

**Schedule 2  
FORM ECSRC - Q**

**(Select One)**

Quarterly Report For the period ended June 30, 2015

or

TRANSITION REPORT \_\_\_\_\_  
**(Applicable where there is a change in reporting issuer's financial year)**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Issuer Registration Number: GRENLEC27091960GR

Grenada Electricity Services Ltd.

(Exact name of reporting issuer as specified in its charter)

Grenada W.I.

(Territory or jurisdiction of incorporation)

Dusty Highway, Grand Anse, St. George's, P.O. Box 381

(Address of principal executive Offices)

(Reporting issuer's:

Telephone number (including area code): (473) 440-3391

Fax number: (473) 440-4106

Email address: mail@grenlec.com

\_\_\_\_\_  
(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report. \_\_\_\_\_

CLASS	NUMBER
Ordinary Shares	19,000,000

## SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Quarterly Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

**Collin Cover**

Collin Cover

Signature

16<sup>th</sup> July 2015

Date

Name of Director:

**Anthea DeBellotte**

Anthea DeBellotte

Signature

20<sup>th</sup> July 2015

Date

Name of Chief Financial Officer:

**Benedict Brathwaite**

B. Brathwaite

Signature

16-7-15

Date

## INFORMATION TO BE INCLUDED IN THE REPORT

### 1. **Financial Statements**

(a) Included herewith are the following unaudited Financial Statements:

1. Statement of Financial Position at June 30, 2015.
2. Statement of Comprehensive Income for the six months to June 30, 2015.
3. Statement of Cash Flow for the six months to June 30, 2015.

### 2. **Management's Discussion and Analysis of Financial Condition and Results of Operations**

#### (a) **Liquidity**

During the first six months of 2015, the Company met its liquidity needs through the use of internal resources, while still maintaining a current ratio of 2.64:1 at a level above lender institutions' benchmark of 1.50:1.

The average electricity rate over the first six months of 2015 was \$0.92. This was significantly below either the \$1.14 of the equivalent period or the \$1.13 of the entire year of 2014. This decrease was due to declines in both the fuel and non-fuel charges (i) the average fuel charge of \$0.4256/kWh to June 2015 was lower than the average for the same period in 2014 of \$0.6315/kWh by 25.6 percent (ii) the average non-fuel charge in the first six months of \$0.4336/kWh was below the \$0.4466 in the equivalent period of 2014 by 2.8 percent.

Trade and other receivables decreased by \$9.81M, or 32.4 percent providing a positive cash inflow over the first six months of 2015. This was due to a combination of factors – (i) lower electricity rates as noted before (ii) reduction in outstanding balances from the Government of Grenada from \$5.06M at December 31, 2014 to \$1.30M at June 30, 2015 (iii) generally improved collections from other customers as seen by a decline in domestic customers' balances.

Cash provided by operating activities to June 30, 2015 was \$19.16M which more than doubles the \$8.42 for the equivalent period of 2014. Overall, during the first six months of the year, the cash position grew by \$6.02M to \$18.91M. This was after making principal payments on borrowings of \$4.14M, paying dividends of \$4.94M, at thirteen cents per share in each quarter and instalments of company tax of \$3.35M.

The Company met all of its obligations in the first six months of the year, and, based on its current cash flow projections, it can be expected to maintain this for the next several quarters. These projections were inclusive of an amount of \$7.93M, likely to be paid to the Trustees of the non-management Trust in the third quarter of 2015, thereby fully funding that Trust

registered with GARFIN on February 10, 2015. The Trustees are still in the process of establishing bank accounts.

**(b) Capital Resources**

Capital expenditure of \$2.88M in the first six months of 2015 was funded from internal operations. This is expected to be the same with the balance of the 2015 capital budget of \$2.51M, as it is not subject to any agreement that would require capital expenditures on a designated schedule. Over the years the Company has only utilized external funding for major capital projects.

The Company as part of its strategic plan has set a target of having 20% of its generation capacity from renewable energy by 2020. To achieve this goal will require the Company to make capital investments in solar photovoltaics and or wind turbine farms beginning at the earliest opportunity. As such, if GRENLEC is able to get past the single largest impediment to renewable energy development, access to suitable land, it is likely that additional capital expenditure will be made in 2015.

