



ANNUAL REPORT 2015

CariCRIS

Caribbean Information & Credit Rating Services Limited

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ABOUT US

Caribbean Information and Credit Rating Services Limited (CariCRIS) is the Caribbean's leading credit rating agency, with shareholding by regional Central Banks, several major regional commercial banks, and CRISIL, an associate company of the globally-recognized rating agency Standard & Poor's.

CariCRIS provides to bond issuers, investors and financial market regulators, national as well as regional scale credit ratings which measure the relative creditworthiness of entities in individual countries as well as the Caribbean as a whole. Apart from supporting the debt-raising efforts of entities in the region, CariCRIS' credit ratings facilitate a more scientific and risk based approach to investment decision-making, bond pricing and determination of capital requirements, making the institution a critical part of the capital market infrastructure in the region.

The comprehensive rating reports accompanying CariCRIS' credit ratings provide credible independent analysis and opinion, thereby enabling more informed financial decisions and removing information asymmetry from the region's financial markets.

MISSION

To contribute to the development of a vibrant, integrated Caribbean capital market by setting the highest standards of credible independent analysis and opinion to enable informed financial decisions.

CORE VALUES

- *Integrity*
- *Independence*
- *Analytical rigour*
- *Teamwork*

CHAIRMAN'S REPORT

(for the financial year ended 31 March 2015)

Dear Shareholders



Terrence Martins
Chairman

Economic and Business Environment

Economic recovery from the global financial and economic crisis that started in 2008 has been weak. Overall investment in real assets has been slow and there has been little improvement in productivity. Many governments worldwide have had to defer investment in infrastructure as part of their fiscal consolidation efforts. Caribbean countries and particularly the service-dependent economies experienced an extended period of downturn since the crisis, and are only now beginning to show some early signs of recovery. On the positive side and somewhat offsetting this unfavourable economic environment, CariCRIS has noticed a growing awareness amongst institutional investors of the need for independent credit ratings, and this had a positive impact on the company's business in the past year. The company completed 27 new ratings in the year, including private and public debt issues, compared to 22 in the prior year, bringing the total number of entities rated since inception to 147. Ratings in the public domain, which are subject to on-going surveillance, increased by 23% to 31 in the year under review, compared to 25 in the prior year, with a further 3 remaining under private surveillance. The company's ratings span diverse sectors and originate from 15 countries across the Caribbean, reflecting the wide regional footprint of CariCRIS.

Financial Performance and Position

Total revenue for the year ended 31 March 2015 grew by 26 % to USD 1,067,801, compared to USD 849,430 in the prior year. The increase in revenue resulted primarily from a 109% year-on-year increase in fees generated from new ratings. Total expenses increased by 8.5 % to USD 1,016,289 from USD 936,490 in the prior year. As a result, the company turned a profit before tax of USD 51,512, the first in its 10 years of operations, representing a 159 % improvement over the prior year loss before tax of USD87,060. Profit after tax for the year was USD49,017 compared to a loss after tax in the prior year of USD86,758. Consequently, the company's Net Shareholders' Equity grew by 5.3% to USD 979,652 as at 31 March 2015.

Financial and Capital Market Development Impact

Apart from expanding its core business of sovereign and corporate credit ratings throughout the region, the company continued its efforts to commercialise its Small and Medium Enterprise (SME) Ratings product. SME Ratings were developed by CariCRIS to unlock access to finance for the small business sector, by offering SME lenders a comprehensive and independent risk assessment and performance grading of each SME. The SME rating report clearly identifies the company's strengths and areas for improvement, thereby assisting the SME to improve its operations and become more creditworthy. Widespread use of SME Ratings will help to strengthen the credit profile of the SME sector as a whole, facilitating its sustainable growth and development. With partial funding provided by the Multilateral Investment Fund, during the year the company started implementation of a project with 4 commercial banks in Trinidad and Tobago to provide independent SME Ratings for 60 of their clients seeking funding. The participating banks have agreed to formally utilise the ratings as an integral part of their loan appraisal process. Also during the year CariCRIS expanded its operations in the Caribbean in this important sector, by completing projects with Compete Caribbean in Barbados to provide independent credit assessments for selected SME clients, and with the Jamaica Manufacturers' Association to provide SME Ratings for 10 selected manufacturers in Jamaica seeking funding for expansion.

