ANNUAL REPORT 2016

Contents

A Report from the Chairman and the CEO

Management and the Board have spent the past year implementing our business plan with particular focus on our May 2016 transaction. This saw One Communications Ltd. (the "Company") bring together its wireless and wireline businesses under a unified customer brand as well as the commencement of critical network infrastructure projects, in order to create a comprehensive suite of leading communication and entertainment services in Bermuda. We continue to focus on improving our customers' experience through improved network reliability and the implementation of new systems, that will streamline key customer impacting processes over the coming months.

To that end, we had a busy year on all fronts. We began building our new FibreWire internet network in late 2016. As at the end of July 2017, we have passed almost 30% of our customer base with our new fiber network and are targeting Q3 2017 to have it substantially complete. A key aspect of the upgrade has been automatic free speed boosts to eligible customers allowing, for example, a customer with a 10 mbps service plan to be increased to 30 mbps at no extra cost. On the wireless side of the business, the Company was, in May 2016, the first in Bermuda to launch 4G LTE services in the City of Hamilton and since then has grown coverage to over 90% island wide, with full coverage to be completed by November of this year. We launched 24/7 call center support for our cable TV and internet services and opened a newly renovated and enhanced retail store and payment center. A 100Gbps upgrade to our subsea cable system was completed in December 2016, providing the capacity required to support the continued exponential growth in data traffic.

The FibreWire expansion project and the 4G LTE upgrade are part of a more than $25 million infrastructure investment we are making to improve both high speed internet speeds and 4G LTE services. We are also investing an additional $7 million to improve our subscription television product, with a complete replacement of the video platform by the end of this year, offering customers a vastly improved video experience that will stand out against both existing and new market players. Our goal during the 2017/2018 timeframe will be to leverage these platform upgrades to drive vastly improved customer experiences in addition to operational efficiencies.

Cayman's positive economic development continues to help fuel our commitment to expand our fibre footprint on the island. We anticipate making approximately $6 million in network investments in 2017. As we expand the network, we continue to grow both subscribers and revenue. As of the end of July 2017, Logic Cayman has passed 56% of homes with fibre offering customers advanced IPTV, Internet and corporate data solutions. As with Bermuda, Cayman also increased its off-island capacity with an additional 10Gbps of capacity to manage bandwidth consumption demand.

The financial statements enclosed within this Report present the period beginning May 3, 2016, the transaction close date, through to our new fiscal year end of December 31, 2016. In addition, we have also changed the accounting standards we follow from IFRS to U.S. GAAP. As management considers the results of the Company on a consolidated basis and recognizes that a core value proposition is to offer customers the ability to bring together multiple services under a single provider, our statements now show total revenue for the Company as opposed to individual business line results.

As previously disclosed on June 16, 2017, in working through the annual audit for the period ending December 31, 2016, we determined that pursuant to applicable accounting standards, the accounting treatment for our May 2016 transaction should have been as a "reverse acquisition". Solely for accounting purposes, Bermuda Digital Communications Ltd. ("BDC"), is the acquirer rather than the Company. This adjustment is solely a result of changing the accounting treatment for the transaction and does not reflect changes in how management views the consolidated Company, the legal structure of the completed transaction or the ownership structure of the Company and its subsidiaries. As such, our previous unaudited six month financial statements issued on December 14, 2016, for the period ended September 30, 2016, should not be relied upon as they do not reflect the corrected accounting treatment. In particular, it should be noted that the unaudited six month results reflected a provisional estimated accounting gain on the acquisition of BDC that will no longer apply, as BDC is now deemed to be the accounting acquirer.

Comprehensive income attributable to equity holders of the Company for the period was $2.9 million, which includes a $0.8 million mark to market gain on equity securities. Operating income for the period was $4.4 million. There were one-time charges of $6.0 million; as such operating income adjusted for these one-time charges would have been $10.4 million for the eight month period.

Consolidated revenue for the period is $86.0 million, which consists of $68.6 million in Bermuda revenues and $17.4 million in Cayman revenues. Total operating expenses were $81.7 million, of which $5.3 million related to one-time acquisition costs. The $0.3 million impairment of intangible asset relates to trade names that have been impaired since the rebranding to One Communications. The loss in equity method investments includes the impairment of the Company's holding of Quo Vadis Holdings Ltd., of $0.9 million.

The Company paid $3.2 million in principal on its loan for the period and $2.2 million of its bank overdraft facility and refinanced its debt in May of 2017 (see Note 12 – Subsequent Events). The Company had no overdraft at December 31, 2016. The Company had $15.6 million in cash at the end of the period.

Earnings per share for continuing operations for the period ending December 31, 2016 was $0.05 per share.

The Board would like to thank all of the Company's employees for their focus and hard work as we continue to build on our brand and service delivery goals and in turn create long term value for our shareholders.

GARY L. PHILLIPS, **OBE, J.P., CIARB**
CHEVALIER DE LA LEGION D'HONNEUR
CHAIRMAN OF THE BOARD

FRANK AMARAL
CHIEF EXECUTIVE OFFICER

Board of Directors

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Chevalier de la Legion d'Honneur

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Bermuda Digital Communications Ltd.

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Somers Limited

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ICM Limited

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Bermuda Digital Communications Ltd.

Mr. Michael Prior
Chief Executive Officer
ATN International

Mr. Justin Benincasa
Chief Financial Officer
ATN International

Executives and Officers

Mr. Frank Amaral
Chief Executive Officer

Ms. Leslie Rans, CPA
Chief Financial Officer

Mr. Michael Tanglao
General Counsel
Secretary

Common shares held by Directors – 2,204,349

Commons shares held by One Communications Ltd. Executive Management – 3,238

No rights to subscribe to shares or debt securities in the Company have been granted to, or exercised by, any Director, Officer or member of One Communications Ltd. Executive Management.

There are no contracts of significance subsisting during or at the end of the financial year in which a Director was materially interested either directly or indirectly.