An EU/GOG/GRENLEC wind project on Carriacou for up to a 2MW wind farm which was reactivated in December 2013 did not materialize in 2014. Bids opened on November 21, 2014 exceeded the joint funding of €3.89M for the project by seventy five percent. . Subsequent to the year end the EU did not accede to a Government of Grenada's request for an extension in the period for funding of the project in order to obtain bids from non-EU/ACP suppliers. The Company is presently exploring options with regards to funding a wind project in Carriacou that will not substantially exceed its original amount targeted for the EU/GOG/GRENLEC project.

As far as major generation expansion that will require external financing is concerned, the Company remains uncertain of its likelihood in 2015.

**c) Changes in Financial Condition**

The following table provides information as at June 30, 2015 with comparatives at June 30, 2014 and December 31, 2014 of GRENLEC's compliance with various financial loan covenants. All the covenants have easily been exceeded with a widening variance in most cases.

## Covenant Table

	<b>Covenant Ratio</b>	<b>June 2015</b>	<b>June 2014</b>	<b>December 2014</b>
Current Ratio	$\geq 1.50:1$	2.64:1	2.08:1	2.33:1
Interest Coverage Ratio	$\geq 2:1$	19.9:1	16.99:1	17.19:1
Debt Service Coverage Ratio	$\geq 1.50:1$	4.2:1	4.03:1	4.27:1
Bank Borrowing to Equity Ratio	$\leq 1.25:1$	0.12:1	0.23:1	0.17:1
Equity to Assets	$\geq 30\%$	62.94%	54.19%	58.60%

In the first six months of 2015 the Company's net assets increased from \$93.60M to \$98.07M. Property plant and equipment decreased from \$77.56M to \$73.78M due to depreciation expense of \$5.23M. Capital work in progress increased from \$2.18M to \$3.47M as the Company continued to make routine non expansion capital expenditures financed from internal operations.

Trade and other receivables as noted earlier decreased by \$9.81M, over the six months to June 2015, from \$30.26M. Government of Grenada receivables decreased by 74.3 percent while that for non-GoG also decreased by 17.6 percent over the same period of the year. The Company's work with the Government has paid dividends in the reduction of its receivables balance. All sectors reflected this decrease ranging from 4.4 percent for industrial to 43.3 percent for statutory bodies. The hotel sector, as expected, decreased by 27.1 percent as traditionally it is in the first half of the year, while benefiting from higher occupancy rates, that they are best able to meet their obligations to the Company. As to be expected the decrease in receivables saw the days outstanding also being lowered moving from 51.23 at the end of 2014 to 40.26 at June 30, 2015.

### **d) Results of Operation**

The Company's financial performance over the first six months of 2015 as reflected in its profit before interest of \$18.58M was below the \$18.99M for the same period in 2014. This represented a 2.1 percent decrease between the years.

KWh sales grew by 1.4 percent, over the same period in 2014 but this would only have partially offset a decrease in non-fuel rates of 3.2 percent implemented November 1, 2014. The resulting decline in non-fuel revenue was 0.8 percent. The growth in kWh sales occurred in the two major sectors with the commercial sector expanding by 2.1% and the domestic by 1% while the industrial sector contracted by 4.5%.

Total revenue of \$76.12M to June 2015 was significantly less than the \$95.61M of the equivalent six months of 2014. With average fuel prices significantly lower it led to reduced fuel charge rates, as such the fuel charge revenue declined by 31.6% from \$55.73M to \$38.10M, mainly accounting for the decreased revenue.

The fuel cost recovery rate over the first six months was 117.88% producing a net benefit of \$5.78M compared to the \$3.48M from a rate of 106.66% over the equivalent period of 2014. This recovery rate has been driven mainly by declining fuel prices which had a significant positive impact in particular over the first three months of 2015.

