



ANNUAL REPORT 2014



INVESTING in the **FUTURE**
Eastern Caribbean Securities Exchange Limited
and its Subsidiaries

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CORPORATE INFORMATION

Board of Directors



The Hon Sir K Dwight Venner - **Chairman**
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



Mrs Jennifer Nero
Managing Director
Eastern Caribbean Central Bank



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



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
Crn 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
Mrs Sephlin Lawrence
Mr Trevor E Blake

Audit Committee

Mrs Jennifer Nero – Chairperson
Mrs Sephlin Lawrence
Mr Reginald Thomas

Budget, Finance and Administration Committee

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

Listings and Registry Services Committee

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

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.

ECCSR AND ECCSD

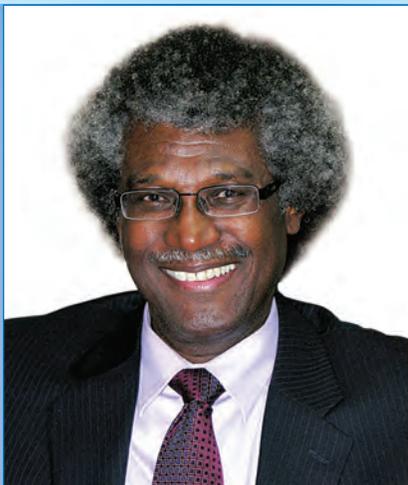
The Boards of Directors of the ECCSR and the ECCSD each comprise five members, drawn from the ECSE's Board of Directors. The composition of both Boards is as follows:

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), I am pleased to present the Annual Report of the ECSE with the audited financial statements for the year ended 31 March 2014.

The global economic recovery gained strength in 2013. Global economic activity is expected to improve in 2014 mainly as a result of on-going economic recovery in advanced economies and a resumption of export growth in emerging economies. The improved global prospect to a great extent is predicated on the positive outlook for the United States of America, the world's largest economy. The Euro area and Canada are also projected to recover in 2014.

With the world economic recovery gaining momentum, economic recovery for the member states of the Eastern Caribbean Currency Union continued in 2013 and is expected to strengthen in 2014. Preliminary data suggests that economic activity in the Eastern Caribbean Currency Union expanded in 2013. Growth in Real Gross Domestic Product for 2013 is provisionally estimated at 1.1 per cent compared to a decline of 0.3 per cent in 2012. This was attributed to a number of factors including a recovery in foreign direct investment inflows and higher levels of domestic private and public investment.

For 2014, economic activity in the ECCU is forecasted to grow by 1.7 per cent with all ECCU member countries expected to record positive growth. This is largely to be driven by recovery in the construction sector as well as accelerated activity in the tourism industry. The improvement in the tourism industry is expected to spill over to related sectors. Construction activity, a major contributor to economic activity in the ECCU, is expected to increase as a result of developments in both the public and private sectors.

Notwithstanding these positive signals, potential threats still exist. Fiscal challenges may emerge as official grant flows diminish and international capital markets look to finance development opportunities in emerging economies. The recovery of the ECCU member countries continues to lag that of the global economy and this is likely to continue in the short to medium term. The ECCU member countries have not sufficiently recovered from the global economic and financial crisis to achieve growth levels necessary to spur job creation and substantially increase per capita incomes.

Critical to the recovery process is a change to the region's current economic policies and models to those necessary to lower costs, increase productivity and expand market size. Key to this change is the need for greater leveraging of the OECS Economic Union through the expeditious implementation of the provisions of the Revised Treaty of Basseterre, the creation of a single economic and financial space and the maximization of production possibilities for the transformation of the ECCU economies. The OECS Economic Union provides the framework to address the fundamental economic impediment of insufficient size and scale that continues to hinder the achievement of sufficient growth and development. The issue of fragmentation and fractionalization in all sectors of the economy must be addressed in order to achieve greater economic gains.

The key issues for the ECCU remain as follows:

- Growth and competitiveness;
- Fiscal and Debt Sustainability; and
- Financial Stability.

Over the 2013/2014 financial year, the ECSE performed well despite the prevailing economic environment.

At 31 March 2014, there were 91 securities listed on the Exchange and this represented an 8.3 per cent increase over the year. These comprised 71 sovereign debt instruments, seven corporate bonds and 13 equities. This increase was largely driven by listings of a number of securities that were issued in earlier periods by private placement.

Activity on the Regional Government Securities Market (RGSM) while strong, experienced a contraction in the year ended 31 March 2014, after two years of significant growth. Five sovereign issuers, the Governments of Antigua and Barbuda, the Commonwealth of Dominica, Grenada, Saint Lucia and St Vincent and the Grenadines, were active in the market, auctioning 50 securities to raise a total of \$956.7 million. This was a 12.9% decline from the total raised in the previous year, attributable to reductions in the amounts raised by the

Governments of Dominica, Saint Lucia and St Vincent and the Grenadines.

Of particular note during the 2013/2014 financial year was that the discount rate obtained on an issue, a Government of Dominica 91-day Treasury bill, fell below 2 per cent. During the year, the discount rate obtained for nine (9) Treasury bills fell below 3 per cent, three (3) from the Government of Dominica, one (1) from the Government of Saint Lucia and five (5) from the Government of St Vincent and the Grenadines.

The RGSM continues to play a vital role in ECCU Governments' funding operations. Since inception in November 2002, Participating Governments have raised \$7.4 billion on the market.

The issuance of corporate securities on the Eastern Caribbean Securities Market (ECSM) continued to be below expectation, contributing 8.3% to overall primary market activity. Efforts at obtaining additional listings to date have not been realised.

Notwithstanding, I am particularly pleased that the secondary market experienced an uptick activity in the financial year ended 31 March 2014. During the period, 5.9 million units of securities traded at a value of \$6.6 million in 222 transactions representing a 152.7 per cent increase in volume, 111.6 per cent in value and 5.2 per cent in the number of transactions compared to the previous financial year.

Attracting additional corporate issuers and further developing the secondary market is critical to the overall deepening of the market.

The Eastern Caribbean Central Securities Registry (ECCSR) continued to contribute significantly to the ECSE Group's overall performance with positive increases being experienced in most areas of operations. Over the 2013/2014 financial year, the number of registrations expanded by 15.1 per cent, the number of registry accounts held by securities holders grew by 4.6 per cent, corporate action payments increased by 19.2 per cent, and the number of charges registered increased by 8.6 per cent.

Conversely, activity at the Eastern Caribbean Central Securities Depository (ECCSD) declined by 8.1 per cent compared to the previous financial year with 1.05 billion units of securities cleared and settled in 810 primary and secondary market transactions. This was attributable to the contraction in activity on the RGSM, which accounted for 91.2% of the settlement volume.

The role and responsibilities of Boards of Directors are critical as we enter the stage of increasingly complex economies and a policy environment in which the effects of the global recession has affected the private sector to an extraordinary extent. The skill set required for a person to be an effective board member needs to be understood by all candidates for these positions. The fiduciary responsibilities are considerable and should be fully comprehended by all and even more for those within the financial sector.

In this regard, I am particularly pleased that the ECSE continues to be a pioneer in the area of corporate governance in the region through its hosting of director-level governance training and risk management workshops. In February, the ECSE hosted the fifteenth in the series of Directors' Education and Accreditation Programmes (DEAP), organised in collaboration with the Institute of Chartered Secretaries and Administrators/Chartered Secretaries Canada (ICSA/CSC). To date 346 persons have participated in the DEAPs.

In March 2014, the ECSE also collaborated with CariCRIS to host a 1-day "Fundamentals of Risk Management Workshop", which attracted both director level and staff level participants.

Finally, I am particularly pleased that the ECSE has recorded its seventh consecutive year of positive financial results, with the group declaring a net profit of \$0.8 million, a 9.7 per cent increase over the results of the previous financial year. This is commendable given the challenging economic conditions within which the ECSE operated.

As we recover from the aftermath of the global economic and financial crisis, the ECSE will pay particular attention to raising the profile of corporate governance and to assist where possible in the implementation of practices which are now necessary to deal with some of the issues brought to the fore by the crisis.

On 19th October 2013, the ECSE celebrated the 12th anniversary of the commencement of its operations and the launch of the ECSM. As we move into another year of operations, I thank you for steering the course and remaining committed to this enterprise. I also thank the Board of Directors, management and staff for their efforts during the course of the year.


