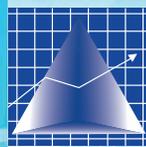


ANNUAL REPORT 2017

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED
AND ITS SUBSIDIARY COMPANIES

INVESTING
IN THE FUTURE



ECSE

EASTERN CARIBBEAN SECURITIES EXCHANGE



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CORPORATE INFORMATION

Board of Directors



The Hon Sir K Dwight Venner¹ | **Chairman** | **Former Governor** | Eastern Caribbean Central Bank
 Mr D Michael Morton | **Deputy Chairman** | **Acting Chairman**² | **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 Jennifer Nero | **Former Managing Director** | Eastern Caribbean Central Bank



Mrs Janice Jean-Jacques Thomas | **Director/CEO** | Dominica Social Security
 Mr Reginald Thomas³ | **Executive Director** | **National Insurance Services** | St Vincent and the Grenadines
 Mr Matthew Mathurin⁴ | **Director** | National Insurance Corporation | Saint Lucia
 Mr Trevor E Blake | **Managing Director** | ECSE Group
 Company Secretary | Ms Maria Barthelmy | **Adviser – Strategic Planning & Projects Department**
 | Eastern Caribbean Central Bank

¹ Up to December 2016
² From December 2016

³ Up to November 2016
⁴ From November 2016



Mr Trevor E Blake | Managing Director

Mr Tarlie Francis | Senior Manager | Market Operations Division

Mrs Denise Parris-Mertins | Manager | Administration Division ⁵

Mr Losana Laws | Manager | Administration Division ⁶

⁵ Up to February 2017

⁶ From March 2017

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

P.O. Box W388, 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, and the Managing Director. 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, the seven non-Executive 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 at 31 March 2017 is as follows:

Executive Committee

Mr D Michael Morton – Chairman (Ag)
Mr Peter Blanchard
Mr Trevor E Blake

Audit Committee

Mrs Jennifer Nero – Chairperson
Mr Matthew L Mathurin
Mrs Janice Jean-Jacques Thomas

Budget, Finance and Administration Committee

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

Listings and Registry Services Committee

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

Intermediary Development and Market Structure Committee

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

The Company Secretary and the Managing Director facilitate the functioning of the Committees.

SUBSIDIARY COMPANIES

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

The Hon Sir K Dwight Venner - Chairman⁷
Mr D Michael Morton - Deputy Chairman/Acting Chairman⁸
Mr Peter Blanchard
Mr George S Goodluck
Mrs Jennifer Nero
Mr Trevor E Blake - Managing Director

⁷ Up to December 2016

⁸ From December 2016

Company Secretary

Ms Maria Barthelmy

***The Hon Sir K Dwight Venner -
Visionary, Architect, Innovator,
Advocate and Leader***

The late Honourable Sir K Dwight Venner was all of these things and much more to the ECSE, which he conceptualized, conceived and led with distinction, as Chairman of the Board of Directors, from its inception in 2001, up to his untimely death in December 2016.

The ECSE and its subsidiaries, as well the other market institutions, and the securities markets in the Eastern Caribbean Currency Union, (ECCU), were born out of the vision of Sir Dwight when, as Governor of the Eastern Caribbean Central Bank, he pondered the developmental problematique of the sub-region. He questioned the conventional paradigms and conceptualized a financial landscape with a range of institutions and markets to facilitate the development of the economies of the region. Unfettered by convention, undaunted by resource and logistical constraints and undeterred by naysayers, he resolutely planned and conceived an innovative programme to create the institutions and markets necessary to bring his vision to fruition over time. Success would come with the establishment of the Eastern Caribbean



Home Mortgage Bank in 1996, ushering in the secondary mortgage market, and the creation of the ECSE and its subsidiaries, and the ECSRC in 2001, enabling the launch of the Eastern Caribbean Securities Market in October of that year, and the Regional Government Securities Market a year later.

As its long serving Chairman, Sir Dwight was the ECSE's biggest advocate, championing its cause far and wide, passionately extolling its capabilities and potential. He tirelessly promoted the ECSE, with its design and configuration as a regional exchange, as the answer to the quest for a CARICOM-wide capital market.

Sir Dwight had a clear vision for the sustainable and orderly development of the ECCU. He abhorred 'boom and bust' tactics and short-term opportunism as an approach to development. He was a strong believer in,

and extolled the benefits of, systematic planning and policy development and the discipline of pursuing deliberate strategies to position the economies for steady and sustainable growth. A vibrant, well-regulated, fair and transparent securities market that pooled and channeled capital resources into the productive sectors seamlessly across the ECCU, was one of the pillars of these strategies.

Words cannot express the profound sadness felt by the ECSE family as a result of this loss. Sir Dwight was a remarkable visionary; an accomplished and pragmatic economist and central banker, a consummate diplomat; a tactful chairman; a dedicated and indefatigable regionalist; a loyal and thoughtful friend and much more. A true legend in his own time. His life and work will remain as a beacon before us, lighting the path ahead, as we strive to honour his legacy and fulfill his vision.

The American essayist, lecturer and poet, Ralph Waldo Emerson said,

*To laugh often and much;
to win the respect of intelligent
people and the affection of children;
to earn the appreciation of honest
critics and to endure the betrayal of
false friends.*

*To appreciate beauty;
to find the best in others; to leave
the world a bit better whether by a
healthy child, a garden patch, or a
redeemed social condition;
to know that even one life has
breathed easier because you have
lived. This is to have succeeded.*

Sir Dwight's life was an enormous success!

Now that he has completed his work in this mortal existence, we trust that Sir Dwight rests in eternal peace in celestial realms.



Sir Dwight Venner's family in front of the renamed ECCB Headquarters

CHAIRMAN'S STATEMENT



In December 2016, I became Acting Chairman of the Eastern Caribbean Securities Exchange Limited (ECSE) due to the passing of the Honourable Sir K Dwight Venner who served as Chairman from the inception of the ECSE until his death on 22 December 2016.

The Honourable Sir K Dwight Venner was the architect of the Eastern Caribbean Currency Union's Money and Capital Market Development Programme, and pioneered the development and launch of a number of institutions and markets, including the ECSE and its subsidiaries, the Eastern Caribbean Securities Market (ECSM) and the Regional Government Securities Market (RGSM).

Sir Dwight was passionate about the critical role of the ECSE in the development of the region and once described the ECSE as "a beacon of hope that could improve the economic and commercial standards in the region by influencing improvements in commercial and financial practices, and facilitating changes in attitudes".

Sir Dwight will remain in our memories as a champion of the region, a husband, father, grandfather and personal friend.

It is indeed incumbent on us to carry on Sir Dwight's legacy and ensure that the ECSE and its subsidiaries remain successful. We dedicate this annual report to his memory.

Accordingly, on behalf of the Board of Directors of the Eastern Caribbean Securities Exchange Limited (ECSE), it is my honour to present the Annual Report of the ECSE with the audited financial statements for the year ended 31 March 2017.

In the 2016/2017 financial year, the ECSE group continued to make significant progress. For the year ended 31 March 2017, the ECSE Group recorded a profit of \$0.8 million, far exceeding budgetary projections.

I am pleased to note that during the year, the number of listings continued to expand, the registry activity continued to perform and there was positive movement in the domestic share index.

During the year the total number of corporate securities listed on the ECSE increased to 20, with the listing of the Bank of St Vincent and the Grenadines Ltd in June 2016. The Eastern Caribbean Home Mortgage Bank (ECHMB), the sole corporate issuer of securities on the primary market of the ECSM, increased its activity during the year. The Regional Government Securities Market (RGSM) continued to play a leading role in primary market activity, accounting for 87.5% of overall activity.

I am pleased to report the significant strides that the ECSE has made in completing the first phase of its Information Technology (IT) project aimed at modernizing its entire IT environment. I wish to place on record my appreciation to the Management and Staff for their tireless efforts in making this a reality.

Shareholders, the ECSE, while in transition, continues to play a pivotal role in the region's money and capital markets. In the year ahead, we will continue to honour Sir Dwight's legacy by continuing the important work that he started for the benefit of the people of the region.

On behalf of the Board of Directors, I would like to thank the Shareholders for your continued commitment to the ECSE.

I also wish to thank the Board of Directors, management and staff for their hard work during the course of the year.

A blue ink signature of D Michael Morton, CBE, JP, written in a cursive style.

D Michael Morton, CBE, JP
Acting Chairman

World output is estimated to have grown by a modest 3.2% in 2016, a marginal improvement on the 3.1% recorded in 2015. Growth in the advanced economies remained at the previous year's 1.9%, dampening the global outturn. Expansion in emerging market and developing economies continued to drive global output in 2016. Growth in these economies is estimated at 4.1%, a slight improvement over 2015, led by strong performances in India and China. The recovery in the global economy is projected to strengthen to 3.5% in 2017, based on a more robust pickup in activity in the emerging market and developing economies. Growth in the advanced economies is expected to remain pedestrian.

