BELIZE TELEMEDIA LIMITED
REPORT OF THE DIRECTORS

INTRODUCTION

The Directors of Belize Telemedia Limited (BTL or the Company) tender this Report to the Company's Shareholders. This report covers the fiscal year April 1, 2013, to March 31, 2014, and highlights an overview of BTL and our current position, inclusive of the operations review, which examines the main developments in the Company's business operations and the financial review, which assesses the impact of the business operations on the Company's finances. BTL's audited financial statements for the year ending March 31, 2014, together with the auditors' report, form an integral part of this report.

OVERVIEW OF BTL

BTL uses the power of communication to help facilitate and foster the development of Belize. The Company merges the best networks and technologies with the best expertise to keep Belize connected and create new possibilities.

These days, life and work is built around connectivity. Through us, thousands of individuals connect to friends and family and have a wealth of information and entertainment at their fingertips. We believe that people want to work with a Company that supports their ability to grow and that is a positive force in the communities in which they live —whether it is by increasing connectivity, helping our customers to become more efficient, or looking for new ways to improve healthcare or education through our many social programs. BTL is committed to growing a successful business by creating value for our shareholders, customers and society.

2013-2014 marks the fifth year of BTL's existence as a fully owned Belizean Company. Our strategy for the last five years has been about making BTL a better business with a better future for Belize and Belizeans. We base this strategy on three foundations: improving our customer service, transforming our cost base, and investing in strategic priorities such as broadband growth. The improved and increased infrastructure and our strategy are interdependent in order to maximize efficiency. The more we save through transforming our costs, the more we can invest in giving customers what they need now and in the future.

Over the last year, significant changes have occurred at BTL. As a result, we are now a better business. Our strategy and our strategic priorities are evolving. BTL has, for example, embraced the role of being a responsible and sustainable business leader. Our goal is shifting more towards delivering sustainable and profitable revenue growth. To achieve this goal, we need to broaden and deepen our relationships with consumers, businesses, and public-sector clients in order to ensure that we remain relevant and meet their needs as markets and technologies change. Despite the evolving nature of our strategies, especially as we enter the new phase of our journey, our foundation remains largely to deliver superior customer service, reduce our costs, and invest for growth. Our focus ensures that the Company continues to grow while improving its corporate responsibility and customer satisfaction.

This past fiscal year, the Board focused on a growth strategy that would sustain the Company's development, while continuing to drive down the price of services, offer new products, and expand its customer base. To this end, BTL has undertaken a massive reorganization which will be implemented throughout 2014. In addition, the Company has made enhancements to the DigiCell PrePaid Platform launched in January 2014, decreased rates for international calls, installed new equipment for the roll-out of 4Motion (a rural High Speed Internet solution), increased roaming partners, and at the same time, equipped the network to enable unrestricted access to VoIP (Voice over Internet Protocol). We aim to deliver value to shareholders and to customers by making BTL a better business with a better future. We have made good progress this year and have delivered strong financial results.

OPERATIONS REVIEW

We have again grown our market share of broadband. We now have 3,900 additional customers; this is a growth of an additional 24%.

While it has been another year filled with challenges and changes, our determination and hard work have yielded much success and improvements. Management focused particularly on reengineering processes, developing staff, and upgrading systems in an effort to ensure fast and efficient delivery of services as demanded by our customers.

The upcoming sections of the report highlight the Company's operations for 2013-2014, which include network advancements, customer service and service delivery improvements, expanded service offerings, employee relations and skill-sets enhancement and increased partnerships within the community.

NETWORK ADVANCEMENTS

Following the official launch of the DigiCell 4G Network and commercial access to the service in February 2013, the Company continued its rollout plan to complete the project by May 2013. DigiCell customers in rural and urban communities, including those residing on the major islands, were able to sign up for service at any of BTL's customer service offices countrywide.

With the implementation of the new 4G network, the Company also replaced the existing Nortel GSM/EDGE sites in Belize City, Ladyville, and Belmopan with new modern and upgraded GSM/EDGE sites manufactured by Ericsson. We also upgraded and expanded a number of other 2G sites during the course of 2013-2014 in order to improve capacity and coverage in areas such as August Pine Ridge, Agriculture Show Grounds, Orange Walk Town, Sarteneja and Hummingbird Hershey. These upgrades optimized the level of service for DigiCell customers in these areas and further improved DigiCell coverage.

With a substantial increase in demand for High Speed Internet access, the Company expanded its fixed broadband network both nationally and internationally. We established a new cross-border 1GB internet link via the Northern Border, which provides an additional link that allows greater internet capacity while adding a needed redundancy for our existing ARCOS submarine fiber optic link, which was set up in November and December 2013. The Company also upgraded the Outside Plant (OSP) network in several areas to provide the line quality that meets the standard for data and internet services.

Further, BTL expanded the IP MPLS network by installing a Point of Presence (POP) at the NAP of the Americas in Miami. This installation now provides for IP connections to the rest of the world, allowing business customers IP connectivity to their international branches.

The Company also oversaw upgrades to numerous sections of its external outside copper plant networks across the country. This rehabilitation project improved customers' voice quality via their PSTN Landline Voice Service and enhanced browsing capacity via their DSL service.

To facilitate the demands of the 4G service, BTL upgraded the billing-and-provisioning network, preparing the system for the new converged multimedia type services.

We also changed the Litespan DSLAM system, now manufactured discontinued, to the Adtran DSLAM, which allows for higher capacity and better management in certain northern sites, including Sarteneja, San Joaquin, San Pablo, Progresso, San Narciso and Guinea Grass.

In December of 2013, BTL went commercial with its Fixed Wireless Broadband solution, which now provides High Speed Internet Service in many areas countrywide, such as Belize City, Lake Gardens, Orange Walk, San Narciso, Corozal, San Pedro North and South, La Democracia, Belmopan, Cahal Pech, Dangriga, Maya Beach, Independence, Big Falls and Punta Gorda.

CUSTOMER SERVICES

In 2013 - 2014, the Company continued to improve the quality and delivery of service to our valued customers. The Company provided our Customer Service Representatives (CSR) with a number of training opportunities and one-on-one coaching sessions aimed at building customer relations and efficiency, while addressing customer needs. Additionally, the Corporate Knowledgebase System remains a primary source of information that provides detailed and updated data on the Company's product and service offerings. Access to this data source by our CSR has translated into instantaneous responses—whether on the phone or during face-to-face interaction.

The Company's superior level of customer service is generated and preserved by a consistent monitoring of the delivery of services. The Quality of Service department has worked diligently to improve the level of customer satisfaction through consistent live monitoring, auditing and on-the-spot coaching/training. The role of the Quality team is to have constant interaction with all front-line employees to ensure that customers are treated with the highest level of professionalism, courtesy and efficiency.

The Quality team also began an Outbound Customer Contact Campaign where Quality agents call customers at random to determine their level of satisfaction regarding a delivered service. Based on the feedback, appropriate actions are taken within the Company to streamline processes while keeping the customer as our number one priority.