Five Year Financial and Statistical Summary

As of December 31, 2016

	For the 8 months period December 31, 2016	For the Year Ending March 31, 2016	For the Year Ending March 31, 2015	For the Year Ending March 31, 2014*	For the Year Ending March 31, 2013*
Revenue & Expense Items ($000)					
Operating revenues	86,010	89,310	66,904	81,145	73,959
Total expenses excluding depreciation and amortization	70,909	80,696	149,708	64,843	59,098
Depreciation and amortization	10,741	15,507	15,821	17,381	13,288
Net Income / (Loss) for the period from continuing operations	2,085	(2,447)	(101,610)	5,747	8,324
Net Income / (Loss) for the period from discontinued operations	-	-	2,626	-	-
Net Income / (Loss) for the period	2,085	(2,447)	(98,984)	5,747	8,324
Cash dividends declared on Common shares	-	-	1,311	6,554	6,991
Balance Sheet ($000)					
Total assets	185,353	150,334	161,327	193,288	166,917
Shareholders' equity	123,177	66,907	72,953	139,500	137,626
Number of common shares (in '000)	42,346	15,225	14,949	14,564	14,564
Per Common Share ($'s)					
Basic (discontinued and continuing operations)	0.05	(0.15)	(6.37)	0.39	0.57
Basic (continuing operations)	0.05	(0.15)	(6.54)	0.39	0.57
Basic (discontinued operations)	-	-	0.17	-	-
Cash dividend	-	-	0.09	0.45	0.48
Net assets - basic	2.91	4.39	4.88	9.58	9.45
Items of Interest					
Capital expenditures ($000)	28,177	14,382	9,368	17,951	17,515
Number of employees (full-time)	248	199	249	239	236

The 5 Year Summary is not presented in accordance with U.S. GAAP Standards. It presents historical One Communications Ltd. (formerly KeyTech Limited) data for the years 2013-2016 under International Financial Reporting Standards. If presented in accordance with U.S. GAAP, historical BDC data would be presented on a standalone basis.

** including Bermuda Telephone Company Limited financial results* pwc

August 14, 2017

Report of Independent Auditors

To the Shareholders of One Communications Ltd.

We have audited the accompanying consolidated financial statements of One Communications Ltd. (formerly "KeyTech Limited") and its subsidiaries, which comprise the consolidated balance sheet as of December 31, 2016, and the related consolidated statements of comprehensive income, of changes in shareholders' equity and of cash flows for the period from May 3, 2016 to December 31, 2016.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated 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 Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of One Communications Ltd. and its subsidiaries as of December 31, 2016, and the results of their operations and their cash flows for the period from May 3, 2016 to December 31, 2016, in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

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Consolidated Balance Sheet

December 31, 2016

(in thousands, except per share data)

		December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$	15,636
Accounts receivable, net of allowances of $2,664		8,615
Materials and supplies		596
Other current assets		1,851
		26,698
Non-current assets		
Fixed assets		126,394
Intangible assets		25,347
Goodwill		3,740
Other assets		3,174
Total assets	$	185,353
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$	22,660
Unearned income		4,854
Current portion of long term debt		8,036
Other current liabilities		1,903
		37,453
Non-current liabilities		
Long-term debt, excluding current portion		24,107
Other liabilities		616
Total liabilities	$	62,176
SHAREHOLDERS' EQUITY		
Common Stock, $0.25 par value; 58,000,000 shares authorized; 42,346,127 shares issued and outstanding		10,587
Additional paid in capital		96,921
Accumulated other comprehensive income		831
Retained earnings		14,838
Total equity		123,177
Total liabilities and shareholders' equity	$	185,353

Approved by the Board of Directors Director Director

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the period from May 3, 2016 to December 31, 2016

(in thousands, except per share data)

		2016
TOTAL REVENUES	$	86,010
OPERATING EXPENSES		
Termination and access fees		26,381
Engineering and operations		11,741
Sales and marketing		6,284
Equipment expense		4,380
General and administrative		16,120
Depreciation and amortization		10,741
Restructuring charges		1,797
Transaction related charges		3,500
Loss on disposition of long lived assets		523
Gain on disposition of subsidiaries		(166)
Impairment of intangible assets		349
Total operating expenses	$	81,650
Operating income		4,360
OTHER INCOME / (EXPENSE)		
Interest income		16
Interest expense		(967)
Loss in equity method investments		(1,134)
Other expenses, net		(190)
Other expense, net		(2,275)
Net Income	$	2,085
Net expense attributable to non-controlling interest		11
Net Income attributable to equity holders of the Company		2,096
NET INCOME PER SHARE	**$**	**0.05**
SHARES OUTSTANDING		**42,346,127**
Net income		2,085
Net unrealized gains on available for sale securities		831
COMPREHENSIVE INCOME		**2,916**
Comprehensive loss attributable to non-controlling interests		11
Comprehensive income attributable to equity holders of the Company		2,927

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity

For the period from May 3, 2016 to December 31, 2016
(in thousands)

	Common Stock	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity	Non-controlling Interest	Total Shareholders' Equity
Balance May 3, 2016	10,587	97,113	12,753	-	120,453	203	120,250
Issuance of common stock $							
Net Income			2,085		2,085	(11)	2,096
Other comprehensive income				831	831		831
	10,587	97,113	14,838	831	123,369	192	123,177
Disposition of subsidiaries		(192)			(192)	(192)	-
Balance December 31, 2016	10,587	96,921	14,838	831	123,177	-	123,177

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the period from May 3, 2016 to December 31, 2016

(in thousands)

		2016
Cash flows from operating activities		
Net income	$	2,085
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization		10,741
Provision for doubtful accounts		1,096
Loss on disposition of long lived assets		523
Gain on disposition of subsidiaries		(166)
Impairment of intangible assets		349
Loss in equity method investments		1,134
Changes in operating assets and liabilities, excluding the effects of acquisitions and disposals:		
Accounts receivable		(1,634)
Materials and supplies		185
Prepaid expenses and other current assets		(80)
Accounts payable and accrued liabilities		6,626
Unearned income		675
Net cash generated from operating activities	$	21,534
Cash flows from investing activities		
Capital expenditures		(28,177)
Proceeds from dispositions of long-lived assets		4,819
Proceeds on disposition of subsidiaries		1,569
Net cash disposed of on disposition of subsidiaries		(176)
Net cash used for investing activities	$	(21,965)
Cash flows from financing activities		
Principal repayments of long term debt		(3,214)
Repayment of bank overdraft		(2,228)
Net cash used in financing activities	$	(5,442)
Net change in cash and cash equivalents	$	(5,873)
Cash and cash equivalents and bank overdraft, beginning of period	$	21,509
Cash and cash equivalents, end of period	$	15,636

During the period the Company paid $0.7million in loan interest.

