

Belize Telemedia Limited

Report of the Directors

INTRODUCTION

Belize Telemedia Limited ("Telemedia") is a company incorporated in Belize on September 14, 2006.

The Directors of Telemedia present to the shareholders, the Report and Audited Financial Statements for the financial period ended March 31st, 2008. To enable shareholders to better understand the performance of the business, and given the continuing use of the net assets that were previously held by Belize Telecommunications Limited ("BTL"), certain comparisons with the prior year performances of BTL have been made.

Telemedia operates under an Individual Telecommunications Licence, issued by the Public Utilities Commission ("PUC").

OPERATIONAL REVIEW

Telemedia has over the past year continued to roll out new technologies and continued the implementation of its plans for the transformation, development and expansion of its business.

Those plans include the capital development of the business, including the commencement of a major network replacement as well as the continuing deployment of a new suite of information systems. The plans have also included improvements in customer service capabilities, reductions in customer tariffs, and the creation of enhanced capabilities for generating new revenue streams.

On these strategic and operational fronts Telemedia has made very good progress.

Customer Service Tariffs

Since 2001 there have been no customer tariff increases implemented by Telemedia, or by Belize Telecommunications Limited.

However, a large number of customer service tariff reductions have been implemented across a wide range of services, and the average tariff per minute has been reduced by 61% since 2001.

In particular, international voice services, cellular voice service, and high speed internet have seen some spectacular reductions. The unit price for internet capacity consumed for example has already been reduced by over 90%; international per minute tariffs reduced by up to 95% for some countries and by 75% on average; double-up promotions for pre-paid cellular services have also been implemented over the past year, providing a 50% reduction in cost for those calls, and Digicell premier customers have seen rates reduced by 64% since 2001. These historic and continuing tariff reductions have contributed

substantially to the value for money received by Telemedia's customers. In the coming fiscal year new promotions and incentives will continue to be offered to Telemedia's customers to provide even more savings, whilst continuing to stimulate demand and support the economic growth of Belize.

Network Development Program

The company is currently engaged in a BZ\$100 million capital investment program..

The development is spearheaded by the upgrade and expansion of the existing GSM network, and the deployment of a new wireless platform to deliver high speed internet and expanded voice services to rural communities. The new GSM equipment will use an 850 MHz overlay to provide better coverage countrywide as well as the deployment of additional sites to further expand coverage, and the new rural platform will help to develop a fully countrywide service coverage bringing state of the art communication services to remote parts of the country. These projects formally commenced in October 2007, with the signing of two contracts with the supplier of the core systems, Nortel.

Telemedia's core internet platform has been further expanded, together with the upgrade of national transmission links to improve network resilience, and a number of fixed line telephone exchanges with a modern new switching infrastructure, have also been replaced.

During the year Telemedia invested in the development of its countrywide fiber backbone to support the more efficient and more expansive carriage of television services across the country. This development will benefit the Cable TV operators, Local TV Stations, and most importantly Belizean consumers as a whole. This has been a substantial investment by Telemedia, and it will enable the receipt of television service by a number of smaller communities that even in this modern day have had little or no television service to-date. Telemedia believes that improved local TV programming, and the carriage of local TV programs across the country to as many people as possible, will help to improve unity and togetherness within Belize and we are proud to play a key role in this endeavour.

These network developments involved total capital expenditure of \$36 million in the ten months to March 2008, with another \$100 million expenditure allocated in the 2008/9 financial year.

Good management of the business has resulted in an improved operational and financial performance over the past fiscal year. The company has developed a solid balance sheet to support the planned network development program, with a substantial part of the planned program being funded from internally generated cash balances.

Cellular Services

First launched in October 2006 by BTL, the Intelligent Network (IN) has been critical to the provision of new and aggressive price promotions for cellular customers through the past financial year. This payment platform was supported by the company's launch of the first phase deployment of an electronic point of sale system named "Fone TopUp."

Telemedia's initial "Double Up" promotion providing the customer with double the value for the amount paid, was so popular with customers that as a result, throughout the year, similar promotions were released on other selected dates e.g. Valentines Day, with a growing level of demand.