The institution continues to provide its bond valuation service, addressing the need for independence and uniformity in the pricing of regional fixed income securities. This service contributes to increased investor confidence and better price discovery in the market. CariCRIS also executed several credit risk training programmes across the region during the year, hosting successful workshops in Barbados, Jamaica, Trinidad and Tobago, and Antigua (in partnership with the Eastern Caribbean Securities Exchange), and held its inaugural workshop in Guyana in February 2015. CariCRIS' workshops are well attended by representatives from banks, finance companies, insurance companies, credit unions and corporate entities. The resultant improvement in the analytical skills of these finance executives and risk analysts across the region, will lead to more informed credit and investment decision-making, which will redound to the benefit of all market participants.

Institutional Strengthening and Capacity Building

Recognising the importance of on-going investment in skills upgrade, the company contracted the services of a highly experienced ex Standard & Poor's credit rating consultant to provide in-house training to the rating staff, and to conduct a comprehensive review of the institution's rating process, rating criteria and rating methodologies. During the year, the ratings department implemented the several recommendations put forward by the consultant. The 3-month long intervention, funded by the Multilateral Investment Fund, has resulted in a more efficient and collaborative rating process, as well as a more concise and risk-focused rating report.

Recognition and Oversight

Following on formal recognition in 2008 by the Financial Services Commission of Jamaica (FSCJ), and approval from the Central Bank of Trinidad and Tobago in 2012 for use of its ratings for capital adequacy calculations related to the new proposed Insurance Act, the company continues to pursue similar formal recognition status and/or oversight from the Trinidad and Tobago Securities and Exchange Commission, and the regulatory bodies in Barbados and the Eastern Caribbean. CariCRIS continues to advocate that a common regional approach to regulation should be adopted by the various regulatory agencies in the region, not just for us as a rating agency, but indeed for all financial sector legislation. Further, consistent with CariCRIS' practice of pro-actively self-adopting global industry standards, over the next year the institution will examine the 2015 revised Code of Conduct Fundamentals for Credit Rating Agencies published by the International Organisation of Securities Commissions (IOSCO), and seek to integrate into our business the new areas identified in the Code, as relevant to the size of our operations.

Outlook

While the general consensus is for a gradual strengthening of the world economy in 2015 and 2016, many downside risks prevail, including the potential negative impact on financial stability that could result from an ill-timed increase in interest rates in the United States, the failure of Greece to reach a satisfactory agreement with its creditors, and a hard landing in China. Caribbean economies are expected to gradually improve, buoyed by a recovery in regional tourism, but remain vulnerable to external shocks including the possibility of a further decline in commodity prices and a fall-out in visitors from the United Kingdom and other members of the Euro area due to fiscal tightening efforts.

Prospects for a risk-based financial regulatory regime seem stronger in the years ahead, with the most immediate prospect being the new proposed Insurance Act in Trinidad & Tobago, which calls for a ratings-based determination of capital by insurance companies. Implementation of this Act and other legislation will increase demand for credit ratings and independent risk assessments, which will redound to the benefit of the company. CariCRIS has also embarked on a programme of State Enterprise ratings on behalf of the Government of Trinidad and Tobago, with a view to improving transparency in this sector and enabling selected enterprises to attract investment and/or raise capital on their own accord. We plan to explore this initiative with the other Governments in the region. In these circumstances, and further encouraged by the increased demand for our rating services by institutional investors, we are optimistic of our prospects for the future.

Change to the Board

During the year Mr. Patrick Carryl resigned from the board due to his retirement from the Caribbean Development Bank. On behalf of the other board members, I would like to express sincere thanks to Mr. Carryl for his contribution to the board of CariCRIS over the years.

Acknowledgements

I record my deepest appreciation to the members of the board of directors and the rating committee of CariCRIS for their significant contribution to this important capital market development organization. I also thank our shareholders for their continued support, our valuable clients and institutional investors for the confidence placed in our organisation, and our management and staff for their unwavering dedication, loyalty and commitment to excellence and success.