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

For the period ended December 31, 2016

1. Nature of the Business

One Communications Ltd. (the “Company” or “One Comm”) is incorporated in Bermuda under the Companies Act 1981. The Company through its subsidiaries, is a supplier of information and communication services, providing a wide range of data, internet, voice, and media services. On May 3, 2016, the Company issued shares of common stock to acquire Bermuda Digital Communications Ltd. (“BDC”) a provider of wireless telecommunication services in Bermuda. The transaction was accounted for as a reverse acquisition under which BDC is treated as the accounting acquirer and the Company is treated as the accounting acquiree (refer to Note 3). Prior to February 2017, the Company operated under its former name KeyTech Limited.

The Company is listed on the Bermuda Stock Exchange (“BSX’) and has operations in Bermuda and the Cayman Islands. The registered office is located at 30 Victoria Street, Hamilton, HM 12, Bermuda.

ATN International, Inc. (the “Parent”) owns a controlling interest in the Company. The Parent is a listed company on the NASDAQ stock exchange.

The Company’s following subsidiaries operate in Bermuda:

Logic Communications Ltd. (trading as One Communications) – following the merger of Logic and Bermuda Cablevision Limited (“BCL”) in July 2015, this company now provides a wide range of data internet products and services, internet access, long distance and local voice services as well as subscription television services in Bermuda.

Bermuda Digital Communications Ltd. (trading as One Communications) – provides a range of cellular products and solutions in Bermuda.

Cable Co. Ltd. – provides international data services on its submarine cable system between Bermuda and the United States.

The following subsidiary operates in Cayman:

WestTel Limited (trading as Logic) – provides fixed wireless, wireline voice and data services, and subscription television services in the Cayman Islands.

These consolidated statements were approved by the Directors of the Company on August 14, 2017.

2. Significant Accounting Policies

Basis of Preparation

The Company’s financial statements and accompanying notes were prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The following is a summary of the significant accounting policies adopted by the Company:

Consolidation

Subsidiaries are all entities over which the Company has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances, income and expenses are eliminated. Profits and losses resulting from intercompany transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

The consolidated financial statements include the financial statements of the Company and its wholly or majority owned subsidiaries: Logic Communications Ltd. (trading as One Communications), WestTel Limited (trading as Logic) (“Logic Cayman”), Bermuda Yellow Pages Limited (“BYP”) and Yabsta (BVI) Limited (“Yabsta”) through June 2016, Key Management Services Limited (“KMS”), Cable Co. Ltd. (“Cable”) and Cedar Cable Ltd. (“Cedar”), (jointly “Cable Co.”), and Bermuda Digital Communications Ltd. (trading as One Communications).

Business Combinations

The Company accounts for business combinations using the acquisition method of accounting, under which the purchase price of the acquisition is allocated to the assets acquired and liabilities assumed using the fair values determined by management as of the acquisition date. Contingent consideration obligations that are elements of the consideration transferred are recognized at the acquisition date as part of the fair value transferred in exchange for the acquired business. Acquisition-related costs incurred in connection with a business combination are expensed as incurred.

Notes to Consolidated Financial Statements

For the period ended December 31, 2016

On May 3, 2016, the Company elected to apply pushdown accounting related to ATN's acquisition of BDC in order to align the Company reporting basis with that of its Parent. The election increased goodwill by $0.6 million, telecommunication licenses by $7.4 million and trade name by $0.4 million. The election has no impact on the consolidated statement of comprehensive income for the period ended December 31, 2016.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. The Company's most significant estimates relate to the allowance for doubtful accounts, useful lives of the Company's fixed and finite-lived intangible assets, allocation of purchase price to assets acquired and liabilities assumed in business combinations, fair value of indefinite-lived intangible assets, goodwill and fair value of available for sale securities. Actual results could differ significantly from those estimates.

Cash and Cash Equivalents
The Company considers all highly liquid investments with an original or remaining maturity at the time of purchase of three months or less to be a cash equivalent. The Company deposits cash and cash equivalents with financial institutions which management believes are of high credit quality. At December 31, 2016, cash equivalents included money market funds totaling $13 thousand. The Company's cash and cash equivalents are not subject to any restrictions.

Allowance for Doubtful Accounts
The Company maintains an allowance for doubtful accounts for the estimated probable losses on uncollectible accounts receivable. The allowance is based upon the historical experience, the age of the receivable and current market and economic conditions. Uncollectible amounts are charged against the allowance account. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individually significant receivables with similar characteristics, such as credit risks.

Materials and Supplies
Materials and Supplies, which consist primarily of handsets, customer premise equipment and cables are recorded at the lower of cost or market being determined on the basis of specific identification and market determined using replacement cost.

Fixed Assets
The Company's fixed assets are recorded at cost and depreciated using the straight-line method. Expenditures for major renewals and betterments that extend the useful lives of fixed assets are capitalized. Repairs and replacements of minor items of property are charged to maintenance expense as incurred. The cost of fixed assets in service and under construction includes an allocation of indirect costs applicable to construction.

In accordance with the authoritative guidance for the accounting for the impairment or disposal of long-lived assets, the Company evaluates the carrying value of fixed assets in relation to the operating performance and future undiscounted cash flows of the underlying business whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss exists when estimated undiscounted cash flows attributable to an asset are less than its carrying amount. If an asset is deemed to be impaired, the amount of the impairment loss recognized represents the excess of the asset's carrying value as compared to its estimated fair value, based on management's assumptions and projections.