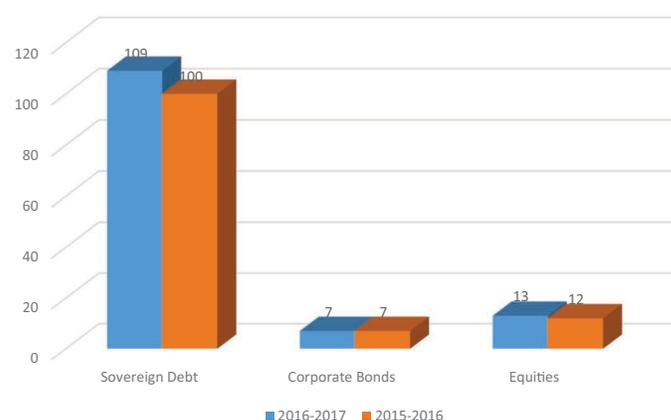
Domestically, growth in real GDP in the economies of the Eastern Caribbean Currency Union (ECCU) appeared to have slowed to 2.2% in 2016, from 2.6% in 2015. While growth accelerated in such key sectors as construction and hotel & restaurants, in 2016, declines were seen in others, such as manufacturing and agriculture, livestock & forestry. The ECCU economy is forecast to recover strongly in 2017, with growth projected at 2.8%. Continued expansion in construction and in hotels and restaurants, and a turnaround in agriculture, are expected to fuel this recovery.

The ECSE Group recorded a mixed performance in this improving economic climate. During the year, the number of listings continued to expand, the registry recorded appreciable growth in its main activities, and there was positive movement in the domestic share index. While primary market activity, led by the RGSM, declined marginally, there was an increase in the proceeds from these auctions. The secondary market experienced a mixed performance, as higher trading volumes and values were recorded from fewer trades. For the year ended 31 March 2017, the ECSE Group recorded a profit of \$0.8 million. This result, while significantly lagging the previous year's performance, also significantly surpassed the budgetary projections.

MARKET OPERATIONS LISTINGS

The number of securities listed on the Exchange totaled 129 at 31 March 2017, comprising 109 sovereign debt instruments, 13 equities and seven corporate bonds. The number of listings increased by 10 securities or 8.4%, due mainly to the growth in listed sovereign debt securities.

Listed Securities

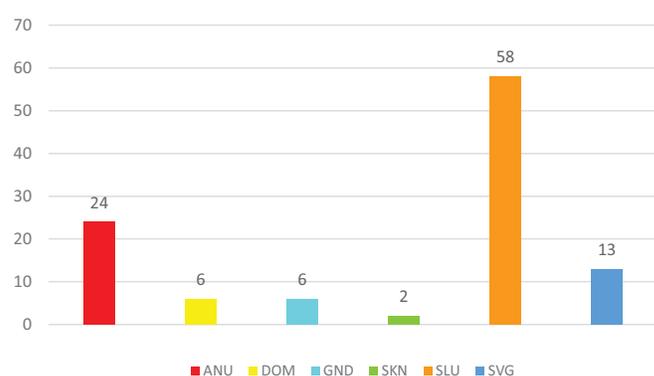


During the year, 72 new securities - 71 debt instruments, comprising 50 Treasury bills, 15 bonds and six notes, and one equity - was listed on the market. Over the same period, 62 securities, 48 Treasury bills, 10 bonds and four Notes, were redeemed on maturity, resulting in the increment of 10 in the number of listed securities.

Sovereign Debt Securities

During the year, the number of sovereign debt instruments listed on the ECSE increased by nine, or 9.0%, to stand at 109 at year-end. This asset class now represents 84.5% of total market listings.

Sovereign Debts Listings



The Government of Saint Lucia continued to be the lead issuer, accounting for 53.2% of the listed sovereign debt and 44.9% of total market listing.

Corporate Securities

The number of listed corporate securities increased by one to 20, as a result of the listing of the Bank of St Vincent and the Grenadines Ltd in June 2016. The number of equities listed on

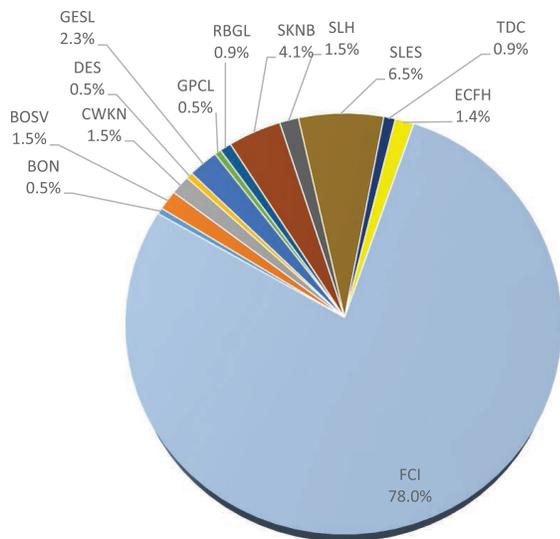
the ECSE, therefore, increased to 13, comprising 12 domestic listings and one cross-list.

While, the number of listed corporate debt securities was unchanged at seven, these comprised all new listings. During the year the Grenada Electricity Services Ltd invoked the pre-payment clause and redeemed its 10-year bond. The Eastern Caribbean Home Mortgage Bank (ECHMB), meanwhile, redeemed six debt instruments on maturity, and auctioned and listed seven new issues of corporate paper.

MARKET CAPITALIZATION

The market capitalization at 31 March 2017 stood at \$8.3 billion. This represented an increase of \$175.3 million or 2.2% compared to the previous year-end. The growth resulted primarily from the listing of the Bank of St Vincent and the Grenadines Ltd (BOSV) in June 2016, a rights issue by Republic Bank Grenada Ltd (RBGL) in February 2017, and a one-for-one bonus issue by S L Horsford & Co Ltd (SLH) in May 2016.

Market Capitalisation



The sole cross-listed company, CIBC FirstCaribbean International Bank (Barbados) Ltd (FCI), continued to dominate the board, accounting for 78.0% of total market capitalization.

PRIMARY MARKET ACTIVITY

During the year, 49 sovereign issues and seven corporate instruments were auctioned using the primary market platform. Auctions of sovereign debt securities on the Regional Government Securities Market (RGSM), as in

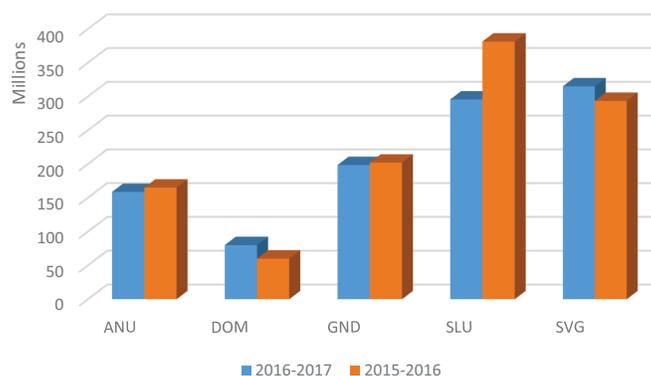
previous years, continued to lead primary market activity, accounting for 87.5% of overall activity.

The 56 securities auctioned during in the year ended 31 March 2017 was one less than in the previous year. The aggregate amount raised in these auctions, however, increased \$42.3 million or 3.6% from the previous year.

RGSM

Sovereign issuers raised a total of \$1.0 billion on the RGSM in the financial year ended 31 March 2017. This represents a \$54.2 million or 4.9% decrease from the amount raised in the previous year. The number of auctions also declined by 5, or 9.3%, to 49. While two Governments increased their activity in the market, this was offset by larger reductions by another two.

RGSM Activity



Five sovereign issuers, the Governments of Antigua and Barbuda, the Commonwealth of Dominica, Grenada, Saint Lucia and St Vincent and the Grenadines, continued to be active in the market, collectively issuing 49 instruments during the year. Six, the abovementioned, and the Government of St Kitts and Nevis, have utilised the RGSM in the 15 years since its inception, to raise \$10.2 billion.

The Government of St Vincent and the Grenadines dominated the market in the financial year, contributing 30.1% of the total RGSM auction proceeds. Though the same number of instruments was issued in the current financial year as in the previous, the amount raised was \$21.5 million or 7.3% higher, at \$315.0 million. The Government of the Commonwealth of Dominica also increased its proceeds from RGSM auctions, raising \$80 million, which was \$20 million or 33.33% above funds raised in the previous year.