Sir K Dwight Venner
Chairman

REVIEW OF OPERATIONS

Global economic activity strengthened during 2013, with most major economies recording favourable performances. While pre-2008 growth levels have yet to be regained, there is optimism that the long recession may have probably abated. The positive performance is expected to continue into 2014, with signs of improvements evident in both advanced and emerging economies. The 2013 performance and the outlook for 2014, has had, and will continue to have, a favourable impact on the economies of the Eastern Caribbean Currency Union (ECCU).

Output in the ECCU economies appeared, from preliminary data, to have expanded in 2013. Real GDP is estimated to have grown by 0.7%, which, while sub-par, represents an acceleration compared to the previous year. This improvement was fueled by a recovery in foreign direct investment and in domestic investment in both the private and public sectors. Growth was recorded in services, such as tourism and real estate, and in construction and agriculture. Five of the eight member countries contributed to the pickup in economic activity within the regional grouping; Anguilla, Montserrat and Saint Lucia recorded contractions.

The outlook for ECCU economies in 2014 appears encouraging. Growth is expected to strengthen further to 1.9%, led by strong performances in construction and tourism, with the resulting beneficial impacts on a range of ancillary activities. All of the ECCU member countries are projected to experience some expansion.

The upturn in economic activity has not yet impacted the operations of the ECSE Group, which remained relatively stable. During the financial year, there was a net gain of seven listings taking the number of listed securities to 91. Primary market activity contracted 8.5%, as regional Governments moderated their issuances of debt securities on the Regional Government Securities Markets. While there was an appreciable increase in the issuance of corporate debt, this market segment remained small. Secondary market trading rebounded during the year, with marked increases in the traded volumes of sovereign debt securities and of equities. The index of domestic equities ended the year 7.6 points higher at 142.52.

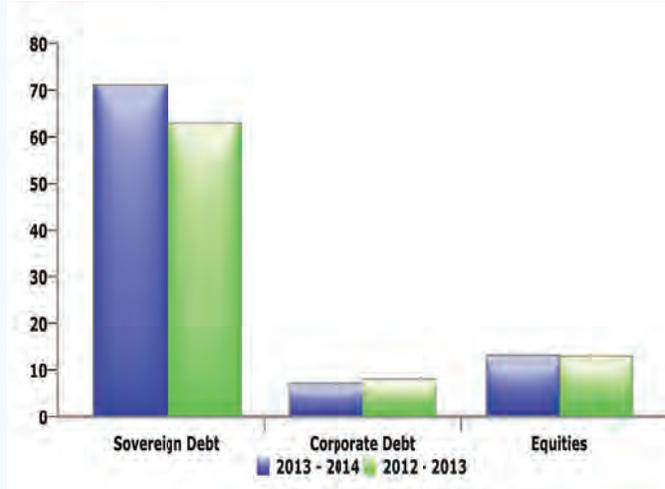
The Group's financial results for the year ended 31 March 2014 were encouraging. A net profit of \$0.8 million was recorded from revenues of \$3.1 million. This outturn was 9.7% above the results of the previous financial year.

MARKET OPERATIONS

Listings

At 31 March 2014, the number of securities listed on the Exchange stood at 91, comprising 71 sovereign debt instruments, seven corporate bonds and 13 equities. This represented an 8.3% increase over the year, as, although primary market activity contracted during the year, a number of the new listings had been issued in an earlier period or issued off market.

Listed Securities

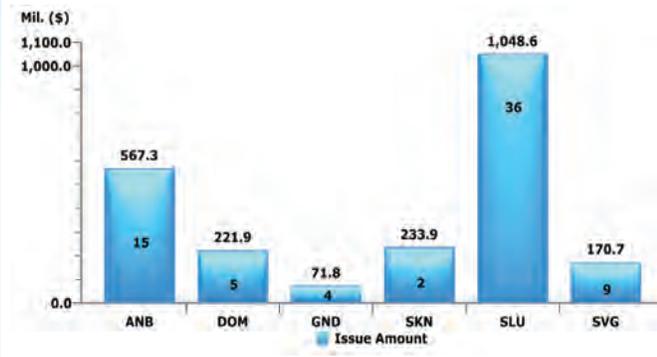


During the review year, 53 new fixed income securities, comprising 38 Treasury bills, two notes and 13 bonds were listed on the market. Over the same period, 46 debt securities: 39 Treasury bills, three notes and four bonds, were redeemed on maturity, resulting in a net gain of seven listings. The stock of listed equities remained unchanged.

Sovereign Debt Securities

Sovereign debt, which continued to dominate total market listings, was the sole contributor to the increment in listings during the year. Listed sovereign debt securities increased 12.7% to number 71 at year-end, representing 78% of all listed securities. The Government of Saint Lucia, which increased its outstanding debt issues by 16.1% to 36 instruments or 51.0% of the stock, maintained its position as the lead sovereign issuer.

Listed Sovereign Securities



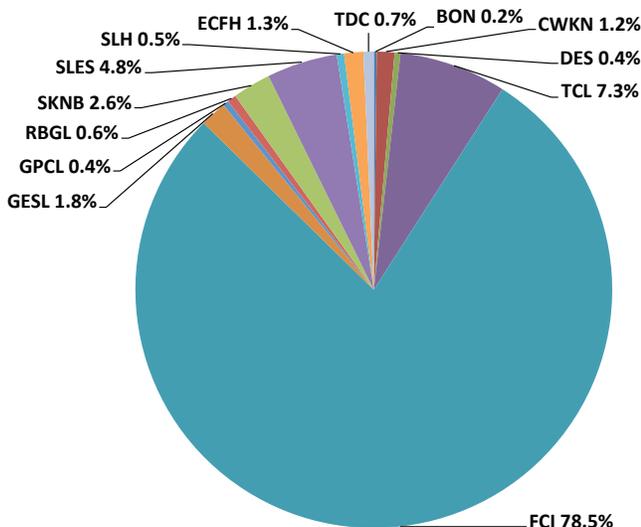
Corporate Securities

There were 20 corporate securities listed on the ECSE at 31 March 2014, one fewer than at the previous year-end as a result of a corporate bond redemption. These comprised 13 equities, 11 domestic and two cross-lists, and seven corporate bonds with maturities ranging from two to 10 years.

Market Capitalisation

At 31 March 2014, the total market capitalization of the 13 equities listed on the ECSE stood at \$11.6 billion, an increase of \$0.1 billion compared to the previous year-end. This expansion in market capitalization is attributable in the main to advances in the prices of two utilities, St Lucia Electricity Services Co Ltd (SLES) with a 61.3% increase, and Dominica Electricity Services Co Ltd (DES) with 23.1%, during the year.

Market Capitalization



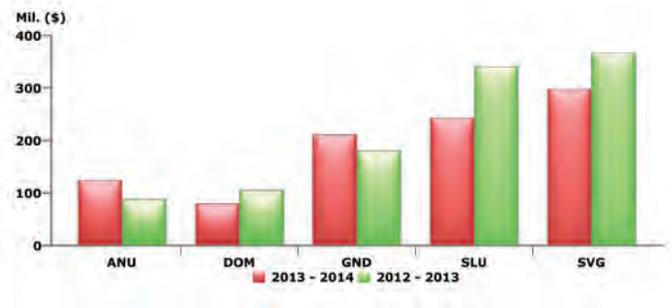
Primary Market Activity

Primary market activity at the ECSE continued to be dominated by auctions of sovereign debt securities. During the financial year, \$1.0 billion was raised in the auction of 53 new debt securities, which represented a \$96.4 million or 8.5% decrease from the amount raised in the previous year's 56 auctions. While the decline resulted from a reduction in new sovereign debt issues, these continued to account for 91.7% of aggregate auction proceeds.

RGSM

After two years of strong growth, the Regional Government Securities Market (RGSM) experienced a contraction in the year ended 31 March 2014. Five sovereign issuers, the Governments of Antigua and Barbuda, the Commonwealth of Dominica, Grenada, Saint Lucia and St Vincent and the Grenadines, auctioned 50 securities and raised, in aggregate, \$956.7 million. This represented a 12.9% decline from the total raised in the previous year, attributable to marked reductions in the amounts raised by the Governments of Saint Lucia, St Vincent and the Grenadines, and the Commonwealth of Dominica.