Management's estimate of the future cash flows attributable to its fixed assets and the fair value of its businesses involve significant uncertainty. Those estimates are based on management's assumptions of future results, growth trends and industry conditions. If those estimates are not met, the Company could have impairment charges in the future, and the amounts may be material.

The Company determined that there was no impairment of its fixed assets for the period ended December 31, 2016.

Goodwill and Indefinite-lived Intangible Assets
Goodwill is the amount by which the cost of acquired net assets exceeded the fair value of those net assets on the date of acquisition. The Company allocates goodwill to reporting units at the time of the acquisition and bases that allocation on which reporting units will benefit from the acquired assets and liabilities. Reporting units are defined as operating segments or one level below an operating segment, referred to as a component. The Company has determined its reporting units are components of its operating segments. The company tests goodwill at the reporting unit which is one level below its operating segments using either a quantitative or qualitative test, on an annual basis on December 31st of each year or more frequently when events and circumstances occur indicating that the recorded goodwill may be impaired. The Company may first assess qualitative factors to determine whether it is more likely than not that the fair value of the a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the quantitative goodwill impairment test. If the book value of the reporting unit exceeds its fair value, the implied fair value of goodwill is compared with the carrying amount of goodwill. If the carrying amount of goodwill exceeds the implied fair value, an impairment loss is recorded equal to that excess.

Notes to Consolidated Financial Statements

For the period ended December 31, 2016

The Company believes that its telecommunications licenses have an indefinite life based on the historical ability to renew such licenses, that such renewals may be obtained indefinitely and at little cost, and that the related technology used is not expected to be replaced in the foreseeable future. The Company has elected to perform its annual testing of its telecommunications licenses on December 31st of each year, or more often if events or circumstances indicate that there may be impairment. If the value of these assets were impaired by some factor, such as an adverse change in the Company's operating market, the Company may be required to record an impairment charge. The impairment test consists of a comparison of the fair value of the telecommunications licenses with their carrying amount, and as a part of the test, the Company assesses the appropriateness of the application of the indefinite-lived assertion.

Management's estimate of the future cash flows attributable to its indefinite- lived intangible assets and the fair value of its businesses involve significant uncertainty. Those estimates are based on management's assumptions of future results, growth trends and industry conditions. If those estimates are not met, the Company could have impairment charges in the future, and the amounts may be material.

The Company determined that there was no impairment of its goodwill and indefinite lived intangible assets for the period ended December 31, 2016.

Other Intangible Assets
Intangible assets resulting from the acquisition of entities accounted for using the purchase method of accounting are estimated by management based on the fair value of assets acquired. These include acquired customer relationships and tradenames. Customer relationships are amortized over their estimated lives, which is based on the pattern in which economic benefit of the customer relationship is estimated to be realized. Tradenames are amortized over the period which management expects them to contribute to the entity's future cash flows.

Debt
Debt is measured at amortized cost. Debt issuance costs on term loans and specified maturity borrowings are recorded as a reduction to the carrying value of the debt and are amortized as interest expense in the consolidated statements of comprehensive income over the period of the debt.

Earnings Per Share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Company and held as treasury shares.

Non-controlling Interests
Until its sale on June 1, 2016, the Company owned a 51% controlling interest Yabsta, which is an online search platform, specializing in digital advertising. The non-controlling interest presented in the consolidated statement of comprehensive income reflects the proportional share of the minority interest's share of losses for the period, until the Company sold its interest in Yabsta.

Available for Sale Securities
Available for sale securities consist of equity securities. Changes in unrealized gains and losses for available for sale securities are reported as net increases and decreases to accumulated other comprehensive income (loss) until realized. The estimated fair values of investments are based on quoted market prices as of the end of the reporting period. As at December 31, 2016, available for sale securities were recorded at cost of $1.0 million and fair value of $1.8 million.

Revenue Recognition
Service revenues are primarily derived from providing access to and usage of the Company's networks and facilities. Access revenues from postpaid customers are generally billed one month in advance and are recognized over the period that the corresponding service is rendered to customers. Revenues derived from usage of the Company's networks, including airtime, roaming, and long-distance revenues, are recognized when the services are provided and are included in unbilled revenues until billed to the customer. Prepaid airtime sold to customers is recorded as deferred revenue prior to the commencement of services and is recognized when the airtime is used or expires. The Company offers enhanced services including caller identification, call waiting, call forwarding, three-way calling, voice mail, and text and picture messaging, as well as downloadable wireless data applications, including ringtones, music, games, and other informational content. Generally, these enhanced features generate additional service revenues through monthly subscription fees or increased usage through utilization of the features. Other optional services, such as equipment protection plans, may also be provided for a monthly fee and are either sold separately or bundled and included in packaged rate plans. Revenues from enhanced features and optional services are recognized when earned. Access and usage-based services are billed throughout the month based on the bill cycle assigned to a particular customer. As a result of billing cycle cut-off times, management must estimate service revenues earned but not yet billed at the end of each reporting period.

Sales of communications products including wireless handsets and accessories represent a separate earnings process and are recognized when the products are delivered to and accepted by customers. The Company accounts for transactions involving both the activation of service and the sale of equipment in accordance with the authoritative guidance for the accounting for revenue arrangements with multiple deliverables. Fees assessed to communications customers to activate service are not a separate unit of accounting and are allocated to the delivered item (equipment) and recognized as product sales to the extent that the aggregate proceeds received from the customer for the equipment and activation fee do not exceed the relative fair value of the equipment. Commissions paid to third parties are expensed as incurred and included in sales and marketing expenses.

Wholesale revenues are those revenues generated from providing voice or data services to the customers of other wireless carriers principally through “roaming” agreements, and the revenue is recognized over the period that the service is rendered to customers.

Sales and use and other taxes collected from customers that are remitted to the governmental authorities are reported on a net basis and excluded from the revenues and sales.