Operating and administrative expenses other than for fuel increased by 3.5% in the first half of 2015 relative to the comparative period in 2014. The Generation, Distribution and Administration departments had adverse variances of 8.3%, 0.8% and 4.1% respectively. These increases were partially due to the conclusion of union negotiations and a wage increase of 2.5% applicable for 2015. Timing of maintenance work in both Generation and Distribution also impacted the increase and it is expected that the variance will decrease during the course of the year. Planning and engineering had a favourable variance of 3.9%. The Company has continued to maintain tight controls over costs as it recognises that with the decrease in the non-fuel charge rate, sales growth in excess of 3.2% will be required to have an increase in non-fuel revenue. Over the first six months of 2015 operating expenses were lower than budget by 4.2%

Interest costs of \$1.04M in the first six months of 2015 reflects a decline of 16.3% compared to the \$1.24M to June of 2014. This is in keeping with the Company's reduction of its borrowings by making payments as scheduled.

System losses twelve months rolling average of 7.79% at June 30, 2015 was above the 7.61% for 2014. This would have negatively impacted the fuel cost recovery rate despite its comparatively higher numbers for the period under review. This is a key strategic driver for the Company and its importance cannot be over emphasized in the context of the challenging economic conditions under which the Company is operating. Management will therefore monitor it closely to ensure that an upward trend is not established.

Fuel efficiency of 19.34kWh's per imperial gallon in the first six months of 2015 exceeds the 19.22kWh's achieved in the same period last year and represents a 0.6% improvement. Fuel efficiency for 2014 was 19.22kWh's per imperial gallon. This, like system losses, is very important as it is a key performance indicator for the Company and has a significant impact on its financial performance.

### **3. Disclosure of Risk Factors.**

With each passing period the Hurricane Reserve, increases and presently stands at \$19M which reduces the main risk exposure associated with post-hurricane recovery. The major risk factors facing the Company continue to be as follows:

- Hurricanes - as clearly established after Hurricane Ivan in 2004 when approximately 90% of our distribution system was affected. This continues to be the most immediate and significant risk being faced. This has been partially offset by the strengthening of the distribution system which has been made more robust in the rebuilding period after hurricanes Ivan and Emily. Additionally, the Hurricane Fund of \$18.38M is more than the pre Ivan level of \$14M.

- An amendment to the Electricity Supply Act No, 39 of 2013 was enacted as of December 31, 2013. This amendment adjusted the concessions of all customs and other import duties on the importation of all plant, machinery, equipment, meters, instruments, fuel, lubricants and materials to which the Company was entitled, from 100% to 50%. In 2014 the amendment meant additional duties paid by GRENLEC of 350K which by itself was not excessive. However, in years in which large capital expenditure is required this amount can be substantially higher. The same amendment also imposed duty on imported fuel. The duty on the fuel has not yet been applied although it remains in effect. While this amendment by itself does not pose a risk, it increases the possibility that further unilateral amendments which may be inconsistent with the majority shareholders Grenada Private Power Ltd (GPP) Share Purchase Agreement (SPA) might be pursued.
- In February 2015, the Government of Grenada held a public consultation on a draft Electricity Supply Bill. The intention of the draft bill is to separate generation and transmission entities to allow competition in both the generation and distribution areas, and to increase generation by renewable energy. The Bill provides for the removal of the exclusive license that GRENLEC currently holds over the generation and transmission and distribution of electricity. GRENLEC is willing to collaborate with the Government to seek ways to improve the quality of electricity services at the lowest possible costs. However, it is GRENLEC's view that the draft bill as presented is likely to drive costs higher and threaten the reliability of the electricity grid. The Company's majority shareholder Grenada Private Power Limited could therefore find that it is left with no option but to pursue all available legal remedies to protect its contractual agreements.

On April 1, the Government of Grenada and the Company met and held discussions on the Electricity Supply Bill. It was agreed future discussions between the parties would be led by a facilitator acceptable to both groups. Since then both parties have provided the names of suggested facilitators but subsequent meetings have not been held.

- Sharply increasing fuel prices can over the short run impact negatively on the Company's cash flow and profitability.

#### **4. Legal Proceedings.**

There were no pending legal proceedings outstanding as at June 30, 2015 that could materially impact on the Company's position.

#### **5. Changes in Securities and Use of Proceeds.**

There were no changes in securities during the quarter ended June 30, 2015.

