2016 Annual Report

Investing in the Future

ECSE
EASTERN CARIBBEAN SECURITIES EXCHANGE

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

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CORPORATE INFORMATION

Board of Directors

The Hon Sir K Dwight Venner
Chairman
Former Governor
Eastern Caribbean Central Bank

Mr D Michael Morton
Deputy Chairman
Director
TDC Group of Companies

Mr Peter Blanchard
Managing Director
General Insurance Company Ltd

Mr George S Goodluck
Managing Director
St Vincent Insurances Ltd

Mrs Sephlin Lawrence
Director
St Christopher & Nevis
Social Security Board
(Up to November 2015)

Mrs Jennifer Nero
Former Managing Director
Eastern Caribbean Central Bank

Mr Reginald Thomas
Executive Director
National Insurance Services
St Vincent and the Grenadines

Mrs Janice Jean-Jacques Thomas
Director/CEO
Dominica Social Security
(From November 2015)

Company Secretary

Ms Maria Barthelmy
Adviser – Governor's Office
Eastern Caribbean Central Bank

Management

Mr Trevor E Blake
General Manager/CEO

Mr Tarlie Francis
Senior Manager
Market Operations Division

Mrs Denise Parris-Mertins
Manager
Administration Division

Registered Office

P O Box 94 ◆ Bird Rock ◆ Basseterre ◆ St Kitts

Subsidiary Companies

Eastern Caribbean Central Securities Registry Limited (100%)

Eastern Caribbean Central Securities Depository Limited (100%)

Auditors

KPMG Eastern Caribbean
Cnr Factory Road and Carnival Gardens, St. John's, Antigua

Solicitors

Kelsick, Wilkin & Ferdinand
South Independence Square Street, Basseterre, St Kitts

Bankers

St Kitts-Nevis-Anguilla National Bank Ltd
Central Street, Basseterre, St Kitts

CIBC FirstCaribbean International Bank (Barbados) Ltd
The Circus, Basseterre, St Kitts

STATEMENT OF CORPORATE GOVERNANCE PRINCIPLES

The Eastern Caribbean Securities Exchange Limited (ECSE), the Eastern Caribbean Central Securities Registry Limited (ECCSR) and the Eastern Caribbean Central Securities Depository Limited (ECCSD) continue to promote high standards and principles of corporate governance throughout the Group. This statement of corporate governance practices provides a brief description of the Group's approach to governance.

LEGAL FRAMEWORK

The ECSE was incorporated in the Federation of St Christopher and Nevis under the Companies Act of 1996 as a public limited liability company. It is licensed under the Securities Act of 2001, a uniform regional body of legislation in Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, St Christopher and Nevis, Saint Lucia, and St Vincent and the Grenadines. The Act provides for the protection of the investing public by creating the Eastern Caribbean Securities Regulatory Commission (ECSRC) that regulates the securities market, securities exchanges, persons engaged in securities business and the public issue of securities. The ECSE facilitates the trading of a range of financial products, including equities, corporate bonds, and government securities.

The ECCSR and ECCSD, both wholly owned subsidiaries of the ECSE, were also incorporated in St Christopher and Nevis in 2001 as public limited liability companies, under the 1996 Companies Act. The ECCSR and ECCSD are also both licensed and regulated by the ECSRC, under the Securities Act of 2001..

BOARD OF DIRECTORS

The Board of Directors of the ECSE is responsible for the strategic guidance of the Company, and is focused on both protecting the interests of all stakeholders and optimizing shareholder value.

The Board of Directors consists of seven members elected in accordance with Article 81 of the Articles of Association of the ECSE. The Directors include regional business leaders and professionals, who bring considerable expertise and experience to the decision-making processes. The Board of Directors typically meets on a bi-monthly basis and regularly reviews the Group's financial and operational performance.

In accordance with the Articles, all of the Directors retire at each Annual General Meeting of the company. Directors are eligible for nomination by their respective classes for re-election to the Board.

BOARD COMMITTEES

Committees of the Board have been established, in accordance with Article 80 of the ECSE's Articles, to enhance the Board's effectiveness in the proper governance of the Group.

The composition of the Committees is as follows:

Executive Committee

The Hon Sir K Dwight Venner – Chairman
Mr D Michael Morton
Mr Reginald Thomas
Mr Trevor E Blake

Audit Committee

Mrs Jennifer Nero– Chairperson
Mr George S Goodluck
Mrs Janice Jean-Jacques Thomas

Budget, Finance and Administration Committee

Mr Reginald Thomas – Chairman
Mr Peter Blanchard
Mr George S Goodluck

Listings and Registry Services Committee

Mr George S Goodluck– Chairman
Mr Peter Blanchard
Mr D Michael Morton

Intermediary Development and Market Structure Committee

Mr Peter Blanchard – Chairman
Mr George S Goodluck
Mrs Jennifer Nero

The Company Secretary and the General Manager facilitate the functioning of the Committees.

SUBSIDARIES

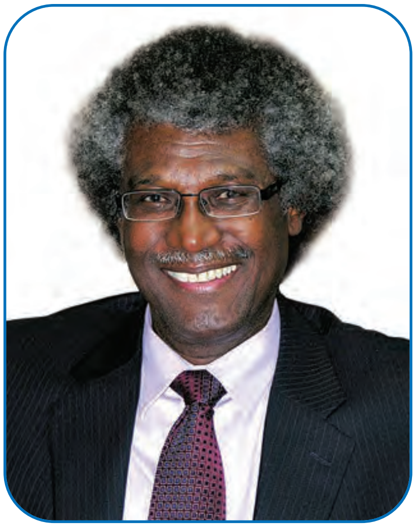
The Boards of Directors of the two subsidiary companies, the ECCSR and the ECCSD each comprise five members, drawn from the ECSE's Board of Directors. The composition of both Boards is as follows:

The Hon Sir K Dwight Venner - Chairman
Mr D Michael Morton - Deputy Chairman
Mr Peter Blanchard
Mr George S Goodluck
Mrs Jennifer Nero

Company Secretary

Ms Maria Barthelmy

CHAIRMAN'S STATEMENT



On behalf of the Board of Directors of the Eastern Caribbean Securities Exchange Limited (ECSE), it is my pleasure to present the Annual Report of the ECSE with the audited financial statements for the year ended 31 March 2016.

Globally, the International Monetary Fund in its April 2016 update of the World Economic Outlook (WEO), opined that global activity remained subdued in 2015, with growth estimated at 3.1 per cent, slightly lower than the 3.4 per cent which was registered in 2014. The subdued performance was largely influenced by a deceleration in emerging market and developing economies, accompanied by low commodity prices, and lower capital and global trade flows.

The Federal Reserve is still hesitating on moving interest rates and this is having a tremendous impact on the markets. The low interest rate environment is affecting central bank reserves including the ECCB.

The banking situation in Europe including the fate of Deutsche Bank and other large financial institutions in Italy could have a significant impact on the global financial market.

Emerging geo-political developments, such as the withdrawal of the United Kingdom from the European Union, dubbed Brexit, and the pending US presidential elections, cast some degree of uncertainty over the future, as we contemplate what they would mean for the region.

The current state of the Chinese economy could also have implications for global trade.

In the Eastern Caribbean Currency Union (ECCU), economic activity is forecasted to have expanded in 2015 by 2.7 per cent compared with growth of 3.2 per cent in 2014. This expansion was due to a number of factors including developments in the economies of the major trading partners and growth in output in a number of sectors in the domestic economy.

The ECSE has played a fundamental role in improving the economic and commercial standards in the region by influencing improvements in corporate governance, commercial and financial practices, promoting greater deployment of technology and facilitating attitudinal changes befitting a modern society. As one of the premier capital market institutions in the region, the ECSE has been a pioneer in the promotion of best practices in order to facilitate seamless integration into a globalized world. In addition, given the nature of how businesses are financed in the region through commercial bank debt, one of the roles of the ECSE is to encourage alternate means of financing through equity and other non-debt methods.

Over the 2015/2016 financial year, the ECSE performed commendably. As at 31 March 2016, there were 119 securities listed on the Exchange, an increase of 10 instruments or 9.2 per cent over the previous financial year.

While the Regional Government Securities Market, (RGSM), continued to be the main driver of activity in the primary markets in the financial year, there was some contraction in RGSM activity; with the number of instruments auctioned falling by 3.6 per cent from 56 to 54 instruments in the year ended 31 March 2016.

The Governments of Antigua and Barbuda, the Commonwealth of Dominica, Grenada, Saint Lucia and St Vincent and the Grenadines, continued to be the primary issuers on the market, issuing a total of 54 sovereign debt instruments during the year raising a total of $1.1 billion.

I am particularly pleased to report that from inception to date, the Member Governments of the ECCU have raised $9.2 billion on the RGSM. Importantly, Member Governments continued to attract favourable interest rates on the market with the rates on 91-day Treasury bills ranging from 1.0 per cent to 6.0 per cent during the year, with an average rate of 3.4 per cent. This demonstrates the value of the market to the Member Governments in reducing their costs of funds, providing fiscal space to address other economic, social and development issues.

While the instruments are mainly concentrated in the short end of the market, Member Governments now have to be encouraged to move to medium and long term issues and would therefore need to move to fiscal consolidation and the proper management of debt.

For the financial year the Eastern Caribbean Home Mortgage Bank (ECHMB), the sole corporate issuer of securities on the primary market of the Eastern Caribbean Securities Market (ECSM), increased its activity during the year auctioning three short-dated bonds, which raised a total of $87.6 million. This demonstrates the level of complementarity of the ECSE and ECHMB in deepening the region's money and capital markets. Notwithstanding, the private sector needs to be encouraged to place corporate bond issues on the market so that the market can be more diversified.

For another year the Group's registry subsidiary, the Eastern Caribbean Central Securities Registry Limited (ECCSR) continued to contribute significantly to overall operations and the ECSE group's income. During the year, the ECCSR recorded growth in most of the main areas of activity. This, combined with its critical function of enhancing business operational efficiency through the maintenance of companies' registers, processing debt service and dividend payments on behalf of clients, and other corporate action and account management services, highlights its role in the development of the region.

The ECSE continued its focus on promoting good corporate governance standards in the region by collaborating with the Institute of Chartered Secretaries and Administrators/Chartered Secretaries Canada (ICSA/CSC), an internationally renowned body, on the delivery of another Directors' Education and Accreditation Programme (DEAP) seminar in St Kitts during the year. The ECSE must continue to deliver these courses and ensure that it becomes the institution of choice for persons desirous of becoming accredited directors. To date 17 courses have been delivered with over 380 persons achieving the designation of accredited director.