To coincide with the rollout out of Telemedia's electronic point of sale system, and to demonstrate the benefits of the paperless top-up system and encourage the use of that service, certain promotions were targeted only at those customers utilizing that system. Given the lower operating costs and other service benefits, it is expected that the electronic system will in time almost entirely replace the use of cards.

Promotions in March 2008 alone included "Top It Up Tuesdays", "Talk It Up Thursdays", "2 for 1 SMS" and "Double Day" via Telemedia's own electronic point of sale system. "Top It Up Tuesdays" allowed for the doubling of credit for every \$30 purchased. "Talk It Up Thursdays" saw customers enjoy the rate of 25 cents a minute all day on Thursday. "2 for 1 SMS" had customers enjoying half price on the SMS service.

Additionally, throughout the fiscal year Telemedia successfully continued to promote "Talk it Up", providing DigiCell PrePaid customers with calls for as low as 25 cents per minute if they talk longer than 5 minutes on the same call, or if they talk for more than 10 minutes (sum of one or more calls) in a day.

These various promotions have been very successful and were offered to DigiCell PrePaid customers to stimulate usage, increase average talk time, increase value for money, and to show appreciation for the customers' continued support.

In combination with the Karaoke TV series that ran from July to October on Channel 5, Telemedia implemented "SMS Voting", a system to enable selection of the winner by the viewing public generating SMSs to vote for their choice of contestant.

The net effect of these various initiatives has been to increase DigiCell customers from 108,000 to 133,000, an increase of 23% year on year. If the customers using the analogue network are included, amounting to 11,000, the total number of cellular customers at March 2008 amounted to 144,000.

The GSM network supplied by Siemens of Germany in 2002 is being replaced by a Nortel GSM network. The contract for the supply of this new network was signed in October 2007, and is planned for full installation before the end of 2008.

The new Nortel GSM network will allow Telemedia to take a significant step forward with service delivery, enhancing quality, and the ability to support a more advanced and comprehensive range of services, including the provision of higher speed mobile internet services, pre-paid international roaming, and expanded coverage.

Nortel has also agreed to purchase the old GSM network from the company, at a value approximately equal to the net book value of that old system, with the result that only a small financial adjustment will be required when the old network is finally decommissioned.

The cellular revenue stream has been the major area of growth for the business over the past year. As expected, there has been a continued migration of fixed services to cellular, as customers obtain the benefits of the increased flexibility. With the 144,000 Telemedia Cellular customers, and the reported 50,000+ cellular customers serviced by Telemedia's competitors, that equates to an overall cellular industry penetration of around 67%. The industry can expect some further growth, particularly through 2008/9 as the coverage footprint is expanded.

Information Systems

In October 2007 the second phase of Telemedia's Prepaid Intelligent Network Billing System was launched. In this second phase, in addition to the GSM cellular customers, all other PrePaid Analog and Fixed Line customers were transferred onto the single pre-paid platform, and the old fixed line pre-paid platform was decommissioned. Telemedia now therefore utilizes a single modern platform for all its pre-paid services, thus expanding the number of customers that are able to enjoy the benefits of more user-friendly features, more flexible calling plans and the various price promotions and service incentives.

This new implementation was also necessary to ensure that Telemedia's rapid growth and technological advancements would not be hindered by the old inefficient legacy billing and customer care systems.

A prepaid "One Card" for all services was also launched in October 2007 allowing customers to purchase only one physical card that can be used against any prepaid service whether fixed line or mobile, thus providing those customers with additional flexibility and control.

The company's GSM post paid billing system, supplied by Comarch, was from the outset planned to be used for all post paid billing activities, as well as the associated internal customer support processes. Therefore, in June 2007 the company launched its consolidated "One Bill" for all post paid services. This consolidation amalgamated all regular telephone bill charges along with cellular service charges onto a single monthly bill, as opposed to the original system where customers received multiple bills for different groups of services. Some teething problems were experienced with this new billing system, in particular the processing times for certain transactions, however most of these were resolved, and the remaining changes are being actively worked on in conjunction with Comarch.