RGSM Activity



The Governments of St Vincent and the Grenadines and of Saint Lucia, notwithstanding the reduction in their auction proceeds, maintained their respective market lead positions. St Vincent and the Grenadines raised \$298.5 million in 12 issues of Treasury bills, accounting for 31.2% of the total RGSM auction proceeds. Saint Lucia, in 13 auctions of 11 Treasury bills and two bond issues, raised \$243.0 million or 25.4% of the total.

The RGSM continues to play a vital role in ECCU Governments' funding operations. Since its launch in November 2002, Governments have raised \$7.4 billion on the market.

ECSM

Issuance of corporate securities on the Eastern Caribbean Securities Market (ECSM) continued to underperform, contributing a mere 8.3% to overall primary market activity. This, however, was a marked increase from the 3.5% contribution in the previous year.

During the year, the Eastern Caribbean Home Mortgage Bank (ECHMB), the sole active corporate issuer for several years, issued three bonds that raised, in aggregate, \$86.1 million. These proceeds more than doubled the \$40.3 million raised in two auctions during the previous year.

Secondary Market Activity

There was an appreciable rebound in secondary market activity in the financial year ended 31 March 2014. During the period, 5.9 million units of securities traded at a value of \$6.6 million in 222 transactions. Compared with the previous financial year, this reflects increases of 152.7% in volume, 111.6% in value and 5.2% in the number of transactions. Trades in sovereign debt securities and in equities contributed to this recovery.

Sovereigns

During the year, although there were two fewer trades of sovereign debt securities than in the previous year, the volume traded increased exponentially from approximately 0.1 million units to 5.4 million units, recorded at a value of \$5.5 million. Trades in sovereign debt contributed 93.1% to total secondary market trading volume, recovering sharply from the previous year when it accounted for a mere 4.6%.

Corporates

Secondary market activity in corporate securities fell sharply in the financial year, continuing the decline recorded in the last two years. The fall was more pronounced in the current year, as there were no trades in corporate debt securities which had accounted for 85.8% of the overall secondary market traded volume in the previous year.

Equities trading, on the other hand, experienced some recovery. During the year, 404,428 units of equities traded at a value of \$1.1 million in 216 transactions, recording an 80.8% increase in volume compared to the previous year. This reflected increased activity in The Bank of Nevis (BON)'s shares, 97,454 units of which traded at a value of \$243,635 in 55 transactions during 2013 - 2014. In comparison, 22,608 units of BON traded at a value of \$81,913 in 28 transactions during 2012 - 2013.

Equities Trading



In addition to the market trades, during the year 10.7 million units of securities were put through the market in 35 transactions. This included 5.4 million DES shares and 5 million units of the Government of Saint Lucia's bond, LCG080320, which represented 50.5% and 46.7%, respectively, of the total volume of 'put throughs' in the financial year. In the previous year, the volume put through the market was 0.1 million units.

EC-Share Index

The ECSE EC-Share Index tracks the prices of the domestic equities listed on the market; cross-listed securities are excluded. The index which opened the year at 134.90, closed 7.62 points higher at 142.52 on 31 March 2014.

ECSE EC-Share Index



As depicted in the graph above, there was a spike in April, resulting from a sharp 61.3% increase in the price of one security, which represents 22.1% of the domestic market capitalisation. There was a gradual decrease from this peak over the remainder of the year, as the prices of four equities declined.

Registry Operations

The Group's Registry business continued to expand during the financial year contributing significantly to the overall performance. Growth was experienced in most areas of operations: the number of registrations expanded by 15.1%, the number of registry accounts held by securities' holders grew by 4.6%, corporate action payments increased by 19.2%, and number of charges registered increased by 8.6%. The number of retail asset service and account maintenance transactions, however, declined by 5.7%.

Registrations

At year-end, there were 107 securities maintained in the ECCSR's electronic register, 14 more than at the end of the previous financial year. This comprised 77 sovereign debt instruments: 50 bonds, 20 Treasury bills and seven notes; 19 equities; 10 corporate bonds; and a municipal bill. Of these securities, 91 were listed on the exchange; six equities, seven sovereign and three corporate bonds were not listed.

During the year, 63 new securities were entered onto the register, the same number as in the previous year. This included 58 sovereign debt securities, 51 from RGSM auctions, and seven issued by private placement; three corporate bonds auctioned on the primary market; a local government Treasury bill issued by private placement; and a seasoned equity issue. Offsetting this was the expiration, on maturity, of 49 securities, the same number as in the previous year, resulting in the 15.1% increment.

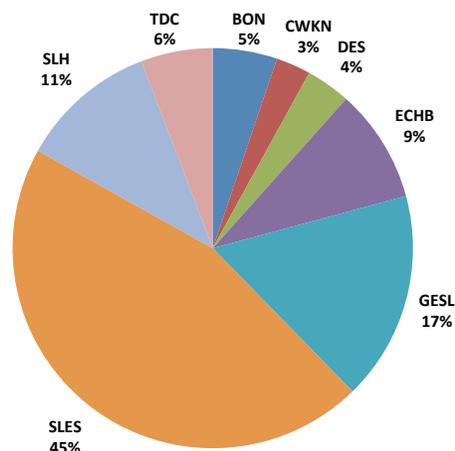
Corporate Actions

The Registry, in the year ended 31 March 2014, processed 194 corporate action payments amounting to \$1.17 billion on behalf of 10 corporate and 7 sovereign clients, \$189.3 million or 19.2% above the aggregate payments processed in the previous year. This included debt service payments of \$1.15 billion, of which \$1.04 billion was made to holders of sovereign debt securities, and \$131.1 million to holders of corporate debt. Dividend payments totaled \$27.0 million.

Dividends

During the financial year ended 31 March 2014, the ECCSR processed dividends totaling \$27.0 million on behalf of eight companies, a decrease of 25.6% compared to the previous year. Although dividends were processed for a new client and an existing client that did not declare a dividend in 2012 – 2013, four clients that paid dividends in the earlier year, did not pay in the current year.

Dividend Payments



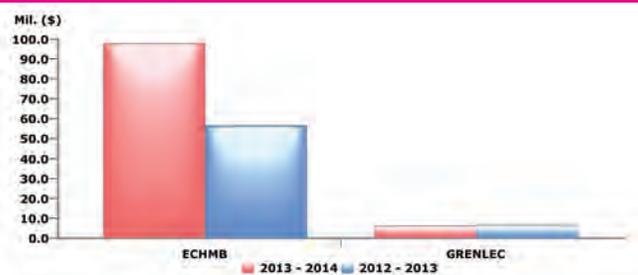
Debt Service Payments

During the financial year, payments to holders of debt securities issued by corporate and sovereign clients amounted to \$1.15 billion, 21% or \$198.6 million above the sum paid out in the previous year. The increment was attributable to both sovereign and corporate debt service payments.

Corporates

During the year 22 payments of interest and principal on bonds issued by two corporate clients, the ECHMB and Grenada Electricity Services Ltd, amounted to \$104.2 million. Of the total, \$13.2 million represented interest on 12 bonds and \$91.0 million, principal on an armortising and three maturing bonds.

Principal & Interest Payments



The payments made on corporate debt securities during the year was \$41.2 million or 65.4% higher than in the previous year. While the number of maturing instruments was the same in both years, the principal redeemed on maturing and amortising bonds in 2013 – 2014 was \$45.0 million or 101.9% above the redemptions in the previous financial year.

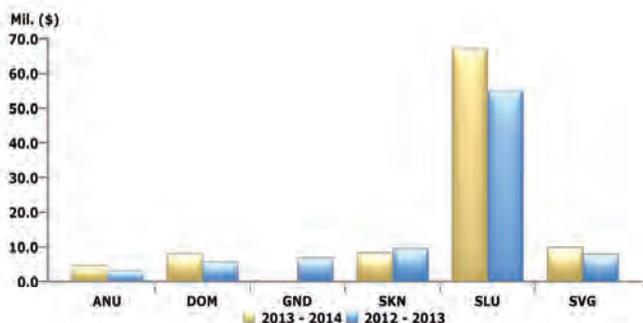
Sovereigns

Payments on sovereign debt securities during the year amounted to \$1,042.0 million, \$157.7 million or 17.8% above the payout in the previous financial year. The Government of St Vincent and the Grenadines, which paid out \$328.5 million or 31.5% of the aggregate (21% in the prior year), was the main contributor to this increment. The Government of Grenada, which increased its share of debt service payments from 18.5% to 21.4% of the total, was also a significant contributor.