During the year the ECSE made significant strides towards completing the first phase of a major IT project aimed at modernizing its entire IT environment through the replacement of its CSD and Trading Applications which it has had since inception in 2001.

The migration to this new modern CSD platform will bring the ECSE Group's post-trade operations back to the cutting edge of technology and enable the Group to enhance the quality of service provided to its various clients, and to achieve greater efficiencies in its operations.

Shareholders, I am pleased to report that the Group's financial outturn was favourable with net profits for the year ended 31 March 2016 amounting to $1.5 million, 21.1 per cent above the previous year's results.

The ECSE continues to strategically position itself to enhance its intermediation role of in the emerging financial architecture in the ECCU. The ECSE remains resolute in plans to re-launch its Entry Level Tier (Junior) Market, which is expected to enable greater participation by Small and Medium Enterprises. It is expected that initiatives such as this will enhance the ECSE's prominent role in the region as an efficient mobiliser of resources to promote development.

Shareholders the securities market, the Exchange, the Eastern Caribbean Central Securities Registry and the Eastern Caribbean Central Securities Depository and the RGSM demonstrate what we can collectively do as a region, for our region and the people of the region.

As we move into another year of operations, I would like to thank the Shareholders for your continued commitment to the ECSE. I also thank the Board of Directors, management and staff for their commendable efforts during the course of the year.

The Honourable Sir K Dwight Venner
Chairman

REVIEW OF OPERATIONS

Growth in the global economy decelerated to 3.1% in 2015, underperforming projections. Although advanced economies grew at the same rate, a moderate 1.9%, as in 2014, emerging market and developing economies, though still contributing about 70% of global growth, slowed to 4.0% in 2015, compared to 4.6% in the previous year. Growth is projected to remain lackluster in 2016, with subdued activity in advanced economies due mainly to uncertainty over Brexit. The forecasted recovery in emerging market and developing economies, however, is projected to maintain global economic growth at the 2015 level.

Growth in the Eastern Caribbean Currency Union (ECCU) in 2015 also underperformed projections. Real GDP, which grew by 2.7% in 2015, lagged both the forecasted 2.9%, and the 3.2% achieved in 2014. Expansion was recorded in most sectors, with construction, in particular, expanding sharply in 2015. Conversely, growth in the hotel and restaurant, and the agriculture, livestock and forestry, sectors slowed considerably, and a decline was recorded in manufacturing.

Value added in the ECCU economy is forecasted to maintain a favourable performance. Growth is projected to remain positive in 2016, based on continued buoyancy in construction and improvements in the hotel and restaurant and the agriculture, livestock and forestry sectors, which should fuel expansion in other sectors. This, however, depends to a large extent on the continued expansion in the global economy.

Within this moderately benign environment, the ECSE Group produced a mixed performance in the financial year ended 31 March 2016. The number of listed securities increased by 9.2% or 10 additional instruments, to stand at 119 at year end. However, primary market activity was relatively flat, as the Regional Government Securities Market (RGSM), recorded a slight contraction. Secondary market trading recorded a marked decline, as trades in both fixed income and equities contracted. The EC Share index fell 50 basis points to close the year at 141.97. The Registry, however, continued to record growth in most areas of operations.

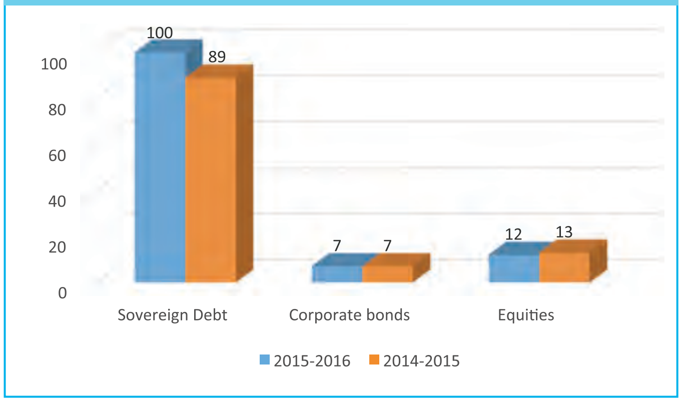
Notwithstanding, the Group's financial outturn was favourable. The net profits for the year ended 31 March 2016 amounted to $1.5 million, 21.1% above the previous year's results, maintaining the year-on-year growth trend.

MARKET OPERATIONS

LISTINGS

At 31 March 2016, there were 119 securities listed on the Exchange, an increase of 10 instruments or 9.2% over the year. This comprised 100 sovereign debt instruments, 12 equities and seven corporate bonds. The growth over the year was concentrated in sovereign debt securities; the number of corporate listings decreased by one during the year.

LISTED SECURITIES

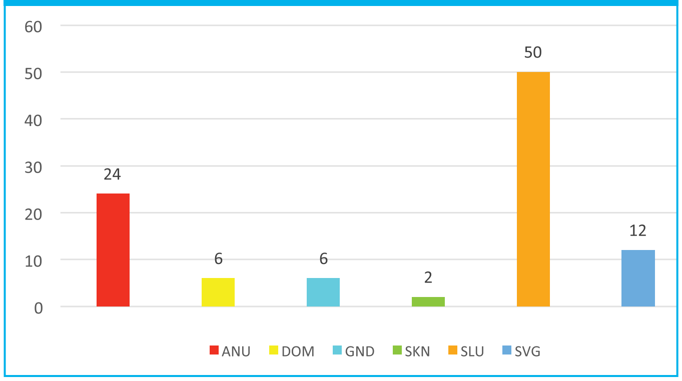


During the year, 73 new fixed-income securities, 48 Treasury bills, 14 bonds and 11 notes, were listed on the market. Over the same period, 62 securities, 48 Treasury bills, 11 bonds and three Notes, were redeemed on maturity, resulting in the increment of 11 in the number of listed debt securities. The number of listed equities fell by one as a cross-listed company delisted during the year.

Sovereign Debt Securities

During the year, the number of sovereign instruments listed on the ECSE increased by two, or 23.6%, to stand at 100 at year-end. This asset class now represents 84.0% of total market listings.

LISTED SOVEREIGN DEBT



The Government of Saint Lucia continued to be the lead issuer, accounting for 50.0% of the listed sovereign debt and 42.0% of total market listing.

Corporate Securities

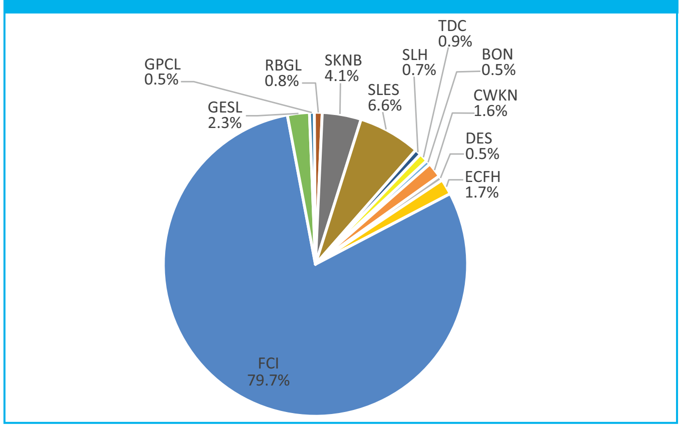
The number of corporate securities listed on the Exchange at 31 March 2016 fell by one to 19, due to the delisting of a cross-listed regional company.

In March, the Trinidad Cement Ltd (TCL) delisted from the ECSE, reducing the number of listed equities to 12, comprising 11 domestic listings and one cross-listed equity. The number of listed corporate debt securities was unchanged at seven, as the three bonds that were redeemed on maturity were replaced by succeeding issues.

MARKET CAPITALIZATION

At 31 March 2016, the market capitalization of the 12 equities listed on the Exchange totaled $8.1 billion. This represented a marked declension of $3.5 billion or 30.0% compared to the position at the previous year-end, attributable mainly to a decline in the CIBC FirstCaribbean Bank International (Barbados) Ltd (FCI) share price and the delisting of TCL.

MARKET CAPITALIZATION



FCI continued to dominate the market, with 79.7% of total market capitalization.

PRIMARY MARKETS

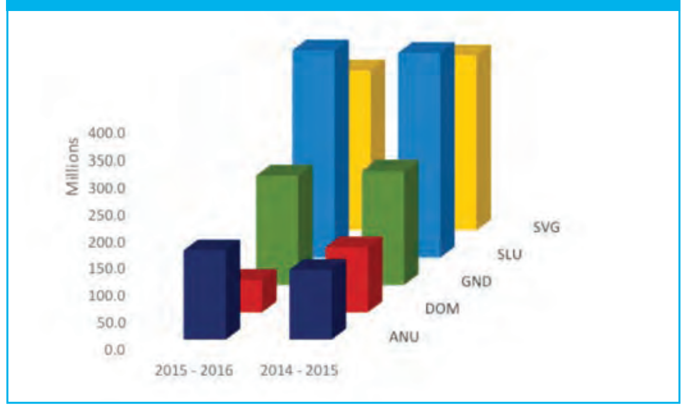
The RGSM, continued to be the main generator of activity in the primary markets in the financial year ended 31 March 2016. Of the 57 instruments auctioned on the primary issuance platform during the year, 54 were sovereign issues on the Regional Government Securities Market (RGSM). Three corporate bonds were issued in the Eastern Caribbean Securities Market (ECSM).

While the number of auctions was the same as in the previous year, the aggregate auction proceeds increased marginally by $2.8 million or 0.2%.

RGSM

There was some contraction in activity on the RGSM during the year. Compared to the previous financial year, the number of instruments auctioned fell by 2 or 3.6% to 54 in the year ended 31 March 2016. Two Governments increased their activity, but this was offset by reductions by another two.

RGSM ACTIVITY



The Governments of Antigua and Barbuda, the Commonwealth of Dominica, Grenada, Saint Lucia and St Vincent and the Grenadines, continued to be active in the market, issuing, collectively, 54 sovereign debt instruments during the year. Together these issues raised a total of $1.1 billion, 4.7% or $54.8 million below the aggregate proceeds of the previous year. From inception to date, Governments have raised $9.2 billion on the RGSM.

The Government of Saint Lucia remained the market leader in the financial year ended 31 March 2016. Saint Lucia increased its auctions in the financial year by two instruments, raising its take by $4.5 million or 1.2% to $381.3 million, representing 34.6% of the total RGSM auction proceeds. The Government of Antigua and Barbuda also increased its activity, issuing an additional instrument, raising an incremental $36.3 million or 28.2%, for a total of $165.0 million, which represented 15% of aggregate RGSM proceeds for the year.

