



**Bureau Telecommunications
and Post St. Maarten**

FINANCIAL STATEMENTS

December 31, 2013 and 2012

Expressed in Antillean Guilders

July, 06 2016



To the Minister of Tourism, Economic Affairs,
Traffic and Telecommunications
Attn. Mrs. I. Arrindell
Government Administration Building
Clem Labega Square
Philipsburg
Sint Maarten

INDEPENDENT AUDITOR'S REPORT

Report on the financial statements

We were engaged to audit the 2013 financial statements of Bureau Telecommunications and Post St. Maarten ("the Bureau"), Cannegieter Street 15 – Unit 5.1, Philipsburg, Sint Maarten, which comprise the balance sheet as at December 31, 2013, the profit and loss account for the year then ended and the accompanying notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and the fair presentation of the financial statements in accordance with the accounting principles which are determined by the supervisory board and for the preparation of the management board report, both in accordance with the "Landsverordening Bureau Telecommunicatie en Post" (AB 2013 GT no. 466). Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. As part of the preparation of the financial statements, management is responsible for assessing the Bureau's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Bureau or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Bureau's ability to continue as a going concern in the financial statements

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's 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 auditor considers internal control relevant to the Bureau'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 Bureau'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 qualified audit opinion.

Basis for qualified opinion

The division of the assets and liabilities of the Bureau's predecessor, Bureau Telecommunicatie en Post Nederlandse Antillen, is being executed in accordance with the Kingdom decree 'Onderlinge regeling vereffening boedel Nederlandse Antillen (Staatscourant nr. 14725)'. As per date of this auditor's report, the mentioned division of assets and liabilities of the Bureau's predecessor has not been finalized. Therefore, the possible effect of this division on the assets and liabilities of the Bureau as reported in the 2013 financial statements is unknown.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements give a true and fair view of the financial position of the Bureau as at December 31, 2013 and of its result for the year then ended in accordance with the accounting principles which are determined by the supervisory board and, for the preparation of the management board report, in accordance with the "Landsverordening Bureau Telecommunicatie en Post" (AB 2013 GT no. 466).

Philipsburg, July 6, 2016

On behalf of

Stichting Overheidsaccountantsbureau,



S.E. Ricardo
Senior Audit Manager



SOA | We know government.

Signature for authentication purposes:

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Report of the Director on the 2013 Financials of BTPSXM

In the first quarter on 2013 the Supervisory Board executed the resolution for the finalization and execution of the Leah Building to house the Bureau including and accommodate the lease of the remaining four floors for the ministry of TEAT use, which the new Director was permitted to execute. Resolutions were also executed for acquiring up-to-date office equipment, building securities and furnishing of same offices etc.

Housed in the new building the Bureau executed several reviews on the operations of the organization which were requested by the ministers' of TEAT and Finance which resulted in the operations being executed/conducted within the legal frame work set down for the bureau within the its ordinance.

During the course in the year the bureau executed several collaboration activities as it relates to spectrum interferences allocations for future use, between the neighboring territories and their respective administrations in order to have a continuous interference free communication atmosphere not limited to:

- Mobile operators utilizing UMTS 2100 spectrum were experiencing interference from PCS1900 operations originating from Anguilla and St. Kitts. The source of the interference was identified in Anguilla, being Digicel and in St. Kitts it was LIME. Actions was and are being taken to mitigate the interference;
- BTPSXM has coordinated UMTS spectrum with ANFR enabling the reallocation of Telcell to an interference free portion of the UMTS 2100 frequency band;
- Interference resolution with ANFR regarding Radcomm microwave transmission interference with French DVB-T broadcaster;
- Conducted FM broadcast quality audit to determine if FM transmissions are in compliance with outlined standards, the radio stations that were not in compliance were notified and their short comings are being addressed;
- Detection of illegal use of spectrum and service provisioning including the sale of telecom devices designed for consumer use was reprimanded and the removed for the resellers shelves.

Serval activities were executed in relation the bureau's supervision responsibilities of the sectors such as:

- St. Maarten cable TV recertification process, head-end inspections, outside plant inspections, QoS measurements. With the process completed, a report was formulated, addressing the short comings of the network;
- Certification/inspection of Radcomm and NTG new cell-sites, process has been completed, report has been made, addressing short comings is in process;
- Addressing content provisioning issue by satellite service providers to/for the island territory of St. Maarten, (Direct TV/ CaribTech);
- LTE frequency allocation for mobile concessionaire provider for their startup;
- Frequency allocation, consulting GEBE regarding their smart meter project. GEBE is in a testing phase of their smart meter project.

