mobile handsets and IP Transit sales to the local Cable companies on our new fiber network and revenues from our emerging ICT service offerings.

Expenses Year on Year Growth by Category



BTL's total operating expenses are made up of depreciation and amortization (30%), staff cost (29%), general & administrative expenses (16%), maintenance expenses (11%) and all other expenses (14%). For the 12 months ended 2017/18, total operating expenses (excluding cost of goods sold) remained relatively unchanged at approximately $103 million from the previous ear.

DEPRECIATION & AMORTIZATION

Depreciation and amortization decreased by $6 million or 16% over the previous year. This decline was due in large part to the decommissioning of 3G wireless asset at the start of the fiscal year which has been reclassified as asset held for sale and is in accordance with International Financial Reporting Standards.

STAFF COSTS

Net salaries,wages and benefits increased by approximately $2 million or 7.7% over the previous year. This increase is due largely to one-time settlement of adjustments due to employees from the recently concluded collective bargaining process.

MAINTENANCE EXPENSES

Over the period, maintenance expenditures declined by $2 million or 16%. This decline was as a result of management's deliberate focus on cost control. Management was able to achieve these results through the renegotiation and/or cessation of several technical support contracts.

OTHER EXPENSES

Over the period other expenses increased by $6.5 million or 14% over the previous year. This increase was as a result of a one-time, non-cash impairment charge taken against BTL's decommissioned 3G mobile asset which has been designated for sale.

Balance Sheet (Audited)

Consolidated Balance Sheet
Year Ended 31 March

	Audited 2018	Restated Audited 2017	Variance $	Variance %
Assets	**BZ$'000**	**BZ$'000**	**BZ$'000**	
Current Assets	57, 545	64, 826	(7, 281)	-11%
Non Current Assets	292, 572	249, 619	42, 953	17%
TOTAL ASSETS:	***350, 117***	***314, 445***	***35, 672***	***11%***
TOTAL ASSETS	**350, 117**	**314, 445**	**35, 672**	**11%**
Liabilities				
Current Liabilities	82, 380	100, 567	(18, 187)	-18%
Non Current Liabilities	2, 498	10, 268	(7, 770)	-76%
TOTAL LIABILITIES:	***84, 878***	***110, 835***	***(25, 957)***	***-23%***
Retained Earnings	115, 290	102, 161	13, 129	13%
Other Shareholder's Equity	149, 949	101, 449	48, 500	48%
TOTAL SHAREHOLDER'S EQUITY:	***265, 239***	***203, 610***	***61, 629***	***30. 3%***
TOTAL LIABILITIES & SHAREHOLDER'S EQUITY	**350, 117**	**314, 445**	**35, 672**	**11%**

Financial Ratio Analysis
Year Ended 31 March

	2018	2017
Current Ratio	0.7	0.6
Return On Assets	6.8%	6.6%
Return On Equity	10.7%	8.8%

RETURN ON
ASSETS

Over the period 2017/18 BTL's total assets increased by 11% or $35.7 million over the previous year. In the same period, the company increased its capital expenditure by 8.5% to $78.2million. Capital expenditures were funded via a combination of cash from operating activities and from the company's beginning cash balances.

The company maintains very little debt and is funded largely by shareholders equity and trade creditors'. Over the period, the company's current ratios improved when compared to the previous year. Return on assets remained stable at 6.8% for this fiscal year versus 6.6% in the previous year. Capital intensity whilst declining in the current year to 47.9% from 49.9% in the prior year remains quite robust.

CAPITAL
EXPENDITURES

BTL operates the largest and most extensive telecom network in Belize and has been continuously investing in same since privatization. During 2017/18 the company invested $78.2million in capital expenditures, an increase of 8.5% over the prior year. These company investments were geared to improving our customer's experience creating opportunities for us to provide additional and most advanced enhancements and capabilities now and in the future. The capital expenditure was spent on property, plant and equipment, including; Fiber to the Home (FTTH), wireless mobile networks (4G LTE Advanced), and fiber optic sub-marine cable.