SERVICE LAUNCHES

The Company started the year with the launch of the new 2013 Telephone Directory held at the San Ignacio marketplace. Depicting the inviting outdoor market scene, the directory featured a setting that was welcoming to both the businesses and residents in the area. Invited guests had the opportunity to meet with members of BTL's management team and staff, and, of course, they all walked away with their very own copy of the Directory.

In April 2013, the Company launched its improved DigiCell website with new features such as the DigiCell 4G Tab, Devices, News & Ads, Newsletter, Social Links, and a Data Calculator. The improved user-friendly navigation allows for greater interaction with users and the menu options provides the latest updates on the Company's products and services.

Also in April 2013, the Prime Minister, Hon. Dean Barrow, announced that Belizeans would be able to enjoy full and open access to Voice over Internet Protocol (VoIP) based services and applications. BTL—as the Belizean-owned Company—"freed up VoIP" and ensured that its High Speed Internet services, including DSL, wireless internet and mobile internet, did not restrict VoIP. BTL, in partnership with the Belizean Government, will continue to promote increased and active use of technology in all sectors and further stimulate the development of Information Communication Technology (ICT) in Belize, thus contributing to the economic growth of the country.

In May 2013, the Company launched the DigiCell Talk More Plans, catering to Mobile Premier Plans subscribers, who now enjoy sharing voice minutes with their family or business groups. Calling within the group is at no extra cost!

In July 2013, BTL rolled-out its High Speed Internet promotion that gave new customers the opportunity to sign up for the service free of charge. For the entire month of July, BTL waived the $100 installation fee, making the service even more affordable for new customers countrywide.

In October 2013, the promotions continued with the HomeFone PrePaid Mobile Add-On Option, where PrePaid Voice Landline customers were able to take advantage of huge discounts with free calls on nights and weekends. BTL presented customers with three options: Standard, Premium and Family Plans, which offered savings of 50% to 75% on calls. All three plans offered calls for as low as 15¢ per minute to any DigiCell numbers.

In January 2014, the Company launched the Separation of Primary and Bonus Balance initiative, tailored to the PrePaid customer base. This initiative required significant technical upgrades to the PrePaid Platform, which paved the way for the Company to expand its current service menu. As a result of the Separation of Primary and Bonus Balance, PrePaid customers now enjoy PrePaid Voice Roaming, and reduced international calling rates.

Promotions

In addition to the many new services introduced within the fiscal year, BTL also offered several promotional packages and discounted rates to assist the public in accessing its services at lower start-up and monthly costs.

The Company extended special packages for Valentine's Day, Mother's Day, Father's Day, Back-to-School, and Independence Day, ranging from reduced prices to one-year contract bundles and Text-to-Win promotions. In addition, customers benefited from double/triple Top-Up promotions almost every two weeks.

EMPLOYEE RELATIONS

Our human resource is our greatest asset. Throughout the year, BTL reinforced its commitment to support our employees and to promote teamwork across the Company, improve productivity, and keep our employees knowledgeable and highly motivated. Specifically, the Company organized companywide employee activities, promoted health and wellness and invested in ongoing training and development programs—particularly IP training, which is a new focus of the Company with the demand for broadband services.

Employee Activities

One of the main events of 2013 - 2014 was the Company's annual "Employee Recognition Program" held on May 17th. On this day, which is also recognized as World Telecommunication and Information Society Day, the Company celebrated the outstanding contributions and years of service of our employees. A total of 37 employees were honored for their longstanding service to BTL, including one person who was recognized for 35 years of service with the Company. We also distributed awards for outstanding performance, dedication and hard work.

On December 14, BTL staff, along with their spouses, enjoyed a night of fun, laughter and dance at the Christmas Banquet and Dance held at the SJC Gymnasium. This annual event is highly anticipated by staff as it is one of the few events where employees from all districts converge to socialize and build rapport.

Also new for the fiscal year, members of the Executive Committee, COO, and CFO met with a cross-section of staff members during numerous Team Mixers. During these sessions, Management updated staff on new projects, strategies and opportunities that would benefit staff, while at the same time, grow the Company. During these sessions, staff had the opportunity to voice their concerns and suggestions. The Company will continue these events because they foster good communication and camaraderie among the staff.

<u>Health and Wellness</u>

The health and well-being of our employees have become a priority at BTL as we recognize its importance for the success of our staff as individuals and the Company. For this reason, a full-time Wellness Coordinator encouraged employees to live a healthy lifestyle and organized employee activities to promote competition through team sports.

Main events of the year included a marathon, divisional basketball, volleyball tournaments, a cycling classic, and a weight-loss challenge. Staff also participated in a number of external charitable initiatives, such as the Cancer Walk, Ariel Rosado Charitable Ride and Dara Ride for Hunger. Workout sessions also take place at the St. Thomas location at a fully decked out gym, while aerobic sessions are held at Church Street.

One of the highlights in the wellness arena was the opening of the Belmopan Gym, which provides staff with access to stationary bikes, free weights, and other exercise equipment. Wellness is a priority at BTL; as such, the Company is doing its part in providing employees with options to enhance their health and wellbeing.

<u>Employee Development</u>

Our annual employee development program involved many local and international training sessions conducted by highly recognized industry experts. With the continued incorporation of efficiency through technology, staff also participated in quality virtual learning and online courses, utilizing our very own broadband service, which reduced the cost of the training.

The Company also organized specific technical training on the new 4G network, backhaul and related systems, the new soft switch and on the outside plant (OSP) network. We also conducted other training sessions to improve our business processes, audit controls and strategic planning.

COMMUNITY OUTREACH

We have a long history of supporting good causes to help improve people's lives.

We aim to help improve thousands of lives across the country through our services, products and people.

BTL is considered to be the leader in its partnerships within the community and a trend setter in its corporate social responsibility. Through the many partnerships and contributions made, the Company was able to touch the lives of thousands of Belizeans in categories including education, sports, culture, health, industry, community and youth development. Every contribution made was an opportunity to inspire, motivate and nurture pride in our young people, thus solidifying the foundation for a better and brighter Belize.

Delivering on its social commitment, BTL partnered with numerous organizations whose motivation is to make a positive mark on the lives of at-risk youths countrywide. Our continued support to organizations such as Restore Belize, The Untouchable Pride, Mahogany Police Precinct Cadet Corp, Harvest for Kids, and Child Development Foundation provided outlets to getting our children and young adults involved in meaningful community-based initiatives.

The Company also makes a direct impact on the athletic development of our youths by supporting organizations focused on developing Belize's sporting programs. The Company has supported BTL Cobb's Arm Canoe Team, Belize Body Building Fitness Federation, Cycling Federation of Belize, Football Federation of Belize, Belize National Triathlon Association, Excellence Cricket Club, Special Olympics, and the BTL Female Softball Team, to name a few. Each of these partnerships has allowed the Company to be involved in community-based initiatives that bring about unity and respect for different sport disciplines.