Expenses

Termination and access fee expenses. Termination and access fee expenses are charges that are incurred for voice and data transport circuits (in particular, the circuits between the Company’s wireless sites and its switches), internet capacity, other access fees incurred to terminate calls, customer bad debt expense, and telecommunication license fees.

Engineering and operations expenses. Engineering and operations expenses include the expenses associated with developing, operating and supporting the Company’s expanding telecommunications networks, including the salaries and benefits incurred to employees directly involved in the development and operation of the Company’s networks.

Sales and marketing expenses. Sales and marketing expenses include salaries and benefits incurred to sales personnel, customer service expenses, sales commissions and the costs associated with the development and implementation of promotion and marketing campaigns.

Equipment expenses. Equipment expenses include the costs of handset and customer resale equipment in the Company’s retail businesses.

General and administrative expenses. General and administrative expenses include salaries, benefits and related costs for general corporate functions including executive management, finance and administration, legal and regulatory, facilities, information technology and human resources.

Transaction-related charges. Transaction-related charges include the external costs, such as legal, tax, accounting and consulting fees directly associated with acquisition and disposition-related activities. Transaction-related charges do not include internal costs, such as employee salary and travel-related expenses, incurred in connection with acquisitions or dispositions or any integration-related costs.

Restructuring charges. Restructuring charges include costs incurred in integrating our newly acquired companies.

Depreciation and amortization expenses. Depreciation and amortization expenses represent the depreciation and amortization charges recorded on our property and equipment and intangible assets. Land is not depreciated.

Foreign Currency

The Company translates the assets and liabilities of our foreign subsidiary from its Cayman Dollar functional currency to Bermuda dollars at the appropriate spot rates as of the balance sheet date. Any changes in the carrying value of these assets and liabilities attributable to fluctuations in spot rates are recognized in foreign currency translation adjustment, a component of AOCI. Consolidated statement of comprehensive income accounts are translated using the monthly average exchange rates during the year.

Monetary assets and liabilities denominated in a currency that is different from a reporting entity’s functional currency must first be remeasured from the applicable currency to the legal entity’s functional currency. The effect of this remeasurement process is reported in other income on the consolidated statement of comprehensive income.

The Company’s functional currency is the Bermuda dollar. The Company transacts in US Dollars and Cayman dollars. Historically the Company has not experienced foreign currency gains or losses because the Bermuda Dollar is pegged to the US Dollar at a 1:1 rate and the Cayman dollar is pegged to the US Dollar at an exchange rate of 1:1.19.

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For the period ended December 31, 2016

Fair Value of Financial Instruments

In accordance with the provisions of fair value accounting, a fair value measurement assumes that a transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability and defines fair value based upon an exit price model. The fair value measurement guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The guidance describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset and liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 assets and liabilities include money market funds, debt and equity securities and derivative contracts that are traded in an active exchange market.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes corporate obligations and non-exchange traded derivative contracts.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments and intangible assets that have been impaired whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The following table presents the Company's financial assets and liabilities measured at fair value at December 31, 2016:

($000)		Level 1		Level 2		Level 3		Total
Money market funds	$	-	$	13	$	-	$	13
Available for sale securities		1,757		11		-		1,768
Total	$	1,757	$	24	$	-	$	1,781

As required by U.S. GAAP, assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Other Fair Value Disclosures

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses approximate their fair values because of the relatively short-term maturities of these financial instruments.

The Company held an investment in Quo Vadis Holdings Ltd., a privately held company, accounting for the investment using the equity method. During the period, the Company determined the investment experienced a loss in value that was other than temporary and, as a result, recorded an impairment of $0.9 million. At December 31, 2016, management estimated the fair value of Quo Vadis Holdings Ltd. and approximated its carrying value at $1.4 million. The fair value was estimated using Level 3 inputs.

At December 31, 2016, management estimated the fair value of the long-term debt, including the current portion, approximated its carrying value of $32.1 million. The fair value was estimated using level 2 inputs.

Income Taxes

The Company makes no provision for Bermuda or Cayman income taxes since under both current legislations no income taxes are imposed upon the Company.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers", which provides a single, comprehensive revenue recognition model for all contracts with customers. The revenue standard is based on the principle that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The FASB has since modified the standard with several ASUs which must be adopted concurrently. The Company is currently evaluating the overall impact and the method of adoption of ASU 2014-09. Areas most likely impacted may include, but not be limited to, the following: the timing of revenue recognition and the allocation of revenue between equipment and services. In addition, the new standard may require certain amounts be recorded in accounts receivable and deferred revenues on the balance sheet and enhanced disclosures around performance obligations. The Company is still in the process of determining quantitative information related to the impact of the new standard and our initial assessment may change due to changes in contractual terms or new service and product offerings. The Company will adopt the standard on January 1, 2018. The Company plans to use the modified retrospective adoption method which requires it to apply the standard only to the most current period presented with the cumulative effect of applying the standard being recognized at the adoption date.

In August 2014, the FASB issued ASU 2014-15, "Presentation of Financial Statements - Going Concern (Subtopic 205-40)," which requires management to assess a company's ability to continue as a going concern and to provide related footnote disclosures in certain circumstances. ASU 2014-15 is effective for annual reporting periods ending after December 15, 2016. Early application is permitted. The Company adopted this guidance on December 31, 2016. The adoption of this guidance did not impact the Company's Consolidated Financial Statements.

In April 2015, the FASB issued ASU 2015-05, "Customer's Accounting for Fees Paid in a Cloud Computing Arrangement", which provides guidance about whether a cloud computing arrangement includes software and how to account for that software license. The new guidance does not change the accounting for a customer's accounting for service contracts. The standard is effective beginning January 1, 2017, with early adoption permitted, and may be applied prospectively or retrospectively. The Company does not expect ASU 2015-05 to have a material impact on its consolidated financial position, results of operations or cash flows.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)", which provides comprehensive lease accounting guidance. The standard requires entities to recognize lease assets and liabilities on the balance sheet as well as disclosure of key information about leasing arrangements. ASU 2016-02 will become effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the impact of the new guidance on its Consolidated Financial Statements.