SHAREHOLDER
RETURNS

The twelve months ended March 31, 2018 resulted in net profit increasing by $2 million or 10% to $22.5 million from $20.6 million recorded in the previous year. Earnings per share increased to 45 cents from 42 cents per share from the previous year. Shareholders' equity increased by 30% to $265.2 million from $203.6 million after inflows from profits and after declaring of dividends. The company for this fiscal year achieved a return on equity of 10.7%, as compared to 8.8% (restated basis) from the previous year.

DIRECTORS

As at March 31, 2018, the Board of Directors of Belize Telemedia Limited for the financial year 2017-18 was comprised of Mr. Nestor Vasquez – Chairman of the Board, Mr. Anwar Barrow, Col. George Lovell (Rtd.), Ms. Audrey Wallace, Mr. Rafael Marin, Mr. John Mencias, Ms. Lorelei Westby and Mr. Eric Eusey.

AUDITORS

For the end of the fiscal year 2017/2018 Pannell Kerr Foster was BTL's external auditor. A resolution to re-appoint them or to appoint another competent accounting firm as auditors for 2018/2019 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

Annual Report 2017/2018
Developing Belize

PKF
Accountants &
business advisers

Belize Telemedia Limited

Consolidated
Financial statements
March 31, 2018

btl
Belize Telemedia Limited

BELIZE TELEMEDIA LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018

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PKF Belize
Global expertise with local knowledge

PKF
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, 2018, 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, 2018 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.

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

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

August 16, 2018

BELIZE TELEMEDIA LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018

	Notes		2018	2017
ASSETS				Restated
Non-current assets				
Property, plant and equipment	5		**269,935**	242,545
Intangibles	6		**2,154**	3,195
Other non-current asset	7		**3,067**	3,379
Non-current assets held for sale	8		**15,218**	-
Non-current financial assets	9		**-**	500
Trade and other receivables, non-current portion	11		**2,198**	-
Total non-current assets			**292,572**	249,619
Current assets				
Inventories	10		**16,220**	15,753
Trade and other receivables	11		**35,308**	33,148
Non-current financial assets, current portion	9		**500**	-
Cash and cash equivalents (excluding bank overdraft)	12		**5,517**	15,925
Total current assets			**57,545**	64,826
TOTAL ASSETS		**BZ$'000**	**350,117**	314,445
LIABILITIES & EQUITY				
LIABILITIES				
Non-current liabilities				
Trade and other payables, non- current portion	14		**2,498**	10,268
Total non-current liabilities			**2,498**	10,268
Current liabilities				
Trade and other payables	14		**66,720**	48,718
Current tax liability			**1,052**	2,968
Borrowings	13		**14,608**	48,881
Total current liabilities			**82,380**	100,567
TOTAL LIABILITIES			**84,878**	110,835
EQUITY				
Stock issued and fully paid	15		**49,552**	49,552
Preference shares	16		**48,500**	-
Treasury shares	17		**(14)**	(14)
Equity attributable to owners of parent			**98,038**	49,538
Share Premium	18		**15,274**	15,274
Share Capital Reserve - Non-distributable	19		**36,637**	36,637
Retained earnings			**115,290**	102,161
TOTAL EQUITY			**265,239**	203,610
TOTAL LIABILITIES AND EQUITY		**BZ$'000**	**350,117**	314,445

Nestor Vasquez
Chairman

Director

The notes on pages 8 to 28 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED MARCH 31, 2018

	Notes		2018	2017
Revenue			**146,624**	147,924
Other operating income	20		**12,409**	8,995
Operating costs			**(87,486)**	(83,737)
Depreciation and amortization			**(30,370)**	(36,376)
Impairment of non-current assets held for sale	8		**(6,500)**	-
Operating profit			**34,677**	36,806
Finance income			**147**	381
Finance expense			**(67)**	(124)
Net finance income			**80**	257
Profit before tax			**34,757**	37,063
Business tax	21		**(12,213)**	(16,473)
PROFIT FOR THE YEAR		**BZ$'000**	**22,544**	20,590