Preserving the cultural values of our people and advocating for the continued education of our younger generations are paramount in keeping national pride at the forefront. BTL is proud of its partnerships with organizations such as the Belize Association for Development of the Arts (BADA), Belize Band Fest, the National Garifuna Council, the Belize Indian Merchants Association, East Indian Cultural Heritage, Belize Chinese Association, and the Institute of Creative Arts (ICA). Supporting the cultural development of our people demonstrates our commitment to our advancement as a culturally sound country.

Education has always been a key area of interest for the Company. BTL was able to inspire positive change in the lives of our future leaders through partnerships with the Caribbean Science Foundation, Total Business Solutions (GIS Day), Belize National Teachers Union (BNTU), Museum of Belize, University of Belize, WISH Foundation, Ariel Rosado Memorial Education Foundation, Du Di Rait Ting Program and the Belize National Library Services.

In addition to partnering with organizations, BTL has remained steadfast in its commitment to education through its ongoing High School Scholarship Program. For the Fiscal year 2013-2014, the Company awarded a total of fourteen (14) high school scholarships and one (1) sixth form scholarship to deserving students across the country. Under this program, successful students were awarded full scholarships covering the costs of books, tuition and fees for four years of school. Through BTL's Scholarship Program, more than 500 students have received not only financial support, but the resources to achieve their educational and individual goals.

On the topic of education, BTL's Internet to Schools Program continues to expand and provide schools and NGO's with free High Speed Internet access. The program's reach has been immense as almost 100,000 students and teachers have broadband internet access through their schools. As the need for information technology increases, so does the Company's support for programs that emphasize ICT in the country and region. BTL is proud to make strides towards our ultimate goal of offering broadband access free of cost to all educational institutions. The Company remains committed to developing the minds of our Belizean people.

With investments in community development, culture, and education aside, the Company also recognizes healthcare as an important sector in which to build partnerships. BTL partnered with numerous organizations that offer quality and accessible services, proper diagnosis, and affordable treatment. Of great importance is the Company's most recent partnership with Karl Heusner Memorial Hospital (KHMH), which now utilizes dedicated broadband access from BTL to provide its patients with Telemedicine and Telehealth solutions. We continue to foster partnerships with NGO's such as the Belize Cancer Society, National Committee for Families & Children (NCFC), Belize Diabetes Association, Belize Council for Visually Impaired (BCVI), LifeLine Foundation, Ministry of Health, Hand in Hand Ministries, Liberty Children's Home, and the Belize Red Cross. These partnerships provide gateways for BTL to support our communities and, in this way, allow us to indirectly impact the lives of many Belizeans.

Another area of great interest to the Company is the development of our local industries. Nurturing relationships with organizations whose main goal is to help build Belize has enabled the Company to expand its reach. Partnerships with the Belize Tourism Board, Belize Tourism Industry Association, Toledo Cacao Growers Association and the Belize Hotel Association have allowed us to tap into tourism and agriculture.

BTL's Adopt a Park Program is another great initiative that allows us to fulfill our mandate of giving back to the communities we serve by providing our local residents, visitors and tourists with clean and secure recreational environments. During this fiscal year, the Company partnered with the Belize City Council as a major sponsor in seeing through the newly inaugurated BTL Northside Park. The renovated public space provides visitors of all ages with a safe, spacious, and welcoming area to exercise or simply relax. In early 2013, the Company committed over $100,000 for the reclamation of BTL Northside Park—it surely made us proud to see such transformation a reality.

Conclusion

This has been a solid year of development for BTL and its people but especially our customers. *We continue to use the power of communication to make a better Belize.*

Communication is transforming just about every aspect of our lives – how we work, how we shop, and how we think. This transformation helps to create new businesses and business models, reshape the way governments operate, bring new ways of providing healthcare and education, and also enable social mobility. BTL is at the heart of these innovations. Our purpose is to use the power of communication to make a better Belize.

These days, life and work are built around connectivity. Through us, millions of individuals connect to friends and family and have a wealth of information and entertainment at their fingertips. From small local businesses to large multinationals, we help companies to work smarter and compete in global markets. BTL also enables essential public services to be delivered and underpins the growth of our national and regional economies.

We believe that people want to do business with a Company that supports their ability to grow and is a positive force in the communities where it operates. BTL, therefore, continues to use our networks and technology to provide data access to schools and healthcare organizations, providing service to the Belizean people.

We believe that businesses that flourish have a purpose beyond simply making money. Certain businesses see no compromise between financial results and social returns; however, BTL continues to demonstrate our contribution to the Belizean society. We are excited about the future—not just about what technology can do, but what everyone can do with it; not just about what we do as a business, but how we do it; not just about having a purpose, but being purposeful in everything we do. We are determined to be right at the heart of that future.

BTL remains committed to supporting our communities and people in all areas that promise to bring about change. We embrace the opportunities to partner with the business communities, schools, NGO's, Government sectors, and other industry stakeholders. We believe that through sound partnerships, we will be able to make a real difference for Belize and Belizeans.

We look forward to delivering even more exciting developments in 2014 and beyond.

FINANCIAL REVIEW

The following represent audited figures for the year ended March 31, 2014.

Income Statement (Audited)

All Figures BZ $'000's	Financial Year 2013/14	Financial Year 2012/13	$ Variance Fav / (Adv)	% Variance Fav / (Adv)
Telecom Revenue	$136,163	$136,298	($135)	0%
Other Operating Income	$6,459	$7,570	($1,111)	-15%
Gross Revenues	**$142,622**	**$143,869**	**($1,246)**	**-1%**
Operating Expenditure	($77,739)	($76,596)	($1,143)	-1%
Depreciation	($29,823)	($29,774)	($49)	0%
Net Interest Income	$702	$158	$544	344%
Business Tax	($16,163)	($16,627)	$464	3%
Net Earnings	**$19,599**	**$21,029**	**($1,431)**	**-7%**
Earnings Per Share	40 cents	42 cents	(2 cents)	-7%

Revenue

In fiscal year 2013-2014, BTL earned gross revenues of $142.6 million, as compared to $143.8 in the prior year. The Company continued to see growth in mobile revenues, specifically prepaid mobile revenues and postpaid mobile data revenues. Core telecom revenues remained mostly flat ending at $136.1 million from $136.2 million, which was a direct result of reduced usage from fixed-line customers and a decrease in international settlements and international long distance calls.

The launch of the fastest and only 4G service in Belize resulted in an increase in our GSM revenue by 23%. Mobile data revenues almost doubled over the past year due to substantial uptake of the 4G Data plans and increased usage.

As a result of price reductions and the doubling of Internet speeds, Internet and data revenues decrease by 1.4% over the past year. With additional promotions and expanded service coverage, including our fixed wireless broadband network, we anticipate further revenue increases in data and Internet in the new fiscal year.