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments," which provides further clarification on eight cash flow classification issues. The standard further clarifies the classification of the following: (i) debt prepayment or debt extinguishment costs; (ii) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; (iii) contingent consideration payments made after a business combination; (iv) proceeds from the settlement of insurance claims; (v) proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies; (vi) distributions received from equity method investees; (vii) beneficial interests in securitization transactions; and (viii) separately identifiable cash flows and application of the predominance principle. ASU 2016-15 will become effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. ASU 2016-15 should be applied using a retrospective transition method for each period presented. The Company is currently evaluating the impact of the new standard on our consolidated financial statements.

In November 2016, the FASB issued Accounting Standards Update 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash," or ASU 2016-18. The amendments in ASU 2016-18 are intended to reduce diversity in practice related to the classification and presentation of changes in restricted cash or restricted cash equivalents on the statement of cash flows. The amendments in ASU 2016-18 require that amounts generally described as restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for annual reporting periods, including interim periods within those periods, beginning after December 15, 2017, with early adoption permitted. The Company is currently evaluation the potential impact that this standard may have on its Consolidated Financial Statements.

In January 2017, the FASB issued Accounting Standards Update 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business," or ASU 2017-01. The amendments in ASU 2017-01 provide a screen to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. Under ASU 2017-01, an entity first determines whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this threshold is met, the set is not a business. If it's not met, the entity then evaluates whether the set meets the requirement that a business include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. ASU 2017-01 also narrows the definition of outputs by more closely aligning it

Notes to Consolidated Financial Statements

For the period ended December 31, 2016

with how outputs are described in ASC 606. ASU 2017-01 is effective for annual reporting periods, including interim periods within those periods, beginning after December 15, 2017, with early adoption permitted. The Company adopted the guidance for the period ended December 31, 2016. The standard will result in the Company accounting for more transactions as asset acquisitions as opposed to business combination.

In January 2017, the FASB issued Accounting Standards Update 2017-04, "Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment," or ASU 2017-04. The amendments in ASU 2017-04 simplify the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. In computing the implied fair value of goodwill under Step 2, an entity had to perform procedures to determine the fair value at the impairment testing date of its assets and liabilities. Instead, under the amendments in ASU 2017-04, an entity performs its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognizes an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, but not more than the total amount of goodwill allocated to the reporting unit. ASU 2017-04 is effective for annual reporting periods, including interim periods within those periods, beginning after December 15, 2019, with early adoption permitted. The Company early adopted this guidance for the period ended December 31, 2016.

3. Acquisitions and Dispositions

Acquisitions

On October 05, 2015 the Company and ATN entered into a transaction agreement (the "Transaction"). Upon the closing of the Transaction, on May 3, 2016, ATN acquired a 51% controlling interest in the Company and in exchange the Company received $41.6m in cash and ATN's 43% controlling interest in Bermuda Digital Communications Ltd. ("BDC"). In addition, the Company also acquired the remaining shares in BDC held by other minority shareholders in exchange for shares in the Company. As a result, the Company is the legal owner of 100% of BDC. Concurrent with the transaction the Company used a portion of the cash proceeds received to retire the Company's $24.7 million of subordinated debt and pay a dividend of $0.75 per share to the shareholders of the Company existing immediately prior to the closing of the Transaction.

While under the Transaction the Company legally acquired BDC, under ASC 805, Business Combinations, the transaction is required to be accounted for as a "reverse acquisition" under which BDC is required to be considered the "accounting acquirer". As such, these financial statements are issued under the name of the legal acquirer, the Company, but represent a continuation of the accounting acquirer's financial statements.

The consideration transferred in a reverse acquisition is typically determined with reference to the value of the equity that the accounting acquirer would have had to issue to the owners of the accounting acquiree to give them the same percentage interest in the combined entity. However, as BDC is, and was not, itself a public company it was determined that the fair value of the Company's net assets provided a more reliable determination of the value of the consideration transferred.

The following table summarizes the allocation of the purchase consideration to the assets and liabilities assumed at their estimated fair values as of the date of the acquisition:

($000)		**Amount**
Consideration Transferred		
One Comm equity	$	74,528
Non-controlling interests		203
Total value to allocate		74,731
Purchase price allocation		
Cash	$	8,185
Accounts receivable		6,451
Other current assets		3,241
Property, plant and equipment		100,892
Intangible assets		10,590
Other assets		3,464
Accounts payable and accrued liabilities		(16,051)
Advance payments and deposits		(6,683)
Current debt		(6,429)
Long term debt		(28,929)
Net Assets Acquired	$	74,731

The property, plant and equipment is comprised of telecommunication equipment, land, and buildings located in Bermuda and the Cayman Islands. The property, plant and equipment was valued using the income and cost approaches. Cash flows were discounted at approximately 15% to determine fair value under the income approach. The property, plant and equipment have useful lives ranging from 2 to 35 years and the customer relationships acquired have useful lives ranging from 9 to 12 years. The fair value of the non-controlling interest was determined using the income approach and a discount rate of approximately 15%. The acquired receivables consist of trade receivables incurred in the ordinary course of business. The Company has collected the full amount of the receivables.

The Company incurred $3.5 million of transaction related charges pertaining to legal, accounting and consulting services associated with the transaction during the period ended December 31, 2016 and these are expensed in the consolidated statement of comprehensive income.

Dispositions

On June 1, 2016, the Company completed a transaction to sell its Bermuda Yellow Pages and Yabsta subsidiaries for $1.6 million recognizing a gain of $0.2 million on the transaction. This gain is recorded in the "Corporate and Other" segment in Note 11.