Profit attributable to:

Equity shareholders of the parent	**BZ$'000**	**22,544**	20,590

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

Earnings per share	22	**BZ$**	**0.45**	0.42

The notes on pages 8 to 28 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT MARCH 31, 2018

	Share Capital	Preference Shares	Treasury Shares	Share Premium	Capital Reserve, Non-Distributable	Retained Earnings	Total
	BZ$'000	BZ$'000	BZ$'000	BZ$'000	BZ$'000	BZ$'000	BZ$'000
At March 31, 2016, as restated	49,552	-	(14)	15,274	36,637	95,446	196,895
Profit for the year	-	-	-	-	-	20,590	20,590
Dividends paid to shareholders	-	-	-	-	-	(13,875)	(13,875)
At March 31, 2017, as restated	49,552	-	(14)	15,274	36,637	102,161	203,610
Profit for the year	**-**	**-**	**-**	**-**	**-**	**22,544**	**22,544**
Addition (Note 16)	**-**	**48,500**	**-**	**-**	**-**	**-**	**48,500**
Dividends paid to ordinary shareholders	**-**	**-**	**-**	**-**	**-**	**(9,415)**	**(9,415)**
At March 31, 2018	**49,552**	**48,500**	**(14)**	**15,274**	**36,637**	**115,290**	**265,239**

The notes on pages 8 to 28 form an integral part of these financial statements.

BELIZE TELEMEDIA LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2018

	Notes	2018	2017
Cash flow from operating activities:			
Profit for the year		**22,544**	20,590
Adjustments for non-cash items:			
Depreciation and amortization		**30,371**	36,377
Gain on disposal of property, plant and equipment		**(352)**	(93)
Impairment of non-current assets held for sale	8	**6,500**	-
Business tax		**12,213**	16,473
		71,276	73,347
Changes in working capital:			
(Increase)/decrease in trade and other receivables		**(4,358)**	2,792
Increase in inventories		**(467)**	(6,368)
Increase in trade and other payables		**10,232**	23,941
Cash generated from operations		**76,683**	93,712
Business tax paid		**(14,129)**	(18,331)
Net cash inflow from operating activities		**62,554**	75,381
Cash flow from investing activities			
Purchases of property, plant and equipment and other assets		**(78,178)**	(72,015)
Proceeds on disposal of property, plant and equipment		**404**	195
Purchases of non-current financial assets		**-**	270
Net cash outflow from investing activities		**(77,774)**	(71,550)
Cash flow from financing activities			
Dividends paid to company's shareholders		**(9,415)**	(13,875)
Proceeds from borrowings		**14,608**	-
Proceeds from issue of 4% preference shares		**48,500**	-
Repayment of borrowings		**(48,881)**	(2,976)
Net cash outflow from financing activities		**4,812**	(16,851)
Net decrease in cash and cash equivalents		**(10,408)**	(13,020)
Cash and cash equivalents, beginning of the year		**15,925**	28,945
Cash and cash equivalents, end of the year (Note 12)	**BZ$'000**	**5,517**	15,925

The notes on pages 8 to 28 form an integral part of these financial statements.

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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, St. Thomas Street, 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.

Telemedia 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 August 16, 2018.

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 April 1, 2017:

Amendments to IAS 7, 'Cash flow statements' on the disclosure initiative: These amendments introduced another disclosure that enables users of financial statements to evaluate changes in liabilities arising from financial activities.

Amendments to IFRS 12 "Disclosure of Interests in Other Entities" (part of "Improvements to IFRS 2014-2016 cycle").

The Group early adopted IFRS 15 Revenue from Contracts with Customers with a date of initial application of April 1, 2017. As a result, the Group has changed its accounting policy for revenue recognition as detailed below.