The next phase is the deployment of Telemedia's "eService", a web-based solution allowing customers to access and pay their bills online. This additional new service will further empower customers, enabling them to analyze their account information and properly monitor and manage their accounts online anytime and anywhere.

Telemedia will also in April 2008 launch a new billing process called "Cycle Billing," which is aimed at reducing waiting time for customers paying or making inquiries thus improving our customer service operations, and ensuring a more efficient and cost effective activity. This "Cycle Billing" splits the existing customer base in two groups,

with one group being billed at the end of the month as at present, and the second group being billed for a month's usage ending on the 15th of each month.

July 2007 saw Telemedia start the installation of a comprehensive suite of information system applications from PeopleSoft (an Oracle application). These new applications range from financial, procurement, inventory management, human resources and payroll systems, through to activity based costing and advanced management information tools. The installation effort provided by the software supplier fell well below what was expected by Telemedia, and this delayed the implementation and the associated benefits. The modules are installed in phases, with a number of modules already in place and the final modules planned for installation by the end of 2009. The integrated systems are designed to provide much improved management and costing information, improved staff efficiencies and activity processing times, and they will overall reduce the cost of operation. The software itself is very powerful, and upon completion of the installation it will make a big difference in the day to day and strategic management of the business.

High Speed Internet

In this fiscal year, Telemedia continued to expand its High Speed Internet services to residential and business customers throughout the country via DSL, through wireless Internet service and through partnerships with third party internet service providers.

In the year to March 2008, as a result of continued expansion and improvements in service and coverage, Telemedia's High Speed Internet customers have increased from 5,500 to 6,400 with Dial-up and Dedicated Internet adding another 1,500 for a total of 7,900 Internet customers at the end of this fiscal year.

In addition to Telemedia's direct internet customers, Telemedia also provides wholesale internet service to a number of large Internet Service Providers.

Compared to other communication services that Telemedia provides, the data and internet service requires a substantially greater capacity within the local network, and it additionally consumes more than 95% of our international access capacity via the submarine fiber links.

Over the past two years, Telemedia has reduced internet prices by an average of 40% whilst at the same time substantially improving quality of service. In the coming fiscal year 2008/09 Telemedia will once again provide cost savings to internet customers by doubling the internet speed for a minimal upgrade fee, through its "Homefone" and "Bizfone" packages.

From a financial standpoint, the internet service still requires a degree of subsidization, particularly in the more rural locations, however this is a core service that Telemedia believes adds a substantial value to the Belize economy as a whole, and the company will continue to provide subsidies where it is able.

CDMA 450 MHz Network for Rural High Speed Internet

In October 2007 Telemedia contracted with Nortel to install a CDMA 450 MHz network. This new network and the 450 frequency provides very good coverage compared with other frequencies that have been utilized by Telemedia in the past for the existing GSM, Wimax and Wi-fi wireless networks. It will therefore facilitate access to remote and rural communities across Belize, providing the inhabitants of those communities with high speed internet as well as an expanded range of telephone services. The first phase in 2008 consists of 14 base stations, but with additional base stations being installed once the exact coverage of the initial base station deployment is determined.

It is important to note that in many locations, small communities are nestled in the valleys, surrounded by hills. In those locations, obtaining a wireless signal may be difficult as the signal is blocked by land mass and vegetation. A series of additional equipment installations, including 450 repeater sites and the use of other technologies, may be required. The requirements will be identified once the first phase of the main deployment is complete.

This new wireless network will be primarily targeted at residents and businesses in small rural communities, however, given the expanded coverage, particularly in remote locations it can also be used to provide access for Emergency Services, Government Support Services, Belize Security Forces, and civilians such as tour guides and fishermen.

The commitment to extend internet services to primary educational institutions countrywide can only be achieved through this new wireless network. This new network again demonstrates the commitment and professionalism shown by Telemedia.

Fixed Lines

Fixed line services have remained relatively flat in terms of numbers and revenues, and it remains a challenging investment in terms of achieving growth. Fixed line domestic service for a large number of customers continues to be substantially unprofitable for Telemedia, including both line access and per minute call traffic. It does however create a base for other services, and helps to maintain strong customer relationships.