Activity by the Government of Saint Lucia declined sharply during the year, as it auctioned 14 instruments, six fewer than in the previous year. Correspondingly, the \$295.6 million raised was \$85.7 million or 22.5% below its auction proceeds in the previous year, reducing its share of overall RGSM proceeds by 6.3% to 28.2%.

The Government of Grenada auctioned the same number of securities, but raised \$3.6 million or 1.7% less than in the previous year. The \$198.4 million raised accounted for 18.9% of the total RGSM proceeds.

Of the 49 securities auctioned on the RGSM during the review year, 45 were over-subscribed, reflecting the continuing strong demand for investment products. Overall, an over-subscription level of \$577.6 million or 60.5% was recorded, 35.9% above the level in the previous year.

Issuing Governments continued to benefit from the excess liquidity in the system, and the strong demand for sovereign paper. Rates on 91-day Treasury bills ranged from 1.9% to 5.9% during the year, with a mean rate of 3.5%. Rates remained, for the most part, on par with those of the previous year, with the mean rising marginally by 0.1%.

ECSM

The Eastern Caribbean Home Mortgage Bank (ECHMB), the sole corporate issuer of securities on the primary market of the Eastern Caribbean Securities Market (ECSM), stepped up its activity during the year. The ECHMB, auctioned seven short-term instruments, which raised a total of \$184.1 million. This was \$96.5 million or 110.1% above the sum raised in the previous year when it auctioned three issues.

SECONDARY MARKET ACTIVITY

The secondary market recorded a mixed performance during the year. While activity contracted appreciably, increases were recorded in the volume and value traded.

Secondary Trades

During the year 2.9 million units of securities traded at an aggregate value of \$6.2 million in 117 transactions. While the number of trades fell by 38.1%, the volume and trade values recorded significant increases of 43.2% and 137.8% respectively, compared to the previous year. This was due mainly to an expansion in trades of debt securities.

Fixed Income

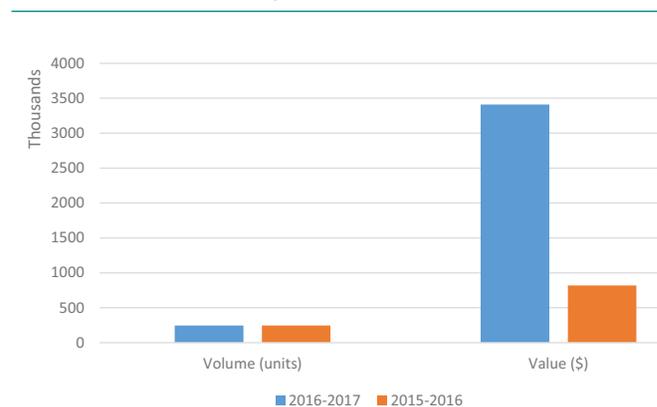
Trades of fixed income securities, which consisted primarily of sovereign debt instruments, rose sharply during the

financial year, and accounted for 91.6% of total secondary market trades compared to 73.1% in the previous year. In the 12 transactions recorded, a total of 2.7 million units of securities were traded, 80.0% above the volume in the previous year, when 1.5 million units were traded in 13 transactions.

Equities

During the year 244,816 units of equities traded at \$3.5 million in 105 transactions. While activity declined, with decreases of 40.0% in the number of trades and 0.5% in volume, the traded value grew by \$2.7 million or 330.1% from the previous year. This marked increase in traded value resulted from a take-over bid in July 2016 for RBGL, which is the highest priced of the listed equities. The traded value of the 62,100 shares acquired in that transaction, amounted to \$2.8 million.

Equities Trades



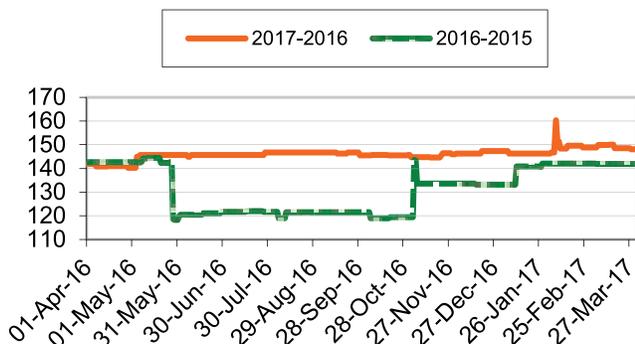
TDC, which recorded a traded volume of 72,328 units at a value of \$103,572 was the most actively traded stock with 24 trades, representing 22.9% of all equities transactions. SKNB, which recorded a traded volume of 69,788 units at a value of \$174,308 was also active with 20 trades or 19.0% of equities transactions.

In addition to the activity on the trading board, 1.4 million units of securities were put through the market in 33 transactions, during the financial year. This was 237.6% higher in volume than the previous year when 0.4 million units crossed the market.

EC-SHARE INDEX

The ECSE EC-Share Index, which stood at 141.97 at the start of the year, increased by 6.33 points or 4.5% to close at 148.3 on 31 March 2017.

EC-Share Index



This growth in the index was mainly reflective of an 11.1% increment in the price of SLH, coupled with a 1-for-1 bonus issue, and of a 0.4% increase in the price of SKNB.

REGISTRY SERVICES

The services carried out by the Group's registry subsidiary, the ECCSR, continued to contribute significantly to overall operations and to generate a major portion of the Group's income. During the year, the ECCSR recorded growth in most of its activities. The number of securities registered increased by 3.1% and, though the number of corporate action events contracted by 7.9%, the total disbursements increased by 13.9%.

Registrations

At 31 March 2017, the securities' registers maintained at the ECCSR stood at 135, having increased by 4 or 3.1% over the year. These registers, which were held on behalf of 18 corporate issuers, six Central Governments and one Local Government, included 117 fixed income instruments and 18 equities. The ECCSR also acts a sub-registrar for the cross-listed security, FCI.

Of the 135 securities on register, 129, comprising 116 fixed income and 13 equities, were listed on the ECSE.

The increment of 4 in the stock of registered securities, was the net result of an increase of five in sovereigns and a decrease of one in corporate debt registers. The number of sovereign debt securities increased 4.8% from 105 to 110 instruments, comprising 67 bonds, 23 Treasury bills and 20 notes. The number of corporate debt instruments fell by one or 12.5% to stand at seven. The number of equities on register was unchanged.

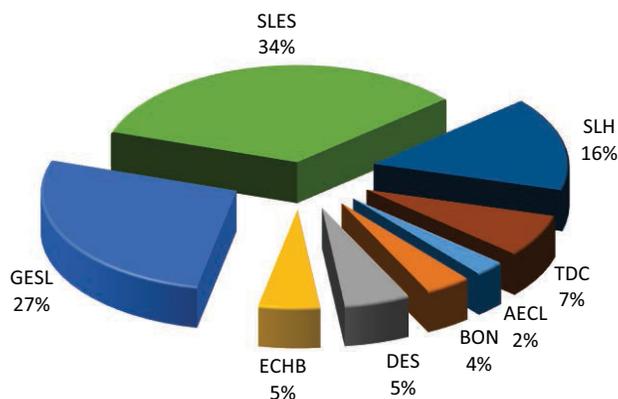
Corporate Actions

The number of corporate actions processed decreased 7.9% to 233 during the financial year ended 31 March 2017. This comprised payments of \$1.7 billion made on behalf of 10 corporate clients, six central Governments and a local Government. Of the total, \$1.4 billion represented debt service payments made on behalf of Governments; corporate issuers made debt service payments totaling \$198.1 million, and paid \$36.8 million in dividends. Aggregate payments during the financial year reflected an increase of \$201.9 million or 13.9% over the previous year.

Dividends

There was a marked decrease in dividends processed by the Registry during the financial year. Dividends paid out contracted by 43.8% to \$36.8 million, compared to the previous year, as the special dividend paid by Grenada Electricity Services Ltd in 2016, was not repeated. Additionally, only eight companies, two fewer than in the previous year, declared a dividend in the 2016/2017 financial year.

Dividends Paid



Of the eight companies, the St. Lucia Electricity Services Ltd, (SLES), paid the highest dividend in the financial year ended 31 March 2017. SLES disbursed \$12.4 million, or 33.8% of the total dividend payout.

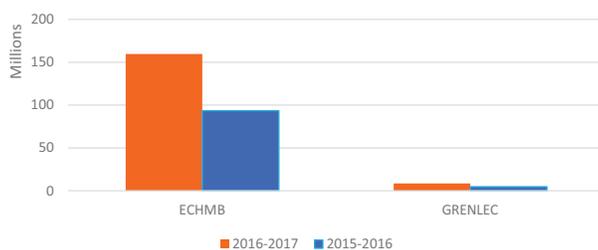
Debt Service Payments

Payments made to holders of debt securities during the financial year, amounted to \$1.6 billion, increasing by \$230.7 million or 17.0% from the previous year's payments. Three issuers were the main contributors to this increment, with significant increases in scheduled principal repayments and the early retirement of a corporate bond.