Activity by the Government of the Commonwealth of Dominica declined sharply during the year, as half as many instruments were auctioned as in the previous year. The three auctions held raised $60.0 million, 50% below its take in the previous year, and represented 5.4% of the RGSM total. The Government of St Vincent and the Grenadines held two fewer auctions, issuing 12 instruments that raised $293.5 million, $27.7 million or 8.6% below the previous year's proceeds. The sum raised accounted for 26.6% of the funds raised in the RGSM during the year.

Of the 54 securities auctioned on the RGSM during the review year, 53 were over-subscribed, continuing to reflect a strong demand for investment products. Overall, an over-subscription level of $424.8 million or 42.5% was recorded, almost 25% above the level in the previous year.

Issuing Governments continued to benefit from the excess liquidity in the system, and the strong demand for sovereign paper. Some Governments continued to attract very favourable interest rates, and the mean rates appear to be falling. Rates on 91-day Treasury bills ranged from 1.0% to 6.0% during the year, averaging 3.4%. Rates at the higher end of the range fell by 50 basis points and the mean rate declined by 70 basis points from previous year's level.

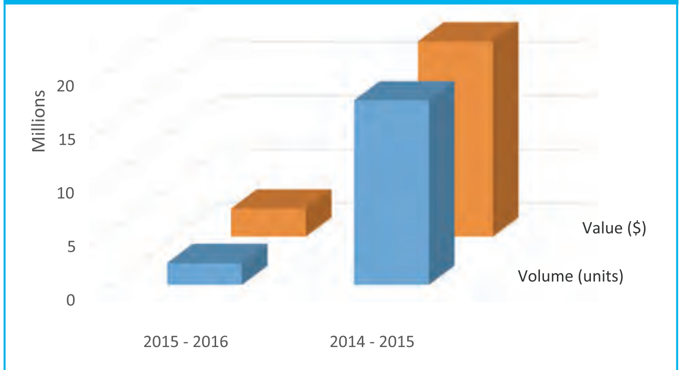
ECSM

The Eastern Caribbean Home Mortgage Bank (ECHMB), the sole corporate issuer of securities on the primary market of the Eastern Caribbean Securities Market (ECSM), stepped up its activity during the year. The ECHMB, in repositioning its liability structure, auctioned three short-dated bonds, which raised a total of $87.6 million. This was $57.6 million or 192.1% above the sum raised in its single bond issue in the previous year.

SECONDARY MARKETS

There was a marked contraction in activity on the secondary market in the year ended 31 March 2016.

TRADING ACTIVITY



During the year, 2.0 million units of securities traded at an aggregate value of $2.6 million in 189 transactions. While the number of trades fell 17.1%, the volume and trade values recorded significant declines of 88.2% and 85.7%, respectively, compared to the previous year. This falloff could be attributed, in the main, to a sharp falloff in trades of fixed income securities.

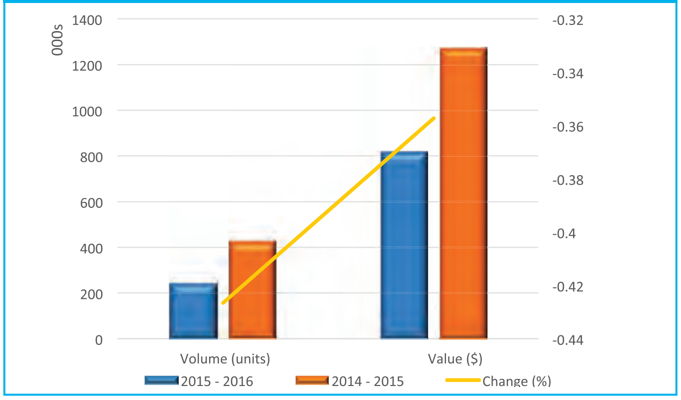
Fixed Income

Trades of fixed income securities, which consist primarily of sovereign debt instruments, fell sharply during the financial year and accounted for 7.4% of total secondary market trades compared to 10.5% in the previous year. There were 14 transactions in which a total of 1.8 million units of debt securities traded, significantly below the activity in the previous year when 16.7 million units were traded in 24 transactions.

Equities

In the year ended 31 March 2016, trades of equities also experienced a marked decline from the activity recorded in the previous year. During the year, there were 175 trades in which 246,066 units of equities were exchanged at a value of $0.8 million. This was 42.7% lower in volume and 35.7% lower in value, when compared to the previous year.

EQUITIES TRADES



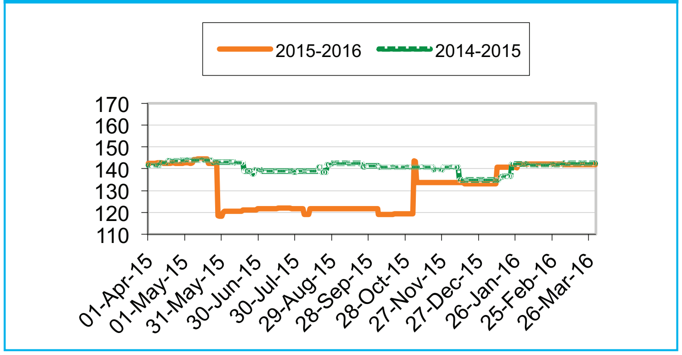
SKNB, which recorded a traded volume of 64,347 units at a value of $150,343, was the most actively traded stock with 44 trades accounting for 25.1% of all equities transactions. ECFH, which recorded a traded volume of 24,279 units at a value of $143,302, was also active with 41 trades or 23.4% of equities' transactions.

In addition to the activity on the trading board, 0.4 million units of securities were put through the market in 23 transactions, during the financial year. This was broadly on par with the cross trade activity in the previous year.

EC-SHARE INDEX

The ECSE EC-Share Index, which stood at 142.62 at the start of the year, fell marginally, by 0.65 points or 0.5% to close at 141.97 on 31 March 2016.

SHARE INDEX



This level at year-end reflects the weakening experienced in the prices of four securities, CWKN, ECFH, SLES and TDC. The major deviations during the year, however, resulted from sharp price variations of one stock.

REGISTRY SERVICES

The services carried out by the Group's registry subsidiary, the ECCSR, continued to contribute significantly to overall operations. These activities also generated a major portion of the Group's income.

During the year, the ECCSR recorded growth in most of its main activities. The number of securities registered increased by 9.2%, there was an 11.5% increment in number of corporate actions processed, and aggregate disbursements increased by 5.5%.

Registrations

At 31 March 2016, the securities' registers maintained at the ECCSR stood at 130, having increased by 11 or 9.2% over the previous year. These registers, which were held on behalf of 17 corporate issuers, six Sovereign issuers and one Local Government, comprised 113 fixed income instruments and 17 equities.

The ECCSR also acts a sub-registrar for the cross-listed security, FCI. Of the total, 107 debt securities and 12 equities were listed on the ECSE.

The increment of 11 in the stock of registered securities was contributed exclusively by sovereigns. The number of sovereign debt securities increased 11.8% from 93 to 104 instruments, comprising 64 bonds, 20 Treasury bills and 20 notes.

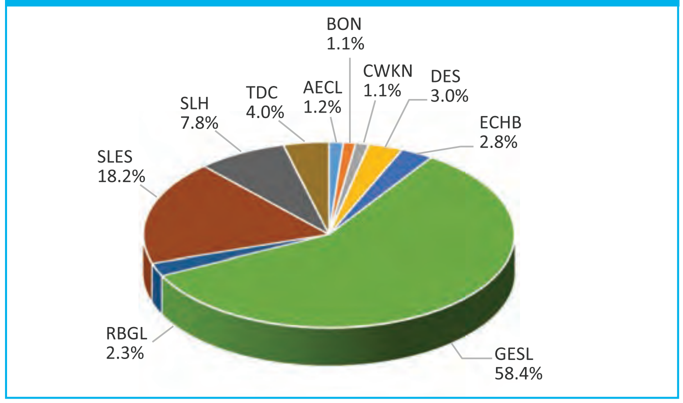
Corporate Actions

The number of corporate actions processed continued to increase year-on-year, recording an 11.5% expansion to 253 events during the financial year ended 31 March 2016. These comprised payments of $1.5 billion on behalf of 10 corporate clients, six sovereigns and a local Government. Of this, $1.3 billion represented debt service payments made on behalf of sovereigns, $98.2 million were debt service payments by corporate issuers, and $65.7 million represented dividends paid out. Aggregate payments during the financial year reflected an increase of $75.3 million or 5.5% over the previous year.

Dividends

There was a marked increase in dividends processed by the Registry during the financial year. The dividends paid out to shareholders of 10 companies expanded by 123.4% to $65.7 million. This increment was due mainly to a special dividend paid by one issuer, and to distributions in the 2015-2016 financial year by two issuers that did not declare dividends in the previous financial year.

DIVIDEND PAYMENTS



The Grenada Electricity Services Ltd was the largest contributor, paying out $38.4 million or 58.4% of the total dividends paid.

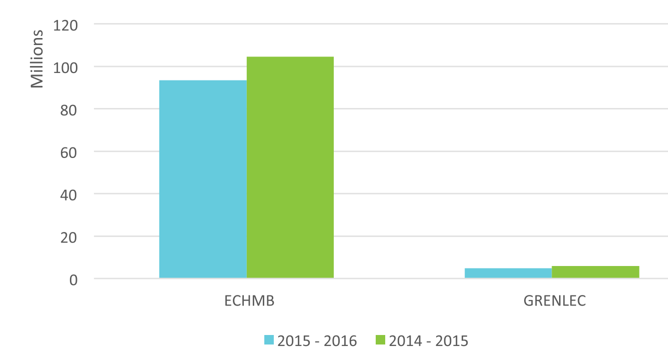
Debt Service Payments

Payments made to holders of all debt securities during the financial year, which amounted to $1.4 billion, grew marginally by $39.0 million or 2.9% from the previous year's debt service payments. Although two issuers recorded significant increases, these were largely offset by declines by the other seven issuers.

Corporates

The two issuers of corporate debt securities in the ECSM, Eastern Caribbean Home Mortgage Bank (ECHMB) and the Grenada Electricity Services Ltd, both recorded lower debt service payments in comparison to the previous year. The ECCSR made 16 payments of interest and principal totaling $98.2 million to holders of the bonds of these issuers, which was 11.1% of $12.3 million below the sum paid out in the previous year.