Terrence Martins
Chairman
15 June 2015

Message from the CEO

Welcome to our inaugural Annual Report, compiled in recognition of our first 10 years of operations. 2015 was a watershed year for CariCRIS. It marked our tenth anniversary and our first year of turning a profit. This is an outstanding achievement for an organisation which in the early years many naysayers felt would not survive. More than survive, I am proud to say that CariCRIS is one of the few regional institutions that has grown stronger and become more embraced by the Caribbean community with each passing year.

Growing regional presence and service offering

As at 31 March 2015, we rated 147 entities in 14 countries across the Caribbean, these being Trinidad & Tobago, Grenada, Saint Vincent, Saint Lucia, Barbados, Dominica, Montserrat, Antigua and Barbuda, Saint Kitts and Nevis, Anguilla, Jamaica, Haiti, Belize and the Dominican Republic. We have expanded our service offerings beyond sovereign and corporate ratings to areas that were hitherto missing in the regional marketplace, these being SME Ratings – aimed at unlocking access to appropriate financing to the SME sector - and bond valuations - providing an independent source of pricing for regional fixed income securities. Through our risk management training programmes we have now trained close to 1,000 senior risk professionals across the Caribbean in the areas of credit risk, market risk, operational risk and enterprise risk management.

Steadily Improving Financial Performance

In addition to the above development impact we have had in the Caribbean, over the past four years we have seen a steady improvement in our financial performance and position. Indeed, in the year ended March 31, 2015 we achieved a small but milestone profit before tax of USD51,512, representing a 159% improvement over the prior year loss of USD87,060. Charts 1 to 3 below reflect our improving financial performance over the financial years 2011/12 to 2014/15.

Chart 1: Total Income in US\$

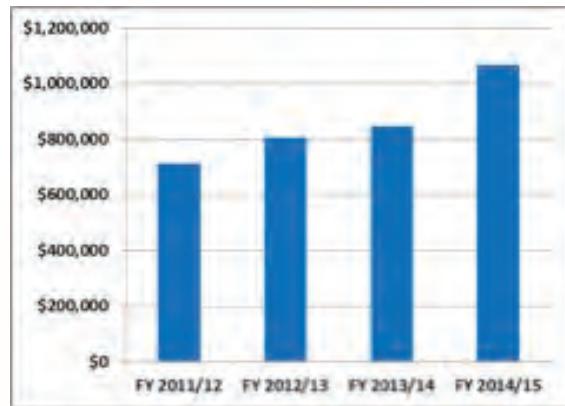


Chart 2: Total Expenses in US\$

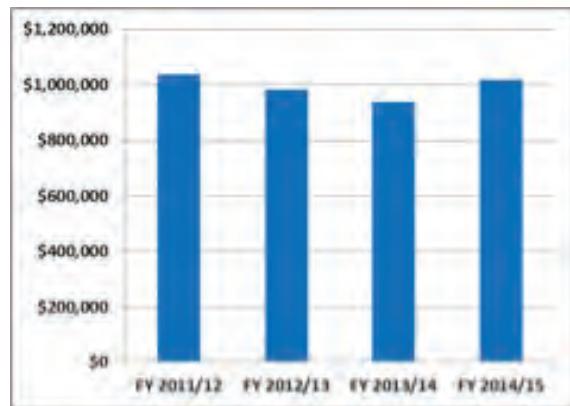
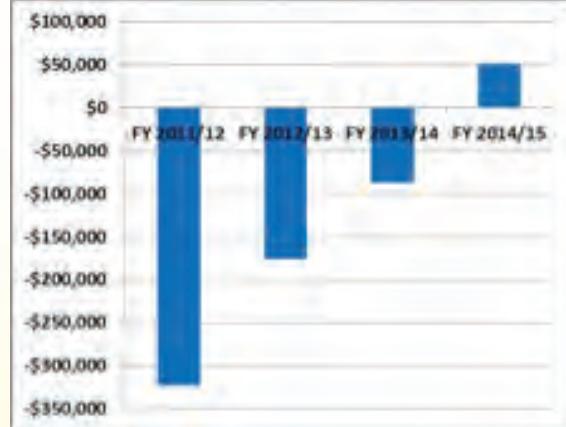