By the end of 2008, the implementation of the first phase of the CDMA 450MHz wireless network will be complete, enabling the provision of “fixed” wireless service in a number of rural communities which presently have little or no services, and this will generate additional lines. Due to the comparative high cost of this new network compared with the available revenue streams, this is a very financially challenging investment, however it does provide an opportunity to build improved customer relations, support the development of those local community economies, and provide a platform for future growth. As already noted, it demonstrates Telemedia’s commitment to developing the country and it provides a very good enhancement to our overall product portfolio and technical capabilities.

During the year there were a number of upgrades to the fixed line network. In November 2007 Telemedia replaced telephone equipment in seven rural areas with modern new

telecom switches. The residents of August Pine Ridge, Guinea Grass, Patchakan, San Pablo, San Narciso, Progreso and Caye Caulker now have access and expanded set of services that include more customer friendly features such as Caller ID, Voicemail, prepaid services and high speed internet.

Migration of customers from fixed line to cellular service has contributed to a 500 line overall decrease in the total number of fixed telephone lines to 33,300 at March 2008.

The implementation of Phase 2 of the Prepaid Intelligent Network (IN) Billing System in October 2007 enabled PrePaid Fixed Line customers to enjoy the benefits of more user friendly features, more flexible calling plans and the provision of incentives.

In January 2008 Telemedia achieved a milestone mark of 1,000 payphones, and through to March 2008 additional payphones were installed bringing the total to 1,032 countrywide. The payphone service continues to be unprofitable, and increasingly so given the increase in numbers of persons having access to a cellular phone, however these payphones are part of Telemedia's overall social support program. Telemedia does not plan at this time to further expand the overall number of payphones in service.

International Voice Services

The effect of Telemedia's continuing reductions in international customer tariffs has once again impacted adversely upon revenues. Telemedia does however continue to secure solid profit margins on these services, which have historically been used, and continue to be used, to subsidize other non-profitable services, locations, and customers.

International tariffs were reduced between 2001 and March 2008 from an average of \$2.56 per minute to \$0.65 per minute, which resulted in an average reduction of 75%, providing customers with some tremendous savings. The downward trend in tariffs is expected to continue. All the other features, such as billing of calls in 15 second increments (instead of being rounded up to the nearest minute), and the reduced cost of calls that extend beyond 5 minutes in duration, will be continued and developed, including "bundles" of international minutes.

The launch in March 2007 of the web-based VoIP service, "Webtalk International" now enables customers outside of Belize to make VoIP calls anywhere in the world at very attractive rates, and provides the best available international rates for calls into Belize. This new service complements the earlier launched service of "Webtalk" for use by Belize based callers.

VoIP Services

The provision of VoIP services by foreign operators to Belize-based consumers is a significant problem for Belize, as it is for many other countries in the region. On the face of it, if a Belizean can make an international call for a fraction of what Telemedia charges, then that seems to be a good thing. The problem is that those foreign providers are not paying for their use of the local network; they are not paying local Belize taxation and licence fees, no local staff costs, nor any of the other multitude of operational costs. They are parasites sitting on the back of the local providers such as Telemedia, without making any type of payment to Telemedia for the use of the network. It is also not an

argument that Telemedia is already charging the customer to use the Internet, and that should cover the cost of these operators. Telemedia charges for its various services to ensure that it is able to recover the total cost of operating its network, and as already noted there are a number of domestic services that are already cross subsidized within our own business. The loss of call revenue to unlicensed foreign VoIP providers will result in Belizeans who make more domestic calls than international calls, paying substantially more for their domestic services as a result of these illegal foreign operators. This is clearly not a desirable outcome.

Telemedia continues to police these illegal services, and the Government of Belize has also agreed to implement guidelines (issued by the Caribbean Association of National Telecommunication Operators (“CANTO”)) for the control of foreign VoIP service providers and their operations.

The Media Industry

When Telemedia commenced operations, it planned to become involved in the media industry in Belize. Over the following months the company developed a strategy and decided that instead of competing directly with existing media operators, given the relatively large size of the country, the small size of the market, and the small size of the economy, it would be better for everyone if Telemedia developed mutually beneficial relationships wherever it could.