The Group applied IFRS 15 retrospectively and in accordance with paragraph C5(c), did not consider it practically expedient to ascertain and disclose the amount of consideration to be allocated to all the remaining performance obligations or an explanation of when the Group expects to recognize that amount as revenue for all reporting periods presented before the date of initial application which was April 1 2017. The impact of the change in accounting policy on the sales of SIMS in bundled packages is disclosed in (a) below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1.1 Changes in accounting policies and disclosures (continued)

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

Sales of SIMs in bundled packages

For SIMs sold in bundled packages, the Group previously recognized revenue based on the amount that was not contingent on the provision of future telecommunication services. That was typically the amount received from the customer on signing the contract. 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.

b) New standards, amendments and interpretations not yet adopted

IFRS 9 "Financial Instruments" was issued in July 2014 to replace IAS 39 "Financial Instruments: Recognition and Measurement". 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 January 1, 2018 and consequently will be adopted by the Group on April 1, 2018. The Group will be assessing IFRS 9's impact on its consolidated financial statements.

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 practically 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 January 1, 2019.

Lessor accounting under IFRS 16 is similar to existing IAS 17 accounting and is not expected to have a material impact on the financial report of the Group.

The Group will be assessing the impact of the accounting changes that will arise under IFRS 16.

The following pronouncements, which have also been issued by the IASB, will be adopted by the Group on April 1, 2018; these standards are not expected to have a material impact on the consolidated results, financial position or cash flows of the Group:

Classification and Measurement of Share-based Payment transactions (Amendments to IFRS 2); amendments apply to annual reporting periods beginning on or after January 1, 2018. These amendments are not expected to have a material impact on the financial report of the Group.

Annual improvements to IFRS 2014-2016 Cycle (Amendments to IFRS 1, First-time adoption of IFRSs and IAS 28 Investments in Associates and Joint Ventures); amendments apply to annual reporting periods beginning on or after January 1, 2018. These amendments are not expected to have a material impact on the financial report of the Group.

IFRIC 22 Foreign Currency Transactions and Advance Consideration; IFRIC 22 apply to annual reporting periods beginning on or after 1 January 2018. IFGRIC 22 is not expected to have a material impact on the financial report of the Group.

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 recognizes 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 recognized 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".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property, plant and equipment (continued)

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 (Yrs.)
Buildings	40
Transmission equipment	7-10
Switching equipment	5- 20
Tower equipment	10- 20
Other plant and equipment	10- 20
Motor vehicles	4
Computer equipment	3- 5

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 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 recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognized 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 recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset is recognized at the date of derecognition.

Non-current assets are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of non- financial assets

Assets that have an indefinite useful life or assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 assets

2.9.1 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.

(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 recognized 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9.2 Recognition and measurement

Regular-way purchases and sales of financial assets are recognized 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 derecognized 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 derecognized 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 recognized in the statement of comprehensive income.

2.10 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.

2.11 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 are 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 which are repayable on demand and which forms an integral part of the Group's cash management. Demand facilities not meeting this criteria are otherwise classified as borrowings.

2.14 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.

2.15 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.18 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 agreement 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

The Group has applied IFRS 15 using the cumulative effect method and in accordance therewith the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. The details of accounting policies under IAS 18 and IAS 11 are disclosed separately if they are different from those under IFRS 15 and the impact of changes is disclosed in Note 2.1.1 (a).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Revenue recognition (continued)

During the comparative period, the Group recognized revenue when it transferred control over a product or service to its customers and the amount of revenue could be reliably measured, it was probable that future economic benefits would flow to the Group and when specific criteria were met for each of the Group's activities. Revenue comprised 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.

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.

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 are met for each of the Group's activities, as follows:

(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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Revenue recognition (continued)

(c) Multiple element sales

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.

2.22 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.

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.

2.24 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 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.

2.26 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.

3. FINANCIAL RISK MANAGEMENT (continued)

(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. The Group has managed to mitigate changes in interest and interest rate risks 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 telecommunication 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.

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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 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.