Interest

Interest paid on Treasury notes and bonds amounted to \$98.2 million in 2013 - 2014, representing a \$10.2 million or 11.6% increment over the previous year. The Government of Saint Lucia, which increased its stock of debt securities during the year, was the main contributor to the increase, accounting for 68.5% of aggregate interest payments, compared to 62.2% in the previous year. The Government of St Vincent and the Grenadines was the next largest contributor, accounting for 10.2%.

Interest Payments-Sovereigns



Principal Repayments

Principal on sovereign debt instruments redeemed during the year amounted to \$943.8 million, 20.8% or \$162.4 million above the principal repaid in the previous year. Of the aggregate, Treasury bill redemptions of \$799.0 million represented 84.7%, down almost 10 percentage points from 94.6% in the previous year, despite a \$59.6 million or 8.1% increment over the year. Principal repaid on maturing and amortising notes and bonds, which totaled \$144.8 million, increased 244.9% or \$102.8 million over the year to represent 15.3% of the aggregate.

Principal Redemptions-Sovereigns



The Government of Saint Lucia, which redeemed \$259.1 million in 10 Treasury bills and three notes, accounted for 27.5% of aggregate redemptions compared to 16.8% in the previous year. The Government of Grenada, which redeemed 13 Treasury bills in the aggregate sum of \$222.8 million, also increased its share of the total, from 20% to 23.6%. The Government of St Vincent and the Grenadines, which paid out \$318.5 million redeeming 12 Treasury bills and principal on eight amortising bonds semi-annually, accounted for 33.7% of the aggregate, down 6.3 percentage points from the previous year.

Other Transactions

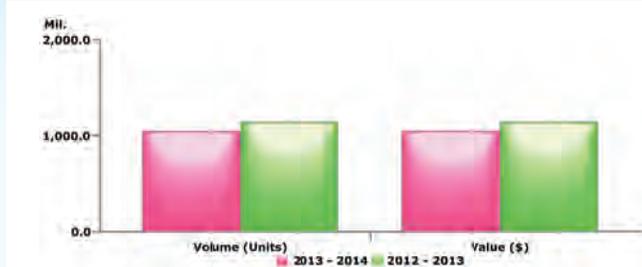
During the year, the ECCSR registered 94 charges on securities and released 63 charges. The net increase of 31 charge registrations brought the number of charges on the register to 392.

At year-end, 38,302 securities' holders maintained 27,198 accounts at the ECCSR. During the year, 1,692 account maintenance and asset services transactions were processed on behalf of these holders, 5.7% below the number of transactions processed in the previous year.

Depository Activities

During the year, the Eastern Caribbean Central Securities Depository (ECCSD) cleared and settled 1.05 billion units of securities in 810 primary and secondary market transactions. This represented an 8.1% decline in activity compared to the previous year, consequent on the contraction in the RGSM, which accounted for 91.2% of the settlement volume.

ECCSD Activity



The ECCSD processed 1.04 billion units of securities on the primary markets in 588 transactions. Of this, 86.1 million units of corporate bonds were settled in 31 transactions, and 956.6 million units of Government securities in 557 transactions, all valued at par.

In respect of secondary market trading, 5.9 million units of securities were cleared and settled in 222 transactions at a value of \$6.6 million. This comprised 0.4 million units of corporate securities at a value of \$1.1 million, in 216 transactions, and 5.4 million units of sovereign debt securities at a value of \$5.5 million in 6 transactions.

At year-end, 9.4 million units of securities were held in custody at the ECCSD by member intermediaries, a regional CSD and an Issuer on behalf of its employees. The securities comprised 6.4 million units of equities, 2.6 million units of sovereign bonds and 0.4 million units of Treasury bills. There was a sharp 77.1% decline in the number of securities held in custody this year, compared to the previous yearend.

Intermediary Services

The ECSE's intermediary network faced further contraction, following the withdrawals in the previous year. During the year, the Eastern Caribbean Securities Regulatory Commission suspended the license of the National Bank of Anguilla Ltd (NBA) for failing to maintain the prescribed staff complement. Consequent on this regulatory action, NBA's ECSE membership was automatically suspended. At 31 March 2014, therefore, there were six ECSE Member intermediaries located in four ECCU countries.

IWG

During the year, there was a heightened level of engagement and collaboration by and between member intermediaries and the ECSE under the aegis of the Intermediary Working Group (IWG). Three formal meetings were convened, two of which were held by teleconference. Deliberations at these meetings

focused on a number of issues critical to the ongoing development and effectiveness of the market, such as prevailing market fees, preparation for FATCA, the draft Common Take-Over Code, training programs, and other aspects of market operations.

The IWG also considered its own organisational structure and accepted a proposal to establish an independent broker dealer association. A working committee has been formed to pursue this initiative.

By rotation, the chairmanship of the IWG passed from ECFH Global Investments Solutions Limited to the St Kitts-Nevis-Anguilla National Bank Ltd in February 2014. The Bank of Nevis Ltd assumed the vice-chairmanship.

Training

ECSM Certification Workshop

The 16th Workshop of the Eastern Caribbean Securities Market Certification Programme was held in May 2013. The new mode of delivery, wherein approximately 60% of the tutorials and lectures are conducted through web conferences, was introduced. Only the practical systems training sessions and the examinations were conducted on-site at the ECCB headquarters. Eleven persons from across the region participated in the Workshop.

The new format has proven quite successful and was deemed effective by participants and facilitators. Further optimisation will continue for future workshops.

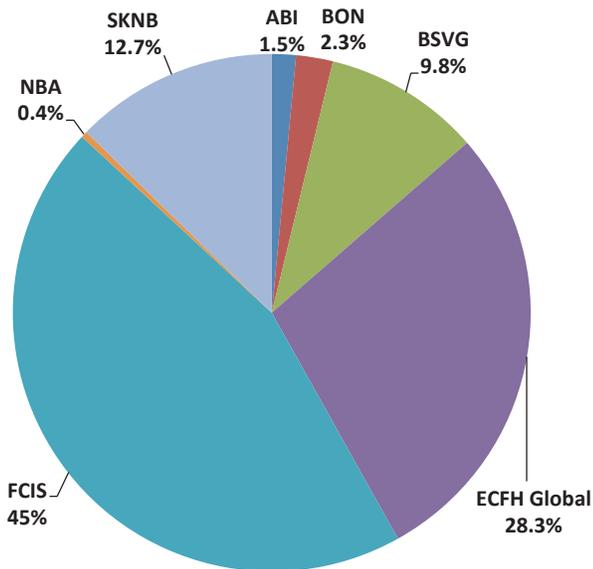
Continuing Education

The ECSE hosted another in the series of Continuing Education Workshop (CEW) for securities professionals in St Kitts in February 2014, coincident with a meeting of the IWG. The workshop included a systems training component that engaged participants with the ECSE Group's trading platform and back office applications, and a business development component focused on prospects and opportunities in the Entry Level Tier (junior) market segment. The business training sessions were facilitated by a leading securities industry practitioner with extensive involvement in bringing new products to the junior market in Jamaica.

Intermediary Market Activity

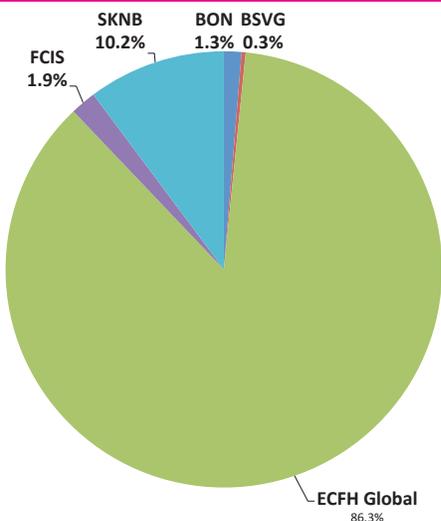
Broker-dealer transactions on both the primary and secondary markets amounted to \$1.0 billion during the financial year ended 31 March 2014. This was 8.1% below the value transacted in the previous financial year, consistent with the decrease in the amount raised in primary market auctions.

Brokers Buy Side Activity



All seven member broker-dealers operating in the market during the year participated on the buy-side of transactions in both the primary and the secondary markets. First Citizens Investment Services (FCIS) continued to lead the market, with 44.9% of the aggregate buy-side transaction value. ECFH Global Investment Solutions (ECFH Global) accounted for 28.3%, and St Kitts-Nevis-Anguilla National Bank Ltd (SKNB), which recorded a 96.3% increase in buy-side transaction value over the year, contributed 12.7%.