Chart 3: Net Profit/(Loss) in US\$



Robust Governance Structure

Over the years we have also built up a robust governance structure as we maintain the view that the success of any rating agency is centrally tied to the credibility it enjoys in the financial markets, driven by its ability to act independent of pressure groups and to recognize and manage conflicts of interest. As a result, in the absence of any regional regulatory guidelines and requirements, CariCRIS' organizational and shareholding structures as well as its governance architecture were carefully designed to ensure independence and management of conflict of interest issues, the fundamental principles of which are:

- *Widely distributed, influence-limiting shareholding*
- *Ownership by pre-eminent regional and international institutions*
- *Adequate capital to maintain financial independence*
- *Independence/separation of the Board of Directors from the Shareholders*
- *Independence & autonomy of the Rating Committee from the Board of Directors*
- *Adherence to a clearly articulated and transparent Code of Ethics, Standards of Conduct and a Checklist of Best Practices*
- *Transparency of rating policies, criteria and methodologies, all published on our website*
- *Timely audited financial statements with results published on our website.*

Our Rating Committee – the technical body responsible for assigning ratings - is an external committee comprised of finance and economic experts from around the region. It is separate from and independent of the Board of Directors, and does not have the compulsions of business and revenue considerations in arriving at its rating decisions. Rating Committee members are required to recuse themselves from the rating deliberations of any entity in which they may have a direct or pecuniary interest. Further, they are required to declare their interests upfront upon becoming a member of the Committee and to update their declarations on an annual basis. At an operational level, CariCRIS' staff members are required to adhere to a strict Code of Ethics and Standards of Conduct which require all employees to adhere to the highest standards of ethics, integrity and objectivity in the pursuance of their professional duties. All ratings are assigned on the basis of criteria and analytical frameworks that have been publicly disseminated.

Robustness of our ratings process and rating methodologies

CariCRIS was established in 2004 with the direct on-site support of technical consultants from CRISIL Ltd, the largest credit rating agency in Asia and the fourth largest in the world after Standard and Poor's (S&P), Moody's and Fitch. CRISIL has operated in India for over 20 years and enjoys a very strong reputation for credibility and competence, having rated a cumulative debt volume of over USD100 billion. CRISIL's considerable knowledge and expertise was brought to bear in the establishment of CariCRIS and indeed the ratings process and methodologies as well as other operational procedures implemented in CariCRIS, are the tried and tested methodologies and procedures that had been successfully utilized by CRISIL for over 20 years. These methodologies and rating criteria are continuously reviewed and updated as required by credit rating experts from CRISIL and S&P.

Strong International Partnerships

Apart from shareholdings by pre-eminent regional institutions including the Caribbean Development Bank and the Eastern Caribbean Central Bank, CariCRIS' shareholding base also includes well-established international institutions, these being CRISIL and the Multilateral Investment Fund . CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. CRISIL's majority shareholder is Standard & Poor's, the world's foremost provider of credit ratings. CariCRIS' rating methodologies and criteria are consistent with those used by CRISIL and Standard and Poor's and CariCRIS is able to avail itself of the services of credit rating specialists from both rating agencies on an as-needed basis. CariCRIS has successfully leveraged this international partnership over the years to introduce several new rating products and services including rating of insurance companies, SME Ratings and bond pricing services. CariCRIS also utilises on an on-going basis a highly experienced ex-S&P credit rating consultant to conduct regular training programmes with its staff to keep them on the cutting edge of credit ratings and credit risk analysis. CariCRIS also receives support at the highest level from the Inter-American Development Bank (IDB) through its investment arm – the Multilateral Investment Fund (MIF). Apart from being a shareholder with a director on the CariCRIS board, the MIF has partnered with CariCRIS on several occasions in fulfilling its SME development role in the Caribbean.