Policies were developed in the area of:

- Quality of Service and the Quality of Experience as it relates to the consumers and the services received;
- Finalized the translation and updating of the Frequency Policy and Plan to be ratified by the minister
- Developed LTE1800 spectrum allocation plan that resulted in the signing of a protocol between BTPSXM and ANFR;
- Working at the upgrade of the frequency coordination document between BTPSXM, PUC, and ANFR. It is proposed to include the AT responsible for the BES and the NTRC from St. Kitts and Nevis.

Organization and staff:

In the organization attention needed to be placed on the human aspect of the organization and the liabilities towards the employees' task with same the bureau engaged in discussions with APS with regards to the admittance of their employees.

These discussions were ongoing as it relates to registration process of BTP SXM employees into the pension fund which results indicated by APS that the admittance could not be allowed as its ordinance did not provision for the admittance of the bureaus' staff at the time. The legislation per 10-10-10 did not provision for BTP SXM to be part of the APS. Hence a review of the legislation was done in collaboration with JZ&W, the policy advisor of the ministry of TEZVT, followed by the bureau starting the process to established/ develop an ordinance change to allow the admittance of its staff into APS and the registry of its staff. The proposed revision hereof was finalized between BTP, JZ&W and Mr. Mazel which was sent to the judicial affairs for final approval and submission to the Minister for further handling.

BTP, the ministry of TEATT established rates for the telecom industry:

The ongoing discussions for the ratification of a rate sheet to be applied to the industry was on going the team finalized the implementation and publication of the revised spectrum and concession rate sheets. The spectrum rates were finally published in the national Gazette October 29, 2013, and have since been implemented accordingly in the financial administration.

With success the above contributed to the restructuring of the financial administration not limited to:

- Revision of the financial administration set up and codes to reflect the revised spectrum rates as published on October 29, 2013.
- Issuance of the new bills for spectrum and concession as per the revised legislation.
- Reconciliation of all accounts and issuance of credit notes and or/additional invoices to the customers where needed based on the revised rates retroactive to Jan 2012 for Concession fees and Jan 2013 for spectrum.
- Review and 1st level authorization of all invoices and payments.
- Review of the A/R balance on a monthly basis and the supervision of the collections hereof. In relation to this point, first and second warning collection letters were sent out to customer's with outstanding balances that are past due. Of this list a few have also been sent on to the collection agency for further handling. These customers are still being collected despite being provisioned as dubious debtors based on suggestions by SOAB.
- Review of the A/P balance on a monthly basis.
- Review and verification of the year end reconciliations for : Cash and Banks/ Payroll Liabilities/ Assets and Depreciation/ Pre-paid Insurances.

Audits and reviews of the BTPs' finances commenced for the first time in 2013 with a back log towards 2010, therefore preparations and supervision of the following audits pertinent for the year was executed:

- Internal: Peterson Accounting: Prep and review of internal files for external review and audits: 2010 - 2012.
- External: BDO Audit: years 2010 – 2012. Preparation of all PBC docs related hereto.
- External: SOAB Audit years 2010 and 2011.
- External: "Doorlichting" SOAB for the period October 2010 – June 2013. Report was submitted to the requesting ministers by SOAB.
- BAB: Audit on the personnel expenses and the level of compliancy with all taxes related hereto.

Activities from the PR- & Consumer Affairs perspective:

- Host of ISOC Internet Seminar
 - Internet Society (ISOC) & Bureau Telecommunications and Post St. Maarten, in their ongoing efforts to facilitate and support the technical evolution of internet hosted a two day Internet Seminar on September 25th & 26th at the Sonesta MAHO Beach Resort. During this event top industry experts, technologists and policy leaders from across the region and globe discussed the future trends on an open, accessible and secured Internet. The experts covered a wide range of topics including; "global internet landscape, the future of internet, domain name system, IPv4 depletion & IPv6 transition, cyber security".
- Adapt and develop texts for the website, news updates & blogs
To keep de website up-to-date and inform our stakeholders in the most professional way, continued updates are done on the website. Part of it were:

Development of new Forms and templates

Bureau Telecommunications and Post St. Maarten developed new application forms, standards forms, certificates and license renewals for its customers and communication towards customers, agencies and government. Forms in the different categories have been developed to accommodate the workflow and summarizing of the information.

Consumer complaint procedures for St. Maarten

Bureau Telecommunications and Post St. Maarten is keeping track of complaints. By tracking complaints, BTP-SXM will get a better insight in the quality of telecommunication services being offered in St. Maarten. Issues brought forward by consumers will be investigated and where necessary addressed with the relevant companies. In doing so BTP is trying to effectively improve the quality of telecommunication services.

The bureau continues its task in advising the minister and all stakeholders considering the latest developments in the developing industries.