Brokers Sell Side Activity



Five of the seven broker dealers were engaged in sell-side transactions during the review year. The aggregate value of brokers' sales was \$6.6 million. This represents a \$3.5 million or 111.6% increase over the previous financial year, reflective of the rebound in secondary market activity in the review year.

The ECFH Global, which along with SKNB were the only two intermediaries to increase the sell-side trade value, was the market leader with an overwhelming 86.3% of the aggregate sell-side value. The activity at the Bank of St Vincent and the Grenadines Ltd, the previous year's lead seller, contracted to a mere 0.3% share.

EDUCATION AND AWARENESS

In the financial year 2013 - 2014, the ECSE continued its programs aimed at boosting the overall level of financial literacy and public awareness of the securities markets. These efforts included dissemination of market information and participation in a range of informational and representational activities and events.

Information Dissemination

Reports to the general public on market activities and on issuers' filings and disclosures continued to be disseminated using the various media available to the ECSE. Daily market and trading activity reports, financial tips, and press releases were provided for radio and television broadcast and for print publication to the media throughout the region. In addition, primary market activity reports on issues brought to the RGSM were provided to Bloomberg. The material and information distributed to the media, are also available to the public through the ECSE's website, www.ecseonline.com.

Financial Information Month

During Financial Information Month (FIM), which is celebrated annually in October, the ECSE partnered with the Eastern Caribbean Central Bank (ECCB), other financial institutions and allied stakeholders on a range of activities and events geared to raising the level of economic and financial literacy. These included interviews in the broadcast media, the FIM Business Symposium and Innovative Forum, publication of articles in the regional print media, the FIM walkathon, and primary school quizzes and educational material.

ECSE's 12th Anniversary

On 19th October, the ECSE celebrated the 12th anniversary of the commencement of its operations and the launch of the ECSM. Coinciding with the FIM, the ECSE marked the occasion with several activities in conjunction with other financial

institutions in the ECCU. In addition, members of the ECSE Board, Management and Staff participated in a commemorative church service in Basseterre, in conjunction with the Management and Staff of the Eastern Caribbean Central Bank, which was celebrating an anniversary.

Shareholder Events

In 2013 - 2014, the ECSE expanded its outreach to shareholders of listed companies and of companies whose share registers are maintained by the ECCSR. The Group was represented at eight annual meetings of shareholders, and played a facilitative role at two of these meetings. Registry staff operated shareholder services desks at six of the meetings, delivering retail registry services directly to the companies' shareholders. The ECSE also facilitated a training workshop for the shareholders of one of the listed companies.

Youth Outreach

The ECSE, cognisant that its marketing efforts must be aimed at changing culture, and that behavioral change is to a large extent an intergenerational pursuit, continued its focus on the youth. In this regard, the ECSE's support to the Junior Achievement Company Programme, which seeks to develop entrepreneurship amongst secondary school students, and to the Young Employee Socialization (YES) programme continued during the year. Presentations were also made to students of a number of secondary schools in St Kitts and Nevis, and a 5th form High School student was hosted on a work experience attachment.

Affiliations & Memberships

The Group continued its membership of strategic industry associations, in order to benefit from training and networking opportunities and exposure to information on regional and global developments in the securities industry. Through its depository subsidiary, the ECCSD, the Group continued to play an active role in the Association of Securities Depositories of the Americas (ACSDA). The General Manager was appointed to the ACSDA Executive Committee during the year.

Membership of the Securities Transfer Association, based in the USA, was also maintained through the registry subsidiary, the ECCSR.

Resulting from these, and other affiliations, the Group participated in the following events, as well as other training activities, during the year.

DATE	EVENT
April 2013	Presentation at ACSDA's 15th General Assembly and Conference - Guatemala.
May 2013	Presentation at the IOSCO SROCC Mid-Year Meeting and 6th Annual Training Seminar - Toronto, Canada.
November 2013	ECCB's Annual Conference with Commercial Banks - St Kitts
December 2013	ACSDA Senior Summit - Miami, USA
January 2014	Jamaica Stock Exchange Investments and Capital Market Conference - Jamaica

CORPORATE GOVERNANCE INITIATIVES

The ECSE remained committed to promoting and developing high standards of governance, internally and throughout the corporate community across the region. Activities during the year, in furtherance of these objectives included the hosting of, and participation in, director-level governance training and risk management workshops.

In February, the ECSE hosted another in the series of Directors' Education and Accreditation Programmes (DEAP), organised in collaboration with the Institute of Chartered Secretaries and Administrators/Chartered Secretaries Canada (ICSA/CSC). In March 2014, the ECSE also collaborated with CariCRIS to host a 1-day "Fundamentals of Risk Management Workshop", which attracted both director level and staff level participants.

The ECSE maintained membership, and continued to support the activities, of the Caribbean Association of Audit Committee Members (CAACM). In July, a member of Board Audit Committee participated in the CAACM's 7th Annual General Meeting and Conference.

ADMINISTRATION

External Audit

PKF, Accountants and Business Advisers, retired as external auditors of the ECSE Group at the 12th Annual General Meeting of shareholders (AGM) held in September. As a result of the rotation policy adopted by the ECSE, PKF, which has served in this capacity for 12 years, were ineligible for reappointment.

Following a rigorous selection process, KPMG Eastern Caribbean were appointed by the shareholders at the AGM as the Group's auditors for the financial year ended 31 March 2014.

Internal Audit

During the year, the selection process for a new provider of internal audit services for the next two years, consequent on the completion of the term of engagement of Maloney Maitland and Associates, was concluded. From the evaluation of the three proposals received, Mr Gary Moving, Certified Accountant, was selected as the Internal Auditor. His assignment will commence in July 2014.

Personnel

Staff Changes

The ECSE Group welcomed two additions to its staff in 2013-2014. In June, Mr Jabez Harris was recruited to the position of IT Officer, and in November, Mr Losana Laws rejoined the staff as Accounting Officer. Mr Laws comes back to the Group, five years after leaving to pursue a Masters degree, during which time he also completed the CPA certification and gained valuable experience on the audit staff of a leading international accounting firm.



ECSE Staff

At the end of September 2013, the ECSE bade farewell to Mr Mahendra Singh, Accounting Officer, after a five-year tenure at the ECSE. The ECSE wishes Mr Singh well in his future endeavours.

Milestones

Two members of staff in the Market Operations Division

completed 5 years of service to the ECSE Group during the year. In December, Ms Sherizan Mills, Operations Officer, completed five years of service, and Mr Tarlie Francis, Senior Manager, achieved this milestone in March. The ECSE congratulates Ms Mills and Mr Francis, for their continued valuable contributions to the Group.

Staff Development

The main thrust of staff training initiatives undertaken during the year was geared towards honing individual skill sets to enhance operational efficiency and ensure institutional capacity to respond to changes in the operating environment. All members of staff, therefore, were exposed to training events related to respective functional areas or enterprise-wide exposure.

DATE	EVENT	HOST/LOCATION
April 2013	Administrative Professionals Leadership Training Seminar	NAAP/St Kitts
May 2013	"What you should be doing about FATCA"	STA/Webinar
August 2013	"Use of SWIFT",	ACSDA/Webinar
September 2013	Inspections and Compliance Training Programme	USSEC & TTSEC/Trinidad
December 2013	Swift Alliance Lite User Training	In-house
January 2014	"Update on FATCA"	STA/Webinar

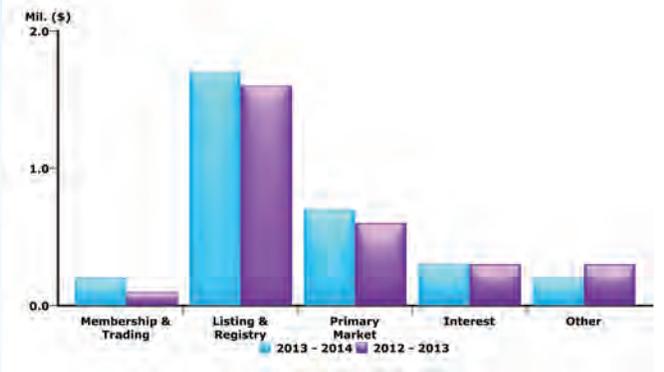
FINANCIAL PERFORMANCE

For the financial year ended 31 March 2014, the ECSE Group recorded a profit of \$0.8 million, from revenues of \$3.1 million. The outturn was 10.3% above the results of the previous financial year, as the growth in expenses was limited to 3.8%, while total income expanded by 5.4%.