CORPORATES - DEBT SERVICE PAYMENTS



The payments on corporate securities comprised interest of $7.0 million, $2.8 million or 28.7% below the previous year's figure, and principal redemption of $91.2 million, $9.5 million or 9.4% below the previous year's redemptions. The ECHMB accounted for 95.1% of the sum paid out.

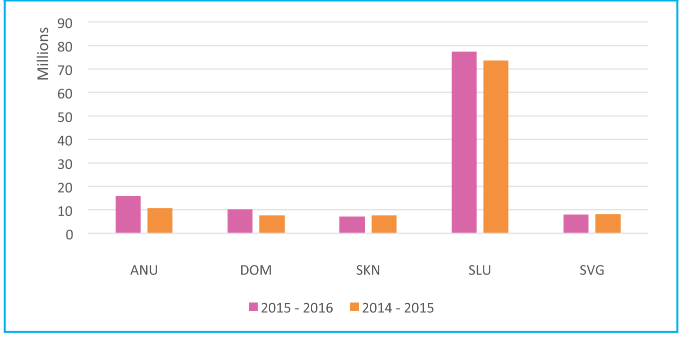
Sovereigns

During the year, payment to holders of sovereign debt securities amounted to $1.3 billion, reflecting an increase of $51.2 million or 4.1% from the sum paid out in the previous financial year. The Government of Saint Lucia, increased its disbursements by $139.5 million or 35.8% to $529.1 million, which represented 40.9% of the total. The Government of St Vincent and the Grenadines, which recorded a decrease of $56.9 million or 15.9%, remained the next largest contributor with $301.2 million or 23.3% of aggregate disbursements.

Interest

Interest paid on Treasury notes and bonds amounted to $118.5 million during the year, $10.6 million or 9.9% above the sum paid in the previous year. Three of the five sovereign issuers of these securities recorded increases in their interest payments, contributing to this expansion. The Government of Saint Lucia, the lead issuer of debt securities in the market, accounted for 65.2% of the total.

INTEREST PAYMENTS



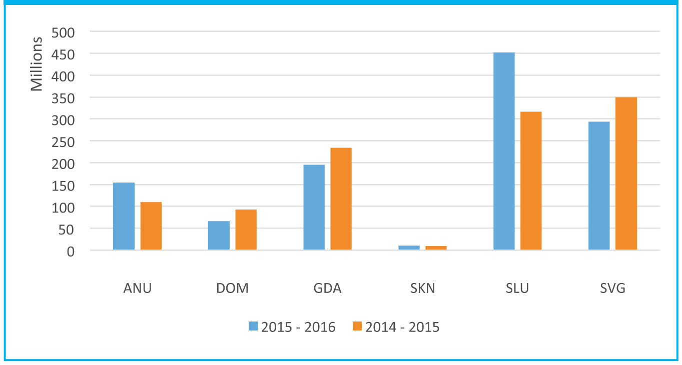
Principal Redemptions

During the year, the principal redeemed on sovereign debt instruments totaled $1.2 billion dollars, increasing by $40.6 million or 3.6% over the redemptions in the previous year. Redemptions of Treasury bills, which amounted to $915.4 million, fell by $19.8 million or 2.1% year on year and accounted for 78.0% of the aggregate. Principal repayments on amortising and maturing notes and bonds recorded an increase of $60.4 million or 30.5% to total $258.2 million, representing 22.0% of all redemptions.

The Government of Saint Lucia redeemed 12 Treasury bills, and made 25 principal redemption payments on 16 bonds and notes, paying out $451.8 million, $135.8 million or 43.0% above the total redeemed in the previous year. This represented 38.5% of the total principal repayments.

The Government of St Vincent and the Grenadines was the next largest contributor with 25.0% of total disbursements. This Government redeemed eight Treasury bills and made nine principal repayments, for a total payout of $293.3 million, which was $56.8 million or 16.2% below its disbursements in the previous year.

PRINICIPAL REDEMPTIONS



Other Services

Charges/Pledges

At 31 March 2016, there were 441 charges/pledges registered on securities maintained at the ECCSR. These covered 146.7 million units of 86 securities, comprising 121.9 million units of 72 debt instruments, and 24.8 million units of 14 equities.

During the year, 66 new charges/pledges, 23 fewer than in the previous financial year, were registered on 67.5 million units of 33 securities. Relatedly, 50 charges/pledges, 12 fewer than in the prior year, were released, resulting in an increment of 16 in the number of charges registered. In addition, the ECCSR processed 68 partial releases where units of charged/pledged securities were released.

Account Maintenance

In 2015-2016, the ECCSR processed 1,619 registry services transactions, 5.4% below the level of activity recorded in the previous year. These comprised asset maintenance and account management activities (excluding charges/pledges) undertaken on behalf of securities holders.

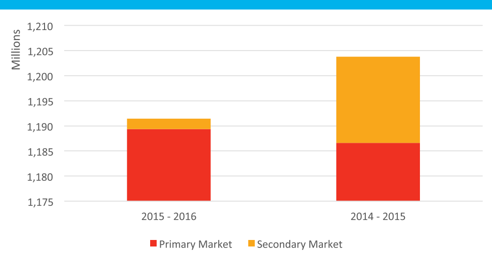
DEPOSITORY SERVICES

During the financial year, a total of 1.2 billion units of securities were cleared and settled by the Eastern Caribbean Central Securities Depository Ltd (ECCSD) in 937 transactions. Although the number of transactions grew 6.1% over the year, the volume and value both declined by approximately 1.0% from the levels recorded in the previous year. The declines were attributable to the falloff in secondary trades.

The CSD cleared and settled 1.19 billion units of securities from 748 primary market transactions during the year. While this represented a 14.2% increase in the number of transactions, the volume grew only marginally, by 0.2%.

There was a marked decrease in activity generated from the secondary market transactions, as the volume of securities cleared and settled fell 88.2% to 2.0 million units.

DEPOSITORY ACTIVITY



At year-end, 3.3 million units of securities were held in custody at the ECCSD on behalf of five participant intermediaries. These comprised 1.8 million units of equities, 1.0 million units of sovereign debt securities and 0.5 million units of corporate bonds.

INTERMEDIARIES

The expansion of the ECSE's Intermediary Network, which had been contracting for some time, was a positive development in the financial year. In March 2016, the Grenada Co-operative Bank Ltd (GCB), which had been previously licensed by the Eastern Caribbean Securities Regulatory Commission (ECSRC), completed the membership requirements and became an ECSE member Broker-dealer and ECCSD participant. This marked the return of full-time domiciliary securities brokerage business in Grenada, a much welcomed development, after an absence of almost six years.

The Intermediary Network now consists of six broker dealers, with offices in four ECCU member countries.

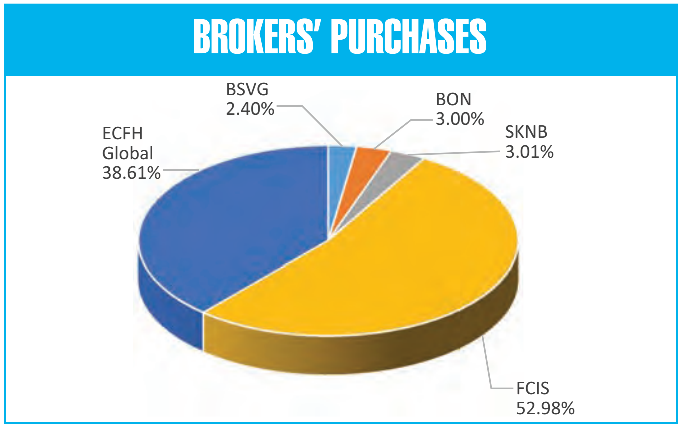
Intermediary Working Group

The Intermediary Working Group (IWG), the trade grouping established to represent the interests of the ECSE-member broker dealers, continued its networking and representational activities during the year. Four meetings were held at which the Group deliberated on matters of mutual interest, including market development and operational issues, staff training, preparatory activities for the new CSD application, and the proposed transition to a formal Broker-dealer association. At the meeting held in St Kitts in May 2015, in accordance with the rotation policy, chairmanship of the Group passed to The Bank of Nevis Limited. The Bank of St Vincent and the Grenadines Limited also assumed the vice-chairmanship at this meeting.

Intermediary Activity

During the year ended March 2016, a reduction was recorded in broker-dealer activity, as measured by total volume of securities transacted, in comparison to the previous financial year. Intermediaries negotiated 1.2 billion units of securities on both the primary and secondary markets, which represented a decrease of 12.4 million units or 1.0% from the volume transacted in the previous financial year. This decrease was due mainly to falloff in secondary market activity.

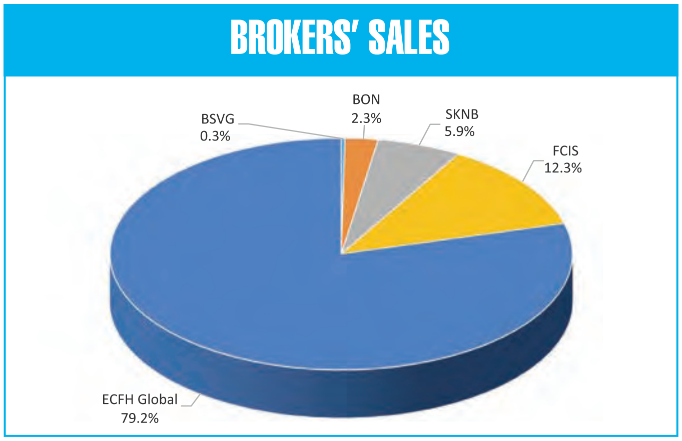
Of the five brokers that were active in the markets, only two, The Bank of Nevis Limited (BON) and First Citizens Investment Services Limited (FCIS), recorded growth in activity. The BON increased its volume 82.4% over the year, to 35.6 million units of securities.



Five member broker-dealers were active as buyers in both the primary and the secondary markets, with volumes ranging from 28.6 million to 631.3 million units. The volume leaders were FCIS with 631.3 million units, which represented 53.0% of the aggregate, and ECFH Global with 460.1 million units or 38.6% of the total.

Five brokers were on the sell side of trades in the secondary market during the year. Collectively, these brokers placed 2.0 million units of securities, which, compared to the previous financial year, represented a decrease of 17.2 million units or 88.2%. This reflected the sharp decline in the trading of both equities and debt securities.

Four of the five brokers, BON, ECFH, FCIS and SKNB recorded marked decreases in sales volumes, ranging from 32.7% to 90.1%, when compared with the previous year.