International roaming revenue, which over the past years has seen steady increases, was impacted adversely this year due to reduction in rates stipulated by our largest foreign operator. This reduction resulted in a decrease of 20% in the international roaming revenue, as compared to the 5.8% decrease in the same period previous year. International settlements decreased 15%, as compared to previous year decrease of 16%, which was a direct result of a 23% reduction in traffic.

The fixed-line revenue streams, which included the promotion of HomeFone and BizFone bundling, experienced a smaller decline of $1 million, improving from a decline of $2.6 million in the previous year.

The combined impact of changes in the various revenue streams resulted in gross revenues decreasing by $1.2 million or 1% to $142.6 million from $143.8 million as compared to the previous financial year.

Expenditure

Operating expenses to March 2014 experienced an increase of $1.1 million or 1% over the prior year to $77.7 million from $76.6 million. There were a few main categories that showed increases in this fiscal year, namely *staff costs* – an increase of 3.7% due to a 4% increase in staff salaries on the new Collective Bargaining Agreement and increase in overtime for installations on the HSI promotion; *electricity charges* – an increase of 15.5% due to an increase in usage of 16%; *other operating expenses* – an increase of 18.8% due to a 30% increase in circuit rental for additional international links which gives BTL access via three distinct routes to the internet; *office supplies* – an increase of 18.7%; and *maintenance expense* – a 2% increased attributed to additional support level agreements for the mobile network. On a positive note, the Company also experienced a decrease in other general and administrative expenses by 6.5% due to a decrease of $1.1 million in advertising expense. We attribute this decrease in advertising to higher expenses for the commercial launch of the 4G service in the previous fiscal year. Total operating expenses, then, for fiscal year 2013-14 including business tax and depreciation, remained almost flat at $123 million, slightly increasing from $122.8 million over the previous year.

Interest earned on our cash and cash equivalents deposited at financial institutions resulted in net interest income of $702 thousand, as compared to a net financial cost. Interest income increased by over 300% or $544 thousand to $702 thousand, as compared to the previous year’s figure of $158 thousand.

Balance Sheet (Audited)

	Audited 2014	Audited 2013	Variance $	Variance %
Assets	**BZ$'000**	**BZ$'000**	**BZ$'000**	
Current assets	80,217	88,201	(7,984)	-9%
Non Current Assets	230,004	219,359	10,645	5%
Total assets	**310,220**	**307,560**	**2,660**	**1%**
	'===========	'===========	'=========	'=========
Liabilities				
Current liabilities	42,739	45,274	(2,535)	-6%
Non Current liabilities	7,118	9,134	(2,016)	-22%
Total liabilities	**49,857**	**54,408**	**(4,551)**	**-8%**
Retained earnings	158,914	151,703	7,211	5%
Other shareholders' equity	101,449	101,449	(0)	0%
Total shareholders' equity	**260,363**	**253,152**	**7,211**	**3%**
Total liabilities and shareholders' equity	**310,220**	**307,560**	**2,659**	**1%**
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Consolidated Balance Sheet, Year ended 31 March

Financial Ratio Analysis Year Ended 31 March	2014	2013
Current Ratio	1.88	1.95
Return on Assets	6.3%	7.1%
Return on Equity	7.6%	8.5%

In the 2014 fiscal year, the Company’s working capital ratio remained strong but saw a small decrease to $1.88:1 from 1.95:1 as compared to the previous fiscal year. This was due to a decrease in cash of 9%, a 21% decrease in inventory, coupled with a 14% decrease in liabilities for repayment of the loan.

Capital additions in 2013-2014 totaled $37.7 million, comprising mainly of the ongoing investments of our DigiCell 4G network and in GSM network expansion, including towers, network gear and buildings, purchase of vehicles, installation of other value-added systems, including a USSD (Unstructured Supplementary Service Data) solution, Policy Server for internet service, and copper and fiber infrastructure upgrades due to the ongoing Belize City and countrywide infrastructure project.

Cash and Cash Equivalents

At the end of March 2014, cash-on-hand decreased by $4.6 million to $46.1 million as compared to the $50.8 million for the same period in the previous year. Cash outflows for loan payments, purchase of investments in bond securities, and an increase in purchase of power plants resulted in the net cash decrease over the previous year. Additionally, the 50% dividends to Government of Belize, Social Security Board, and Central Bank were declared and paid out this year; however, these major shareholders returned their dividends from the previous year due to a court injunction from the Caribbean Court of Justice.

Shareholder Returns

The twelve months ending March 31, 2014, resulted in net profit decreasing by $1.4 million or 7% to $19.6 million from $21 million recorded in the previous year. Earnings per share decreased to 0.40 cents from 0.42 cents per share from the previous year.

Shareholders' equity increased by 3% to $260.3 million or an increase of $7.2 million from $253 million after inflows from profits and after declaring dividends.

For this fiscal year, the Company achieved a return on equity of 7.5%, decreasing from 8.5% in the previous year due to a decrease in profitability over the past year.

Share Capital Movements

As of March 31, 2014, the Government of Belize holds approximately 63% of the total outstanding shares in BTL.

DIRECTORS

As at March 31, 2014, the Board of Directors of Belize Telemedia Limited for the financial year 2013-2014 comprised of Mr. Nestor Vasquez – Executive Chairman, Mr. Anwar Barrow, Dr. Colin Young, Mr. Ambrose Tillett, Col. George Lovell (Rtd.), Ms. Audrey Wallace, Mr. Omar Figueroa, and Mr. Eric Eusey.

AUDITORS

For the end of the fiscal year 2013-2014, Pannell Kerr Foster was BTL's external auditor. The board will propose a resolution at BTL's annual general meeting to reappoint Pannell Kerr Foster or to appoint another competent accounting firm as BTL auditors for 2014-2015.

By order of the Board of Directors

Vanessa Retreage
Secretary of the Board

Belize Telemedia Limited

PKF
Accountants &
business advisers

Belize Telemedia Limited

Consolidated
Financial statements
March 31, 2014

BELIZE TELEMEDIA LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

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PKF Belize

PKF
Accountants & business advisers

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
BELIZE TELEMEDIA LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Belize Telemedia Limited, which comprise the Group statement of financial position as at March 31, 2014, the Group statement of comprehensive income, the Group statement of changes in equity, the Group statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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PKF
Accountants &
business advisers

REPORT OF THE INDEPENDENT AUDITORS continued

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Belize Telemedia Limited and its subsidiaries as of March 31, 2014 and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF Belize