**6. Defaults Upon Senior Securities.**

- (a) Payments of principal and interest to the Eastern Caribbean Securities Exchange (ECSE) for the Grenlec Bond, the National Insurance Board (NIB) and the European Investment Bank (EIB) on their respective loans have been made during the quarter ended June 30, 2015 as per existing agreements.
- (b) No arrears in the payment of dividends have occurred and there are no restrictions.

**7. Submission of Matters to a Vote of Security Holders.**

- (a) The AGM was held on June 10, 2015 and the following matters were determined by a vote:
  - Mr. Alister Bain, Ms. Anthea DeBellotte, Mr. Ashton Frame and Mr. Lawrence Samuel were elected on a poll to serve as directors;
  - PKF-Accountants and Business Advisers were re-appointed as Auditors for the year ending December 31, 2015 on a majority vote by a show of hands.

**8. Other Information.**

None.



**GRENADA ELECTRICITY SERVICES**  
**Statement of Financial Position as at June 30, 2015-2014 and December 31, 2014**

	Unaudited June 30, 2015 EC \$	Unaudited June 30, 2014 EC \$	Audited December 31, 2014 EC \$
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property Plant and Equipment	73,780,861.27	77,239,809.81	77,555,062.00
Suspense Jobs in Progress	2,084,012.86	1,988,048.99	1,893,828.00
Capital Work in Progress	3,474,651.97	4,257,825.61	2,178,152.00
Deferred Exchange Loss	205,560.33	1,207,245.79	205,560.00
Available-for-sale financial assets	847,922.73	848,190.73	872,120.00
	<u>80,393,009.16</u>	<u>85,541,120.93</u>	<u>82,704,722.00</u>
<b>CURRENT ASSETS</b>			
Inventories	14,893,336.18	15,703,395.93	14,901,584.00
Trade and Other Receivables	20,451,633.22	37,484,434.32	30,255,489.00
Segregated Retirement Investments	6,141,500.34	6,783,030.56	6,134,198.00
Income Tax Prepaid	-	478,616.81	-
Loans and receivables financial assets	39,497,827.30	30,542,157.53	37,327,224.00
Cash and cash equivalents	18,908,064.47	9,637,405.69	12,885,921.00
	<u>99,892,361.51</u>	<u>100,629,040.84</u>	<u>101,504,416.00</u>
<b>TOTAL ASSETS</b>	<u>180,285,370.67</u>	<u>186,170,161.77</u>	<u>184,209,138.00</u>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS EQUITY</b>			
Stated Capital	32,339,840.00	32,339,840.00	32,339,840.00
Other Reserve	8,040.00	8,308.00	8,040.00
Retained Earnings	61,247,152.20	51,126,250.61	61,247,152.00
Profit / (Loss) to Date after Dividends	4,472,327.48	4,934,092.39	-
	<u>98,067,359.68</u>	<u>88,408,491.00</u>	<u>93,595,032.00</u>
<b>Non Current Liabilities</b>			
Consumers' Deposits	13,233,206.97	11,836,812.03	12,890,373.00
Long-term Borrowings	12,081,602.85	20,451,853.43	16,224,680.00
Provision for Hurricane Insurance Reserve	19,000,000.02	17,000,000.02	18,000,000.00
	<u>44,314,809.84</u>	<u>49,288,665.48</u>	<u>47,115,053.00</u>
<b>Current Liabilities</b>			
Amount Due to Related Company	(12,080.60)	23,627.56	164,964.00
Short- term borrowings	7,686,268.23	16,231,170.87	7,687,615.00
Trade and other payables	11,264,359.98	15,755,685.83	16,674,611.00
Consumers' Advances for Construction	985,274.42	999,763.63	941,354.00
Current portion of provision for retirement benefits	14,071,909.98	12,208,438.14	12,791,719.00
Provision for Profit Sharing	3,020,650.84	3,254,319.26	5,038,532.00
Income Tax payable	886,818.30	-	200,258.00
	<u>37,903,201.15</u>	<u>48,473,005.29</u>	<u>43,499,053.00</u>
<b>TOTAL LIABILITIES</b>	<u>82,218,010.99</u>	<u>97,761,670.77</u>	<u>90,614,106.00</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<u>180,285,370.67</u>	<u>186,170,161.77</u>	<u>184,209,138.00</u>