Corporates

The two issuers of corporate debt securities, Eastern Caribbean Home Mortgage Bank (ECHMB) and the Grenada Electricity Services Ltd (Grenlec), both recorded higher debt service payments compared to the previous year. The ECCSR made 12 payments of interest and principal totaling \$198.1 million to holders of the bonds of these two issuers, which was \$99.9 million or 102% above the sum paid out in the previous year.

Corporate Debt Service Payments



Debt service payments on corporate securities comprised interest of \$5.6 million, \$1.3 million or 19.0% below the previous year's figure, and principal redemptions of \$192.4 million, \$101.2 million or 111.0% above the previous year's redemptions. This increment resulted mainly from the shortened maturity structure of the ECHMB's debt stock, which leads to more frequent redemptions than in previous years. The ECHMB accounted for 95.7% of the sum disbursed.

Grenlec also contributed to the increment, by exercising the early redemption option and retiring the entire outstanding balance of its 10-year amortising bond during the year.

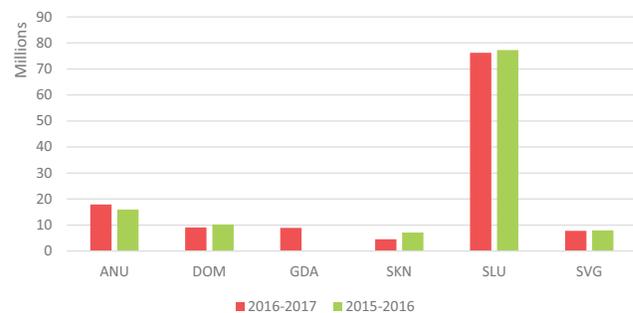
Sovereigns

During the year, payment to holders of sovereign debt securities amounted to \$1.4 billion, reflecting an increment of \$130.8 million or 10.0% from the sum paid out in the previous financial year. The Government of Saint Lucia disbursed an incremental \$31.9 million or 6.0% to pay out \$561.1 million, which represented 39.4% of the total paid on sovereign debt. The Government of St Vincent and the Grenadines, which also increased its payout, by \$1.3 million or 0.4%, remained the second largest contributor with \$302.5 million or 21.3% of total disbursements.

Interest

Interest paid on Treasury notes and bonds amounted to \$124.5 million during the year, \$5.9 million or 5% above the sum paid in the previous year. Two of the five sovereign issuers recorded increases in interest payments, contributing to the increment. The Government of Saint Lucia, the lead issuer of debt securities in the market, accounted for 61.2% of the total.

Sovereign Debt Interest Payments



Principal Redemptions

During the year the principal redeemed on sovereign debt instruments totaled \$1.3 billion dollars, increasing by \$124.9 million or 1.3% over the previous year. Redemptions of Treasury bills, which amounted to \$1.1 billion, climbed \$136.4 million or 15% year-on-year, and accounted for 81.0% of the aggregate. Principal repayments on amortising and maturing notes and bonds, recorded a decrease of \$11.6 million or 4%, to total \$246.7 million, accounting for 19.0% of redemptions.

The Government of Saint Lucia redeemed 12 Treasury bills, and made 20 principal repayments on 16 bonds and notes, disbursing \$484.8 million. This was \$33.0 million or 7.0% above the total redeemed in the previous year, and represented 37.3% of the total principal repayments.

The Government of St Vincent and the Grenadines was the next largest contributor with 22.7% of total disbursements, redeeming 10 Treasury bills and making principal instalments on seven amortising bonds. The total payout of \$294.7 million, \$1.4 million or 1.0% above its disbursements in the previous year.

Sovereign Debt Principal Repayments



Other Services

Charges/Pledges

At 31 March 2017, there were 455 charges/pledges registered on securities maintained at the ECCSR. These covered 200.7 million units of 92 securities, comprising 167.0 million units of 79 debt instruments, and 33.7 million units of 13 equities.

During the year, 51 new charges/pledges, 15 fewer than in the previous financial year, were registered on 60.0 million units of 32 securities. Relatedly, 37 charges/pledges, 13 fewer than in the previous year, were released, resulting in an increment of 14 in the number of charges registered. The ECCSR also processed 97 partial releases where units of charged/pledged securities were released.

Account Maintenance

In 2016-2017, the ECCSR processed 1,279 registry services transactions, 21.0% below the level of activity recorded in the previous year. These comprised asset maintenance and account management activities undertaken on behalf of securities holders. The reduced account maintenance activity is partly reflective of the tapering off of receipt of investor information survey forms from the campaign undertaken in the previous two financial years to update investors' records.

DEPOSITORY ACTIVITY

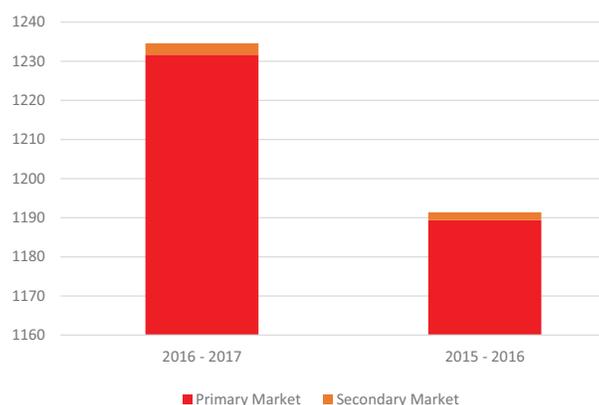
During the financial year, a total of 1.2 billion units of securities were cleared and settled by the Group's depository subsidiary, the ECCSD, in 810 transactions.

Though the number of transactions fell 13.6% from the previous year's level, the volume of securities increased by 3.6%. Both the primary and secondary market contributed to this increase.

The ECCSD cleared and settled 1.2 billion units of securities from 693 primary market transactions during the year. This represented 55 fewer transactions compared to the previous year, a decrease of 7.4%. However, the volume transacted increased by 42.3 million units or 3.6%.

Activity generated from the secondary market resulted in the clearing and settlement of 2.9 million units of securities, an increase of 0.9 million units or 43.2% from the previous year. The number of transactions arising from secondary market activity declined by 72 or 38.1%.

Depository Activity



INTERMEDIARIES

As a result of a corporate reorganization in December 2016, the East Caribbean Financial Holding Company Ltd (ECFH) group's broker dealer subsidiary, the ECFH Global Investment Solutions Ltd, was merged with the Bank of Saint Lucia Ltd (BOSL). The group's securities business, therefore, is now being conducted by the succeeding company, the BOSL, which became an ECSE member on 14 December.

At the end of the financial year there were six ECSE Member Broker-dealers, with offices in four countries – Grenada, St Kitts and Nevis, Saint Lucia and St Vincent and the Grenadines. Coverage of the entire ECCU area, however, is facilitated by the more active intermediaries that operate across the single integrated ECSM financial space.

ECSM Certification Workshop

During the year, two ECSM Certification Programme Workshops, which are aimed at preparing individuals to engage in securities business in the ECSM, were held. The 17th regular programme was held in two stages: in October 2016, the first was delivered via a web-based medium; and in March 2017, the second component, which involved hands-on systems training, was held at the ECCB Headquarters in St Kitts.



■ 17th ECSM Certification Programme Workshop Participants

The second Workshop, which was held in March 2017, was scheduled primarily for a special cohort of participants. These were personnel from the debt management units of the Ministries of Finance of member countries, who were attending an IMF-sponsored Junior Debt Managers' course.

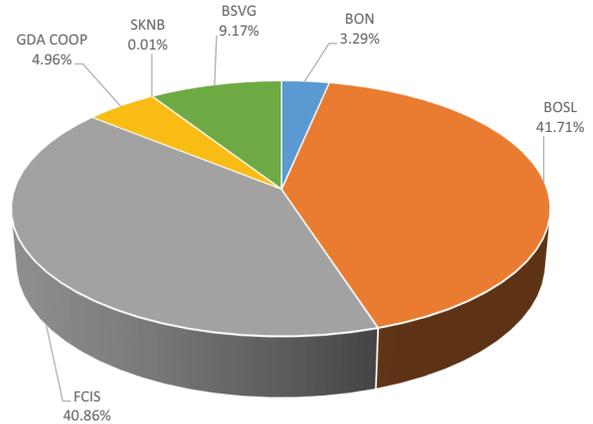


■ ECSM Certification Programme Workshop Special Cohort

Intermediary Market Activity

During the year ended 31 March 2017, broker-dealer activity as measured by the number of transactions declined, by 13.6%, although an increase was recorded in the volume of securities traded. Intermediaries negotiated 1.2 billion units of securities on both the primary and secondary markets, which represented an increase of 43.2 million units or 3.6% from the volume transacted in the previous financial year. This increase was due to greater volumes on both the primary and secondary markets.