PKF Belize
Chartered Accountants
Belize City
August 21, 2014

BELIZE TELEMEDIA LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014

	Notes		2014	2013
ASSETS				
Non-current assets				
Property, plant and equipment	5		**195,825**	186,828
Intangibles	6		**6,426**	7,281
Other non-current asset	7		**4,369**	4,679
Non-current financial assets	8		**2,812**	-
Trade and other receivables, non-current portion	10		**20,571**	20,571
Total non-current assets			**230,003**	219,359
Current assets				
Inventories	9		**11,469**	14,450
Trade and other receivables	10		**20,359**	21,715
Non-current financial assets, current portion	8		**2,240**	1,213
Cash and cash equivalents	11		**46,149**	50,823
Total current assets			**80,217**	88,201
TOTAL ASSETS		**BZ$'000**	**310,220**	307,560
LIABILITIES & EQUITY				
LIABILITIES				
Non-current liabilities				
Borrowings	12		**7,118**	9,134
Total non-current liabilities			**7,118**	9,134
Current liabilities				
Trade and other payables	13		**36,063**	38,333
Current tax liabilities			**4,160**	4,015
Borrowings	12		**2,516**	2,926
Total current liabilities			**42,739**	45,274
TOTAL LIABILITIES			**49,857**	54,408
EQUITY				
Stock issued and fully paid	14		**49,552**	49,552
Treasury stock	15		**(14)**	(14)
Equity attributable to owners of parent			**49,538**	49,538
Share Premium	16		**15,274**	15,274
Share Capital Reserve - Non-distributable	17		**36,637**	36,637
Retained earnings			**158,914**	151,703
TOTAL EQUITY			**260,363**	253,152
TOTAL LIABILITIES AND EQUITY		**BZ$'000**	**310,220**	307,560

N. Dragon

Executive Chairman

Director

Independent auditors' report - Pages 1 and 2

The notes on pages 7 - 25 form an integral part of these financial statements

	Notes		2014	2013
Revenue			**136,163**	136,298
Other operating income	18		**6,459**	7,570
Operating costs			**(77,739)**	(76,596)
Depreciation and amortization			**(29,823)**	(29,774)
Operating profit			**35,060**	37,499
Finance income			**811**	707
Finance expense			**(109)**	(550)
Net finance income			**702**	157
Profit before tax			**35,762**	37,656
Business Tax	19		**(16,163)**	(16,627)
PROFIT FOR THE YEAR		**BZ$'000**	**19,599**	21,029
Profit attributable to:				
Equity shareholders of the parent		**BZ$'000**	**19,599**	21,029
Earnings per share attributable to the equity shareholders of the parent during the year:				
Earnings per share	20	**BZ$**	**0.40**	0.42

The notes on pages 7 - 25 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT MARCH 31, 2014

	Share Capital	Treasury Shares	Share Premium	Capital Reserve, Non-Distributable	Retained Earnings	Total
		BZ$'000		BZ$'000	BZ$'000	BZ$'000
At April 1, 2012	49,552	(14)	15,274	36,637	142,563	244,012
Profit for the year					21,029	21,029
Dividends paid to shareholders					(11,889)	(11,889)
At March 31, 2013	49,552	(14)	15,274	36,637	151,703	253,152
Profit for the year					**19,599**	**19,599**
Dividends paid to shareholders					**(12,388)**	**(12,388)**
At March 31, 2014	**49,552**	**(14)**	**15,274**	**36,637**	**158,914**	**260,363**

The notes on pages 7 - 25 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2014

		2014	2013
Cash flow from operating activities:			
Profit for the year		**19,599**	21,029
Adjustments for non-cash items:			
Depreciation and amortization		**29,824**	29,773
Loss (gain) on disposal of property, plant and equipment		**65**	(1)
Business tax		**16,163**	16,627
		65,651	67,429
Changes in working capital:			
Decrease in trade and other receivables		**1,356**	2,872
Decrease in inventories		**2,981**	1,025
(Decrease) increase in trade and other payables		**(2,270)**	12,319
Cash generated from operations		**67,718**	83,645
Business tax paid		**(16,018)**	(17,459)
Net cash inflow from operating activities		**51,700**	66,186
Cash flow from investing activities			
Purchases of property, plant and equipment and other assets		**(37,739)**	(32,309)
Proceeds on disposal of property, plant and equipment		**19**	4
Purchases of non-current financial assets		**(3,839)**	-
Net cash outflow from investing activities		**(41,559)**	(32,306)
Cash flow from financing activities			
Dividends paid to company's shareholders		**(12,388)**	(11,888)
Proceeds from borrowings		**3,939**	9,060
Repayment of borrowings		**(6,366)**	(9,966)
Net cash outflow from financing activities		**(14,815)**	(12,795)
Net (decrease) increase in cash and cash equivalents		**(4,674)**	21,086
Cash and cash equivalents, beginning of the year		**50,823**	29,737
Cash and cash equivalents, end of the year	**BZ$'000**	**46,149**	50,823

The notes on pages 7 - 25 form an integral part of these financial statements

1. GENERAL INFORMATION

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

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

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

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

These financial statements were approved by the Board of Directors for issue on August 21, 2014.

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 judgment 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, 2013:

Amendment to IAS 1, 'Financial statements presentation' : the main effect resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The adoption of this amendment had no impact on the Group's financial statements.

Amendment to IAS 27 (revised 2011), 'Separate financial statements': the amendment includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. This amendment had no impact on the Group's financial statements.

Amendment to IAS 28 (revised 2011), 'Associates and joint ventures': the amendment includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. This amendment had no impact on the Group's financial statements.

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):

Amendment to IFRS 7, 'Financial instruments, Disclosures' : This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. This amendment had no material impact on the Group's financial statements.

IFRS 10, 'Consolidated financial statements' :The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more entities. It defines the principle of control, and establishes control as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

IFRS 12, 'Disclosures of interests in other entities': IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. IFRS 12 had no impact on the Group's financial statements.

IFRS 13, 'Fair value measurement': IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. IFRS 13 had no impact on the Group's Financial Statements.

Annual improvements 2011 which became effective during 2013: These annual improvements addressed various issues arising during the 2009-2011 reporting cycle. It included changes to IFRS 1, 'First time adoption', IAS 1, 'Financial statement presentation', IAS 16, 'Property, plant and equipment', IAS 32, 'Financial instruments: Presentation and IAS 34, 'Interim financial reporting'. The annual improvements had no material impact on the Group's financial statements.

(b) New standards, amendments and interpretations issued by the IASB but not effective for the financial year beginning April 1, 2013 :

Amendment to IAS 32, 'Financial instruments: Presentation', on asset and liability offsetting: These amendments are to the application guidance in IAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendment is effective Januarv 1, 2014.

Amendments to IFRS 10, 12 and IAS 27, on consolidation for investment entities: These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made to IFRS 12 to introduce disclosures that an investment entity needs to make. The amendments are effective January 1, 2014. These amendments will not give rise to any changes in the Group's financial statements.

Amendment to IAS 36, 'Impairment of assets', on recoverable amount disclosures: This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment is effective January 1, 2014.