EDUCATION AND AWARENESS

INFORMATION DISSEMINATION

During the year, the ECSE continued its public dissemination of reports and media releases. These included daily reports on trading activity and other market events, market news, financial tips, press releases, issuers' statutory filings and market disclosures, which were published throughout the region via radio, television, and print media. In addition, primary market activity reports covering auctions on the RGSM continued to be provided to Bloomberg USA, for access by its subscribers. All of the material disseminated were also made available on the ECSE's website, www.ecseonline.com.

FINANCIAL INFORMATION MONTH

The annual observation of Financial Information Month (FIM), coordinated by the ECCB, continued in October 2015. During the month, the ECSE, in conjunction with other financial institutions and other stakeholders, participated in a number of activities, under the theme 'Lead, Empower, Achieve, Develop', aimed at effecting the change needed to catalyse financial entrepreneurial, business and economic success at personal and institutional levels. These activities and events included the FIM Business Symposium and Innovative Forum, and media appearances.

ANNIVERSARY CELEBRATIONS

October 19, 2015 marked the 14th anniversary of the launch of the ECSE and the regional securities market. To commemorate this milestone, therefore, a number of celebratory activities were held during the month, concurrent with FIM activities. Directors, Management and Staff worshipped at a commemorative church service in Basseterre, jointly with the Management and Staff of the Eastern Caribbean Central Bank, which was celebrating its 32nd anniversary.

Public awareness of the anniversary was promoted through announcements in the ECSE's daily news reports and in the reports issued by ECSE member intermediaries in the regional media. The General Manager also discussed the role and operations of the ECSE on a live radio programme.

SHAREHOLDER EVENTS

The ECSE Group continued to expand its services to client issuers during financial year. This year, the ECCSR facilitated the Annual General Meeting (AGM) of a client company in Grenada and facilitated aspects of an Extraordinary General Meeting of another client in St Kitts and Nevis. Shareholder service desks were also operated at these meetings, and at six other AGMs.

YOUTH OUTREACH

The ECSE continued to actively promote the sensitization and exposure of the youth to finance and investment matters by supporting a number of ongoing programmes in St Kitts and Nevis. The more noteworthy of these are the Junior

Achievement Company Programme, the Young Employee Socialization programme and High Schools' work attachment programme, which attract the ongoing support and involvement of the ECSE and its staff.

A new feature this year, was a visit by students of tertiary institutions from across CARICOM as a part of a field promotion initiative to engage students in the CSME. Discussions focused on the free movement of capital and the right of establishment, and on the operations of the ECSE as a regional exchange.

MEMBERSHIPS & AFFILIATIONS

The ECSE Group continued to maintain membership of strategic industry associations and groupings, in order to benefit from training and networking opportunities and exposure to information on developments in the industry. Through the ECCSD, the Group continued to play an active role in the Association of Securities Depositories of the Americas (ACSDA). In May 2015, the General Manager was re-elected to ACSDA's Executive Committee at the General Assembly held in Cancun.

The ECCSR also maintained its membership of the Securities Transfer Association.

CORPORATE GOVERNANCE

During the financial year, the ECSE maintained a focus on promoting good corporate governance standards in the region. In October 2015, the ECSE collaborated with the Institute of Chartered Secretaries and Administrators/Chartered Secretaries Canada (ICSA/CSC) on the delivery of a Directors' Education and Accreditation Programme (DEAP) seminar in St Kitts.

The ECSE also maintained its membership of the Caribbean Association of Audit Committee Members (CAACM) and continued to support its activities. In June 2015, a member of the Board Audit Committee participated in the 9th Annual Conference & General Meeting held in Antigua.

WORKSHOPS

In June 2015, the ECSE partnered with CariCRIS to host the two-day workshop on 'Risk Management of Investment Portfolios'. This training course, which was held in St Kitts, attracted a diverse group of risk, investment and finance professionals from banking and insurance industries.

ADMINISTRATION

PERSONNEL

Milestones

In May 2015, two members of staff, Mrs Denise Parris-Mertins - Manager, Administration Division and Ms Teesea Nero - Operations Officer, Market Operations Division, completed 10 years of service with the ECSE Group. Congratulations are extended to Mrs Parris-Mertins and Ms Nero for achieving this milestone. Their service and valued contributions over the years have been appreciated.

Movements

In February 2016, the Manager, Administration Division, Mrs Denise Parris-Mertins, retired from the Group, after almost 11 years of service. Mrs Parris-Mertins services have been temporarily retained by the Group for a period of one year.

STAFF DEVELOPMENT

The ECSE Group's human resources is a most critical asset, and, during the year, focus continued to be placed on developing this resource. Staff was exposed to training and development activities to broaden knowledge bases and enhance skill sets. Events this year, which included in-house and external programmes, concentrated mainly on core operations and a number of critical areas that support the Group's operations.

DATE	TRAINING EVENTS
April 2015	Administrative Professionals Leadership Seminar, St Kitts
May 2015	New CSD User Training, St Kitts
May 2015	Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF), St Kitts
July 2015	FATCA Reporting, St Kitts
September 2015	FATCA Reporting Portal User Training, St Kitts
November 2015	Adobe Dreamweaver User Training, St Kitts

Management and staff also participated in a number of industry specific and other related conferences and meetings during the year.

DATE	CONFERENCES & MEETINGS
May 2015	ACSDA's 17th General Assembly/Global Conference of Central Securities Depositories Cancun, Mexico.
August 2015	Meeting on the Draft Framework Policy on the Single Jurisdiction Consultancy to Strengthen the CSME Regulatory and Market Regimes St. Kitts
November 2015	ECCB's Annual Conference with Commercial Banks - St Kitts

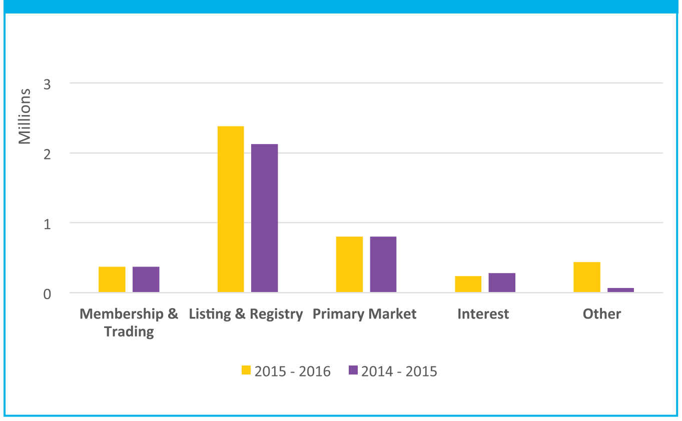
FINANCIAL PERFORMANCE

For the year ended 31 March 2016, the ECSE Group recorded a profit of $1.5 million, which represented an increase of $0.3 million or 21.1% over the previous year's results. This was achieved from gross revenues of $4.2 million and expenses of $2.7 million. .

REVENUES

The Group's total revenues amounted to $4.2 million, increasing by $0.6 million or 15.1% over the year.

GROUP INCOME

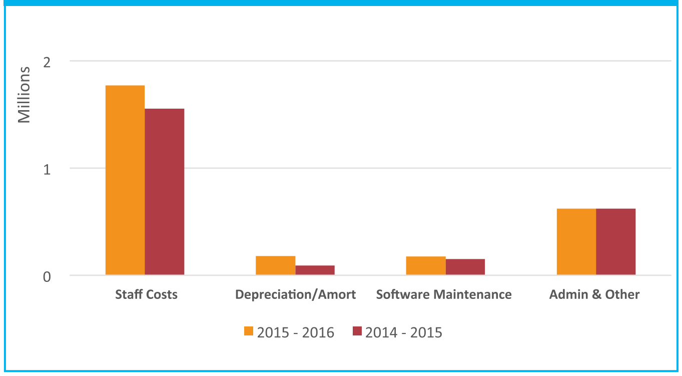


The main contributors to this growth were Other Income, which expanded by $0.37 million to $0.44 million, accounting for 10.3% of Revenues; and Listing and Registry Income, which grew by $0.26 million to $2.38 million, representing 56.3% of total revenues. Income from primary market activity, which remained at $0.8 million, represented 19.0 % of total income. Membership and Trading Income, which was also flat at $0.4 million, accounted for 8.8% of revenues.

EXPENSES

Expenditure increased over the year by $.033 million or 13.5%, to $2.7 million.

GROUP EXPENDITURE



Compensation costs, which was the single largest expenditure item at 64.3% of the total, increased by $0.23 million or 15.2% over the year. Administrative expenses, which at $0.5 million, accounted for 19.0% of aggregate expenditure, increased 2.1% over the year. Depreciation and Amortisation expenses, which amounted to $0.18 million or 6.6% of total expenditure, recorded the largest rate of increase at 98.3%.

DIRECTORS' REPORT

The Directors are pleased to submit their Report for the Financial Year ended 31 March 2016.

Principal Activities

The ECSE Group's principal activities consist of facilitating the primary issuance and secondary trading of corporate and sovereign securities, facilitating the clearance and settlement of issues and trades, maintaining securities holders' records, and providing custodial, registration, transfer agency and paying agency services in respect of listed and non-listed securities. There were no significant changes in the nature of the Group's activities during the year.

The ECSE and its subsidiaries are licensed by the Eastern Caribbean Securities Regulatory Commission, under the provisions of the Securities Act, to carry out these activities.

Directors

In accordance with the Articles of Association, all of the Directors retire by rotation at the Annual General Meeting (AGM) of the Company. The retiring Directors are eligible for nomination for re-election by their respective shareholder classes.

At the 14th AGM, held on 5 November 2015, Mrs Janice Jean-Jacques Thomas, upon nomination by Class B Members, was duly elected to replace Mrs Sephlin Lawrence, who did not offer herself for reelection, on the Board of Directors.

Directors' Interests

As at 31 March 2016, no Director held a beneficial or other interest in the issued capital of the Company.

At no time during, or at the end of the financial year, did any Director have a material interest in any contract or arrangement in relation to the business of the Company or its subsidiaries.

Financial Results

The Company recorded a net profit of $1.5 million on a consolidated basis for the year ended 31 March 2016.

Share Capital

The issued and outstanding capital of the Company is comprised entirely of 972,581 common shares. At 31 March 2016, 27,419 shares remained available from the initial offering of 1,000,000 shares.

At 31 March 2016, the following shareholders held 5% or more of the issued capital of the company:

		%
Eastern Caribbean Central Bank	-	30.85
National Insurance Services, St Vincent and the Grenadines	-	15.42
Antigua Commercial Bank Ltd	-	7.97
Bank of St Vincent and the Grenadines Ltd	-	5.14

Auditors

The auditors, KPMG Eastern Caribbean, Chartered Accountants, retire at the AGM of the Company. KPMG, being eligible, offer themselves for re-appointment.