Balance Sheet
As at December 31, 2013 and 2012 (Antillean Guilders)

ASSETS	Notes	2013	2012
Fixed Assets			
At cost office equipment		367,390	73,677
At cost furniture & fixtures		158,467	24,828
At cost vehicles		87,462	87,462
At cost operations equipment		1,200,906	1,024,402
At cost building		14,180,542	-
Accumulated depreciation office equipment		(97,990)	(12,834)
Accumulated depreciation furniture & equipment		(58,843)	(11,054)
Accumulated depreciation vehicles		(38,570)	(22,827)
Accumulated depreciation operations equipment		(783,599)	(438,264)
Accumulated depreciation building		(275,472)	-
	(4)	14,740,293	725,390
Current assets			
Cash & Bank	(5)	3,030,804	2,512,359
Accounts Receivable	(6)	2,210,630	1,725,076
Other Current Assets	(8)	87,491	70,074
Advance Payments	(8)	4,286	7,860,958
		5,333,211	12,168,467
		20,073,504	12,893,857

Balance Sheet
As at December 31, 2013 and 2012 (Antillean Guilders)

Shareholders' equity and liabilities	Notes	<u>2013</u>	<u>2012</u>
Current Liabilities			
Government	(10)	1,414,986	1,974,445
Payroll Liabilities	(11)	698,477	289,681
Accounts Payable	(12)	430,888	683,367
Redeemable Checks	(12)	61,883	131,760
Credit Cards		(2,518)	(119)
Short Term portion long term liabilities	(9)	538,914	137,714
		<u>3,142,628</u>	<u>3,216,848</u>
Long Term Liabilities			
Long Term Liabilities		7,295,895	964,674
	(9)	<u>7,295,895</u>	<u>964,674</u>
Shareholders' equity			
Retained earnings	(22)	8,836,075	5,262,734
Net result		798,906	3,449,601
		<u>9,634,981</u>	<u>8,712,335</u>
		<u><u>20,073,504</u></u>	<u><u>12,893,857</u></u>

Statement of Operations
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Income	Notes	<u>2013</u>	<u>2012</u>
Licensing		5,710,571	7,662,711
Certification		15,429	13,671
Numbering		45,000	-
Lease Income		486,000	-
Other Income		92,056	12,637
Net revenue	(13)	<u>6,349,056</u>	<u>7,689,019</u>
Operating expenses			
Personnel expense	(14)	2,193,201	1,361,290
Housing expense	(15)	253,279	329,740
Legal and Professional expense	(16)	708,627	807,130
Insurance expense	(17)	131,983	69,675
Vehicle expense	(18)	18,770	13,560
General & Administrative expense	(19)	1,026,040	785,180
Depreciation expense		769,494	376,335
Provision Expense Dubious Debtors	(7)	5,514	429,573
		<u>5,106,908</u>	<u>4,172,483</u>
Operating profit		1,263,346	3,516,536
Other income		2,662	-
Interest Expense	(20)	(445,902)	(66,935)
Net result		<u>798,906</u>	<u>3,449,601</u>

Statement of Cash Flows
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	798,906	3,449,601
Depreciation	769,494	376,335
Increase (Decrease) in		
Government	(559,459)	1,766,505
Accounts receivables	(485,554)	209,166
Other current assets	(17,417)	
Advance payments	7,856,672	(6,558,428)
Payroll liabilities	408,796	248,616
Accounts payable	(252,479)	135,508
Redeemable checks	(69,877)	
Credit cards	(2,400)	(9,332)
Reservation pension funds	123,740	
Short Term portion long term liabilities	401,200	(19,328)
	<u>7,408,021</u>	<u>(4,227,293)</u>
Interest paid	-	
	<u>7,408,021</u>	<u>(4,294,228)</u>
Net cash provided by (used in) operating activities	<u>8,971,622</u>	<u>(401,363)</u>
Investment (Mutations fixed assets)	(14,784,398)	(110,272)
Net cash (used in) investing activities	<u>(14,784,398)</u>	<u>(110,272)</u>
Mutations long term liabilities	6,331,221	420,304
Net cash provided by financing activities	<u>6,331,221</u>	<u>420,304</u>
Net increase (decrease) in cash and cash equivalents	518,445	(91,331)
Cash and cash equivalents, beginning of period	(2,512,359)	(2,603,690)
Cash and cash*h equivalents, end of period	3,030,804	2,512,359
Net increase (decrease) in cash and cash equivalents	<u>518,445</u>	<u>(91,331)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

1 General information

Bureau Telecommunication and Post (“the Company”) principal activity is to carry out telecommunication and post regulation activities on the island of St. Maarten. The Bureau has the following responsibilities:

- a) The development of policy framework on telecommunications and post
- b) Implementing and executing policy framework established by the Minister on telecommunications and post
- c) The preparation of the national laws and regulations relating to telecommunications and post
- d) The provision of at or under ordinance commanded executive work in the field of Telecommunications and post
- e) It, as necessary as instructed by the Council of Ministers, representing St. Maarten interests in respect of telecommunications and postal in kingdom regional and international context
- f) Advising the Minister, and other requested members of the Council of Ministers, in respect of the matters listed above under
- g) The request to advise or provide services on behalf of government and third parties on matters Relating to telecommunications and postal
- h) Carry out other proceedings instructed by the Minister
- i) Performing other by or under Ordinance instructed progress of works

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

The financial statements of Bureau Telecommunications and Post are based on accounting principles which are determined by the supervisory board.