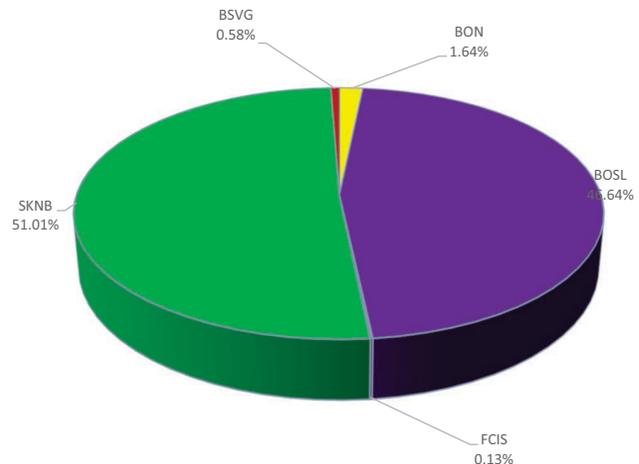
Brokers' Purchases



Four of the six brokers recorded increases during the year. Of the four, the Bank of St Vincent and the Grenadines (BSVG) recorded the highest increase in activity with an increment of 296.5% over its activity in the previous year. This increase was as a result of its more active participation on the primary market. The St Kitts Nevis Anguilla National Bank Ltd (SKNB) recorded the second highest increase at 99.7%.

Five brokers were active on the sell side of trades in the secondary market during the year. Collectively, these brokers placed 2.9 million units of securities, which, compared to the previous financial year, represented an increase of 0.8 million units or 43.2%. This reflected an increase in the trading of both equities and debt securities.

Brokers' Sales



INFORMATION TECHNOLOGY

During the year, the ECSE Group completed the first phase of a major Information Technology (IT) project aimed at modernizing its entire IT environment.

In June 2016, the Group migrated its post-trade operations to a new Montran CSD application. This new CSD, supplied by the Montran Corporation, replaces the legacy Global ISR and Global CSD applications used by the Group's depository and registry subsidiaries since inception in 2001.

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

The IT project continues into the ensuing year, when the next phase will be completed with the migration to a new trading platform.

EDUCATION AND AWARENESS INFORMATION DISSEMINATION

The ECSE continued to distribute reports and media releases for public dissemination during the year. Daily reports on trading activity and other events, market news, financial tips, press releases, issuers' statutory filings and disclosures were published throughout the region via radio, television, and print media. Primary market activity reports covering auctions on the RGSM continued to be provided to Bloomberg USA, for access by its subscribers. The reports, releases, filings, disclosures and other material disseminated were also made available on the ECSE's website, www.ecseonline.com.

FINANCIAL INFORMATION MONTH

During October 2016, the ECSE, in conjunction with other financial institutions and other stakeholders, participated in Financial Information Month (FIM) activities spearheaded by the ECCB. These activities embodying the theme 'Create Optimise Pursue Embrace (COPE) Opportunities', included the FIM Business Symposium and Innovative Forum, media appearances, presentations to high schools, and charitable donations by staff.

ECSE'S 15TH ANNIVERSARY

The ECSE celebrated the 15th anniversary of the launch of its operations in October 2016. Members of the ECSE's Board of Directors, Management and Staff participated in a commemorative church service at the Immaculate Conception Co-Cathedral in St Kitts.

The occasion of the 15th anniversary was publicised, regionally, via announcements in the ECSE-disseminated daily news reports and the various reports issued by ECSE-member intermediaries in the regional media. The Managing Director also discussed the role and operations of the ECSE on a live radio programme in St. Kitts.

SHAREHOLDER EVENTS

During 2016-2017, the ECSE Group continued to offer Annual General Meeting (AGM) facilitation services to its corporate clients. The Grenada Electricity Services Ltd (GESL) continued to engage the ECSE to administer key aspects of its shareholder meetings. This service was provided at the AGM on 10 May 2016 and Extraordinary Meeting on 15 August 2016.

Shareholder service desks were also operated at the AGMs of listed companies.

YOUTH OUTREACH

The ECSE continued to actively promote the sensitization and involvement of the youth to finance and investment matters by supporting the Junior Achievement Company Programme and the Young Employee Socialization (YES) programme in St Kitts.

MEMBERSHIPS & AFFILIATIONS

The ECSE Group companies continued to maintain membership of strategic industry associations and groupings, in order to benefit from training and networking opportunities and exposure to information on developments in the industry. Through the ECCSD, the Group continued to play an active role in the Association of Securities Depositories of the Americas (ACSDA). During the year, the Managing Director continued to serve on the Executive Committee of ACSDA.

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

CORPORATE GOVERNANCE

During the financial year, the ECSE maintained a focus on promoting good corporate governance standards in the region. In April 2016, the ECSE collaborated with the Institute of Chartered Secretaries and Administrators/Chartered Secretaries Canada (ICSA/CSC) on the delivery of a Directors' Education and Accreditation Programme (DEAP) seminar in Saint Lucia.

The ECSE also maintained its membership of the Caribbean Association of Audit Committee Members (CAACM), and

continued to support its activities. In June 2016, two members of the Board participated in the 10th Annual Conference & General Meeting held in Trinidad.

ADMINISTRATION/CORPORATE AFFAIRS REMEMBRANCES

In December 2016, the ECSE was stunned by the loss of its longstanding chairman, the Hon Sir K Dwight Venner. His sad and untimely passing came as a shock and surprise, as he had, just a few days before chaired a meeting of the Board at which he appeared to be full of life and in high spirits, and enthusiastically looking forward to 2017. The entire ECSE family felt a profound sense of loss at his sudden and untimely passing. Sir Dwight was more than a Chairman; he was the visionary and pioneering architect of the Group companies and the markets they host, and to some he was a teacher, mentor and true friend.

Sir Dwight will be sorely missed by all of us at the ECSE. In celebration of his life and service, we recommit ourselves to work toward the realization of the full potential of his legacy.

AWARDS

In January, the Deputy Chairman (currently Acting Chairman) of the ECSE Board of Directors, Mr D Michael A Morton, JP, was recognised by Her Majesty Queen Elizabeth II, in the 2017 New Year's Honour's List. Mr Morton was honoured by being appointed a Commander of the British Empire (CBE), for his services to Commerce and Industry.

The Board of Directors, Management and Staff of the ECSE congratulate Mr Morton on this well-deserved signal achievement.

EXTERNAL AUDIT

KPMG Eastern Caribbean was reappointed as external auditors of the ECSE Group at the 15th Annual General Meeting of Shareholders held in November. At the end of the financial year, on 31 March 2017, however, there was a reorganization of the KPMG's Eastern Caribbean operations. Several of the former partners joined the international BDO network and commence operations as BDO Eastern Caribbean on 1 April 2017. KPMG, however, continued to offer its services in the Eastern Caribbean, led by the remaining St Vincent and the Grenadines-based partner and a Director based in Antigua and Barbuda.

Based on the reiteration of its commitment to continue to serve the Eastern Caribbean, its status as one of the "Big 4" accounting firms, with the depth and breadth of expertise, and on its comprehensive understanding of the Group's

operations, KPMG was engaged to undertake the statutory audit of the ECSE Group for the year ended 31 March 2017.

PERSONNEL Movements

In February 2017, the ECSE recruited Mr Seon Stewart, a national of Grenada, to the position of Accounting Officer. Also in February, Mrs Denise Parris-Mertins former Manager - Administration Division left the employment of the ECSE, consequent on the completion of a 1-year contract of employment, post retirement. The ECSE places on record its gratitude to Mrs Parris-Mertins for her exemplary service and outstanding contributions over the past 11 years, and extends best wishes to her in her future endeavours.



■ ECSE Staff

Mr Losana Laws, who acted in the position following the departure of Mrs Parris-Mertins, was appointed, on promotion, to the position of Manager, Administration Division effective 1 March 2017.

Staff Development

Improved knowledge of the core functions of the ECSE continued to be promoted by the Management of the ECSE. Throughout the period under review, the ECSE continued to assist staff in the development and maintenance of knowledge levels and skill sets in respect of their areas of responsibility.

These training and development activities were undertaken through a combination of external and in-house training. Training events, in which ECSE staff participated during 2016-2017, are listed in the table below.