Conclusion

In closing, over the past 10 years CariCRIS has built an important platform that would be critical to the financial regulators going forward as they introduce risk-based capital requirements and risk-based supervision in the region. Looking ahead, CariCRIS is well-positioned to play an increasingly stronger role in the development and integration of the region's capital markets. A more developed and integrated regional capital market will lead to a safer and sounder financial system, a key prerequisite for sustainable national and regional economic growth.

Wayne Dass, CFA
Chief Executive Officer

Board of Directors

MR. TERENCE MARTINS - CHAIRMAN

Mr. Terrence Martins is a former Group Chief Executive Officer of RBTT Financial Holdings Limited. With over 40 years' experience in the financial services industry, both in the Caribbean and the United Kingdom, he brings considerable knowledge and experience in banking, finance, administration, corporate governance and risk management. He held several directorships within the RBTT Financial Holdings Group, both inside and outside of Trinidad & Tobago. He was also a former independent director on the boards of Sagicor Life Inc. and Sagicor Financial Corporation, and served as non-executive Chairman of Sagicor Financial Corporation from 2007 to 2009.

MR. RONALD F. deC. HARFORD - DIRECTOR

Mr. Ronald F. deC. Harford, Chairman of Republic Bank Limited, is a career banker, who has celebrated over 52 years of service with Republic Bank Limited. He is a Fellow of the UK Chartered Institute of Bankers, the Institute of Banking of Trinidad and Tobago and the Caribbean Association of Banking and Finance. He is the Deputy Chairman of the Arthur Lok Jack Graduate School of Business, University of the West Indies (UWI), and a former Director of the Grenada Industrial Corporation. He is a past President of the Bankers Association of Trinidad and Tobago and the Trinidad & Tobago Red Cross Society, and the former Chairman of The UWI Development and Endowment Fund. Mr. Harford was awarded the Chaconia Medal Gold by the Government of Trinidad & Tobago in 2010 for his meritorious contribution to banking and the business community.

MR. PATRICK HYLTON - DIRECTOR

Mr. Patrick Hylton is the Group Managing Director of Jamaica's largest commercial bank, the National Commercial Bank Jamaica Limited (NCB). His wealth of experience in the financial services industry propelled him to the position of Managing Director of the Financial Sector Adjustment Company (FINSAC). His successful completion of that undertaking culminated in the national award of the Order of Distinction, Commander Class, being bestowed on him by the Prime Minister and Governor General of Jamaica in 2002. Mr. Hylton is an Honours Graduate in Business Administration and an Associate of the Chartered Institute of Bankers (ACIB), London. He is a Past President of the Jamaica Bankers Association and the Chairman of the Mona School of Business and Management. Mr Hylton is also a Non-Executive Director of the regional conglomerate Massy Holdings Limited.

MR. HAROLD CODRINGTON - DIRECTOR

Mr. Harold Codrington is the Deputy Governor of the Central Bank of Barbados. He graduated with a B.Sc. (Economics) from the University of the West Indies in 1977 and went on to obtain a Master's Degree in Economics from York University, Toronto, Canada in 1979. He was also a Fulbright Scholar at George Washington University in Washington D.C. A highly experienced economist, Mr. Codrington has impacted the regional financial system through his roles as Economist in the Ministry of Finance and Planning, and as Deputy Governor of the Central Bank of Barbados. Mr. Codrington is Deputy Chairman of the Transport Authority in Barbados and a member of the board of the Congress of Political Economists International.

MR. VENKATARAMAN SANKARANARAYANAN - DIRECTOR

Mr. Venkataraman Sankaranarayanan is currently a Doctoral student in Strategic Management at the Indian Institute of Management Calcutta, and a visiting doctoral student scholar at Cornell University, USA. Mr Sankaranarayanan was formerly a Senior Director at CRISIL Ltd, the largest rating agency in India and a subsidiary of the globally-recognised rating agency Standard & Poor's. He was part of the core management team which decides and oversees implementation of all group-wide strategies covering business and key stakeholder relations and a member of CRISIL's Rating/ Grading Committee. Over a span of 20 years, Mr Sankaranarayanan led various businesses within CRISIL and garnered extensive experience in credit ratings, advisory services, equity gradings, risk management, credit risk models, business restructuring, valuation, infrastructure privatisation, securitisation and corporate governance evaluation. From 2004-2007, he was the Chief Executive Officer and Chief Rating Officer of CariCRIS, the world's first regional rating agency.