Telemedia also set down a number of objectives, including the desire to facilitate the improved access to a number of communities around the country that even today still had little or no TV service, and the desire to facilitate the distribution of TV stations across the country, which would in turn help to strengthen the country’s unity and identity.

In the year to March 2008, Telemedia commenced two projects. Firstly, it invested resources in the expansion and enhancement of the capability of its fiber network in order to facilitate the carriage of TV by Cable TV companies, and most importantly to ensure the distribution of local TV programs, to a large number of additional communities in Belize. There was not an intention or an expectation that this would generate a positive cash flow for the company, however the project would provide a big boost to the development of Belize, particularly the rural communities, which in turn would provide longer term social and economic benefits for everyone. The first phase of the technical enhancements commenced in 2007/8 and will continue through into 2008/9.

Secondly, the company required a base for the development of Belize based programming that would help to put Belize on the world map. After considering a number of options, the company negotiated to purchase Great Belize Productions Limited (Channel 5). This company was already the leading TV station in Belize, was the only company that had an international reputation and presence, had a qualified and motivated employee team, and it complied with high professional standards in both its technical operations as well as its reporting of news and current events.

As a result of these significant capital and operational investments, the company planned that by mid 2008, TV and local programs would be delivered to a number of small

communities that previously had little or no service, including at the outset the communities of Mahogany Heights, Democracia, Frank's Eddy, St. Matthews, Cotton Tree, St. Margaret's Village, and Armenia, and including a range of local programs and news.

Telemedia Employees

As Telemedia has started to transform its network, and improve efficiencies, employee numbers have been reduced. Despite the growth in services and customers the number of employees has for example reduced from 540 in mid 2005, to the 462 employees at March 2008.

The company now has a tremendous internal team spirit, and Telemedia does indeed work as a single team with a single set of common goals. These are very exciting and challenging times and this team spirit is essential if Telemedia is going to create the value for the country, our customers and "Team-Telemedia", that Telemedia knows is possible and desirable.

TELEMEDIA SOCIAL CONTRIBUTIONS

Telemedia continues to be a major supporter of the development of education, sports and culture, and via its donations of cash and effort continues to demonstrate that it is the leading corporate citizen in Belize.

Annually Telemedia donates more than \$1 million to the community through the High School Scholarship Program, Free Internet for Schools program, Adopt A School Program, Learn N Phone Program, Telemedia Minorettes Marching Band, Telemedia Female Softball Team, Telemedia Swoosh Female Cycling Team and Hurricane Relief efforts. Telemedia has made contributions to organizations such as Liberty Children's Home, Belize Cancer Society, Belize Red Cross, Help-Age of Belize, Rotary Club of Belize, Lifeline Foundation, and the Dorothy Menzies Child Care Center, among others.

Since the inception of the High School Scholarship Program Telemedia has invested more than \$1 million in over 400 graduated students. To-date it remains one of the largest scholarship programs supporting 75 students at any time with free tuition, school fees and required text books. The students are also provided with personal guidance and mentorship throughout their enrollment in the program.

Presently there are 117 schools connected as part of the Free Internet for Schools Program and over 50,000 students in primary schools, secondary schools and tertiary level institutions countrywide enjoying this free internet program, and being used for learning as well as teaching purposes. Annually \$250,000 is spent to maintain this program countrywide, and this is growing quite rapidly as additional schools are connected, and the services at all existing schools is expanded.

Telemedia in its ongoing commitment to the development of sports in Belize sponsored the Telemedia Swoosh Female Cycling Team for the third consecutive year. The Swoosh cycling team has captured several impressive titles including the Annual Valentines Day Cycling Race. Telemedia also sponsored the Telemedia Female Softball Team.

In June 2007 Telemedia launched the new “Adopt A School” Program which was aimed at improving the educational standards in Belize for one of the neediest institutions. The school chosen was Bethel Primary School of Belize City. The program positively impacted the lives of the school’s students by improving infrastructure, facilities and resources. This included the painting of the buildings, and the implementation of a well equipped library and computer lab. Additionally, a mentorship program by Telemedia volunteers was also introduced, where Telemedia employees periodically and regularly meet with a number of students to provide them with one-on-one support. The program for Bethel Primary School is a 3 year commitment and will be carried out in three phases, one for each year with the initial investment in phase one of \$75,000.