DATE	TRAINING EVENTS
April 2016	Administrative Professionals Leadership Seminar, St Kitts
October 2016	SWIFT for CSDs ECCB and VISA Electronic Payments Conference and Workshop ACSDA DRP/BRP Cyber Resilience Workshop - Miami
November 2016	Oxford Strategic Leadership Programme, United Kingdom
	ILO Labour Code Workshop, St. Kitts
December 2016	Montran Trading System Application, St Kitts

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

DATE	CONFERENCES & MEETINGS
May 2016	ACSDA's 18th General Assembly/ Global Conference of Central Securities Depositories - Argentina
November 2016	ECCB's Annual Conference with Commercial Banks, St. Kitts

FINANCIAL PERFORMANCE

The ECSE Group recorded a profit of \$0.79 million. Compared to the previous year, the profit decreased by \$0.69 million or 46.5% as Revenues fell by \$0.36 million or 8.5% and General and Administrative Expenses increased by \$0.33 million or 12.1%.

REVENUES

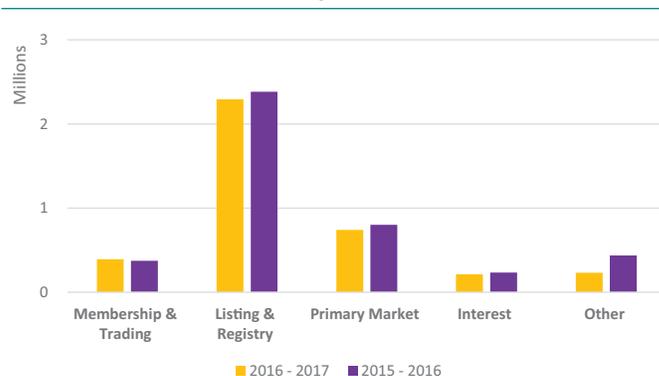
The main revenue earner remained Listing and Registry Income with \$2.29 million or 59.3% of total income. Primary Market Income at \$0.74 million, represented 19.1% of revenues, and Membership and Trading Income was \$0.39 million or 10.1%. Interest Income was \$0.21 million or 5.5% and Other Income, consisting of Seminar Income, accounted for \$0.23 million or 6.0%.

Compared to the previous financial year, Listing and Registry Income decreased by \$0.09 million or 3.7%, reflecting a fall in the listings and registrations of new sovereign issues. Primary Market Income decreased by \$0.06 million or 7.7%, due to the

decline in primary issues of Treasury notes and Bonds. Other Income decreased by \$0.2 million or 46.8% as the prior year's outturn reflected a gain from the disposal fixed assets that was not present in the current year.

Interest Income declined by \$0.02 million or 9.5%, due to the lower interest rates prevailing in the market. However, Membership and Trading Income grew by \$0.02 million or 4.8% due to the increase in intermediary base and in market activity.

Group Income



EXPENSES

Compensation Costs and Administrative Expenses remained the major expense categories, accounting for \$1.81 million or 58.8% and \$0.78 million or 25.3% respectively.

The growth in General and Administrative Expenses in 2017 was due to the increase in depreciation and amortization stemming from the implementation of the new Montran CSD application and the increase in rental expense.

Group Expenses



The Directors are pleased to submit their Report for the Financial Year ended 31 March 2017.

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

At the 15th AGM, held on 11 November 2016, Mr Matthew L Mathurin, upon nomination by Class B Members, was duly elected to replace Mr Reginald Thomas on the Board of Directors.

In December 2016, the longest serving director, the Hon Sir K Dwight Venner, passed away suddenly. Sir Dwight served the ECSE as Chairman since inception up to the time of his passing, and had been re-elected to the Board at every AGM of the company.

At yearend, the directors were still in the process of filling the vacancy created by Sir Dwight's passing.

The Deputy Chairman, Mr D Michael Morton, acted as Chairman in the interim.

On 30 March 2017, the directors appointed the incumbent General Manager, Mr Trevor E Blake, to the Board, in accordance with Article 81 of the Articles of Association. Mr Blake now carries the title of Managing Director, and, as an ex officio member of the Board, is not subject to election at general meeting.

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

Directors' Interests

As at 31 March 2017, 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 \$0.8 million on a consolidated basis for the year ended 31 March 2017.

Share Capital

The issued and outstanding capital of the Company is comprised entirely of 972,581 common shares. At 31 March 2017, 27,419 shares remained available from the initial offering of 1,000,000 shares.

At 31 March 2017, 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, Chartered Accountants, retire at the AGM of the Company. KPMG, being eligible, offer themselves for re-appointment.

The Directors being satisfied with their performance, propose the re-appointment of KPMG as auditors for the financial year ending 31 March 2018.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
**EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED
AND ITS SUBSIDIARY COMPANIES**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Eastern Caribbean Securities Exchange Limited and its Subsidiary Companies (the "Group"), which comprise the consolidated statement of financial position as at March 31, 2017, the consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Barbados and the Eastern Caribbean, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT *cont'd.*

To the Shareholders of
**EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED
AND ITS SUBSIDIARY COMPANIES**

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

Chartered Accountant
Bridgetown, Barbados
July 24, 2017

**EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED
AND ITS SUBSIDIARY COMPANIES**

Consolidated Statement of Financial Position

March 31, 2017

(Expressed in Eastern Caribbean Dollars)

	Notes		2017	2016
Assets				
Current Assets				
Cash and cash equivalents	6	\$	26,400,764	38,884,602
Accounts receivable and other assets	7		908,696	465,043
Investments	8		6,955,333	6,935,878
Total Current Assets			34,264,793	46,285,523
Non-current Assets				
Plant and equipment	9		462,909	611,559
Intangible assets	10		1,674,931	1,508,342
Total Non-current Assets			2,137,840	2,119,901
Total Assets		\$	36,402,633	48,405,424
Liabilities and Shareholders' Equity				
Current Liabilities				
Accounts payable and accruals	11	\$	24,532,054	37,354,278
Provisions	12		-	90,064
Total Current Liabilities			24,532,054	37,444,342
Non-current Liabilities				
Provisions	12		14,063	-
Pension fund	13		824,022	719,261
Due to Eastern Caribbean Central Bank	14		2,874,845	2,874,845
Total Non-current Liabilities			3,712,930	3,594,106
Total Liabilities			28,244,984	41,038,448
Shareholders' Equity				
Share capital	16		9,725,810	9,725,810
Accumulated deficit			(1,568,161)	(2,358,834)
Total Shareholders' Equity			8,157,649	7,366,976
Total Liabilities and Shareholders' Equity		\$	36,402,633	48,405,424

Approved for issue by the Board of Directors on 24th July, 2017 and signed on its behalf by:


Mr D Michael Morton
Deputy Chairman


Mr Trevor E Blake
Managing Director

The notes on pages 24 to 39 are an integral part of these consolidated financial statements.

**EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED
AND ITS SUBSIDIARY COMPANIES**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended March 31, 2017

(Expressed in Eastern Caribbean Dollars)

	Notes		2017	2016
Income				
Listing and registry income		\$	2,294,392	2,383,633
Primary market income			740,383	802,169
Membership and trading income			391,839	373,863
Other income	19		232,563	437,000
Interest income			213,097	235,496
			<u>3,872,274</u>	<u>4,232,161</u>
General and Administrative Expenses				
Compensation costs			1,748,614	1,768,290
Administrative expenses			662,390	522,261
Depreciation and amortisation	9,10		301,856	181,443
Software maintenance			185,976	175,177
Staff training			64,485	2,549
Legal and professional costs			62,453	56,691
Promotional activities			55,827	42,866
			<u>3,081,601</u>	<u>2,749,277</u>
Net Profit, being Total Comprehensive Income for the Year		\$	<u>790,673</u>	<u>1,482,884</u>
Earnings per Share	17	\$	<u>0.81</u>	<u>1.52</u>

The notes on pages 24 to 39 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, 2017

(Expressed in Eastern Caribbean Dollars)

		<u>Share Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance as at March 31, 2015	\$	9,725,810	(3,841,718)	5,884,092
Net profit, being total comprehensive income for the year		-	1,482,884	1,482,884
Balance as at March 31, 2016		9,725,810	(2,358,834)	7,366,976
Net profit, being total comprehensive income for the year		-	790,673	790,673
Balance as at March 31, 2017	\$	9,725,810	(1,568,161)	8,157,649

The notes on pages 24 to 39 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, 2017

(Expressed in Eastern Caribbean Dollars)

	Notes	2017	2016
Cash flows from operating activities			
Net profit for the year		\$ 790,673	1,482,884
Adjustments for:			
Depreciation and amortisation	9,10	301,856	181,443
Interest income		(213,097)	(235,496)
Gain on disposal of plant and equipment		-	(175,000)
Operating profit before changes in working capital		879,432	1,253,831
Change in accounts receivable and other assets		(447,592)	(105,802)
Change in accounts payable and accruals		(12,822,224)	15,788,422
Change in provisions		(76,001)	55,398
Change in pension fund		104,761	(39,726)
Net cash (used in) from operating activities		(12,361,624)	16,952,123
Cash flows from investing activities			
Purchase of intangible assets	10	(315,000)	(544,209)
Purchase of plant and equipment	9	(4,795)	(248,900)
Purchase of investments		(19,455)	(2,955,599)
Proceeds from sale of plant and equipment		-	175,000
Interest received		217,036	233,841
Net cash used in investing activities		(122,214)	(3,339,867)
(Decrease) increase in cash and cash equivalents during the year		(12,483,838)	13,612,256
Cash and cash equivalents at the beginning of the year		38,884,602	25,272,346
Cash and cash equivalents at the end of the year		\$ 26,400,764	38,884,602
Comprised as follows:			
Cash at bank	6	\$ 26,400,474	38,884,427
Cash on hand	6	290	175
		\$ 26,400,764	38,884,602

The notes on pages 24 to 39 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, 2017

(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 the performance of all services incidental or conducive to the functioning of a central securities depository.