Cash and cash equivalents

Cash and cash equivalents include cash in hand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

The following accounting principles are applied:

a. **Valuation of assets and liabilities** and determination of the result takes place under the historical cost convention. Unless otherwise presented at the relevant principle for the specific balance sheet item, assets and liabilities are at face value.

b. **Property, plant and equipment:** Property, plant and equipment are stated at cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is determined on the straight line basis based on the estimated useful lives of the assets.

Fixed assets are stated at historical price/acquisition cost or lower market value.

c. **Accounts receivable**

Accounts receivable are stated at nominal value less a provision for doubtful accounts.

d. **Cash on hand and in banks**

Cash on hand and in banks are stated at nominal value. United States Dollars are converted at a rate of 1.78

e. **Long term liabilities**

Long term liabilities are presented at nominal value less the short term portion, due within one year from balance sheet date

f. **Current liabilities**

Current liabilities are stated at nominal value and include the short term portion of the long term liabilities.

g. **Income**

Income from Licenses and Certification are recorded on accrual basis

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

h. Expenses

Expenses are recorded in the period to which they relate.

Foreign currency transactions

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Antillean Guilders, while the Company's functional and presentation currency is United States Dollars. The exchange rate of 1.8 is Antillean Guilder to 1.00 US Dollar

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate of 1.8 Antillean Guilder to 1.00 US Dollar

3 Critical accounting estimates and judgments

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 Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management do not consider that there are estimates and assumptions that will have a significant risk, causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4 Property, plant and equipment

	<u>Building</u>	<u>Office Equipment</u>	<u>Furniture & fixtures</u>	<u>Vehicles</u>	<u>Operations equipment</u>	<u>Total</u>
Balance as at December 31, 2012						
Cost	-	73,677	24,828	87,462	1,024,402	1,210,369
Accumulated depreciation	-	(12,834)	(11,054)	(22,827)	(438,264)	(484,979)
		60,843	13,774	64,635	586,138	725,390
Changes in book value						
Additions	14,180,542	293,713	133,638	-	176,504	14,784,397
Depreciation	(275,472)	(85,156)	(47,788)	(15,743)	(345,335)	(769,494)
	13,905,070	208,557	85,850	(15,743)	(168,831)	14,014,903
Balance as at December 31, 2013						
Cost	14,180,542	367,390	158,466	87,462	1,200,906	15,994,766
Accumulated depreciation	(275,472)	(97,990)	(58,842)	(38,570)	(783,599)	(1,254,473)
	13,905,070	269,400	99,624	48,892	417,307	14,740,293

Depreciation percentages are:

Office Equipment:	3 yrs : 33.33%/yr, rest value 10%
Furniture & Equipment:	3 yrs : 33.33%/yr, rest value 10%
Vehicles:	5 yrs : 20%/yr, rest value 10%
Equipment:	3 yrs : 33.33%/yr, rest value 10%
Building:	40 yrs : 2.5%/ yr, rest value 10%

In February of 2013, 5 floors and the roof of the Leah Complex was purchased by BTP SXM for \$6.6 million dollars. In addition to the purchase price of the building, there was also additional work done to the interior of the 5th and 6th floors as well as the elevator shaft and roof in order for the office spaces to be suitable for occupancy by BTP staff. The final value of the building including interior work is ANG 14,180,542.00. The vacant floors are being rented out to Government for occupancy by their departments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

5 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	<u>2013</u>	<u>2012</u>
Windward Island Bank USD	2,801,645	1,675,796
Windward Island Bank ANG	228,611	836,518
Petty Cash	548	45
	<u>3,030,804</u>	<u>2,512,359</u>

The WIB USD balance consists of the current account balance of USD \$1,306,532,39 and a reserve account balance of USD \$ 249,937.30 as per December 31st 2013.