Revenues

Though lagging budgetary expectations, the Group's revenues for 2013-2014 grew 5.4% over the year to \$3.1 million. This was boosted by a 10.6% increase in Listing and Registry Income, which continued to be the main revenue earner contributing 56.1% of total income. A 3.7% increment in Primary Market Income, which represented 21.2% of Group revenues, and a marked 98.8% growth in Membership and Trading Income, also contributed.

Group Income

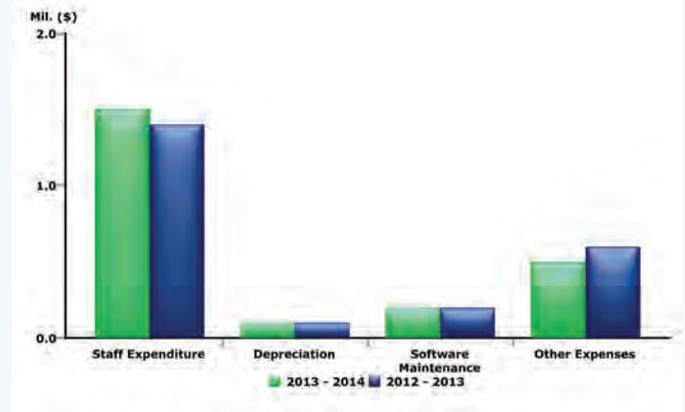


Expenses

The Group's expenses in 2013-2014, which grew 3.8% over the previous year to \$2.3 million, were maintained well within budget. The increment over the year was fueled by an 8.8% increase in Staff Expenses which represent 64.9% of total

expenditure, attributable in the main to the recruitment of new staff during the year. Software Maintenance and Legal and Professional Costs which grew by 13.3% and 21.1%, respectively, also contributed to the increase.

Group Expenditure



DIRECTORS' REPORT

The Directors are pleased to submit their Report for the Financial Year ended 31 March 2014.

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.

The retiring Directors are eligible for nomination for re-election by their respective shareholder classes.

Directors' Interests

As at 31 March 2014, 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 \$0.80 million on a consolidated basis for the year ended 31 March 2014.

Share Capital

The issued and outstanding capital of the Company is comprised entirely of 972,581 common shares. At 31 March 2014, 27,419 shares remained available from the initial offering of 1,000,000 shares.

At 31 March 2014, 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 Annual General Meeting (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 2015.

INDEPENDENT AUDITORS' REPORT

To the Shareholders

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, 2014 and the consolidated statements of 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 misstatements, 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 relevant ethical requirements and plan and perform the audit to obtain reasonable assurance 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.

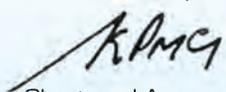
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The consolidated financial statements of the Group as at and for the year ended March 31, 2013, were audited by another auditor who expressed an unqualified opinion on those statements on August 14, 2013.



Chartered Accountants

August 12, 2014

Antigua and Barbuda

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Consolidated Statement of Financial Position

March 31, 2014

(Expressed in Eastern Caribbean Dollars)

	Notes		2014	2013
Assets				
Current Assets:				
Cash and Short-term Funds	6	\$	20,316,351	16,581,544
Accounts Receivable and Other Assets	7		646,473	422,698
Investments	8		4,960,443	5,193,341
Total Current Assets			25,923,267	22,197,583
Non-current Assets:				
Plant and Equipment	9	\$	102,478	142,853
Intangible Assets	10		26,220	64,551
Total Non-current Assets			128,698	207,404
Total Assets		\$	26,051,965	22,404,987
Liabilities and Shareholders' Equity				
Current Liabilities:				
Accounts Payable and Accruals	11	\$	17,875,246	15,033,855
Provisions	12		-	71,023
Total Current Liabilities			17,875,246	15,104,878
Non-current Liabilities:				
Provisions	12	\$	7,000	-
Pension Fund	13		635,041	551,935
Due to Eastern Caribbean Central Bank	14		2,874,845	2,874,845
Total Non-current Liabilities			3,516,886	3,426,780
Total Liabilities			21,392,132	18,531,658
Shareholders' Equity:				
Share Capital	16	\$	9,725,810	9,725,810
Accumulated Deficit			(5,065,977)	(5,852,481)
Total Shareholders' Equity			4,659,833	3,873,329
Total Liabilities and Shareholders' Equity		\$	26,051,965	22,404,987

Approved by the Board of Directors on 12 August 2014


 Sir K Dwight Venner
 Chairman


 Mr. D. Michael Morton
 Director

The Notes on pages 23 to 37 are an integral part of these Consolidated Financial Statements.

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Consolidated Statement of Comprehensive Income

Year ended March 31, 2014

(Expressed in Eastern Caribbean Dollars)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
Income:			
Listing and Registry Income	\$	1,739,536	1,573,507
Primary Market Income		657,393	634,210
Interest Income		292,259	289,814
Membership and Trading Income		239,885	120,689
Other Income		173,500	326,032
		<u>3,102,573</u>	<u>2,944,252</u>
General and Administrative Expenses:			
Compensation Costs		1,496,456	1,365,645
Administrative Expenses		472,837	506,594
Software Maintenance		175,778	155,077
Depreciation and Amortisation	9,10	92,615	92,779
Legal and Professional Costs		45,000	37,157
Promotional Activities		27,003	58,167
Staff Training		6,380	15,758
		<u>2,316,069</u>	<u>2,231,177</u>
Net Income being Total Comprehensive Income for the Year	\$	786,504	713,075
Earnings per Share	\$	0.81	0.73

The Notes on pages 23 to 37 are an integral part of these Consolidated Financial Statements.

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Consolidated Statement of Changes in Shareholders' Equity

Year ended March 31, 2014

(Expressed in Eastern Caribbean Dollars)

	<u>Share Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance as at March 31, 2012	\$ 9,725,810	(6,565,556)	3,160,254
Total comprehensive income for the year	<u>-</u>	<u>713,075</u>	<u>713,075</u>
Balance as at March 31, 2013	9,725,810	(5,852,481)	3,873,329
Total comprehensive income for the year	<u>-</u>	<u>786,504</u>	<u>786,504</u>
Balance as at March 31, 2014	\$ <u>9,725,810</u>	<u>(5,065,977)</u>	<u>4,659,833</u>

The Notes on pages 23 to 37 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, 2014

(Expressed in Eastern Caribbean Dollars)

	Notes	2014	2013
Cash flows from operating activities			
Net income for the year		\$ 786,504	713,075
Adjustments for:			
Depreciation and Amortisation	9,10	92,615	92,779
Interest Income		(292,259)	(289,814)
Write back of Plant and Equipment disposed	9	12,078	-
Operating profit before changes in working capital		598,938	516,040
Change in Accounts Receivable and Other Assets		(232,048)	(27,256)
Change in Accounts Payable and Accruals		2,841,391	6,552,486
Change in Provisions		(71,023)	71,023
Change in Pension Fund		83,106	106,031
Net cash from operating activities		3,220,364	7,218,324
Cash flows from investing activities			
Purchase of Intangible Assets	10	(3,347)	-
Purchase of Plant and Equipment	9	(22,640)	(45,917)
Disposal/(Purchase) of Investments		232,898	(982,863)
Reclassification of Deposits		-	(3,000,000)
Interest Received		300,532	228,964
Net cash from/(used in) investing activities		507,443	(3,799,816)
Cash flows from financing activities			
Provisions		7,000	(42,685)
Net cash from/(used in) financing activities		7,000	(42,685)
Increase in cash and short-term funds for the year		3,734,807	3,375,823
Cash and short-term funds at beginning of the year		16,581,544	13,205,721
Cash and short-term funds at the end of the year		\$ 20,316,351	16,581,544
Comprised as follows:			
Cash at Bank	6	\$ 20,315,868	16,581,237
Cash in Hand	6	483	307
		\$ 20,316,351	16,581,544

The Notes on pages 23 to 37 are an integral part of these Consolidated Financial Statements.

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements

March 31, 2014

(Expressed in Eastern Caribbean Dollars)

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 to perform all services incidental or conducive to the establishment and 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 authorised by the Board of Directors on August 12, 2014.