5. PROPERTY, PLANT AND EQUIPMENT

		Land and buildings	**Network equipment**	**Other assets**	**Assets in course of construction**	**Total**
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$'000**	**53,872**	**446,531**	**35,043**	**73,498**	**608,944**
Additions		4,521	40,468	2,580	29,878	77,447
Transfer to non-current assets held for sale		-	(36,066)	-	-	(36,066)
Disposals		(1)	(126)	(658)	-	(785)
At March 31, 2018	**BZ$'000**	**58,392**	**450,807**	**36,965**	**103,376**	**649,540**
Accumulated depreciation						
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$'000**	**12,653**	**323,323**	**30,423**	**-**	**366,399**
Charge for the year		900	25,367	2,020		28,287
Transfer to non-current assets held for sale		-	(14,348)	-	-	(14,348)
Write back on disposals		-	(118)	(615)	-	(733)
At March 31, 2018	**BZ$'000**	**13,553**	**334,224**	**31,828**	**-**	**379,605**
Carrying amount:						
At March 31, 2017	**BZ$'000**	**41,219**	**123,208**	**4,620**	**73,498**	**242,545**
At March 31, 2018	**BZ$'000**	**44,839**	**116,583**	**5,137**	**103,376**	**269,935**

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

Assets in course of construction (Special project assets) at March 31, 2018 consist mainly of equipment and charges for the new LTE Advanced Network, Convergent billing system, national broadband & fiber to the home network (FTTH), Multiprotocol Label Switching (MPLS Evolution), SEUL fiber optic cable installation, TEP (Transport Evolution Program) Longhauls Projects, various fiber links, tower replacements, power plant upgrade and other various projects.

Transfers for the fiscal year ended 31 March 2018 from assets in the course of construction to the various asset categories included additions of equipment from existing LTE Sites, fiber links, ducts expansion, cabinets, Quantum Policy Server (QPS Upgrade) and external plant building expansion along with various internet and data equipment, transmission equipment, computer equipment and other equipment.

6. INTANGIBLE ASSETS

		Computer software and licenses
Cost		
At March 31, 2016		**26,372**
Additions		1,924
At March 31, 2017	**BZ$'000**	**28,296**
Additions		702
At March 31, 2018	**BZ$'000**	**28,998**
Accumulated amortization and impairment		
At March 31, 2016		**22,773**
Charge for the year		2,328
At March 31, 2017	**BZ$'000**	**25,101**
Charge for the year		1,743
At March 31, 2018	**BZ$'000**	**26,844**
Carrying amount:		
At March 31, 2017	**BZ$'000**	**3,195**
At March 31, 2018	**BZ$'000**	**2,154**

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, 2016		8,088
Additions		10
Transfers		(24)
At March 31, 2017		8,074
Additions		29
At March 31, 2018	**BZ$'000**	**8,103**
Accumulated amortization		
At March 31, 2016		**4,358**
Amortization for the year		337
At March 31, 2017		4,695
Amortization for the year		341
At March 31, 2018	**BZ$'000**	**5,036**
Carrying amount		
At March 31, 2017	**BZ$'000**	**3,379**
At March 31, 2018	**BZ$'000**	**3,067**

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.

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 ASSETS HELD FOR SALE

		2018	2017
3G mobile network		**15,218**	-
At March 31, 2018	**BZ$'000**	**15,218**	-

As at April 1, 2017, assets held for sale include mainly 3G assets related to the Ericsson 3G mobile network. These assets were measured at the lower of the carrying value and fair value less cost to sell. An evaluation was conducted in fiscal year 2017 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 recognized in the consolidated statement of comprehensive income. The final valuation of these assets is BZ$15.2 million, excluding selling, shipping and other related export costs.

An active sales plan has been implemented and the Company expects that the sale will be completed within the next twelve months.

9. NON-CURRENT FINANCIAL ASSETS

		2018	2017
Belize City Municipal Bond with interest at 5.5% per annum, receivable semi-annually, in arrears, on June 1, and November 1, maturing September 6,		**500**	500
	BZ$'000	**500**	500
Less current-portion		**500**	-
	BZ$'000	**-**	500

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.