Amendment to IAS 39 'Novation of derivatives', on financial instruments: recognition and measurement: This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria. This amendment is effective January 1, 2014. This amendment should not give rise to any changes in the Group's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1.1 Changes in accounting policies and disclosures (continued)

(b) New standards, amendments and interpretations issued by the IASB but not effective for the financial year beginning April 1, 2013 (continued):

IFRIC 21, 'Levies' : This is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a provision that is not subject to income tax, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective January 1, 2014. This interpretation should not have a material impact on the Group's financial statements.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact on its financial statements. The Group will also have to consider the impact of the remaining phases of IFRS 9 when issued by IASB. The effective date for IFRS 9 remains 'open'; early application is allowed.

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 uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value asset transferred, the liabilities incurred 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. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non- controlling interest's proportionate share of the acquiree's 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 recognised in comprehensive income.

Any contingent consideration to be transferred by the Group is recognised 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 recognised 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(a) Subsidiaries (continued)

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 recognised 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 recognised 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 recognised in other comprehensive income are reclassified to comprehensive income.

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 direct material costs and, where applicable, direct labour costs and those overheads (based on normal operating capacity) 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 inventory is impaired, the carrying amount is reduced to its selling price less cost to complete and sell; the impairment loss is recognized immediately in the statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other income" in 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) Licences

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

(b) Computer software

Computer software comprises computer software purchased from third parties. Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Computer software are amortised 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 recognised as an expense when they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Impairment of non- financial assets

Assets that have an indefinite life, for example, goodwill or intangible 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 exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non- financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

2.8.1 Classification

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

(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) Available-for-sale financial assets

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

2.8.2 Recognition and measurement

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

2.9 Offsetting financial instruments

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

2.10 Impairment of financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of financial assets (continued)

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's 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's 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 recognised 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 recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2.11 Trade 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 amortised 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.

2.12 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within current liabilities on the statement of financial position.

2.13 Share capital

Ordinary shares are classified as equity.

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

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

2.14 Trade 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Trade payables (continued)

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

2.15 Borrowings

Borrowings are recognized initially at fair value, net of transactions 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 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.

2.16 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 recognised in comprehensive income in the period in which they are incurred.

2.17 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.

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

(b) Termination benefits

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Provisions

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

Provisions are measured at the present value of 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.

2.20 Revenue recognition

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

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

(a) Sales of services

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

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

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

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

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

(b) Sale of goods

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

(c) Multiple element sales

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Interest income

Interest income is recognised 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 recognised using the original effective interest rate.

2.22 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.

2.23 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.

2.24 Exceptional items

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

3. Financial risk management

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

(a) Credit risk

Credit risk - is the risk that a debtor will fail to settle an obligation to the Group, thereby causing the Group to incur a financial loss. The Group is exposed to credit risk mainly on accounts receivable from its customers and receivables from entities associated to the Group prior to the change in ownership of the Group. In order to reduce its credit risk, the Group has adopted credit policies which include assessing the customer's credit worthiness, requesting a deposit before credit is granted, regular review of credit limits and pursuing legal recourse to collect overdue balances. The maximum exposure to credit risk is the carrying value of receivables due from previous associated entities which may only be collected through litigation.

(b) Foreign currency risk

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

(c) Interest rate risk

Interest rate risk - is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no significant exposure to interest-rate risk on its assets held in the form of bank deposits since these assets earn fixed interest rates. Interest rate risk on borrowings is managed by sourcing the funds needed from competitive financial institutions both locally and abroad.

3. **Financial risk management (continued)**

(d) Liquidity risk

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

The Group provides for bad and doubtful debts based on an evaluation of the collectability of individual customer balances supplemented by a general provision amounting to 1% of billable revenues.

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

5. PROPERTY, PLANT AND EQUIPMENT

		Land and buildings	Network equipment	Other assets	Assets in course of construction	Total
Cost						
At April 1, 2012		48,202	336,305	29,101	19,103	432,711
Additions		1,316	2,235	732	27,412	31,695
Transfers		767	12,043	1,039	(15,796)	(1,947)
Disposals and adjustments		-	(23,689)	(27)	-	(23,716)
At March 31, 2013		50,285	326,894	30,845	30,719	438,743
Additions		1,371	35,246	1,448	(1,949)	36,116
Disposals		(31)	(1,976)	(821)	-	(2,828)
At March 31, 2014		**51,625**	**360,164**	**31,472**	**28,770**	**472,031**
Accumulated depreciation						
At April 1, 2012		8,907	218,375	22,124	-	249,406
Charge for the year		553	22,686	2,982	-	26,221
Write back on disposals		-	(23,686)	(25)	-	(23,712)
At March 31, 2013		9,460	217,374	25,081	-	251,915
Charge for the year		778	23,540	2,718	-	27,036
Write back on disposals		-	(1,953)	(792)	-	(2,745)
At March 31, 2014		**10,238**	**238,961**	**27,007**	**-**	**276,206**
Carrying amount:						
At March 31, 2013	BZ$'000	40,825	109,519	5,764	30,719	186,828
At March 31, 2014	**BZ$'000**	**41,387**	**121,202**	**4,465**	**28,770**	**195,825**

5. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Assets in course of construction (Special project assets) at March 31, 2014 consist mainly of the various equipment and installation charges for the 4G service, equipment and installation charges for the Fixed Broadband Service, the C20 Voice and Data solution for GOB, various Fibre Links and the Rehabilitation of the Copper Network.

Transfers from assets in the course of construction to the various asset categories for the fiscal year ended March 31, 2014 were in respect of some 4G Sites and included acquisitions of land, cell sites, generator buildings, perimeter fence, new towers, GSM Upgrades in Armenia and Barranco, USSD Call Back Service, Phase 2 of the Policy Server for internet service, Placencia – Maya Beach Fibre Link, PC and laptops, power equipment, transmission equipment and various fibre installations and infrastructure upgrades due to the ongoing Belize City infrastructure upliftment project.

6. INTANGIBLE ASSETS

		Computer software and licences
Cost		
At April 1, 2012		19,762
Additions		2,538
At March 31, 2013		22,300
Additions		1,599
At March 31, 2014		**23,899**
Accumulated amortisation and impairment		
At April 1, 2012		11,798
Charge for the year		3,221
At March 31, 2013		15,019
Charge for the year		2,454
At March 31, 2014		**17,473**
Carrying amount:		
At March 31, 2013	BZ$'000	7,281
At March 31, 2014	**BZ$'000**	**6,426**

Computer software and licences consist of all purchased software for the billing, financial and human resource systems and licenses for all Microsoft products and software used by the Group.