The reserve account for 2015 was created in accordance with LV BTP art.21 for the amount in the approved budget of 2013. This account does not form part of the daily operational accounts of BTP SXM.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

6 Accounts receivable

Accounts receivable represents amounts due from the following:

	<u>31-Dec-13</u>	<u>31-Dec-12</u>
Scarlet N.V.(SXM Network Management)	728,240	28,240
Netstar N.V.	283,760	283,760
Radcomm Corporation NV (UTS)	2,064,381	2,295,627
New Technologies Group NV	450	236,086
TELEM Group of companies	(644,403)	(31,975)
Global Comtrade	355,514	350,000
3SCS Station	58,500	-
Caribbean Televue Services N.V	37,300	-
Corporate Innovations	399,999	-
Facility Services Department	98,639	-
WTN Wireless Telecom Network	40,524	-
Zenitel Caribbean N.V	47,453	-
Government of St. Maarten	486,410	-
Other	(250,908)	53,054
	<u>3,705,859</u>	<u>3,214,792</u>
Less: provision for doubtful accounts	(1,495,229)	(1,489,716)
	<u>2,210,630</u>	<u>1,725,076</u>

On May 23rd, 2014 the appeals court issued a ruling to Radcomm Corporation regarding spectrum invoices for the years 2011 and 2012 for ANG 600.000 per annum for a total of ANG 1.2 million. In this ruling Radcomm Corporation was instructed to settle these out standings with BTP SXM. Settlement of these bills was done on January 23rd, 2015. The amount for other relates to the smaller clients corrected for 2014 invoices posted in 2013. The credit amounts relate to credit notes that had to be issued to operators upon implementation of the revised spectrum rates in 2013. In some cases the credits exceeded the billable amounts and results were minus amounts as a final AR balance for 2013.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

7 Provisional expense for doubtful debtors

	<u>31-Dec-13</u>	<u>2013</u>	<u>31-Dec-12</u>
Radcomm Corporation NV (UTS)	683,712	-	683,712
Netstar N.V.	283,759	-	283,759
3SCS	50,501	-	50,501
WTN	40,524	-	40,524
Global Comtrade	355,514	5,513	350,000
Other	81,220	-	81,220
	<u>1,495,229</u>	<u>5,513</u>	<u>1,489,716</u>

A particular situation occurs when there is uncertainty about the collection of receivable which the related revenue has already been recognized in the profit and loss account. In such cases, the amounts of which are uncertainties is recognized as an expense. So it is not allowed to regard these receivables as a reduction of revenue previously recognized. The invoices relating to Netstar, WTN and Radcomm (2012) for which provisions have been made are all invoices prior to, or pertaining to the last quarter of 2010 for which formal objections have been filed and court cases started and a final ruling is being awaited. In the case of Global Comtrade, the judge instructed the Minister of TEZVT and Global Comtrade to find a settlement agreement. A proposal hereof has been submitted to the Minister for further handling in Feb 2015. The Radcomm invoices relate to invoices as 2010 for which payment was claimed to be made to BTP Curacao prior to 10/10/10. There are no proofs of these payments on file at BTP SXM.

8 Other current assets

	<u>2013</u>	<u>2012</u>
Deposits	68,555	53,484
Loans Extended	-	1,075
Prepaid insurance	18,936	15,515
	<u>87,491</u>	<u>70,074</u>
	<u>2013</u>	<u>2012</u>
Advance payments	4,286	7,860,958

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

The post advance payments for 2012, is related to funds that were transferred to the developer of the “Leah Building” as an advance payment on the purchase of the 5 floors of the Leah Building Complex and a deposit that was made to Cariburo for the furnishing of the Leah Office complex. The respective amounts deposited were as follows:

Cariburo : ANG 48,960 (Office Furniture), **C. Critchlow**: ANG 6,516,359 (deposit Leah complex), payment advance payment 2011 ANG, 1,295,640 and **Other Current Assets**: ANG 70,074. In 2013 the post relates to advance payments on rent and internet for the month of Jan 2014.

9 Long term Loans

On March 24, 2011, The Windward Island Bank Ltd. made available to Bureau Telecommunications & Post St. Maarten a Non-Revolver Loan for the amount of US\$ 150,000 to assist with the purchase of a vehicle and the completion of leasehold improvements, at a yearly interest rate of 6.75% for a term of 6 months.

On September 13, 2011 The Windward Island Bank Lt. made available an increase in the Non-Revolver loan for the amount of US\$ 560,000 to assist with the purchase of software and measuring equipment at a yearly interest rate of 6.75% for a term of 5 years.

On January 29th, 2013 a mortgage was signed with The Windward Island Bank Ltd. for the purchase of the Leah Complex Building to the tune of USD 4,408,000. Interest rate per annum is 6.25% for a term of 15 years. In this agreement the previously signed agreement of July 25th was nullified.

Long term liabilities	2013	2012
W.I.B loan facility. a	966,000	1,102,388
W.I.B loan facility. b	6,868,808	-
Total liabilities	<u>7,834,808</u>	<u>1,102,388</u>
Less: short term portion		
W.I.B loan facility. a	(147,201)	(137,714)
W.I.B loan facility. b	(391,712)	-
	<u>7,295,895</u>	<u>964,674</u>

During the course of 2012 and 2013, several loan agreements were made to facilitate operational activities. In July of 2012 an overdraft facility was signed for the max. amount of USD 649,664. In addition, there is also a non-revolving loan of USD 910,000 , a mortgage of \$4,408,000.00 and credit facility of USD 616,008.35.