10. INVENTORIES

Spares, other consumable supplies and goods for resale		**16,900**	17,159
Less: provision for obsolete inventories		**(680)**	(1,406)
	BZ$'000	**16,220**	15,753

11. TRADE AND OTHER RECEIVABLES

Trade receivables		**21,277**	15,179
Less: provision for impairment of trade receivables (a)		**(883)**	(1,332)
Trade receivables - net		**20,394**	13,847
Foreign telephone network administrations receivable		**4,561**	3,712
Other receivables		**5,570**	6,129
Receivable from Government of Belize, reimbursable interest		**428**	428
Prepayments		**6,553**	9,032
		37,506	33,148
Less: non-current portion (b)		**(2,198)**	-
		(2,198)	-
	BZ$'000	**35,308**	33,148

11. TRADE AND OTHER RECEIVABLES (continued)

(a) Provision for impairment of trade receivables

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

		2018	2017
Balance as at April 1		**1,332**	1,182
Increase in provision		**366**	661
Provision no longer required		**(81)**	(178)
Written off against provision		**(734)**	(333)
Balance as at March 31	BZ$'000	**883**	1,332

(b) Non-current portion of trade receivables

This represents the non-current portion of the consideration receivable from the sale of exclusive rights to dark fiber strands which is receivable during the next two fiscal years.

(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. Trade receivables are unsecured.

12. CASH AND CASH EQUIVALENTS

		2018	2017
Cash on hand and at bank		**5,517**	13,375
Bank term deposits with original maturities of 3 months or less		**-**	2,550
	BZ$'000	**5,517**	15,925

13. BORROWINGS

		2018	2017
BZD$15 million bank overdraft facility from Heritage Bank Limited, secured, with interest at 6.5% per annum, to assist with working capital requirements, the installation of the 4G LTE network and the fiber network.		**14,608**	-
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.		**-**	381
Reimbursement payable to the Government of Belize for having settled the loan of USD$22.5 million plus interest that was payable to the British Caribbean Bank (Note 23).		**-**	48,500
		14,608	48,881
Less: current portion		**(14,608)**	(48,881)
	BZ$'000	**-**	-

The loans are repayable as follows:

		2018	2017
2017 - 2018		**-**	48,881
	BZ$'000	**-**	48,881

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14. TRADE AND OTHER PAYABLES

		2018	2017
Trade payable and accruals		**42,928**	25,610
Customers' deposits		**4,976**	4,182
Other Payables		**13,325**	12,049
Dividend payable		**7,989**	17,145
		69,218	58,986
Less: non- current portion		**(2,498)**	(10,268)
Non- current trade and other payables	BZ$'000	**66,720**	48,718

15. STOCK ISSUED AND FULLY PAID

		2018	2017
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

16. PREFERENCE SHARES

		2018	2017
Issued and outstanding: 48,500,000 4% non-redeemable, cumulative preference shares of $1 par value	BZ$'000	**48,500**	-

17. TREASURY SHARES

		2018	2017
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

18. SHARE PREMIUM

		2018	2017
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

19. 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.

20. OTHER OPERATING INCOME

This represents mainly revenue from merchandise sales, directory services, sale of Microsoft Office 365 licenses and the sale of rights to use dark fiber strands.

21. BUSINESS TAX

On 29 June 1998, the Government of Belize passed the Income and Business Tax 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 at 1.75% on gross revenue receipts from non-telecommunication services, internet and data services are chargeable to business tax and at 3% on gross revenue receipts from rent.

22. EARNINGS PER SHARE

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

23. RESTATEMENT

In July 2007, prior to the acquisition of the Group by the Government of Belize (GOB), the Company secured a US$22.5 million (BZ$45 million) loan from the British Caribbean Bank (formerly Belize Bank, Turks and Caicos). The Company used the loan funds to acquire its own shares. Consequently the new directors appointed by GOB, based on advice from the Company's legal counsel, considered the loan transaction null and void. Furthermore, in its acquisition of the Group, GOB had acquired the US$22.5 million liability by Statutory Instrument (SI) #104 and #130 of 2009. Consequently in 2011, the directors decided to write off the loan and interest amounting to BZ$45.8 million to retained earnings with the understanding that should the Courts rule that GOB is liable for the loan, the Group would take on the loan as a liability of the Group. Pursuant to an award by the Permanent Court of Arbitration, GOB settled the debt and paid the loan of US$22.5 million plus interest to the British Caribbean Bank. In June 2016, GOB advised the Group that the amount paid under the Arbitration Award was recoverable from the Group. Negotiations for the reimbursement to GOB continued until late 2017, when the details for the settlement crystallized. The settlement involved the set off of certain amounts that were receivable from GOB, the issue of preference shares to GOB (Note 16). GOB has approved the waiver of the balance of BZ$25.8 million, subject ultimately to approval by Parliament.