- (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.
- (d) **Use of Accounting Estimates and Judgments:**
The preparation of the consolidated financial statements in conformity with IFRS requires management to

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements (cont'd)

March 31, 2014

(Expressed in Eastern Caribbean Dollars)

2 Basis of Preparation: (cont'd)

(d) Use of Accounting Estimates and Judgments: (cont'd)

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, 2014. 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 in full 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 when the fair value is determined. Gains and losses resulting from the settlement of such transactions are recognised in the consolidated statement of comprehensive income.

(c) Cash and Short-term Funds:

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

(d) Trade Receivables:

Trade receivables 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.

Trade receivables 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 trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of 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, 2014, the Group is expected to collect all of its trade receivables.

(e) Plant and Equipment:

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

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements (cont'd)

March 31, 2014

(Expressed in Eastern Caribbean Dollars)

3 Significant Accounting Policies: (cont'd)

(e) Plant and Equipment: (cont'd)

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 comprehensive income.

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

Depreciation is provided on the straight line basis using rates estimated to write off the 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 a 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:

Liabilities 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.

(i) Revenue Recognition:

The Group principally derives its revenue from the rendering of services and interest income. Revenue is recognised when the amount of revenue can be measured reliably and is probable that the economic benefits associated with the transaction will flow to the Group. Interest income is recognised using the effective interest rate method.

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements (cont'd)

March 31, 2014

(Expressed in Eastern Caribbean Dollars)

3 Significant Accounting Policies: (cont'd)

(i) Revenue Recognition: (cont'd)

Revenue is recognised on an accrual basis when the services have been provided. Interest income is reported on an accrual basis using the effective interest method.

(j) Taxation:

By letter dated May 27, 2003, the Eastern Caribbean Securities Exchange (ECSE) and its subsidiary companies (the 'Group') were 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) Adoption of New Standards and Amendments to Standards:

- Amendment to IAS 1, Financial statements presentation regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.
- Amendment to IFRS 7 Disclosure: Offsetting Financial Assets and Financial Liabilities includes disclosure requirements for financial instruments which were offset and the net amount reported on the consolidated statement of financial position.
- IFRS 10, Consolidated financial statements effective on or after December 31, 2013 builds on existing principles by identifying the concept of control as the determining factor in whether any entity should be included within the financial statements of the parent company.
- IFRS 13 Fair Value Measurement effective on or after 1 January, 2013. IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.
- IAS 27 Separate Financial statements effective on or after December 31, 2013. The standard addresses the requirements for the preparation of separate financial statements of an entity. It explains that in preparing separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement.

4 New Standards and Interpretations not yet Adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are as follows:

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements (cont'd)

March 31, 2014

(Expressed in Eastern Caribbean Dollars)

4 New Standards and Interpretations not yet Adopted: (cont'd)

- IAS 19 Employee Benefits (2011) effective on or after 1 January 2013. The amended IAS 19 includes the following requirements: (a) actuarial gains and losses are recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19, and (b) expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.
- IFRS 9 Financial instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and amended in October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The standard is not applicable until at least January 1, 2018. The Group will assess IFRS 9's impact prior to implementation.
- Amendments to IAS 32 Financial Instruments: Presentation of asset and liability offsetting aims to address inconsistencies in current practice when applying the offsetting criteria for Financial Instruments. Clarification is provided on the meaning of, 'currently has a legally enforceable right of set-off and that some gross settlement systems may be considered equivalent to net settlement.' The amendments are not applicable until January 1, 2014.

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.

(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 comprehensive income.

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements (cont'd)

March 31, 2014

(Expressed in Eastern Caribbean Dollars)

5 Financial Instruments: (cont'd)

(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 funds 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 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.

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.

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements (cont'd)

March 31, 2014

(Expressed in Eastern Caribbean Dollars)

5 Financial Instruments: (cont'd)

Financial Risk Management (cont'd)

(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 funds to meet reasonable expectations of its short term obligations.

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:

	<u>Due within 1 Year</u>	<u>Total</u>
Financial Assets		
Year ended March 31, 2014		
Cash and Short-Term Funds	\$ 20,316,351	20,316,351
Investments	4,960,443	4,960,443
Accounts Receivable and Other Assets	<u>646,473</u>	<u>646,473</u>
	<u>\$ 25,923,267</u>	<u>25,923,267</u>

Year ended March 31, 2013

Cash and Short-Term Funds	\$ 16,581,544	16,581,544
Investments	5,193,341	5,193,341
Accounts Receivable and Other Assets	<u>422,698</u>	<u>422,698</u>
	<u>\$ 22,197,583</u>	<u>22,197,583</u>

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements (cont'd)

March 31, 2014

(Expressed in Eastern Caribbean Dollars)

5 Financial Instruments: (cont'd)

Financial Risk Management (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.

	<u>Due within 1 Year</u>	<u>>1 Year to 5 Years</u>	<u>Over 5 Years</u>	<u>Total</u>
Financial Liabilities				
Year ended March 31, 2014				
Accounts Payable and Accruals	\$ 17,875,246	-	-	17,875,246
Provisions	-	7,000	-	7,000
Pension Fund	-	635,041	-	635,041
Due to Eastern Caribbean Central Bank	-	-	<u>2,874,845</u>	<u>2,874,845</u>
	<u>\$ 17,875,246</u>	<u>642,041</u>	<u>2,874,845</u>	<u>21,392,132</u>
Year ended March 31, 2013				
Accounts Payable and Accruals	\$ 15,033,855	-	-	15,033,855
Provisions	71,023	-	-	71,023
Pension Fund	-	551,935	-	551,935
Due to Eastern Caribbean Central Bank	-	-	<u>2,874,845</u>	<u>2,874,845</u>
	<u>\$ 15,104,878</u>	<u>551,935</u>	<u>2,874,845</u>	<u>18,531,658</u>

(v) Capital Management:

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

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements [cont'd]

March 31, 2014

(Expressed in Eastern Caribbean Dollars)

6 Cash and Short-term Funds:

	<u>Note</u>		<u>2014</u>	<u>2013</u>
Cash with Commercial Banks	13	\$	20,315,868	16,581,237
Cash on Hand			483	307
Total		\$	<u>20,316,351</u>	<u>16,581,544</u>

Cash with Commercial Banks mainly consist of:

- (i) Unclaimed securities holders' dividends, interest and maturity payments in the amount of \$8,200,051 (2013: \$8,449,611).
- (ii) Funds held in escrow in the amount of \$9,345,955 (2013: \$6,237,809) representing securities holders' dividends, interest and maturity payments which are withheld for charged accounts and/or at the request of the Court and judicial managers.

7 Accounts Receivable and Other Assets:

		<u>2014</u>	<u>2013</u>
Trade Receivables	\$	430,699	220,608
Prepayments		152,134	130,177
Interest Receivable		63,640	71,913
	\$	<u>646,473</u>	<u>422,698</u>

As at March 31, 2014, the aging of trade receivables is as follows:

	<u>Total</u>	<u>Neither Past Due nor Impaired</u>	<u>Past Due but not Impaired 30 to 90 days</u>	<u>Over 90 days</u>
2014	\$ 430,699	406,477	19,897	4,325
2013	\$ 220,608	164,268	39,900	16,440

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements (cont'd)

March 31, 2014

(Expressed in Eastern Caribbean Dollars)

8 Investments:

	<u>2014</u>	<u>2013</u>
Certificates of Deposits	\$ 3,000,000	3,000,000
Treasury Bill VCB260514 at 3.99%	990,032	-
Treasury Bill LCB200714 at 6.00%	970,411	-
Treasury Bill VCB180413 at 3.12%	-	992,221
Treasury Bill LCB170713 at 6.00%	-	970,411
Government of Saint Lucia Fixed-Rate Bonds	-	230,709
	<u>\$ 4,960,443</u>	<u>5,193,341</u>

Certificates of Deposits:

The certificates of deposits are held with various financial institutions within the Organisation of Eastern Caribbean States and earn interest at rates varying from 3.00% to 4.75% per annum (2013: 4.25% to 5.25%) per annum.

Treasury Bills:

The Treasury Bills represents investment in the Government of St. Vincent and the Grenadines 91-day treasury bill VCB260514 at 4.00% maturing on May 26, 2014, and the Government of Saint Lucia's 180-day treasury bill, LCB200714, at 6.00% maturing on July 20, 2014.

Fixed-Rate Bonds:

The Government of Saint Lucia fixed rate bonds relate to a sale and repurchase agreement. The investment matured during the period and the repurchase agreement ended on April 12, 2014. The underlying interest rate was 3.00% (2013: 3.00%).