7. OTHER NON- CURRENT ASSET

Cost - Arcos -1		
At April 1, 2012		8,006
Additions		24
At March 31, 2013		8,030
Additions		24
At March 31, 2014		**8,054**
Accumulated amortization		
At April 1, 2012		3,019
Amortization for the year		332
At March 31, 2013		3,351
Amortization for the year		334
At March 31, 2014		**3,685**
Carrying amount		
At March 31, 2013	BZ$'000	4,679
At March 31, 2014	**BZ$'000**	**4,369**

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

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

8. NON-CURRENT FINANCIAL ASSETS

		2014	2013
Belize City Municipal bond receivable, interest at 3.5% per annum, payable semi-annually in arrears on 1 June and 1 November, maturing 6 September 2015.		**500**	-
Belize City Municipal bond receivable, interest at 5.5% per annum, payable semi-annually in arrears on 1 June and 1 November, maturing 6 September 2018.		**500**	-
Acuity Holdings Limited bond receivable, secured by an equitable charge over property, interest at 5% per annum, repayable in 10 years by scheduled semi-annual instalments of $21,810.		**340**	-
St. John's Credit Union Limited's certificate of deposit, interest at 3.5% per annum, maturing November 2014.		**1,000**	
St. John's Credit Union Limited's certificate of deposit, interest at 4% per annum, maturing February 2016		**1,500**	
Bank certificate of deposit, interest at 4.1% per annum, maturing February 2014 (2012: 5% per annum)		**1,212**	1,213
		5,052	1,213
Less current-portion		**2,240**	1,213
	BZ$'000	**2,812**	-

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

9. INVENTORIES

		2014	2013
Spares, other consumable supplies and goods for resale		**14,496**	17,674
Less: provision for obsolete inventories		**(3,027)**	(3,224)
	BZ$'000	**11,469**	14,450

10. TRADE AND OTHER RECEIVABLES

		2014	2013
Trade receivables		**12,308**	12,752
Less: provision for impairment of trade receivables		**(3,326)**	(3,262)
Trade receivables - net		**8,982**	9,490
Foreign telephone network administrations receivable		**4,881**	5,060
Other receivables (see notes below)		**22,779**	24,311
Prepayments		**4,288**	3,425
		40,930	42,286
Less: non-current portion			
Government of Belize (GOB)		**(8,264)**	(8,264)
Great Belize Production Limited		**(10,583)**	(10,583)
British Caribbean Bank Limited		**(1,724)**	(1,724)
		(20,571)	(20,571)
Current portion	**BZ$'000**	**20,359**	21,715

(a) Provision for impairment of trade receivables
Movements in the provision for impairment of trade receivables are as follows:

		2014	2013
Balance as at April 1		**3,262**	3,130
Additions		**308**	358
Amounts written off against the provision		**(244)**	(226)
Balance as at March 31	**BZ$'000**	**3,326**	3,262

(b) Non-current portion of other receivables

Other receivables include BZ$8.3 million receivable from GOB arising from treasury shares that were held by BTL International Inc. and BTL Investments Limited which were acquired by GOB.

Other receivables include BZ$10.6 million receivable from Great Belize Productions Limited (Channel 5). This receivable arises from a decision made by the previous Board of Directors on August 24, 2009 to effectively hive off Channel 5 from Telemedia by issuing a dividend in-specie and waiving (forgiving) a balance due to the Group by Channel 5. The BZ$10.6 million included some BZ$5.1 million paid by Telemedia to the former shareholders of GBPL for their shares and some BZ$3.8 million paid by Telemedia for the Channel 5 building on Coney Drive, Belize City. The current Board of Directors considers the entire BZ$10.6 million as receivable from Channel 5 and has filed a legal claim for relief of loss and damages to the Group due to the unlawful and wrongful acts of the previous directors and affiliated companies.

Other receivables also include a receivable from the British Caribbean Bank Limited for reimbursement of the payment of BZ$1.7 million made by the previous Board of Directors towards a US$22.5 million loan. The new Board of Directors has taken legal advice and is of the opinion that the loan was obtained in breach of the Company's Memorandum and Articles of Association as well as the Belize Companies Act and is, therefore, unlawful and void. The Company has filed a legal claim, seeking a declaration from the Supreme Court as to the unlawfulness of the loan. A successful claim would entitle the Company to claim reimbursement.

(c) Credit risk

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

11. CASH AND CASH EQUIVALENTS

		2014	2013
Cash on hand and at bank		**44,913**	49,626
Bank term deposits with original maturities of 3 months or less		**1,236**	1,197
	BZ$'000	**46,149**	50,823

Included in cash at bank is US$248 thousand (BZ$495 thousand) held at British Caribbean Bank (BCB) in the name of BTL (Overseas) Limited following the takeover of the Group by the Government of Belize.

12. BORROWINGS

			2014	2013
US dollar loan from Heritage Bank Limited (the Bank), repayable with interest at 7.25% 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$133,940, inclusive of interest. The loan is secured by a legal assignment of the US dollar contracts with the International Carriers, with an agreement to pay proceeds direct to the Bank for the account of the Group and a guarantee from the Government of Belize (GOB), supported by a resolution of the National Assembly. The GOB guarantee is to remain until the Group is able to provide alternative security.			**9,634**	12,060
Less: current portion			**(2,516)**	(2,926)
		BZ$'000	**7,118**	9,134
The loan is repayable as follows:				
	2013 - 2014		**-**	2,926
	2014 - 2015		**2,516**	3,089
	2015 - 2016		**2,907**	2,907
	2016 - 2017		**4,211**	3,138
		BZ$'000	**9,634**	12,060

13. TRADE AND OTHER PAYABLES

		2014	2013
Trade payable and accruals		**10,010**	15,121
Customers' deposits		**4,999**	4,261
Other Payables		**9,926**	8,051
Dividend payable		**11,128**	10,900
	BZ$'000	**36,063**	38,333

Interest is accrued on customers' deposits at 2.5% per annum.

14. SHARE CAPITAL

		2014	2013
Authorized share capital - 100,000,000 ordinary shares of $1 par value	BZ$'000	**100,000**	100,000
Issued and fully paid: 49,551,652 ordinary shares of $1 par value and 1 Special Share of $1 par value	BZ$'000	**49,552**	49,552

15. TREASURY STOCK

		2014	2013
A Group subsidiary, BTL (Overseas) Limited, holds 2,624 shares in Belize Telemedia Limited, at a cost of $10,625.		11	11
A Group subsidiary, BTL Telemedia Investments Limited, holds 500 shares in Belize Telemedia Limited, at a cost of $3,496.		3	3
	BZ$'000	14	14

16. SHARE PREMIUM

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 shares were issued, at a share premium of $15,273,595.	BZ$'000	15,274	15,274

17. CAPITAL RESERVE - NON DISTRIBUTABLE

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

18. OTHER OPERATING INCOME

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

19. BUSINESS TAX

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 which includes gross revenue receipts from net international settlements. Gross revenue receipts from non-telecommunications services, internet and data services are chargeable to business tax at 1.75% and gross revenue receipts from rent is chargeable to business tax at 3%.

20. EARNINGS PER SHARE

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

21. OPERATING LEASES

The Group has several operating lease agreements with local suppliers whose lease terms range from one to five years. The Group incurred lease rental charges amounting to $368,367 for the year ended March 31, 2014 (2013 - $394,043).