In August 2007 Telemedia reached out to the victims of Hurricane Dean by assisting residents of the village of Xiabe in the Corozal district. Telemedia provided construction materials to assist 10 families to rebuild their homes. Additionally, the staff volunteers distributed 150 food packages to village residents during this relief effort, and provided other general support.

Telemedia Northside Park, Telemedia Placencia Park and Telemedia Constitution Park each provide a picturesque venue used by thousands of Belizean families for relaxation and recreation.

The company invested almost \$50,000 during the 2007-2008 fiscal year to maintain the parks for the continued use and enjoyment of visitors. These funds were used to employ the services of daily caretakers at each park, as well as to refurbish any damaged or deteriorating furniture, fixtures and playground equipment.

Telemedia is pleased to announce that by the end of 2008, the Company will complete the renovation of the Princess Royal Park in Dangriga, providing a pristine location for both ceremonial and recreational activities.

FINANCIAL REVIEW

Given that the assets and liabilities of Belize Telecommunications Ltd were subsequently taken over by Belize Telemedia Limited, and to better enable the reader to understand the performance of those net assets, the Income Statement analysis uses for 2007/8 a summation of the 2 months results ended May 29, 2007 for Belize Telecommunications Ltd, and the 10 months ended March 2008 for Belize Telemedia Ltd. The financial comparative year 2006/7 is taken from the Belize Telecommunications Ltd statements.

All Figures BZ\$000's	Financial Year 2007/8	Financial Year 2006/7	Variance Fav / (Adv)
Revenue	156,938	140,467	16,471
Operating Expenditure and Depreciation	(119,686)	(116,280)	(3,406)
Net Interest Income	492	1,988	(1,496)
Extraordinary Item	-	(20)	20
Net Earnings	37,800	26,155	11,645
Earnings per share before extraordinary	83 cents	68 cents	15 cents

Revenue

Revenue increases included a \$13.8 million increase in pre-paid service (fixed and cellular), a \$1 million increase in cellular roaming (primarily from visitors to Belize), a \$1 million increase in net international settlements, and a \$2.8 million increase in internet and data services.

These favorable changes were offset by a number of reductions, including the effect of international tariff reductions resulting in fixed line post-paid international revenues declining by \$1.5 million.

Call substitution continues to take place, with cellular calls being substituted for fixed line national calls. The reduction in fixed lines and increased use of pre-paid services has resulted in a drop in fixed line national call revenues originating from post-paid customers for the fourth year in succession, this year amounting to \$2.2 million.

Cross-subsidization of domestic service by international revenues remains but is slowly being reduced.

This revenue increase has been achieved as a result of an increased deployment of services, demand stimulation, and has been achieved whilst still reducing tariffs.

Expenditure

Certain obsolete assets were written down in the year to March 2008 with an additional \$4 million charged during the year against income. In the previous financial year to March 2007 \$6 million was also written off which is an indication of the speed at which Telemedia's assets become obsolete for any number of different reasons.

Other operating cost movements include an increase in legal charges, staff costs, electricity, depreciation and office supplies. These increases were partially offset by cost

savings in maintenance as a result of the service contract with Siemens for the GSM equipment terminating earlier than planned.

Agreement with the Government of Belize

In July 2005 BTL entered into an Agreement with the Government of Belize (GOB). The Agreement was designed to provide a solid base for the development of the industry, the improvement in services and customer tariffs, on a sustainable basis over the long term.

As a consequence of this Agreement the company has embarked on a major capital investment program, including the deployment of a new wireless network designed to provide advanced voice and internet services to small rural communities, the provision of free internet for all schools countrywide, and the continued subsidization of a number of domestic services, customers and locations.

Under the terms of the Agreement GOB will compensate the company for any shortfall, where the company does not achieve a minimum rate of return of 15% on capital in any one financial year. Shortfalls for each of the two financial years to March 2007, together with certain other agreed adjustments, gives a net \$14.7 million owed by GOB. This amount has been included as a part of Telemedia's opening capital reserve.