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23. RESTATEMENT (continued)

		March 31, 2016 as previously reported	Adjustment	March 31, 2016, as restated	March 31, 2017, as restated
Trade and other receivables from GOB applied to reduce reimbursement payable to GOB	BZ$'000	55,928	(19,988)	35,940	33,148
Increase in non-current borrowings to include reimbursement payable to GOB	BZ$'000	381	48,500	48,881	48,500
Retained earnings, at end of year	BZ$'000	163,934	(68,488)	95,446	102,161

24. OPERATING LEASES

The Group has several operating lease agreements with local suppliers whose lease terms range between one to five years. The Group incurred lease rental charges amounting to $815,026 for the year ended March 31, 2018 (2017 - $812,236).

25. RETIREMENT BENEFIT OBLIGATIONS

		2018	2017
Pension contributions under defined contribution plans	**BZ$'000**	**1,151**	1,231

26. COMMITMENTS

Capital commitments

Capital expenditure authorized and contracted - MIND project		**990**	3,585
Capital expenditure authorized and contracted - LTE project		**2,020**	15,541
Capital expenditure authorized and contracted - Juniper building		**103**	164
Capital expenditure authorized and contracted - FTTH network		**19,297**	1,140
Capital expenditure authorized and contracted - other projects		**1,688**	4,645
	BZ$'000	**24,098**	25,075
Capital expenditure planned but not contracted	**BZ$'000**	**5,390**	2,291

27. 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.

The following transactions were carried out with related parties:

		2018	2017
(a) Sales of goods and services			
Sales of services:			
- Belize Social Security Board		**599**	557
- Government of Belize		**10,200**	9,056
	BZ$'000	**10,799**	9,613

27. RELATED-PARTY TRANSACTIONS (continued)

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

(b) Purchases of goods and services

		2018	2017
Purchases of services:			
- Entities controlled by key management personnel	BZ$'000	**190**	174

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:

		2018	2017
Salaries and other short-term benefits		**5,640**	3,153
Termination benefits/ post-employment benefits		**155**	168
	BZ$'000	**5,795**	3,321

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

		2018	2017
Receivable from related parties:			
- Government of Belize		**1,744**	1,101
- Belize Social Security Board		**48**	49
	BZ$'000	**1,792**	1,150
Payable to related parties:			
- Entities controlled by key management personnel	BZ$'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) There were no loans made to key management personnel and their families.

(f) Contingent Liability

See note 23

28. LITIGATIONS

(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.

28. LITIGATIONS (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 31st, 2018, the Court of Appeal listed the matter for hearing in the June 2018 sitting of the Court.

(c) In Claim No. 530 and 533 of 2017, Lisbeth Butler v Belize Telemedia Limited and Michael Butler v Belize Telemedia Limited, former employees, Michael and Lisbeth Butler, filed claims against the Company seeking payment of severance. The claims are in the amounts of $50,360 for Michael Butler and $39,863 for Lisbeth Butler. Both claims are at the Pre-Trial Review stage awaiting trial before the Supreme Court.

29. EVENTS AFTER THE REPORTING PERIOD

On April 9, 2018, the Company entered into a loan agreement with Atlantic Bank Limited for an amount of BZ$26 million and for US$2 million.

On June 28, 2018, the Company entered into a loan agreement with the Taiwan International Cooperation and Development Fund for an amount of US$17.5 million.

DEVELOPING **BELIZE**

Belize Telemedia Limited Annual Report 2017/2018

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