22. RETIREMENT BENEFIT OBLIGATIONS

		2014	2013
Pension contributions for two defined contribution plans	BZ$'000	1,211	1,203

23. COMMITMENTS

Capital commitments

		2014	2013
Capital expenditure authorized and contracted - 4G Project		9,385	11,535
Capital expenditure authorized and contracted - other projects		4,649	7,511
	BZ$'000	14,035	19,046
Capital expenditure planned but not contracted	BZ$'000	14,477	8,386

24. CONTINGENT LIABILITY

In July 2007, Belize Telemedia Limited entered into a US$22.5 million loan arrangement with the British Caribbean Bank Limited, formerly the Belize Bank (Turks & Caicos) Ltd. (the Bank) for the purpose of acquisition of its own shares. The loan was drawn down on the same day that it was obtained and was to be repaid in 4 years. The loan was secured by a mortgage debenture made by Telemedia over all of the properties and assets owned by the Company and guarantees from each of Telemedia' s subsidiaries.

The new post-August 2009 Board of Directors of Telemedia on legal advice has always taken the position that the loan of US$22.5 million borrowed from the bank to purchase shares of Telemedia held by Royal Bank of Trinidad & Tobago (RBTT) and the giving of security therefor, was an unlawful transaction of the previous Board of Telemedia.

The previous Board of Directors did not comply with the provisions of Section 48 of the Companies Act, Chapter 250 of the Laws of Belize and the new Board of Directors were advised that, as a matter of law, this transaction was ultra virus and, consequently, is null and void. For that reason, the opinion of the Board of Directors of the Group is that the Group does not have a legal liability to the Bank for the US$22.5 million loan.

Furthermore, in its acquisition of the Group, the Government of Belize acquired the US$22.5 million liability by SI #104 and SI #130 of 2009 and SI #70 of 2011. Consequently, the Directors no longer consider the loan as a liability payable by the Group.

The Group has received legal advice which confirms that the mortgage debenture loan made by the Bank to Belize Telemedia Limited is unlawful and thus void.

Consequently, the US$22.5 million loan (BZ$45 million) reported in the Group financials of March 2009 and March 2010 was removed from the financial records of the Group in 2011. The Group has advised the Government of Belize, in writing, of the facts reported above and of its decision to derecognize the loan.

However, in the event (remote as it may seem to the Board) that Belize's highest Appellate Court rules otherwise and the Government of Belize becomes ultimately liable for the US$22.5 million, then the Group is prepared to take on the liability for the loan and settle it by sourcing a long-term loan.

Belize Telemedia Limited has filed Claim #360 of 2011 in the courts seeking a declaration from the Supreme Court of Belize as to the unlawfulness of the loan and the mortgage debenture.

25. RELATED-PARTY TRANSACTIONS

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

25. RELATED-PARTY TRANSACTIONS (continued)

The following transactions were carried out with related parties:

		2014	2013
(a) Sales of goods and services			
Sales of services:			
- Government of Belize	BZ$'000	5,849	6,358

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

		2014	2013
(b) Purchases of goods and services			
Purchases of services:			
- Entities controlled by key management personnel	BZ$'000	280	290

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:

		2014	2013
Salaries and other short-term benefits		3,240	2,536
Termination benefits/ post-employment benefits		192	207
	BZ$'000	3,432	2,743

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

		2014	2013
Receivable from related parties			
- Government of Belize	BZ$'000	1,412	1,077
Payable to related parties			
- Entities controlled by key management personnel	BZ$'000	-	-

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.

26. LITIGATION

(a) On June 4, 2011 the Company and the Government of Belize filed a claim in the Supreme Court of Belize against the British Caribbean Bank Limited seeking Declarations that the US$22.5 million loan is unlawful, null and void and that the Company has no legal obligation to pay. See Note 24. So far no defence has been filed by the bank, but the bank has applied to strike out the claim and to stay the proceedings pending the determination of the constitutionality of the acquisition of the Company by the Government. By consent, the matter is now stayed accordingly.

(b) The Company has filed a legal claim for a total of BZ$21 million against the pre-2009 Board of Directors and associated companies of the previous owners for relief for loss and damage to the Group by virtue of their unlawful and wrongful acts in connection with the disposal of the Group's subsidiary, Great Belize Productions Limited(GBPL). GBF filed an application to have the matter struck out. The Supreme Court has refused the application by GPBL to strike out the Company's claim. GBPL has since filed an appeal to the Court of Appeal against this ruling. The Company is awaiting a hearing date from the Court of Appeal.

(c) The Company has filed a claim for a Declaration that the purported assignment by a resolution of the Board of Directors of the Company on or about March 20, 2009, of the monetary portion of the Final Award made on March 18, 2009 by a Tribunal Constituted under the LCIA Rules in Arbitration No. 81079, the said monetary portion being in the principal amount of BZ$38,527,083, was ultra vires the objects of the Company and/or the powers of the Directors. The claim is to proceed to Case Management Conference and is pending the outcome of Claim No. 317 of 2009 in which the Attorney General of Belize seeks declarations that the enforcement of the award would be unconstitutional. It is likely that this claim will be consolidated with Claim No. 317 of 2009 for convenience of trial.

(d) International Telecommunications Company Limited (INTELCO) has filed a claim against the Company for US$49.1 million purportedly as remainder of the purchase price of assets allegedly purchased by BTL or damages in the alternative for alleged breach of contract. The Company is vigorously defending this claim and has filed a defence thereto. A Case Management Conference (CMC) scheduled for June 12, 2012 was later adjourned sine die. The Company has applied for a new CMC, and is awaiting a date to be set by the Registrar. The directors do not expect any liability to the Company arising from this court action.

(e) A former employee has appealed a court ruling award for compensatory damages amounting to $350,870 for termination of employment seeking that the compensation be reassessed. The Company cross appealed on the grounds that the compensation ordered was excessive. The appeal has been heard and the Company awaits the decision by the Court of Appeal.

27. EVENTS AFTER THE END OF THE REPORTING DATE

On May 15, 2014 the Court of Appeal of Belize delivered its decision on Civil Appeals No. 18 of 2012, The Attorney General of Belize, the Minister of Public Utilities v. the British Caribbean Bank, and Civil Appeal No. 19 of 2012, The Attorney General of Belize, the Minister of Public Utilities v. Dean Boyce and the Trustees of BTL Employees Trust. The Court ruled that both the Belize Telecommunications (Amendment) Act 2011, being Act No. 8 of 2011 and the Belize Telecommunications Act (Assumption of Control over Belize Telemedia Limited) Order 2011 being Statutory Instrument No. 70 of 2011, which allowed for the compulsory acquisition of BTL, are valid and constitutional. The decision of the Court of Appeal was challenged by the appellants and the matter is before the Caribbean Court of Justice for a final decision.