MS. VASHTIE DOOKIESINGH - DIRECTOR

Ms Vashtie Dookiesingh is the Senior Specialist at the Multilateral Investment Fund, a member of the Inter-American Development Bank Group. Ms Dookiesingh's career experience spans over 26 years in professional service delivery to a range of organisations in Trinidad and Tobago and the wider Caribbean, comprised of 13 years in the private sector and 13 with the Inter-American Development Bank. In her role at the IDB, she is responsible for the design and supervision/oversight of investments, loans and technical co-operation (grants) financed by the Multilateral Investment Fund to support private sector development in Trinidad and Tobago and Barbados, and she also supports identification and design of projects in Guyana and Suriname. Ms Dookiesingh has a BA in Economics (Distinction) from McGill University, Canada and an Executive Masters in Business Administration (Distinction) from UWI/IOB.

MR. Pawan Agrawal - DIRECTOR

Mr. Pawan Agrawal is the Chief Analytical Officer - Ratings, at CRISIL Limited, the largest rating agency in India. In his current role, Mr Agrawal is responsible for maintaining analytical quality in the ratings business and for enhancing CRISIL's franchise through thought leadership and outreach. He also chairs CRISIL's rating committee. In his previous role, Mr Agrawal led analytical teams assigning ratings to large Indian companies in the manufacturing, infrastructure, financial, and structured finance sectors. He also led the operations at CRISIL's Global Analytical Center (GAC), which provides support to Standard & Poor's global analytical and data teams in enhancing workflow efficiencies, undertaking high-end analytical research, and executing complex modelling assignments. Mr Agrawal holds a post graduate diploma in management from the Xavier Institute of Management, Bhubaneshwar and an engineering degree from the Malaviya National Institute of Technology, Jaipur.

MR. GILLMORE HOEFDRAAD - DIRECTOR

Mr Gillmore Hoefdraad was appointed President of the Central Bank of Suriname in September 2010. Prior to this appointment, Mr Hoefdraad worked in various high-level roles at several key institutions around the world, including as Coordinator of the Caribbean Programme of the Centre of Monetary Studies in Latin America and the Caribbean (CEMLA) based in Mexico, and in various capacities at the IMF in Washington DC. Mr Hoefdraad graduated as a Political Economist at the Universidad de Oriente in Santiago de Cuba, expanded his knowledge on Financial Programming in Mexico, and was a PhD candidate on this subject at the Anton de Kom University of Suriname in 1992. Mr Hoefdraad resigned as a director of CariCRIS on August 12, 2015, consequent upon his appointment as the Minister of Finance in the Government of the Republic of Suriname.

MRS. NICOLE CROOKS - DIRECTOR

Mrs. Nicole Crooks is the Senior Manager, Human Resources & Knowledge Management at the Central Bank of Trinidad and Tobago. Mrs. Crooks has been with the Bank for the past twelve years. She has a proven track record at the senior management level and is an experienced human resource practitioner with close to twenty-five years of experience in the field. Her experience spans diverse organisations in the financial, energy and manufacturing sectors, in both unionised and non-unionised companies. Mrs. Crooks has a BSc in Management Studies (Upper Second Class Honours) from the University of the West Indies and a Postgraduate Advanced Diploma in Human Resource Management from UWI/IOB, graduating with Distinction and as the Top Student of the 1995 Cohort.

MR. PETER BLACKMAN - DIRECTOR

Mr. Peter Blackman is currently the Manager of private sector operations at the Caribbean Development Bank. In this role he has direct responsibility for activities related to the provision of credit and technical assistance programmes aimed at facilitating the development of SMEs, as well as contributing to interventions such as low income housing finance and student loan programmes that contribute to social and economic development. Mr. Blackman's career experience includes commercial and development banking as well as investment promotion. Mr. Blackman is a graduate of the University of the West Indies in Management Studies (Honours) and Warwick Business School in the UK, where he attained a Masters in Business Administration. He also received post graduate training from John F. Kennedy's School of Management, Harvard Business School, in Managing Financial Institutions for Private Enterprise Development.