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10 Government

	<u>31-Dec-13</u>	<u>2013</u>	<u>31-Dec-12</u>
Government of SXM - Concession Fees Paid	(5,535,720)	(3,007,200)	(2,528,520)
Postal Services St. Maarten N.V.	(40,000)	-	(40,000)
Caribbean Telecom Union	(54,000)	-	(54,000)
Radcomm Group	(781,120)	(781,120)	-
Telcell/SMITCOMS/Telem	(215,140)	(215,140)	-
Concession Fees – Radcomm Group	3,192,318	1,162,658	2,029,660
Concession Fees – Telcell/SMITCOMS/Telem	3,436,649	1,286,009	2,150,640
Concession Fees – Global Comtrade	350,000	-	350,000
Ministerie v Econ Zaken	(64,811)	(64,811)	-
Scarlet	700,000	700,000	-
Concession Fees – Corporate Innovations	466,665	400,000	66,665
Membership fees - UPAEP	(39,855)	(39,855)	-
	<u>1,414,986</u>	<u>(559,459)</u>	<u>1,974,445</u>

Negative amounts are concession fees settled with government for 2011 -2013 and payments made by BTPSXM on behalf of the government of St. Maarten for 2011 - 2013. The concession payments made to Government by BTP from 2011 – 2015 are as follows:

2011: ANG 2,000,000
 2012: ANG 500,000
 2013: ANG 3,000,000
 2014: ANG 2,193,664
 2015: ANG 1,981,000 (per 11.24.15)
TTL: ANG9,674,664

Country St. Maarten will opt to transfer the entire amount of the receivable from the BTP Netherlands Antilles to BTP St. Maarten. To date no formal position or decision has been made in regards to this matter either.

BTP St. Maarten has not recognized this debt in their financial administration or Financial Statements for the following reasons:

- The formalization and finalization of the collectable debt by the Country St. Maarten has not taken place as yet.
- No formal position in regards to the acceptance of the receivable amount has been taken by the Country of St. Maarten.
- The actual valuation of the debt is still unclear and unsettled.

In the division of assets balance sheet, as per October 9th 2010, of BTP Netherlands Antilles, there was an amount of approximately NAFL. 16 million taken up in the books as a receivable for the Country of St. Maarten under the heading “vordering inzake telecomproviders Sint Maarten”.

The (previous) Minister of Finance of St. Maarten, in the framework of the entire verification of the division of assets of the former Netherlands Antilles project, executed a separate investigative research into the aforementioned claim made by BTP NA. The reason for the separate review lies in the fact that the entire process for the finalization of the division of assets for the Netherlands Antilles was a slow and tardy process, of which BTP NA was inherently incorporated into being a former National entity. To present there is still little clarity as to how advanced the division process is. There is also little clarity as to what extent and for which amount the claims shall be included in the asset division discussions. To the best of our knowledge no decision regarding this matter has been made to date. There is a possibility that In the event that Country St. Maarten decides to make BTP St. Maarten the institution from which they will proceed to collect the debt, BTP St. Maarten will set forth as a condition that this collectable claim have no effect on the Balance Sheet position of the entity.

**NOTES TO THE FINANCIAL STATEMENTS
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11 Payroll Liabilities

	<u>2013</u>	<u>2012</u>
AVBZ	21,944	23,999
AOV/AWW	4,964	6,811
ZV/OV	1,812	1,175
Wage Tax	60,863	62,765
Pension Fund	350,690	158,771
Pension Fund refundable to employees	109,400	-
Vacation Plan	146,399	65,965
Net Wages	2,405	2,401
Cessantia	-	(560)
Versant Accounting	-	(31,646)
	<u>698,477</u>	<u>289,681</u>

The amount of ANG 109,400 for “Pension Fund refundable to employees” relates to the employees premiums that were deducted from employees for the years 2010 – 2013 that were not yet registered/recognized by APS. These deductions were never paid to APS as the employees were not recognized by APS. Given the fact that the deductions did not start at the same moment for all BTP SXM employees, the proposal has been made for BTP SXM to assume responsibility for the entire premium and recompense the deductions made over said period to the employees. This liability is one directly related to the individual employees.

July, 06, 2016

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

12 Accounts Payable

	2013	2012
Anite Finland Ltd.	-	32,813
BDO	18,342	-
Stichting Tercera	25,127	-
Actis	40,500	50,614
Carl Critchlow	123,120	551,629
Curtis White	11,347	1,347
Caribbean Telec. Union	-	10,800
R-Experts	23,390	-
SOAB	96,079	-
VanEps Kunneman Van Doorne	10,597	-
Versant Accountants	28,800	-
Other	53,586	26,164
	<u>430,888</u>	<u>683,367</u>

12 Redeemable checks

Redeemable 31/12/13: G.E.B.E ANG 2,419, Juliana Airport Handlers N.V ANG 5,246, Security Concepts ANG39,694 and other smaller payables for Lite moon and New Technologies.