**GRENADA ELECTRICITY SERVICES**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the six months ended June 30, 2015-2014 and year ended December 31, 2014**

	Unaudited June 30, 2015	Unaudited June 30, 2014	Audited December 31, 2014
<b><u>INCOME</u></b>			
Sales - Non Fuel Charge	38,945,424.73	39,271,914.33	77,070,193.78
- Fuel Charge	38,097,061.01	55,734,055.22	111,450,441.69
Unbilled Sales Adjustments	(1,607,950.01)	(212,628.66)	(345,350.32)
Net Sales	75,434,535.73	94,793,340.89	188,175,285.15
Sundry Revenue	684,410.27	814,291.61	1,732,155.86
<b>TOTAL INCOME</b>	<b>76,118,946.00</b>	<b>95,607,632.50</b>	<b>189,907,441.01</b>
<b><u>OPERATING COSTS</u></b>			
Production less Diesel Consumed	6,667,537.49	6,157,792.40	13,834,296.78
Diesel Consumed	32,317,521.44	52,247,637.84	99,348,392.83
Hurricane Provision	1,000,000.02	1,000,000.02	2,000,000.00
Planning & Engineering	1,239,223.07	1,289,450.13	2,578,336.36
Distribution	7,980,912.52	7,921,271.01	16,232,219.41
<b>TOTAL OPERATING COSTS</b>	<b>49,205,194.54</b>	<b>68,616,151.40</b>	<b>133,993,245.38</b>
<b><u>CORPORATE SERVICES</u></b>	<b>8,328,933.63</b>	<b>8,003,562.70</b>	<b>18,595,857.87</b>
<b>PROFIT BEFORE INTEREST</b>	<b>18,584,817.83</b>	<b>18,987,918.40</b>	<b>37,318,337.76</b>
<b><u>INTEREST</u></b>			
Bank Loan Interest	792,553.40	1,022,483.15	1,966,009.44
Other Bank Interest	-	1,720.61	1,720.61
Consumer Deposit Interest	248,537.64	220,079.05	461,695.89
<b>TOTAL INTEREST COSTS</b>	<b>1,041,091.04</b>	<b>1,244,282.81</b>	<b>2,429,425.94</b>
<b>PROFIT AFTER INTEREST</b>	<b>17,543,726.79</b>	<b>17,743,635.59</b>	<b>34,888,911.82</b>
<b><u>OTHER CHARGES</u></b>			
Disposal of Fixed Assets	(37,050.99)	(21,500.00)	(30,580.47)
Donations	879,039.27	888,250.57	1,745,974.61
Profit Sharing	3,255,553.22	3,313,949.25	6,326,480.99
<b>TOTAL OTHER CHARGES</b>	<b>4,097,541.50</b>	<b>4,180,699.82</b>	<b>8,041,875.13</b>
PROFIT BEFORE TAXES	13,446,185.29	13,562,935.77	26,847,036.69
Corporation Tax @ 30%	4,033,857.81	4,068,843.38	7,606,135.10
<b>PROFIT AFTER TAXES</b>	<b>9,412,327.48</b>	<b>9,494,092.39</b>	<b>19,240,901.59</b>
Dividends	4,940,000.00	4,560,000.00	9,120,000.00
<b>RETAINED PROFIT to date</b>	<b>4,472,327.48</b>	<b>4,934,092.39</b>	<b>10,120,901.59</b>

**GRENADA ELECTRICITY SERVICES LIMITED**  
**Statement of Cash Flows**  
**For the six months ended June 30, 2015 - 2014 and year ended December 31, 2014**