The Directors being satisfied with their performance, propose the re-appointment of KPMG Eastern Caribbean as auditors for the financial year ending 31 March 2017.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

We have audited the accompanying consolidated financial statements of Eastern Caribbean Securities Exchange Limited and its Subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of March 31, 2016, the consolidated statements of profit and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants
August 15, 2016
Antigua and Barbuda

Consolidated Statement of Financial Position

March 31, 2016

(Expressed in Eastern Caribbean Dollars)

	Notes		2016	2015
Assets				
Current Assets:				
Cash and Short-term Deposits	6	$	38,884,602	25,272,346
Accounts Receivable and Other Assets	7		465,043	357,586
Investments	8		6,935,878	3,980,279
Total Current Assets			46,285,523	29,610,211
Non-current Assets:				
Plant and Equipment	9		611,559	497,659
Intangible Assets	10		1,508,342	1,010,576
Total Non-current Assets			2,119,901	1,508,235
Total Assets		$	48,405,424	31,118,446
Liabilities and Shareholders' Equity				
Current Liabilities:				
Accounts Payable and Accruals	11	$	37,354,278	21,565,856
Provisions	12		90,064	-
Total Current Liabilities			37,444,342	21,565,856
Non-current Liabilities:				
Provisions	12		-	34,666
Pension Fund	13		719,261	758,987
Due to Eastern Caribbean Central Bank	14		2,874,845	2,874,845
Total Non-current Liabilities			3,594,106	3,668,498
Total Liabilities			41,038,448	25,234,354
Shareholders' Equity:				
Share Capital	16		9,725,810	9,725,810
Accumulated Deficit			(2,358,834)	(3,841,718)
Total Shareholders' Equity			7,366,976	5,884,092
Total Liabilities and Shareholders' Equity			$ 48,405,424	31,118,446

Approved for issue by the Board of Directors on 15 August 2016 and signed on its behalf by:

Sir K Dwight Venner
Chairman

Mr. D. Michael Morton
Director

The notes on pages 22 to 41 are an integral part of these consolidated financial statements.

Consolidated Statement of Profit and Other Comprehensive Income

Year ended March 31, 2016

(Expressed in Eastern Caribbean Dollars)

	Notes		2016	2015
Income:				
Listing and registry income		$	2,383,633	2,125,762
Primary market income			802,169	800,550
Membership and trading income			373,863	371,419
Interest income			235,496	280,939
Other income	19		437,000	67,455
			4,232,161	3,646,125
General and Administrative Expenses:				
Compensation costs			1,768,290	1,535,215
Administrative expenses			522,261	511,626
Software maintenance			175,177	153,951
Depreciation and amortisation	9,10		181,443	91,479
Legal and professional costs			56,691	57,044
Promotional activities			42,866	52,992
Staff training			2,549	19,559
			2,749,277	2,421,866
Net Profit, being Total Comprehensive Income for the Year		$	1,482,884	1,224,259
Earnings per Share	17	$	1.52	1.26

The notes on pages 22 to 41 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity

Year ended March 31, 2016

(Expressed in Eastern Caribbean Dollars)

		Share Capital	Accumulated Deficit	Total
Balance as at March 31, 2014	$	9,725,810	(5,065,977)	4,659,833
Net profit, being total comprehensive income for the year		-	1,224,259	1,224,259
Balance as at March 31, 2015		9,725,810	(3,841,718)	5,884,092
Net profit, being total comprehensive income for the year			1,482,884	1,482,884
Balance as at March 31, 2016	$	9,725,810	(2,358,834)	7,366,976

The notes on pages 22 to 41 are an integral part of these consolidated financial statements.

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Consolidated Statement of Cash Flows

Year ended March 31, 2016

(Expressed in Eastern Caribbean Dollars)

	Notes		2016	2015
Cash flows from operating activities				
Net profit for the year		$	1,482,884	1,224,259
Adjustments for:				
Depreciation and Amortisation	9,10		181,443	91,479
Interest Income			(235,496)	(280,939)
Gain on disposal of Plant and Equipment			(175,000)	-
Operating profit before changes in working capital			1,253,831	1,034,799
Change in Accounts Receivable and Other assets			(105,802)	307,975
Change in Accounts Payable and Accruals			15,788,422	3,690,609
Change in Provisions			55,398	27,666
Change in Pension Fund			(39,726)	123,946
Net cash from operating activities			16,952,123	5,184,995
Cash flows from investing activities				
Purchase of Intangible Assets	10		(544,209)	(1,015,083)
Purchase of Plant and Equipment	9		(248,900)	(455,933)
(Purchase)/disposal of Investments			(2,955,599)	980,164
Proceeds from disposal of Plant and Equipment			175,000	-
Interest Received			233,841	261,852
Net cash used in investing activities			(3,339,867)	(229,000)
Increase in cash and short-term funds for the year			13,612,256	4,955,995
Cash and short-term funds at the beginning of the year			25,272,346	20,316,351
Cash and short-term funds at the end of the year		$	38,884,602	25,272,346
Comprised as follows:				
Cash at bank	6	$	38,884,427	25,271,834
Cash in hand	6		175	512
		$	38,884,602	25,272,346

The notes on pages 22 to 41 are an integral part of these consolidated financial statements.

1 Incorporation and Principal Activity:

The Eastern Caribbean Securities Exchange Limited ("ECSE") was incorporated as a public limited company on May 8, 2001 under the provisions of the Companies Act (No. 22 of 1996) of the laws of St. Christopher and Nevis.

The ECSE carries on business as a regional securities exchange and facilitates the buying and selling of financial products, including corporate and government securities for the member territories of the Eastern Caribbean Currency Union.

The registered office is situated at Bird Rock, Basseterre, St. Kitts.

These consolidated financial statements comprise the ECSE and its subsidiaries (the "Group"). The ECSE's subsidiaries and their activities are as follows:

- *The Eastern Caribbean Central Securities Registry Limited:*
  The Eastern Caribbean Central Securities Registry Limited ("ECCSR") was incorporated as a public limited company on August 2, 2001 under the provisions of the Companies Act (No 22 of 1996) of the laws of Saint Christopher and Nevis. It is a wholly-owned subsidiary of Eastern Caribbean Securities Exchange Limited.

  The ECCSR electronically maintains the records of securities on behalf of issuers, which may include listed and non-listed public companies, government related entities, private companies, and individual security holders within the region.

- *The Eastern Caribbean Central Securities Depository Limited:*
  The Eastern Caribbean Central Securities Depository Limited ("ECCSD") was incorporated as a public limited company on August 2, 2001 under the provisions of the Companies Act (No. 22 of 1996) of the laws of Saint Christopher and Nevis. It is a wholly-owned subsidiary of Eastern Caribbean Securities Exchange Limited.

  The principal activity of the ECCSD is the performance of all services incidental or conducive to the functioning of a central securities depository.

2 Basis of Preparation:

(a) *Statement of Compliance:*

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies adopted in the preparation of these consolidated financial statements have been applied consistently to all periods presented in these consolidated financial statements and are set out below.

The consolidated financial statements were authorized for issue by the Board of Directors on August 15, 2016.

(b) *Basis of Measurement:*

These consolidated financial statements have been prepared on the historical cost basis.

(c) *Functional and Presentation Currency:*

The consolidated financial statements are presented in Eastern Caribbean Dollars, which is the Group's functional currency, rounded to the nearest dollar.

2 Basis of Preparation: *(cont'd)*

(d) Use of Accounting Estimates and Judgments:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3 Significant Accounting Policies:

The significant accounting policies adopted in the preparation of these consolidated financial statements are as follows:

(a) Basis of Consolidation:

These financial statements consolidate those of the Group as of March 31, 2016. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of March 31.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. The amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

(b) Foreign Currencies:

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency of the Group at the exchange rate in effect at the reporting date. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated to the functional currency at the exchange rate prevailing when the fair value is determined. Gains and losses resulting from the settlement of such transactions are recognised in the consolidated statement of profit and other comprehensive income.

(c) Cash and Short-term Deposits:

Cash and short-term deposits include cash on hand, cash at banks and restricted amounts held by third party financial institutions.

(d) Accounts Receivable:

Accounts receivable are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor and the probability that the debtor will enter bankruptcy are considered indicators that the receivables are impaired. As at March 31, 2016, the Group is expected to collect all of its accounts receivable.

3 Significant Accounting Policies: *(cont'd)*

(e) Plant and Equipment:

Plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other expenditure is recognised in the consolidated statement of profit and other comprehensive income.

Any gain or loss on disposal of an item of plant and equipment is recognised in the consolidated statement of profit and other comprehensive income.

Depreciation is calculated to write off the cost of items of plant and equipment less their estimated residual values using the straight-line method, and is generally recognised in the consolidated statement of profit and other comprehensive income.

Depreciation is provided on the straight line basis using rates estimated to write off the depreciable cost of the assets over their expected useful lives as follows:

Furniture and Fittings	4 years
Computer Equipment - Hardware	5 years
Motor Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Intangible Assets:

Intangible assets are identifiable non-monetary assets without physical substance. These are measured at cost less accumulated amortization and any accumulated impairment losses.

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Capitalised costs are amortised on the straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date.

The estimated useful lives of computer software range from five (5) to seven (7) years.

(g) Accounts Payable and Accruals:

Accounts payable and accruals are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

(h) Provisions:

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3 Significant Accounting Policies: *(cont'd)*

(i) Revenue:

The Group principally derives its revenue from the rendering of services. Revenue is recognised when the amount of revenue can be measured reliably and its probable that the economic benefits associated with the transaction will flow to the Group. It is measured at the fair value of consideration received or receivable excluding trade discounts.

Revenue is recognised on the accrual basis when the services have been provided.

Interest income is reported on the accrual basis using the effective interest method.

(j) Taxation:

By letter dated May 27, 2003, the Group was granted a ten (10) year tax holiday (Corporation and other taxes).

On May 24, 2012, the Group made application for a further ten (10) year tax holiday.

The Group was granted an extension in respect of taxation relief applicable to the current period. However, the matter is still under discussion with the Government of St. Christopher and Nevis.

(k) New and revised accounting standards and interpretations:

Improvements to IFRS *2010-2012 and 2011-2013* cycles contain amendments to certain standards and interpretations, the main amendments applicable to the Group are as follows:

- IFRS 13, *Fair Value Measurement* is amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

- IAS 16, *Property, Plant and Equipment and IAS 38, Intangible Assets.* The standards have been amended to clarify that, at the date of revaluation:

  (i) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortization) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses or;

  (ii) the accumulated depreciation (amortisation) is eliminated against the gross carrying amount of the asset.