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements (cont'd)

March 31, 2014

(Expressed in Eastern Caribbean Dollars)

9 Plant and Equipment:

	Motor Vehicles	Computer Equipment	Furniture and Fixtures	Total
Cost:				
At March 31, 2012	\$ 176,000	405,783	107,532	689,315
Additions	-	45,917	-	45,917
Disposals	-	(7,075)	(39,688)	(46,763)
At March 31, 2013	176,000	444,625	67,844	688,469
Additions	-	16,140	6,500	22,640
Disposals	-	(12,078)	-	(12,078)
At March 31, 2014	<u>\$ 176,000</u>	<u>448,687</u>	<u>74,344</u>	<u>699,031</u>
Depreciation:				
At March 31, 2012	\$ 52,267	395,784	93,139	541,190
Charge for the year	35,200	9,497	6,492	51,189
Written back on disposals	-	(7,075)	(39,688)	(46,763)
At March 31, 2013	87,467	398,206	59,943	545,616
Charge for the year	35,200	10,233	6,198	51,631
Written back on disposals	-	(694)	-	(694)
At March 31, 2014	<u>\$ 122,667</u>	<u>407,745</u>	<u>66,141</u>	<u>596,553</u>
Net Book Value:				
At March 31, 2014	<u>\$ 53,333</u>	<u>40,942</u>	<u>8,203</u>	<u>102,478</u>
At March 31, 2013	<u>\$ 88,533</u>	<u>46,419</u>	<u>7,901</u>	<u>142,853</u>

10 Intangible Assets:

	2014	2013
Computer Software:		
Cost at beginning of year	\$ 2,467,937	2,467,937
Additions during the year	3,347	-
Cost at end of year	<u>2,471,284</u>	<u>2,467,937</u>
Accumulated amortisation – beginning of the year	2,403,386	2,361,796
Charge for the year	41,678	41,590
Accumulated amortisation – end of the year	<u>2,445,064</u>	<u>2,403,386</u>
Net Book Value	<u>\$ 26,220</u>	<u>64,551</u>

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements (cont'd)

March 31, 2014

(Expressed in Eastern Caribbean Dollars)

11 Accounts Payable and Accruals:

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
Escrow Liability	6(ii)	\$ 9,345,955	6,237,809
Unclaimed Dividends, Interest and Maturity Payments	6(i)	8,200,051	8,449,611
Deferred Income		127,890	124,464
Holiday Pay Accrual		113,630	96,786
Accruals		75,534	52,584
Accounts Payable		12,186	72,601
		<u>\$ 17,875,246</u>	<u>15,033,855</u>

Deferred income represents advanced payments received 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. During the year funds were disbursed and the amount of \$7,000 (non-current) (2013: \$71,023 current) has been provided to date.

13 Pension Fund:

Included in the cash balance of \$20,315,868 (2013: \$16,581,237) is an amount of \$635,041 (2013: \$551,935); (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 Transactions:

(a) Related Parties:

A party is related to the Group, if:

- (i) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;
- (ii) the party is an associate of the Group;
- (iii) the party is a joint venture in which the Group is a venture;
- (iv) the party is a member of the key management personnel of the Group or its parent;

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements [cont'd]

March 31, 2014

[Expressed in Eastern Caribbean Dollars]

14 Related Party Transactions: [cont'd]

- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is the Group that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any Group that is a related party of the Group

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

A number of transactions were entered into with related parties in the normal course of business. These include loans and other transactions.

(b) Due to Eastern Caribbean Central Bank:

The amount of \$2,874,845 (2013: \$2,874,845) represents advances made by the Eastern Caribbean Central Bank to finance the establishment costs of the Group.

(c) Key Management Compensation

The salaries, fees and benefits paid to key management personnel of the Group during the year amounted to \$657,725 (2013: \$656,577). The following is an analysis of these amounts:

	<u>2014</u>	<u>2013</u>
Salaries and other short-term employee benefits	\$ 586,823	580,034
Post-employment benefits	70,902	76,543
	<u>\$ 657,725</u>	<u>656,577</u>

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, 2014, the Eastern Caribbean Central Bank has given 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, 2015 (balance at March 31, 2014, EC\$2,874,845);

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements (cont'd)

March 31, 2014

(Expressed in Eastern Caribbean Dollars)

15 Additional Financial Support (cont'd)

- Guarantee cover in the event of a budgeted shortfall in respect of the Group for the fiscal year ending March 31, 2015, but not to exceed EC\$2,000,000.

The above undertaking and guarantee will be reviewed at March 31, 2015 and are irrevocable before this date.

16 Share Capital:

	<u>2014</u>	<u>2013</u>
Authorised: 5,000,000 Shares of \$10 each	\$ <u>50,000,000</u>	<u>50,000,000</u>

Subscribed Capital:

Class	No. of Shares Issued at March 31, 2013	Shares Issued During the Year	No. of Shares Issued at March 31, 2014	Nominal Value	
				<u>2014</u>	<u>2013</u>
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
	<u>972,581</u>	<u>-</u>	<u>972,581</u>	<u>9,725,810</u>	<u>9,725,810</u>

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.

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements (cont'd)

March 31, 2014

(Expressed in Eastern Caribbean Dollars)

16 Share Capital: (cont'd)

Class Rights

- a) Other than the Eastern Caribbean Central Bank (Class A) no single shareholder shall hold, whether beneficially or otherwise, more than 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:

	<u>2014</u>	<u>2013</u>
Earnings		
Net profit for the year	\$ 786,504	713,075
Number of Shares		
Weighted average number of Ordinary shares	\$ 972,581	972,581
Earnings per Share	\$ 0.81	0.73

18 Contingent Liabilities and Capital Commitments:

The Group has capital commitments as at March 31, 2014 of \$1,620,000 (2013: \$nil) 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:

	<u>2014</u>	<u>2013</u>
Not later than 1 year	\$ 540,000	-
Later than 1 year and not later than 3 years	1,080,000	-
	<u>\$ 1,620,000</u>	<u>-</u>

LISTED SECURITIES AT 31 MARCH 2014

ISSUER	EQUITIES	TRADING SYMBOL
 CABLE & WIRELESS	Cable & Wireless St Kitts & Nevis Limited	CWKN
	Dominica Electricity Services Limited	DES
 ECFH <small>East Caribbean Financial Holding Company Limited</small>	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	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
	Trinidad Cement Limited	TCL

LISTED SECURITIES AT 31 MARCH 2014 CONT'D

ISSUER

TRADING SYMBOL

Corporate Debt



Eastern Caribbean Home Mortgage Bank

HMB010714; HMB260814
HMB020715; HMB300116
HMB010716; HMB280916



Grenada Electricity Services Limited

GES191217

Sovereign Debt



Antigua and Barbuda

AGB120514; AGB010614
AGB280614; AGB091014
AGB200215; AGN220315
AGN280716; AGN060916
AGG051218; AGG100721
AGG300740; FAG070720
FAG070121; FAG100923
FAG150626



The Commonwealth of Dominica

DMB170614; DMG100614
DMG051117; DMG200624
DMG300634



Grenada

GDB160514; GDB190714
GDB111014; GDB291114



The Federation of St Kitts and Nevis

KNG450457
FKG200432



Saint Lucia

LCB020514; LCB130514
LCB200714; LCB270614
LCN210814; LCN291115
LCN291016; LCG100714
LCG101114; LCG060715
LCG101015; LCG100116
LCG100816; LCG101017
LCG101117; LCG080718
LCG100118; LCG0318AA
LCG100718; LCG060219
LCG061019; LCG071019
LCG061119; LCG070320
LCG080320; LCG080721
LCG080921; LCG100322
LCG101222; LCG100223
LCG100623; FLN291115
FLG061215; FLG060216
FLG101017; FLG061119



St Vincent and the Grenadines

VCB290414; VCG100814
VCG070316; VCG0316AA
VCG0316AB; VCG100816
VCG100917; VCG100422
VCG100323

MEMBER INTERMEDIARIES AT 31 MARCH 2014

INTERMEDIARY

ABI Bank Limited



PLACE OF BUSINESS

Antigua and Barbuda

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

St Kitts-Nevis-Anguilla
National Bank Limited



St Kitts and Nevis

The Bank of Nevis Limited



St Kitts and Nevis



**Eastern Caribbean Securities Exchange Limited
and its Subsidiaries**

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