**NOTES TO THE FINANCIAL STATEMENTS
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13 Revenue

	<u>2013</u>	<u>2012</u>
Licensing	5,710,571	7,662,711
Certification	15,429	13,671
Numbering	45,000	-
Lease income	486,000	-
Other	92,056	12,637
	<u>6,349,056</u>	<u>7,689,019</u>

The biggest revenue stream for BTP SXM is the licensing category. In this sector spectrum fees are charged. Spectrum fees include all fees for frequency/ use and all regulatory oversight charges related to the assignment and use of assigned spectrum. Spectrum assignment is done by the Minister TEZVT via licenses or via concessions. There was a revision of the spectrum rates in the year 2013. The proposed rates encouraged operators to be more efficient with their spectrum assignment and usage. In addition hereto, two new operators that were expected to be operational in 2013 did not achieve this status and as such had no spectrum assigned to them. As it relates the overall performance in the respective industries; this was way below budgeted. 2013 was, as previously mentioned, the first year that the revised rates were budgeted for and executed. The actual market impact was underestimated and this resulted in actual revenues being way below expectations. Maritime, Aviation and Broadcasting were all on average 56% below budgeted amounts. For the postal industry the underperformance was set at 45% below budgeted amounts. Lease income relates to the rental of the 1st to the 4th floor to the Government of St. Maarten for the housing of various departments.

14 Personnel expense

	<u>2013</u>	<u>2012</u>
Gross Wages	1,550,455	1,145,305
Social Premiums	80,892	70,350
Pension premiums	449,109	55,907
Vacation Plan	80,434	58,561
Other personnel expense	32,311	31,167
	<u>2,193,201</u>	<u>1,361,290</u>

**NOTES TO THE FINANCIAL STATEMENTS
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Director BTP came into service Nov 2012 and the adjustment of all personnel salaries with COLA and salary scale adjustment as per Dec 2012 evaluations, this resulted in an increase for personnel expenses for the year 2013. The difference in pension premium in 2013 versus 2012 is attributable to the formalization of the entry of all employees into APS as per service entry date. In 2012 the premium was only calculated for two employees.

15 Housing expense

	<u>2013</u>	<u>2012</u>
Rent	91,552	219,890
Utilities	30,092	41,343
Telephone and Internet	73,420	65,282
Janitorial expense	11,293	2,044
Security expense	24,872	1,181
Parking	22,050	-
	<u>253,279</u>	<u>329,740</u>

The rent account relates to rental expense payable to the owner of the 1st floor of the Leah Complex and the rental contribution to the COO as per his labor agreement.

16 Legal and Professional expenses

	<u>2013</u>	<u>2012</u>
Legal & Professional	558,821	287,288
Management fees	149,806	519,842
	<u>708,627</u>	<u>807,130</u>

Management Fees in 2013 were for a period of 3 months as the incoming director assumed full responsibility in the 2nd quarter of 2013. As it relates to Legal & Professional fees for 2013, the biggest cost therein related to accounting and auditing expenses. Several audits of both a financial, fiscal and operational nature were commissioned in 2013 by the Minister of TEZVT and the Supervisory Board.

**NOTES TO THE FINANCIAL STATEMENTS
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17 Insurance expense

	<u>2013</u>	<u>2012</u>
Employees	56,662	43,990
Vehicles	5,103	5,945
Furniture	2,479	2,826
Equipment	15,481	16,568
Building	51,675	-
Other	583	346
	<u>131,983</u>	<u>69,675</u>

18 Vehicle expense

	<u>2013</u>	<u>2012</u>
Gasoline	6,122	8,970
Other	12,648	4,590
	<u>18,770</u>	<u>13,560</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

19 General & Administrative expense

	<u>2013</u>	<u>2012</u>
Numbering Plan	171,859	389,341
Membership Fees	44,965	31,244
Advertising & Promotion	9,274	6,035
Printing & Reproduction	-	1,864
Travel Expense	342,451	202,986
Representation	7,899	26,590
Donations & Charitable Contribution	42,305	67,460
Postage & Courier	15,922	5,190
Repair & Maintenance	162,24	3,539
Office Supplies	34,144	22,140
Computer & Equipment	16,446	20,014
Network Support Expense	36,000	16,200
Bank Charges	13,314	11,952
Exchange rate Differences	43,042	(21,114)
Penalties and Fines	162	1,739
Other	86,053	-
	<u>1,026,040</u>	<u>785,180</u>

The two main contributors to the increase in the General and Admin. Expenses are directly related to the increase travel responsibilities for the incoming director and support staff in 2013, and the maintenance fee that was regulated via a maintenance contract for the Leah Complex.