- IAS 24, *Related Party Disclosures* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

3 Significant Accounting Policies: *(cont'd)*

- *Amendments to IAS 19, Defined Benefit Plans: Employee Contributions,* clarify the requirements that relate to how contributions from employees or third parties that are linked to services should be attributed to periods of services. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of services.

  The adoption of these amendments did not result in any change to the presentation and disclosures in the financial statements.

4 Standards, amendments and interpretations issued but not yet effective:

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Group has not early-adopted. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to the Group's operations and has determined that the following are likely to have an effect on the consolidated financial statements.

- IAS 1, *Presentation of Financial Statements,* effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:

  - specific single disclosures that are not material do not have to be presented even if they are minimum requirements of a standard;
  - the order of notes to the financial statements is not prescribed;
  - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material;
  - specific criteria are now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI; and
  - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

  The Group is assessing the impact that this amendment will have on its 2017 financial statements.

- *Amendments to IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation*, are effective for accounting periods beginning on or after January 1, 2016.

  - The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.

4 Standards, amendments and interpretations issued but not yet effective: *(cont'd)*

- The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

The Group is assessing the impact that this amendment will have on its 2017 financial statements.

- Amendments to IAS 16, *Property, Plant and Equipment*, and IAS 41, *Biological Assets*, which are effective for annual reporting periods beginning on or after January 1, 2016, require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of IAS 16 instead of IAS 41. Therefore, the Group can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41.

  The Group is assessing the impact that this amendment will have on its 2017 financial statements.

- Amendments to IAS 27, *Equity Method in Separate Financial Statements*, effective for accounting periods beginning on or after January 1, 2016 allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates, and joint ventures.

  The Group is assessing the impact that this amendment will have on its 2017 financial statements.

- Amendments to IFRS 10, *Consolidated Financial Statements,* and IAS 28, *Investments in Associates and Joint Ventures,* in respect of *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture,* are effective for annual reporting periods beginning on or after January 1, 2016. The amendments require that when a parent loses control of a subsidiary in a transaction with an associate or joint venture, the full gain be recognised when the assets transferred meet the definition of a 'business' under IFRS 3, *Business Combinations*.

  The Group is assessing the impact that this amendment will have on its 2017 financial statements.

- Amendments to IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosure of Interests in Other Entities* and IAS 28, *Investments in Associates and Joint Ventures*, effective for accounting periods beginning on or after January 1, 2016, have been amended to introduce clarifications on which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit or loss. IFRS 10 was amended to confirm that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. An investment entity shall measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. IAS 28 was amended to provide an exemption from applying the equity method for investment entities that are subsidiaries and that hold interests in associates and joint ventures. IFRS 12 was amended to clarify that the relevant disclosure requirements in the standard apply to an investment entity in which all of its subsidiaries are measured at fair value through profit or loss.

  The Group is assessing the impact that these amendments will have on its 2017 financial statements.

- Improvements to IFRS *2012-2014* cycle, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the Group are as follows:

4 Standards, amendments and interpretations issued but not yet effective: *(cont'd)*

- IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* has been amended to clarify that if an entity changes the method of disposal of an asset or disposal group – i.e. reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale or vice versa without any time lag, then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognizes any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute the asset or disposal group. If an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.

- IFRS 7, *Financial Instruments*: Disclosures, has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

  IFRS 7 has also been amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendment to IFRS 7)* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, *Interim Financial Reporting*, require their inclusion.

- IAS 19, *Employee Benefits*, has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high-quality corporate bonds should be assessed at the currency level and not the country level.

- IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

  The Group will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

  There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

4 Standards, amendments and interpretations issued but not yet effective: *(cont'd)*

The Group is assessing the impact that this amendment will have on its 2019 financial statements.

- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

  The Group is assessing the impact that this amendment will have on its 2019 financial statements.

- IFRS 16, *Leases,* which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Companies will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US$5,000 or less.

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases. Finance lease accounting will be based on IAS 17 lease accounting, with recognition of net investment in lease comprising lease receivable and residual asset. Operating lease accounting will be based on IAS 17 operating lease accounting.

  Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

  The Group is assessing the impact that this amendment will have on its 2020 financial statements.

5 Financial Instruments:

(a) Recognition, Initial Measurement and Derecognition:

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

5 Financial Instruments: *(cont'd)*

(b) Classification and Subsequent Measurement of Financial Assets:

Financial assets are classified into the following categories upon initial recognition:

- Loans and receivables
- Held-to-maturity investments

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which is described below.

All income and expenses relating to financial assets are recognised in the consolidated statement of profit and other comprehensive income.

(c) Loans and Receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. The Group's cash and short-term deposits and accounts receivable fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific party will default.

(d) Held-to-maturity Investments:

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Group has the intention and ability to hold them until maturity. The Group currently holds investments with maturities in excess of 90 days designated into this category.

Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes in the carrying amount of the investment, including impairment losses, are recognised in the consolidated statement of profit and other comprehensive income.

(e) Classification and Subsequent Measurement of Financial Liabilities:

The Group's financial liabilities include Due to Eastern Caribbean Central Bank, Accounts payable and Accruals, Provisions and the Pension Fund.

The Group does not engage in any significant transactions which are speculative in nature.

5 Financial Instruments: *(cont'd)*

Financial Risk Management:

(i) Interest Rate Risk Exposure:

The Group does not have any significant exposure to interest rate risk.

(ii) Credit Risk Exposure:

Credit risk arises from the possibility that counterparties may default on their obligations to the Group. The maximum credit risk exposure of financial assets recognised in the consolidated statement of financial position is represented by the carrying amounts of the financial assets.

Concentration of credit risk exists if a number of clients are engaged in similar activities or are located in the same industry sector or have similar economic characteristics such that their ability to meet contractual obligations would be similarly affected in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Management does not believe that the concentration is unusual or provides undue risks.

(iii) Fair Value:

Fair value amounts represent the approximate values at which financial instruments could be exchanged in current transactions between willing parties. However, many of the financial instruments lack an available trading market and, therefore, it is not possible to determine independently the estimated fair values. The fair values of financial instruments are considered to approximate their book values.

All non-financial instruments are excluded from fair value disclosure and, accordingly, the total fair value amounts cannot be aggregated to determine the underlying value of the Group.

(iv) Liquidity Risk:

In order to manage liquidity risks, management seeks to maintain sufficient levels of cash and short-term deposits to meet reasonable expectations of its short term obligations.

5 Financial Instruments: *(cont'd)*

(e) Classification and Subsequent Measurement of Financial Liabilities: *(cont'd)*

(iv) Liquidity Risk *(cont'd):*

The table below analyses the Group's financial assets into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date:

Financial Assets		Due within 1 Year	Total
Year ended March 31, 2016			
Cash and short-term deposits	$	38,884,602	38,884,602
Investments		6,935,878	6,935,878
Accounts receivable and other assets		465,043	465,043
	$	46,285,523	46,285,523
Year ended March 31, 2015			
Cash and short-term deposits	$	25,272,346	25,272,346
Investments		3,980,279	3,980,279
Accounts receivable and other assets		357,586	357,586
	$	29,610,211	29,610,211

5 Financial Instruments: *(cont'd)*

(e) Classification and Subsequent Measurement of Financial Liabilities: (cont'd)

(iv) Liquidity Risk: (cont'd)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

		Due within 1 Year	>1 Year to 5 Years	Over 5 Years	Total
Financial Liabilities					
Year ended March 31, 2016					
Accounts payable and accruals	$	37,354,278	-	-	37,354,278
Due to Eastern Caribbean Central Bank		-	-	2,874,845	2,874,845
Pension fund		-	719,261	-	719,261
Provisions		90,064	-	-	90,064
	$	37,444,342	719,261	2,874,845	41,038,448
Year ended March 31, 2015					
Accounts payable and accruals	$	21,565,856	-	-	21,565,856
Due to Eastern Caribbean Central Bank		-	-	2,874,845	2,874,845
Pension fund		-	758,987	-	758,987
Provisions		-	34,666	-	34,666
	$	21,565,856	793,653	2,874,845	25,234,354

(v) Capital Management:

The Group's policy is to maintain a strong capital base to encourage investor, creditor and market confidence, and to sustain future development of the Group. There were no changes to the way in which the Group managed its capital during the year.

6 Cash and Short-term Deposits:

	Notes		2016	2015
Cash with Commercial Banks	13	$	38,884,427	25,271,834
Cash on hand			175	512
Total		$	38,884,602	25,272,346

Cash with Commercial Banks mainly consist of:

(i) Unclaimed securities holders' dividends, interest and maturity payments in the amount of $30,770,782 (2015: $9,253,981).

(ii) Funds held in escrow in the amount of $5,834,563 (2015: $11,659,523) representing securities holders' dividends, interest and maturity payments which are withheld for charged/pledged accounts and/or at the request of the Court.

7 Accounts Receivable and Other Assets:

		2016	2015
Accounts receivable	$	276,120	171,543
Prepayments		104,540	103,316
Interest receivable		84,383	82,727
	$	465,043	357,586

As at March 31, 2016, the aging of accounts receivable was as follows:

		Total	Neither Past Due nor Impaired	Past Due but not Impaired 30 to 90 days	Over 90 days
2016	$	276,120	203,077	57,998	15,045
2015	$	171,543	143,826	12,900	14,817

8 Investments:

		2016	2015
Certificates of Deposit	$	3,000,000	3,000,000
Treasury Bill LCB190715 at 4.00%		-	980,279
Treasury Bill DMB060416 at 6.00%		985,041	-
Treasury Bill VCB070416 at 4.82%		987,983	-
Treasury Bill LCB170416 at 4.50%		977,808	-
Treasury Bill LCB250516 at 5.99%		985,046	-
	$	6,935,878	3,980,279

Certificates of Deposit:

The certificates of deposit are held with various financial institutions within the Organisation of Eastern Caribbean States and earn interest at rates varying from 1.50% to 3.00% per annum (2015: 2.00% to 3.75%) per annum.

Treasury Bills:

The Treasury Bills represent investment in the Government of Dominica's 91-day Treasury Bill, DMB060416 at 6.00% maturing on April 6, 2016, Government of St. Vincent and the Grenadines' 91-day Treasury Bill, VCB070416 at 4.82% maturing on April 7, 2016, Government of Saint Lucia's 180-day Treasury Bill, LCB170416 at 4.50% maturing on April 17, 2016 and Government of Saint Lucia's 91-day Treasury Bill LCB250516 at 5.99% maturing on May 25, 2016.