4. Accounts Receivable

As of December 31, 2016 accounts receivable consisted of:

($000)		**Amount**
Accounts receivable	$	11,185
Less: allowance for doubtful accounts		(2,664)
Accounts receivable – net		8,521
Other receivables		94
	$	8,615

The movement in allowance for doubtful accounts in respect of trade receivables during the period was as follows:

		Amount
Balance at beginning of the period	$	4,002
Change in allowance for doubtful accounts	$	1,096
Receivables written off during the period as uncollectible		(2,434)
Balance at end of period	$	2,664

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For the period ended December 31, 2016

5. Fixed Assets

Fixed assets consist of the following at December 31, 2016:

	Useful Life	Amount ($000)
Network equipment	2 - 20 years	100,563
Buildings	20 - 35 years	22,626
Land	N/A	4,805
Leasehold improvements & furniture, fixtures and equipment	2 - 10 years	11,474
Motor vehicles	2 - 5 years	1,354
Computer hardware	2 - 8 years	5,541
Computer software	2 - 5 years	3,516
Construction in progress	N/A	16,687
Less: accumulated depreciation		(40,172)
Total net book value		**$ 126,394**

Depreciation and amortization of fixed assets, using the straight line method over the assets' estimated useful life, for the period ended December 31, 2016 was $9.5 million. Included within network equipment are assets related to Indefeasible Rights of Use ("IRUs") under capital lease with a cost of $3.5 million and net book value of $3.5 million as of December 31, 2016. Remaining amounts due under the IRUs are $0.4 million as of December 31, 2016.

During the period ended December 31, 2016, certain buildings in the Bermuda segment were sold and as such a loss on such disposition of $0.5 million was recognized.

6. Goodwill and Intangible Assets

Goodwill

The Company tests goodwill for impairment on an annual basis, which has been determined to be as of December 31 of each fiscal year. The Company also tests goodwill between annual tests if an event occurs or circumstances change that indicate that the fair value of a reporting unit may be below its carrying value.

The Company employs either a qualitative or quantitative test of its goodwill. The Company defines its reporting units for testing goodwill as one level below its operating segment. During 2016, goodwill was evaluated using a quantitative model. The quantitative test for goodwill impairment is determined by comparing the estimated fair value of a reporting unit to its carrying amount, including goodwill. The Company determines the fair value of a reporting unit using a discounted cash flow ("DCF") analysis. Determining fair value requires the exercise of significant judgment, including judgments about appropriate discount rates, perpetual growth rates, and the amount and timing of expected future cash flows. Discount rates are based on a weighted-average cost of capital ("WACC"), which represents the average rate a business must pay its providers of debt and equity. The cash flows employed in the DCF analysis were derived from internal earnings and forecasts and external market forecasts. If the estimated fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not impaired. If the carrying amount of a reporting unit exceeds its estimated fair value, the Company recognizes an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value.

As of December 31, 2016, the Company performed a quantitative assessment of its goodwill and noted that no impairment existed.

The Company held $3.7 million of goodwill in its Bermuda segment at December 31, 2016.

Telecommunications Licenses
The Company tests those telecommunication licenses that are indefinite lived for impairment on an annual basis, which has been determined to be as of December 31 of each fiscal year. The Company also tests telecommunication licenses that are indefinite lived between annual tests if an event occurs or circumstances change that indicate that the fair value of a reporting unit may be below its carrying value. Telecommunications licenses are tested for impairment using either a quantitative or a qualitative assessment.

The Company's quantitative assessment performed at December 31, 2016, calculated the fair values of licenses using a discounted cash flow model (the Greenfield Approach). The Greenfield Approach assumes a company initially owns only the telecommunications licenses, and then makes investments required to build an operation comparable to the one that currently utilizes the licenses. The projected cash flows are based on certain financial factors, including revenue growth rates, margins, and subscriber churn rates, and other operational data. The Company used a discount rate based on the optimal long-term capital structure of a market participant and its associated cost of debt and equity, to calculate the present value of the projected cash flows.

As of December 31, 2016, the Company performed a quantitative assessment of its telecommunications licenses and determined that no impairment existed.

In the Bermuda segment, the Company held $15.5 million of telecommunication licenses at December 31, 2016. The licenses are expected to be available in perpetuity.

Customer Relationships
The customer relationships all of which are held in the Bermuda segment are being amortized, on an accelerated basis, over the expected period during which their economic benefits will be realized. At December 31, 2016, the customer relationships had a cost of $11.0 million and accumulated amortization of $3.0 million. The Company recorded $1.1 million of amortization expense in the period.

Future amortization of customer relationships in the Bermuda segment is as follows (in thousands):

		Amortization
2017	$	1,411
2018		1,178
2019		978
2020		806
2021		657
Thereafter		2,949
Total	$	7,979

Trade Name
In its Bermuda segment, the Company holds trade name assets with a cost of $1.9 million and accumulated amortization of $0.1 million at December 31, 2016. As a result of the Company's rebranding activities in 2016, it was determined the trade names have a finite life and will be amortized over that life. In conjunction with this determination, the Company assessed the value of its trade names and concluded its book value exceeded its fair value. As a result, the Company recorded a non-cash impairment charge of $0.3 million during the period ended December 31, 2016. Subsequent to the impairment, the Company recorded $0.1 million of amortization expense for the period ended December 31, 2016 and will record amortization of $0.2 million during each of the next five years and $0.8 million thereafter.

Notes to Consolidated Financial Statements

For the period ended December 31, 2016

7. Long Term Debt

The Company has a loan from HSBC Bank Bermuda Limited. The amount borrowed was $45.0 million. The principal balance outstanding at December 31, 2016, was $32.1 million, of which $8.0 million is payable within twelve months. The loan matures in September 2021, has set terms of repayment and bear interest at the LIBOR rate plus 3.25% per annum. Total interest expense in relation to the loan was $0.9 million for the period ended December 31, 2016 and is included in interest expense in the consolidated statement of comprehensive income. The loan is secured by the property and certain assets of the Company's subsidiaries. The annual requirements for principal repayments on the loan are summarized below:

($000)		Principal Repayment
2017	$	8,036
2018		6,429
2019		6,429
2020		6,429
2021		4,820
Thereafter		-
Total	$	32,143

The Company also had a bank overdraft facility subject to a $5.0 million limit, which incurred interest expense at a rate equal to three month LIBOR plus 3% on amounts drawn. Total interest expense in relation to the overdraft facilities was $15 thousand for the period ended December 31, 2016 and is included in interest expense in the consolidated statement of comprehensive income.