There are also increase exchange rate differences as vendors are paying more in USD and less in ANG. An occurrence that brings the 1% charge levied by the banks when making payments in USD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Numbering Plan

In 2012 Numbering Plan accounted for a significant portion of the general and administrative expenses. The Numbering Plan and the resulting expenses concern the adoption of the North American Numbering Plan (NANP) on St. Maarten which concerns the assignment of a new country- and dialing code for St. Maarten. The government of St. Maarten opted for admittance to the NANP with the dissolution of the Netherlands Antilles. In order to enter the NANP St. Maarten has to comply with the rules, regulations, standards and conventions set by the North American Numbering Association. The allocation and management of numbering resources (codes) are also key activities of participation in the NANP. In 2013 the NANP project was fully completed.

Travel Expenses

Travel expenses are the highest expense under general and administrative expenses. Like many other international industries and sectors, the telecommunications and post sector holds many conferences and seminars throughout the year in diverse locations in the world. BT&P has attended a number of these conferences and seminars. BT&P has also incurred travel expenses attending meetings with vendors and partners.

Repairs & Maintenance

In 2013 BTP SXM acquired its own building. In doing so a maintenance contract was also put in place for the upkeep of the building. The fees related hereto are recorded under the category repairs and maintenance and form a significant part of the G&A expenses.

20 Interest Income/ Expense

Interest income represents 7.5% interest on overdue invoices for Netstar NV

Interest Expense represents the interest paid on the non-revolving loan, mortgage and credit facility granted by WIB to BTP SXM.

21 Pending Court Cases

BTP has been unfruitful in obtaining an updated list of pending court cases from the Ministry of TEZVT's legal counsel.

As a result hereof, we are unable to present an updated pending Court Cases listing for the book year 2012.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Minister Radcomm LAR 98/2011 negotiations BTP

The case has been postponed for an indefinite period during the hearing/negotiations by BTP. A new court date is unknown.

Minister Antelecom LAR 97/2011 negotiations BTP

The case has been postponed for an indefinite period during the hearing/negotiations by BTP. A new court date is unknown.

Minister Radcomm LAR 34/2012

A decision was rendered by the Court of First Instance on July 22, 2013.

An Objection of Appeal was filed on September 2, 2013 23 May 2014:

The case was handled in appeal on April 10, 2014. The appeal of the Minister was founded well by decision dated May 23, 2014. The appeal filed by Radcomm was still unfounded.

Minister Antelecom LAR 27/2012 negotiations BTP

The case has been postponed for an indefinite period during the hearing/negotiations by BTP. A new court date is unknown.

Minister WTN LAR 117/2011 negotiations BTP

A draft settlement agreement was prepared and the case was settled

LAR 084/2012 was dealt with by the Department of Finance and Telecommunications. The case was settled out of court.

Minister Radcomm LAR 151/2010 The case has been postponed for an indefinite period during the hearing/negotiations by BTP. A new court date is unknown.

Minister Radcomm LAR 152/2010 The case has been postponed for an indefinite period during the hearing/negotiations by BTP. A new court date is unknown.

Minister Radcomm LAR 154/2010 The case has been postponed for an indefinite period during the hearing/negotiations by BTP. A new court date is unknown.

Minister Radcomm LAR 155/2010 The case has been postponed for an indefinite period during the hearing/negotiations by BTP. A new court date is unknown.

For a portion of these pending court cases, provision for non-collection of these amounts has been made under the account "Provisional Expense dubious debtors". For all other pending cases for no which no provision has been made they have been listed accordingly below.

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22 Retained Earnings

	<u>2013</u>	<u>2012</u>
Balance at January 1	8,712,335	1,904,539
Net Income prior years	-	3,481,944
Net Income current year	798,964	3,449,601
Corrections	(58)	(67)
Reservation Pension Funds	123,682	(123,682)
Balance at December 31	<u>9,634,923</u>	<u>8,712,335</u>

23 Reservation Pension Funds

As per the labor agreements signed with all employees, pension benefits are part of the secondary benefits that all employees are entitled to. As it stands right now, only two of the members of staff are in the "Algemeen Pensioen Fonds St. Maarten". Revised legislation that would regulate and facilitate the entry for the remaining staff into the fund, has been prepared and submitted to the Minister of TEZVT for further handling in the Council of Ministers and subsequent submission to the Governor. The entry for the other members of staff into the pension fund was finalized in September of 2015. The a reserve fund that been created in 2012 to provision for the payment of the employer and employee portion of the pension premium has been released in 2013, as all final bills retroactive to service entry dates of all non-registered employees have been received. The actual liability is now reflected under payroll liabilities as per Dec 31st, 2013.