Rating Committee

MR. MARIUS ST. ROSE – CHAIRMAN

Mr. Marius St. Rose is a citizen of Saint Lucia and the current Chairman of CariCRIS' Credit Rating Committee. Mr St. Rose also chairs several other bodies including the Resolution Trust Corporation (ECCB), the OECS Pension Reform Commission (ECCB), the OECS Public Expenditure Review Commission, and the Saint Lucia Tribunal of Income Tax Appeal Commissioners. He is a director of Emera Barbados Holdings and a Member of the UWI Vice Chancellors Selection Committee for Distinguished Academics. Specialising in Economics and Management, Mr. St. Rose is a former Group Managing Director of Bank of Saint Lucia Limited and a former Senior Vice President (Operations) of the Caribbean Development Bank, with responsibility for the Departments of Economics and Programming, Projects, and Corporate Policy and Planning.

MR. WILLIAM P. LUCIE-SMITH - MEMBER

William P. Lucie-Smith is a retired Senior Partner of PriceWaterhouseCoopers Trinidad where he headed its Corporate Finance and Recoveries practice. A Chartered Accountant by profession, Mr. Lucie-Smith holds an MA in Philosophy, Politics and Economics from Oxford University. He has extensive experience in mergers and acquisitions, valuation and taxation. Mr. Lucie-Smith currently serves as a Non-Executive Director on a number of Boards including Republic Financial Holdings Limited, Massy Holdings Limited and Sagicor Financial Corporation.

MR. RICHARD DOWNER - MEMBER

Mr Richard Downer, CD, FCA is a former senior partner of PricewaterhouseCoopers Jamaica and has served on a number of boards of directors in the private and government sectors in Jamaica in finance, tourism, agriculture and education. He acted as agent of the Minister of Finance as temporary manager for several failed financial institutions in the 1990s, and in the 1980s he was the Executive Director of a decision support unit at the Office of the Prime Minister. Currently he is a member of the boards of Sagicor Group Jamaica Limited and Sagicor Life Jamaica Limited where he is Chairman of the Audit Committees and he is a director of Dolphin Cove Limited.

MR DWIGHT RICHARDSON - MEMBER

Mr Dwight Richardson has extensive experience in banking, finance and management. He is a former Alternate Director, General Manager Finance and Member of the Executive Committee of The Bank of Nova Scotia Jamaica Limited. He was also a member of the Board of several banking and insurance subsidiaries of that bank as well as Chairman of the Jamaica Bankers Association Technical Committee. Mr Richardson is currently a member of the board of Signia Financial Group Inc., and Grace Kennedy General Insurance Company Limited.

DR. TERENCE W. FARRELL - MEMBER

Terrence W. Farrell is Principal of Farrell Law and Mediation and the Principal Consultant of Terrayanna Investments Limited. He served on the Board of Directors of Republic Bank Limited from 2008 to 2015 and is currently a member of the Board of Republic Financial Holdings Limited. He is also a Director of Eastern Caribbean Financial Holdings Limited. Dr. Farrell is a former Deputy Governor of the Central Bank of Trinidad and Tobago. Within the private sector, he held senior executive positions at Guardian Holdings Limited and One Caribbean Media Limited (Group Chief Executive Officer). He studied Economics at the University of the West Indies and obtained his PhD at the University of Toronto in 1979. He also holds an LLB (London) degree as well as the LEC (Hugh Wooding Law School). He is a Fellow of the Institute of Banking and Finance of Trinidad and Tobago.