9 Plant and Equipment:

		Motor Vehicles	Computer Equipment	Furniture and Fixtures	Total
Cost:					
At March 31, 2014	$	176,000	448,687	74,344	699,031
Additions		-	455,933	-	455,933
At March 31, 2015		176,000	904,620	74,344	1,154,964
Additions		245,000	3,900	-	248,900
Disposals		(176,000)	-	-	(176,000)
At March 31, 2016	$	245,000	908,520	74,344	1,227,864
Depreciation:					
At March 31, 2014	$	122,667	407,745	66,141	596,553
Charge for the year		35,200	21,105	4,447	60,752
At March 31, 2015		157,867	428,850	70,588	657,305
Charge for the year		31,098	102,002	1,900	135,000
Written back on disposals		(176,000)	-	-	(176,000)
At March 31, 2016	$	12,965	530,852	72,488	616,305
Net Book Value:					
At March 31, 2016	$	232,035	377,668	1,856	611,559
At March 31, 2015	$	18,133	475,770	3,756	497,659

10 Intangible Assets:

		2016	2015
Computer Software:			
Cost at beginning of year	$	3,486,367	2,471,284
Additions during the year		544,209	1,015,083
Cost at end of year		4,030,576	3,486,367
Accumulated amortisation – beginning of the year		2,475,791	2,445,064
Charge for the year		46,443	30,727
Accumulated amortisation – end of the year		2,522,234	2,475,791
Net Book Value	$	1,508,342	1,010,576

11 Accounts Payable and Accruals:

	Notes		2016	2015
Unclaimed Dividends, Interest and Maturity Payments	6(i)	$	30,770,782	9,253,981
Escrow Liability	6(ii)		5,834,563	11,659,523
Deferred Income			299,954	169,551
Due to software supplier			225,000	225,000
Holiday Pay Accrual			159,847	99,304
Accruals			56,586	136,349
Accounts Payable			7,546	22,148
		$	37,354,278	21,565,856

Deferred income represents advanced payments from customers in relation to listing, registry and membership fees received but not yet earned.

12 Provisions:

Provision has been made for gratuities payable to employees on completion of their contract of service to the Group. The amount of $90,064 (current) (2015: $34,666 non-current) has been provided to date.

13 Pension Fund:

Included in the cash balance of $38,884,427 (2015: $25,271,834) is an amount of $719,261 (2015: $758,987), (See Note 6). This amount is held pending the establishment of the ECSE Pension Fund at which time the amount will be transferred.

14 Related Party Balances and Transactions:

(a) Related party:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 Related Party Disclosures as the "reporting entity").

a) A person or a close member of that person's family is related to a reporting entity if that person:

- **i)** has control or joint control over the reporting entity;
- **ii)** has significant influence over the reporting entity; or
- **iii)** is a member of the key management personnel of the reporting entity, or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

- **i)** The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- **ii)** One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- **iii)** Both entities are joint ventures of the same third party.
- **iv)** One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- **v)** The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- **vi)** The entity is controlled, or jointly controlled by a person identified in (a).
- **vii)** A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

a) a government that has control or joint control of, or significant influence over, the reporting entity; and

b) another entity that is a related party because the same government has control or joint control of or significant influence over, both the reporting entity and the other entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

14 Related Party Balances and Transactions: *(cont'd)*

(b) ***Due to Eastern Caribbean Central Bank:***

The amount of $2,874,845 (2015: $2,874,845) represents advances made by the Eastern Caribbean Central Bank to finance the establishment costs of the Group (See Note 15).

(c) ***Key Management Compensation***

The salaries, fees and benefits paid to key management personnel of the Group during the year amounted to $821,824 (2015: $665,341). The following is an analysis of these amounts:

		2016	2015
Salaries and other short-term employee benefits	$	719,952	593,812
Post-employment benefits		101,872	71,529
	$	821,824	665,341

During the year under review, the Eastern Caribbean Central Bank provided certain professional and other services at no cost to the Group.

15 Additional Financial Support:

Subsequent to March 31, 2016, the Eastern Caribbean Central Bank gave the following undertaking and guarantee in respect of the Group:

1. An undertaking to postpone all claims in respect of present and future funds advanced to the Group by the Eastern Caribbean Central Bank up to year ending March 31, 2016 (balance at March 31, 2016, EC$2,874,845);

2. Guarantee cover in the event of a budgeted shortfall in respect of the Group for the fiscal year ending March 31, 2017, but not to exceed EC$2,000,000.

The above undertaking and guarantee will be reviewed at March 31, 2017 and are irrevocable before this date.

16 Share Capital:

		2016	2015
Authorised:			
5,000,000 Ordinary Shares of $10 each	$	50,000,000	50,000,000

Subscribed Capital:

Class	No. of Shares Issued at March 31, 2015	Shares Issued During the Year	No. of Shares Issued at March 31, 2016	Nominal Value 2016	2015
Class A	300,000	-	300,000	3,000,000	3,000,000
Class B	287,500	-	287,500	2,875,000	2,875,000
Class C	370,081	-	370,081	3,700,810	3,700,810
Class D	15,000	-	15,000	150,000	150,000
	972,581	-	972,581	9,725,810	9,725,810

The classes are divided as follows:

Class A Eastern Caribbean Central Bank;
Class B Social Security Schemes, National Insurance Boards, Government owned or controlled institutions other than Government owned or controlled financial intermediaries;
Class C Financial institutions;
Class D Persons or institutions not covered in classes A to C.

Class Rights

a) Other than the Eastern Caribbean Central Bank (Class A) no single shareholder shall hold, whether beneficially or otherwise, more that 20% of the issued share capital of the Group.

b) i Classes holding 50% or more of the issued capital are allowed to nominate three (3) directors.

ii Classes holding between 20% and 49% of the issued capital are allowed to nominate two (2) directors.

iii Classes holding less than 20% of the issued capital are allowed to nominate one (1) director.

17 Earnings per Share:

The calculation of basic earnings per share is based on the following data:

		2016	2015
Earnings			
Net profit for the year	$	1,482,884	1,224,259
Number of Shares			
Weighted average number of Ordinary shares		972,581	972,581
Earnings per Share	$	1.52	1.26

18 Contingent Liabilities and Capital Commitments:

The Group has capital commitments as at March 31, 2016 of $540,000 (2015: $1,080,000) in respect of the license agreement between the Group and software suppliers, entered on February 24, 2014, for the development of a new Central Securities Depository (CSD) and trading applications.

The future payments are as follows:

		2016	2015
Not later than 1 year	$	540,000	540,000
Later than 1 year and not later than 3 years		-	540,000
	$	540,000	1,080,000

19 Other Income:

		2016	2015
Seminar Income	$	255,150	51,705
Gain on disposal of plant and equipment		175,000	-
Other services		6,850	15,750
	$	437,000	67,455

LISTED SECURITIES AT 31 MARCH 2016

EQUITIES

ISSUER		TRADING SYMBOL
	Cable & Wireless St Kitts & Nevis Limited	CWKN
	Dominica Electricity Services Limited	DES
	East Caribbean Financial Holding Company Limited	ECFH
	CIBC FirstCaribbean International Bank Limited	FCI
	Grenada Electricity Services Limited	GESL
	Grenreal Property Corporation Limited	GPCL
	Republic Bank (Grenada) Limited	RBGL
	S L Horsford and Company Limited	SLH
	St Kitts-Nevis-Anguilla National Bank Limited	SKNB
	St Kitts Nevis Anguilla Trading and Development Company Limited	TDC
	St Lucia Electricity Services Limited	SLES
	The Bank of Nevis Limited	BON

Corporate Debt	TRADING SYMBOL
Eastern Caribbean Home Mortgage Bank	HMB030416; HMB010616 HMB010716; HMB280916 HMB281216; HMB260317
Grenada Electricity Services Limited	GES191217
Sovereign Debt	
Antigua and Barbuda	AGB100516; AGB290516 AGB010716; AGB151016 AGB010317; AGB280917 AGN280716; AGN060916 AGN271119; AGG051218 AGG050319; AGG050619 AGG151029; AGG151229 AGN220320; AGG100721 AGG151228; AGG300740 FAG070720; FAG070121 FAG071221; FAG100923 FAG100724; FAG150626
The Commonwealth of Dominica	DMB060416; DMG051117 DMG050719; DMG050220 DMG200624; DMG300634
Grenada	GDB190416; GDB160516 GDB160716; GDB220916 GDB081016; GDB261116
The Federation of St Kitts and Nevis	KNG450457 FKG200432
Saint Lucia	LCB170416; LCB250516 LCB030616; LCB270616 LCB190716; LCN291016 LCN070417; LCN250819 LCN141019; LCN010620 LCN0620AA; LCN301020 LCN041220; LCG100816 LCG101017; LCG101117 LCG100118; LCG0318AA LCG080718; LCG100718 LCG060219; LCG061019 LCG071019; LCG061119 LCG0611AA; LCG0611AB LCG070320; LCG080320 LCG080721; LCG060821 LCG060921; LCG080921 LCG100322; LCG101222 LCG100223; LCG100623 LCG100524; LCG101124 LCG100725; LCG100226 LCG150729; FLN010916 FLN200717; FLN031220 FLG101017; FLG070719 FLG061119; FLG061221 FLG060222 FLG100722
St Vincent and the Grenadines	VCB070416; VCB130516 VCB130616; VCN240717 VCN2417AA; VCN061118 VCN110919; VCG100816 VCG100917; VCG070821 VCG100422; VCG100323

MEMBER INTERMEDIARIES AT 31 MARCH 2016

INTERMEDIARY	PLACE OF BUSINESS
Bank of St Vincent and the Grenadines Limited	St Vincent and the Grenadines
ECFH Global Investment Solutions Limited	Saint Lucia
First Citizens Investment Services Limited	Saint Lucia and Trinidad and Tobago
Grenada Co-operative Bank Limited	Grenada
St Kitts-Nevis-Anguilla National Bank Limited	St Kitts and Nevis
The Bank of Nevis Limited	St Kitts and Nevis

ECSE
EASTERN CARIBBEAN SECURITIES EXCHANGE

Eastern Caribbean Securities Exchange Limited
and its Subsidiaries

P.O. Box 94, Bird Rock, Basseterre, St. Kitts
Tel: (869) 466-7192 . Fax: (869) 465-3798
Email: info@ecseonline.com
Website: www.ecseonline.com

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