Balance Sheet

The working capital ratio was improved to 2.1:1 from 1.8:1, an improvement of 15% on the position at May 2007.

Property, plant and equipment acquisitions, net of depreciation charges, increased fixed assets by \$14 million overall, as Telemedia starts to ramp up its network development.

The purchase of Belize Telecom shares from RBTT was funded by a loan facility and is the main reason for the increase in long term debt from \$28.7 million to \$58.8 million. The shares purchased were subsequently distributed to Belize Telemedia shareholders as a dividend in specie, with shareholders receiving 2 shares for every 5 held. Taking this transaction into account, Telemedia is still funded at a conservative 1:4 debt to equity ratio, with total net book equity standing at \$242 million, compared with a long term debt of \$58.8 million.

Cash and Cash Equivalents

At the end of March 2008, cash on hand increased to \$63 million, and will be utilized primarily to fund the contracted capital expenditures, which at 31st March 2008 totaled \$60 million, including the implementation of the contracts to install the replacement GSM network, and the new rural wireless network, as well as the completion of the new suite of information systems.

SHAREHOLDER RETURNS

Net Earnings

Net Earnings, before interest and extraordinary items, for the 12 months to March, increased from \$24.2 million in 2006/7 to \$37.3 million in 2007/8, with the Earnings per Share figure increasing from 68 cents to 83 cents. These much needed improvements

reflect the improved operating efficiencies, the deployment of new services, sound management practices, and a lot of hard work by “Team Telemedia”.

This has resulted in an increase in Net Earnings to around 15% of total capital invested.

This provides a solid base for the new financial year, it will help to support the new rural network deployment, and it will enable the company to continue to expand its services and deploy improved tariff packages for a broad range of customers.

The effect of the above has resulted in an increase in total shareholders net equity to \$242 million at March 2008 from \$234 million at May 2007, an increase of 3.5%.

Share Capital Movements

In July 2007 Telemedia purchased 11.4 million Telemedia shares that were held by Royal Bank of Trinidad and Tobago (RBTT), which were shares previously held by Belize Telecom. Also in July 2007 Telemedia offered to buy the shares from the smaller Telemedia shareholders (those that held a stockholding numbering 5,000 or less) with the purchase price set to provide a substantial premium over book value. Telemedia also launched a rights issue to shareholders which resulted in 8.2 million additional shares being issued. The dividend in specie approved in August 2007 resulted in 13.7 million shares being distributed to shareholders from the treasury stock. The following table reflects those movements.

Shares in Millions				
Date	Description	Telemedia Share Purchase	Shares Outstanding	Total Shares
April '07	Beginning Balance of Share Capital	3.3	38.0	41.3
July '07	Rights Issue taken up by shareholders		8.2	8.2
July '07	Purchased from RBTT	11.4	(11.4)	0.0
July '07	Purchased from small shareholders	0.7	(0.7)	0.0
	Total Share Capital before Dividend in Specie	15.4	34.1	49.5
August '07	Dividend in Specie	(13.7)	13.7	0.0
March '08	Total Share Capital	1.7	47.8	49.5

This acquisition of the shares from RBTT that were once held by Belize Telecom, and the other transactions, have now restored stability to the company’s shareholdings, and provide a solid base with which the company can now move forward.

DIRECTORS

The Board of Directors for Belize Telemedia Limited is comprised of Mr. Ediberto Tesucum, Scarlet Ventures Limited, Ibis Investments Limited, Mr. Philip Zuniga, Seascape Holdings Limited, Rocky Reef Ventures Limited, Shire Holdings Limited and Mr. Keith Arnold who is also the Chairman of the Board.

AUDITORS

Pannell Kerr Foster has been Telemedia's auditor for the periods under review. A resolution to re-appoint them, or appoint another competent accounting firm, as auditors for 2008/2009, for Belize Telemedia Limited, will be proposed at Belize Telemedia Limited's AGM.

By order of the Board of Directors



Rocky Reef Ventures Limited

Secretary of the Board

Belize Telemedia Limited