2. Basis of Preparation

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

The consolidated financial statements were authorized for issue by the Board of Directors on 24th July, 2017.

- (b) *Basis of Measurement:*
These consolidated financial statements have been prepared on the historical cost basis.

- (c) *Functional and Presentation Currency:*
The consolidated financial statements are presented in Eastern Caribbean Dollars, which is the Group's functional currency, rounded to the nearest dollar.

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements *[cont'd]*

Year ended March 31, 2017

[Expressed in Eastern Caribbean Dollars]

2. Basis of Preparation *[cont'd]*

(d) Use of Accounting Estimates and Judgments:

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's 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, 2017. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of March 31.

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

(b) Cash and Cash Equivalents:

Cash and cash equivalents include cash on hand, cash at banks and restricted amounts held by third party financial institutions with an original maturity date of three months or less.

(c) Accounts Receivable:

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

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor and the probability that the debtor will enter bankruptcy are considered indicators that the receivables are impaired. As at March 31, 2017, the Group is expected to collect all of its accounts receivable.

(d) Plant and Equipment:

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

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

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements *(cont'd)*

Year ended March 31, 2017

(Expressed in Eastern Caribbean Dollars)

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

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

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

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

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

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

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

(e) Intangible Assets:

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

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

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

(f) Accounts Payable and Accruals:

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

(g) 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.

(h) Revenue:

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

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements *(cont'd)*

Year ended March 31, 2017

(Expressed in Eastern Caribbean Dollars)

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

(h) Revenue: (cont'd)

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

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

(i) Taxation:

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

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

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

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

Certain new standards, amendments and interpretations have been issued which are not yet effective for the current financial year and which the Group have not early-adopted. The Group is currently assessing the impact of adopting these standards, amendments and interpretations and has determined that the following may be relevant to its operations:

- IFRS 9, 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2018). In July 2015, the IASB issued IFRS 9 which is the comprehensive standard to replace IAS 39 'Financial Instruments: Recognition and Measurement', and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect the asset's cash flows, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

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

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a ‘three stage’ approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables).

Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

- IFRS 15, ‘Revenue from Contracts with Customers’, [effective for annual periods beginning on or after 1 January 2018]. The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

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 profit or loss and other comprehensive income.

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements *(cont'd)*

Year ended March 31, 2017

(Expressed in Eastern Caribbean Dollars)

5. Financial Instruments *(cont'd)*

(c) Loans and receivables:

Accounts receivable 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 cash equivalents and accounts receivable fall into this category of financial instruments.

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

(d) Held-to-maturity investments:

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

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

(e) Classification and subsequent measurement of financial liabilities:

The Group's financial liabilities include Due to Eastern Caribbean Central Bank, accounts payable and accruals, provisions and the pension fund.

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

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 locations.

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)*

Year ended March 31, 2017

(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 cash equivalents 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:

	Due within 1 Year	Total
Financial Assets	_____	_____
Year ended March 31, 2017		
Cash and cash equivalents	\$ 26,400,764	26,400,764
Investments	6,955,333	6,955,333
Accounts receivable and other assets	750,988	750,988
	\$ 34,107,085	34,107,085
Year ended March 31, 2016		
Cash and cash equivalents	\$ 38,884,602	38,884,602
Investments	6,935,878	6,935,878
Accounts receivable and other assets	360,502	360,502
	\$ 46,180,982	46,180,982

**EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED
AND ITS SUBSIDIARY COMPANIES**

Notes to Consolidated Financial Statements *(cont'd)*

Year ended March 31, 2017

(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, 2017				
Accounts payable and accruals	\$ 24,532,054	-	-	24,532,054
Due to Eastern Caribbean Central Bank	-	-	2,874,845	2,874,845
Pension fund	-	824,022	-	824,022
Provisions	-	14,063	-	14,063
	<u>\$ 24,532,054</u>	<u>838,085</u>	<u>2,874,845</u>	<u>28,244,984</u>
Year ended March 31, 2016				
Accounts payable and accruals	\$ 37,354,278	-	-	37,354,278
Due to Eastern Caribbean Central Bank	-	-	2,874,845	2,874,845
Pension fund	-	719,261	-	719,261
Provisions	90,064	-	-	90,064
	<u>\$ 37,444,342</u>	<u>719,261</u>	<u>2,874,845</u>	<u>41,038,448</u>

(v) Capital Management:

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

**EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED
AND ITS SUBSIDIARY COMPANIES**

Notes to Consolidated Financial Statements *(cont'd)*

Year ended March 31, 2017

(Expressed in Eastern Caribbean Dollars)

6. Cash and Cash Equivalents

	<u>Notes</u>		<u>2017</u>	<u>2016</u>
Cash with commercial banks	13	\$	26,400,474	38,884,427
Cash on hand			290	175
Total		\$	26,400,764	38,884,602

Cash with Commercial Banks mainly consist of:

- (i) Unclaimed securities holders' dividends, interest and maturity payments in the amount of \$20,427,356 (2016: \$30,770,782).
- (ii) Funds held in escrow in the amount of \$3,555,810 (2016: \$5,834,563) representing securities holders' dividends, interest and maturity payments which are withheld for charged/pledged accounts and/or at the request of the Court.

7. Accounts Receivable and Other Assets

		<u>2017</u>	<u>2016</u>
Accounts receivable	\$	670,543	276,120
Prepayments		157,708	104,541
Interest receivable		80,445	84,382
	\$	908,696	465,043

As at March 31, 2017, the aging of accounts receivable was 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 90days</u>
2017	\$	670,543	263,201	395,897	11,445
2016	\$	276,120	203,077	57,998	15,045

**EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED
AND ITS SUBSIDIARY COMPANIES**

Notes to Consolidated Financial Statements *(cont'd)*

Year ended March 31, 2017

(Expressed in Eastern Caribbean Dollars)

8.

Investments

	2017	2016
Certificates of Deposit	\$ 3,000,000	3,000,000
Treasury Bill LCB180717 at 1.98%	990,233	-
Treasury Bill LCB270617 at 3.83%	981,130	-
Treasury Bill VCB180417 at 2.98%	991,394	-
Treasury Bill LCB140617 at 3.45%	992,576	-
Treasury Bill DMB060416 at 6.00%	-	985,041
Treasury Bill VCB070416 at 4.82%	-	987,983
Treasury Bill LCB170416 at 4.50%	-	977,808
Treasury Bill LCB250516 at 5.99%	-	985,046
	\$ 6,955,333	6,935,878

Certificates of Deposit:

The certificates of deposit are held with various financial institutions within the Organisation of Eastern Caribbean States and earn interest at rates varying from 1.50 % to 3.00 % per annum (2016: 1.50% to 3.00%) per annum.

Treasury Bills:

The Treasury Bills represent investment in the Government of Saint Lucia's 180-day Treasury Bills, LCB270617 at 3.83% maturing on June 27, 2017, LCB180717 at 1.98% maturing on July 18, 2017 and 91-day Treasury Bill, LCB140617 at 3.45% maturing on June 14, 2017 and Government of St. Vincent and the Grenadines' 91-day Treasury Bill, VCB180417 at 2.98% maturing on April 18, 2017.

**EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED
AND ITS SUBSIDIARY COMPANIES**

Notes to Consolidated Financial Statements *(cont'd)*

Year ended March 31, 2017

(Expressed in Eastern Caribbean Dollars)

9. Plant and Equipment

		Motor Vehicles	Computer Equipment	Furniture and Fixtures	Total
Cost:					
At March 31, 2015	\$	176,000	904,620	74,344	1,154,964
Additions		245,000	3,900	-	248,900
Disposals		(176,000)	-	-	(176,000)
At March 31, 2016		245,000	908,520	74,344	1,227,864
Additions		-	4,795	-	4,795
At March 31, 2017	\$	245,000	913,315	74,344	1,232,659
Depreciation:					
At March 31, 2015	\$	157,867	428,850	70,588	657,305
Charge for the year		31,098	102,002	1,900	135,000
Written back on disposals		(176,000)	-	-	(176,000)
At March 31, 2016		12,965	530,852	72,488	616,305
Charge for the year		49,002	102,822	1,621	153,445
At March 31, 2017	\$	61,967	633,674	74,109	769,750
Net Book Value:					
At March 31, 2017	\$	183,033	279,641	235	462,909
At March 31, 2016	\$	232,035	377,668	1,856	611,559

**EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED
AND ITS SUBSIDIARY COMPANIES**

Notes to Consolidated Financial Statements (cont'd)

Year ended March 31, 2017

(Expressed in Eastern Caribbean Dollars)

10. Intangible Assets

		2017	2016
Computer Software:			
Cost at beginning of year	\$	4,030,576	3,486,367
Additions during the year		315,000	544,209
Cost at end of year		4,345,576	4,030,576
Accumulated amortisation – beginning of the year		2,522,234	2,475,791
Charge for the year		148,411	46,443
Accumulated amortisation – end of the year		2,670,645	2,522,234
Net Book Value	\$	1,674,931	1,508,342

11. Accounts Payable and Accruals

	Notes		2017	2016
Unclaimed dividends, interest and maturity payments	6 (i)	\$	20,427,356	30,770,782
Escrow liability	6 (ii)		3,555,810	5,834,563
Deferred income			287,399	299,954
Holiday pay accrual			192,836	159,847
Accruals			56,199	56,586
Accounts payable			12,454	7,546
Due to software supplier			-	225,000
		\$	24,532,054	37,354,278

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

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements *(cont'd)*

Year ended March 31, 2017

(Expressed in Eastern Caribbean Dollars)

12. Provisions

Provision has been made for gratuities payable to employees on completion of their contract of service to the Group. The amount of \$14,063 (non-current) [2016: \$90,064 (current)] has been provided to date.

13. Pension Fund

Included in the cash balance of \$26,400,764 [2016: \$38,884,602] is an amount of \$824,022 [2016: \$719,261], [See Note 6]. This amount is held pending the establishment of the ECSE Pension Fund at which time the amount will be transferred.

14. Related Party Balances and Transactions

(a) Due to Eastern Caribbean Central Bank

The amount of \$2,874,845 [2016: \$2,874,845] represent advances made by the Eastern Caribbean Central Bank to finance the establishment costs of the Group [See Note 15].

(b) Key Management Compensation

The salaries, fees and benefits paid to key management personnel of the Group during the year amounted to \$757,494 [2016: \$821,824]. The following is an analysis of these amounts:

	2017	2016
Salaries and other short-term employee benefits	\$ 656,532	719,952
Post-employment benefits	100,962	101,872
	<u>\$ 757,494</u>	<u>821,824</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, 2017, the Eastern Caribbean Central Bank gave the following undertaking and guarantee in respect of the Group:

1. An undertaking to postpone all claims in respect of present and future funds advanced to the Group by the Eastern Caribbean Central Bank up to year ended March 31, 2017 (balance at March 31, 2017, EC\$2,874,845);
2. Guarantee cover in the event of a budgeted shortfall in respect of the Group for the fiscal year ending March 31, 2018, but not to exceed EC\$2,000,000.

The above undertaking and guarantee will be reviewed at March 31, 2018 and are irrevocable before this date.

**EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED
AND ITS SUBSIDIARY COMPANIES**

Notes to Consolidated Financial Statements *(cont'd)*

Year ended March 31, 2017

(Expressed in Eastern Caribbean Dollars)

16.

Share Capital

			2017	2016	
Authorised:					
5,000,000 Ordinary Shares of \$10 each			\$ 50,000,000	50,000,000	
Subscribed Capital:					
Class	No. of Shares Issued at	Shares Issued During the Year	No. of Shares Issued at	Nominal Value	
	March 31, 2016		March 31, 2017	2017	2016
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)*

Year ended March 31, 2017

(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:

	2017	2016
Earnings		
Net profit for the year	\$ 790,673	1,482,884
Number of Shares		
Weighted average number of Ordinary shares	972,581	972,581
Earnings per Share	\$ 0.81	1.52

18. Contingent Liabilities and Capital Commitments

The Group had no capital commitments as at March 31, 2017. At the end of 2016, there was a commitment in the amount of \$540,000 in respect of the license agreement between the Group and software suppliers, entered on February 24, 2014, for the development of a new Central Securities Depository (CSD) and trading applications.

The future payments are as follows:

	2017	2016
Not later than 1 year	\$ -	540,000

**EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED
AND ITS SUBSIDIARY COMPANIES**

Notes to Consolidated Financial Statements *(cont'd)*

Year ended March 31, 2017

(Expressed in Eastern Caribbean Dollars)

19.

Other Income

	2017	2016
Seminar and workshops	\$ 225,563	255,150
Gain on disposal of plant and equipment	-	175,000
Other services	7,000	6,850
	<u>\$ 232,563</u>	<u>437,000</u>

LISTED SECURITIES AT 31 MARCH 2017

ISSUER	EQUITIES	TRADING SYMBOL
 Bank of St. Vincent & the Grenadines	Bank of St. Vincent and the Grenadines Limited	BOSV
 CABLE & WIRELES	Cable & Wireless St Kitts & Nevis Limited	CWKN
	Dominica Electricity Services Limited	DES
 East Caribbean Financial Holding Company Limited	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 LTD.	St Kitts Nevis Anguilla Trading and Development Company Limited	TDC
	St Lucia Electricity Services Limited	SLES
	The Bank of Nevis Limited	BON

LISTED SECURITIES AT 31 MARCH 2017 CONT'D

ISSUER



Eastern Caribbean Home Mortgage Bank

HMB040417; HMB010617
HMB040717; HMB290917
HMB281217; HMB300118
HMB270318

Sovereign Debt



Antigua and Barbuda

AGB060717; AGB201017
AGB170517; AGB280517
AGB280517a; AGB280917
AGB070318; AGN140919
AGN271119; AGG051218
AGG050319; AGG050619
AGG151029; AGG151229
AGN220320; AGG100721
AGG151228; AGG300740
FAG070720; FAG070121
FAG071221; FAG100923
FAG100724; FAG150626



The Commonwealth of Dominica

DMB190417; DMG051117
DMG050719; DMG050220
DMG200624; DMG300634



Grenada

GDB210717; GDB111017
GDB301117; GDB270417
GDB260517; GDB151130



The Federation of St Kitts and Nevis

KNG450457; FKG200432



Saint Lucia

LCB160417; LCB270617
LCB180717; LCB050617
LCB140617; LCN011121
LCN0412AA; LCN290721
LCN070417; LCN250819
LCN141019; LCN010620
LCN0620AA; LCN301020
LCN041220; LCN240220
LCG101017; LCG101117
LCG100118; LCG0318AA
LCG080718; LCG100718
LCG060219; LCG061019
LCG071019; LCG061119
LCG0611AA; LCG0611AB
LCG070320; LCG080320
LCG080721; LCG100926
LCG060921; LCG080921
LCG100322; LCG101222
LCG100223; LCG100623
LCG100524; LCG101124
LCG100725; LCG100226
LCG080924; LCG100224
LCG071022; FLG060322
LCG150729; LCG060921
FLN050918; FLN200717
FLN031220; FLG101017
FLG070719; FLG061119
FLG061221; FLG060222
FLG100722; FLG0602AA



St Vincent and the Grenadines

VCB180417; VCB240517
VCB220617; VCN240717
VCN2417AA; VCN061118
VCN110919; VCG100816
VCG100917; VCG070821
VCG100422; VCG100323
FVG100826

MEMBER INTERMEDIARIES AT 31 MARCH 2017

INTERMEDIARY		PLACE OF BUSINESS
<p>Bank of Saint Lucia</p>	 <p>Bank of Saint Lucia <small>ALL THE BANK YOU NEED</small></p>	<p>Saint Lucia</p>
<p>Bank of St Vincent and the Grenadines Limited</p>	 <p>Bank of St Vincent and the Grenadines <small>The Bank That Gives You More</small></p>	<p>St Vincent and the Grenadines</p>
<p>First Citizens Investment Services Limited</p>	 <p>First Citizens Investment Services</p>	<p>Saint Lucia/St Vincent and the Grenadines/Trinidad and Tobago</p>
<p>Grenada Co-operative Bank Limited</p>	 <p>Grenada Co-operative Bank Limited <small>welcome home</small></p>	<p>Grenada</p>
<p>St Kitts-Nevis-Anguilla National Bank Limited</p>	 <p>St Kitts-Nevis-Anguilla National Bank Limited</p>	<p>St Kitts and Nevis</p>
<p>The Bank of Nevis Limited</p>		<p>St Kitts and Nevis</p>

NOTES



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

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Website: www.ecseonline.com