The Company refinanced its debt and increased its overdraft facility on May 22, 2017 (see Note 12).

8. Related Party Transactions

The Company incurred management fees of $1.7 million for the period ended December 31, 2016, in respect of a management services contract entered into on May 3, 2016, with its Parent. Management fees are calculated at 2% of gross revenues, pursuant to its management contract and $0.6 million remained outstanding at December 31, 2016. The management fee will increase to 2.75% effective August 1, 2017.

The Company also purchased goods and other services from its Parent and its affiliates amounting to $1.5 million for the period ended December 31, 2016 of which $1.1 million was payable at December 31, 2016. These related party balances are unsecured, interest free, and are due on demand.

9. Commitments and Contingencies

Unexpired commitments under operating lease agreements for the Company's premises, telecommunications capacity and equipment are payable as follows (in thousands):

($000)		Amount
2017	$	6,056
2018		3,898
2019		2,712
2020		1,464
2021		1,174
Thereafter		2,920
	$	18,224

In 2013, the Company was issued licenses pursuant to the Electronic Communications Act 2011 ("the License") from the Government of Bermuda. The license fee is 4.25% of certain gross revenues. License fees are reviewed annually in April of each year by the Government of Bermuda.

Notes to Consolidated Financial Statements

For the period ended December 31, 2016

The Company guaranteed performance of certain cellular network assets as part of a Bermuda Regulatory Authority application for certain spectrum. To date the Company has met all obligations and expects to meet all future requirements. As such no liability has been recorded in the Consolidated Financial Statements.

There are no contingent liabilities to disclose as of December 31, 2016.

10. Share Capital

All common shares are recorded at a par value of $0.25 each with the excess of the proceeds received over the par value of the shares issued recorded as additional paid in capital. There were $nil dividends declared or paid in the period.

11. Segment Reporting

Reportable segments correspond to the Company's internal organizational structure. The Company operates the following reportable segments, which are managed as separate business units, as they both operate in different geographic regions, and therefore require different market strategies.

The Company's Bermuda segment operates under the brand 'One" providing a wide range of data, internet products and services, cellular products and solutions, internet access, long distance and local voice services as well as subscription television services in Bermuda.

The Company's Cayman segment operates under the brand 'Logic" providing fixed wireless, wireline voice and data services, and subscription television services in the Cayman Islands.

For the period ended December 31, 2016 (in $000)		Bermuda		Cayman		Corporate and Other		Total
Revenues	$	70,988	$	17,419	$	(2,397)	$	86,010
Depreciation and amortization		8,190		2,109		442		10,741
Operating expenses		48,432		15,128		7,349		70,909
Segment operating income / (loss)		14,047		316		(10,003)		4,360
Net fixed assets	$	63,659	$	35,523	$	27,212	$	126,394
Capital expenditures		19,642		8,535		-		28,177
Goodwill		3,740		-		-		3,740
Segment total assets		113,476		37,866		34,011		185,353

Corporate and Other includes the results of the Company's Bermuda Yellow Pages and Yabsta subsidiaries which were disposed of on June 1, 2016.

12. Subsequent Events

The Company has evaluated subsequent events through August 14, 2017. On May 22, 2017, the Company amended and restated the Long Term Debt Agreement to increase the facility to $37.5 million. The amended and restated debt is scheduled to mature on May 22, 2022 and bears an interest at the three month LIBOR rate plus an applicable margin rate ranging between 2.5% to 2.75% paid quarterly. The amended and restated debt contains customary representations, warranties and affirmative and negative covenants (including limitations on additional debt, guaranties, sale of assets and liens) and financial covenants that limit the ratio of tangible net worth to long term debt and total net debt to EBITDA and require a minimum debt service coverage ratio (net cash generated from operating activities plus interest expense less net capital expenditures to debt repayments plus interest expense). The covenants are tested annually commencing the fiscal year ending December 31, 2017. The Company has pledged substantially all of the assets of the Company to guarantee the Long Term Debt Agreement.

Notes to Consolidated Financial Statements

For the period ended December 31, 2016

In connection with the amended and restated debt, the Company increased the limit of its overdraft facility from $5.0 million to $10.0 million. This facility has an interest rate of three month LIBOR plus 1.75%.

As a condition of the amended and restated agreement, the Company was required to enter into a hedging arrangement equal to at least 30% of the notional amount and term corresponding to the maturity of the One Communications Debt. On July 14, 2017, the Company entered into a swap transaction effective June 30, 2017, for a notional amount of $11.0 million with a fixed rate of 1.874%.

On April 7, 2017, the Company sold all of its equity interest in Quo Vadis Holdings Ltd. to WISeKey SA a company listed on the Swiss stock exchange. The Company received $1.0 million in cash and 88,800 of WISeKey, valued at $0.4 million for a total consideration value of $1.4 million on that date. The Company did not recognize a gain or loss on the transaction.

The Company's Board approved a share buy-back program in January 2017, effective from March 1, 2017 to December 31, 2017, and restricted to a maximum of 5% of the Company's outstanding Share Capital.

Notes

PRINCIPAL SUBSIDIARIES

Logic Communications Ltd.
(trading as "One Communications")
30 Victoria Street
Hamilton HM 12
Bermuda
www.onecomm.bm

Bermuda Digital Communications Ltd.
(trading as "One Communications")
30 Victoria Street
Hamilton HM 12
Bermuda
www.onecomm.bm

Cable Co. Ltd.
30 Victoria Street
Hamilton HM 12
Bermuda

WestTel Limited
(trading as "Logic")
43 Eclipse Dr.
Grand Cayman
Cayman Islands
www.logic.ky

One Communications Ltd.
P.O. Box HM 2445
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