	Unaudited June 30, 2015	Unaudited June 30, 2014	Audited December 31, 2014
<b>Operating Activities</b>			
Profit before Income Tax	13,446,185.29	13,562,935.77	26,847,037.00
Adjustments for:			
Depreciation	5,226,587.09	5,331,529.29	10,493,331.00
Profit on disposal of fixed assets	(37,050.99)	(21,500.00)	(30,580.00)
	<u>18,635,721.39</u>	<u>18,872,965.06</u>	<u>37,309,788.00</u>
<b>Changes in Operating Assets / Liabilities</b>			
Decrease in receivables and prepayments	9,803,855.65	(2,137,923.50)	5,091,021.00
(Decrease) / Increase in accounts payable and accrued charges	(5,023,496.63)	1,082,342.49	2,996,419.00
Increase / (Decrease) in provision for retirement benefits	1,280,190.98	(3,912,135.86)	(3,328,855.00)
Decrease in inventory	8,247.82	(506,092.93)	295,719.00
Increase in related company balance	(177,044.60)	(68,343.44)	72,993.00
Payment of income tax	(3,347,297.51)	(3,638,868.19)	(6,497,285.00)
Increase in provision for profit sharing	(2,017,881.16)	(1,274,374.74)	509,838.00
	<u>19,162,295.94</u>	<u>8,417,568.89</u>	<u>36,449,638.00</u>
<b>Investing Activities</b>			
Decrease in available for sale financial assets	24,197.27	24,197.27	268.00
Disposal of fixed assets	38,250.00	21,500.00	31,500.00
Decrease / (Increase) in Suspense jobs in progress	(190,184.86)	(305,430.99)	(211,210.00)
(Increase) / Decrease in Capital Work in Progress	(1,296,499.97)	(1,355,511.61)	724,162.00
Increase in loans and receivables financial assets	(2,170,603.30)	368,045.47	(6,417,021.00)
(Increase) / Decrease in segregated investment	(7,302.34)	3,210,865.44	3,859,698.00
Decrease / (Increase) in consumer contribution to line extension	129,926.96	(327,826.42)	(597,630.00)
Purchase of fixed assets	(1,583,512.33)	(335,657.68)	(5,543,828.00)
Increase in other reserves	-	-	(268.00)
	<u>(5,055,728.57)</u>	<u>1,300,181.48</u>	<u>(8,154,329.00)</u>
<b>Financing Activities</b>			
Provision for hurricane insurance reserve	1,000,000.02	1,000,000.02	2,000,000.00
Repayment of Loan	(4,144,423.92)	(4,224,304.57)	(7,380,286.00)
Dividends paid	(4,940,000.00)	(4,560,000.00)	(9,120,000.00)
	<u>(8,084,423.90)</u>	<u>(7,784,304.55)</u>	<u>(14,500,286.00)</u>
Net Increase in cash and cash equivalents	6,022,143.47	1,933,445.82	13,795,023.00
Net cash - at the beginning of year	<u>12,885,921.00</u>	<u>(909,102.00)</u>	<u>(909,102.00)</u>
- at the end of period	<u>18,908,064.47</u>	<u>1,024,343.82</u>	<u>12,885,921.00</u>
<b>Represented by</b>			
Cash and due from banks	18,908,064.47	9,637,405.69	12,885,921.00
Bank overdraft	-	(8,613,061.87)	-
	<u>18,908,064.47</u>	<u>1,024,343.82</u>	<u>12,885,921.00</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2015

**1. Corporate Information**

Grenada Electricity Services Limited (the Company) is public and is registered in Grenada. It is engaged in the generation and supply of electricity throughout Grenada, Carriacou and Petit Martinique. It is a subsidiary of Grenada Private Power Limited of which WRB Enterprises Inc. is the majority owner.

The Company was issued a certificate of continuance under Section 365 of the Companies Act on November 8th, 1996.

The Company operates under the Electricity Supply Act 18 of 1994 (as amended) and has an exclusive licence for the exercise and performance of functions relating to the supply of electricity in Grenada. The Company is listed on the Eastern Caribbean Securities Exchange.

The registered office is situated at Grand Anse, St. George's, Grenada.

**2. Basis of Preparation**

The interim financial report for the period ended June 30, 2015 has been prepared in accordance with IAS 34, 'Interim Financial Reporting' and should be used in conjunction with the annual financial statements for the year ended December 31, 2014.

**3. Significant Accounting Policies**

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended December 31, 2014.

**4. Use of Judgements and Estimates**

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the financial statements as at and for the year ended December 31, 2014.