DR. ROLPH BALGOBIN - MEMBER

Dr. Rolph Balgobin is Executive Chairman of Quicksilver Convenience Limited. He is a Non-Executive Director of the Massy Group, the NGC Distinguished Fellow in Innovation and Entrepreneurship at the University of the West Indies (UWI), a Director of the Arthur Lok Jack Graduate School of Business and President of the Trinidad and Tobago Manufacturers' Association (TTMA). He is currently a member of the Economic Advisory Board for Trinidad and Tobago, and a member of a Cabinet-appointed team to review and make recommendations on the performance of State Enterprises. Dr. Balgobin holds degrees from the UWI, the University of Cambridge as well as Manchester University. He holds a certificate in corporate governance from the Caribbean Corporate Governance Institute and a postgraduate diploma in Corporate Governance from ACCA.

MR. BEN ARRINDELL - MEMBER

Mr. Ben Arrindell is a retired partner from Ernst & Young. From 1994 to 2009, he was the International Tax Partner and Country Leader for Barbados (2000 to 2009) as well as a member of the Board of Directors of the Ernst & Young integrated Caribbean firm encompassing Barbados, BVI, Jamaica, Trinidad & Tobago, the OECS and the Netherland Antilles. His experience includes development of the Ernst & Young tax practice in the Caribbean and management of the Ernst & Young operations in Barbados and the BVI. Mr. Arrindell attended the London Metropolitan University in London, England and holds a Diploma in English Law. He has been a consultant to the Government of Barbados for the past 17 years as technical advisor participating in tax treaty negotiations with several countries including Canada, Cuba, USA, Italy and Spain.

MR. WAYNE DASS - MEMBER

Mr. Wayne Dass is the Chief Executive Officer of Caribbean Information and Credit Rating Services Limited (CariCRIS). Wayne has garnered over twenty-five years' combined experience in engineering and financial markets, and built specific expertise over the past 15 years in credit risk assessment, financial risk management and investment management. Prior to joining CariCRIS, Wayne held senior leadership positions in prominent regional financial institutions. Over the past 9 years, Wayne has successfully led the expansion and development of CariCRIS, and under his leadership, CariCRIS is now well established throughout the region with a solid track record for independence and integrity in its ratings. Wayne holds BSc. and MSc. Degrees in Engineering and is a Chartered Financial Analyst (CFA) charter-holder.



MANAGEMENT TEAM



**WAYNE DASS, B.Sc., M.Sc., CFA
CHIEF EXECUTIVE OFFICER**



**ANDRE JOSEPH, B.Sc., MBA
SENIOR MANAGER RATINGS**



**NICOLE BUDD, MBA, FCCA, CA
MANAGER FINANCE & ADMIN**



**PAUL BIRCHWOOD, BBA, M.Sc.
MANAGER RATINGS**



**KATHRYN BUDHOORAM,
B.Sc., MBA, PMP
MANAGER RATINGS**



**STEFAN FORTUNE, B.Sc., M.Sc.
MANAGER RATINGS**

STAFF



Back Row L-R: Tamika-Diandra Joseph Research Associate, Nicole Budd Manager, Finance & Administration, Edward Jankey Rating Analyst, Nadia Ramraj Rating Analyst, Prudence Charles Administrative Supervisor, Stefan Fortune Manager, Ratings, Sita Sonnyram Administrative Assistant, Kerryn De Landro Office Assistant, Kathryn Budhooram Manager, Ratings, Andre Joseph Senior Manager, Ratings,

Front Row L-R: Anelia Oudit Rating Analyst, Sadé Shari St. Louis Research Associate, Wayne Dass Chief Executive Officer, Sheena Regis Rating Analyst, Myles Phillips Research Associate, Keisha Antoine Accounting Assistant, Paul Birchwood Manager, Ratings.

1st Long Service Award Ceremony

1



2



3



1.

CariCRIS held its first Long Service Award Ceremony on 12 December 2014, to acknowledge and show appreciation to team members with more than 5 years' service. Awardees, from left to right, are: Nicole Budd, Andre Joseph, Stefan Fortune, Wayne Dass, Prudence Charles and Kerryn De Landro

2.

Team CariCRIS enjoy a delicious meal together

3.

Team Member Kerryn de Landro strikes a pose after receiving a special award for 10 years' service from Board Member, Mrs Nicole Crooks



Key Milestones over the years.

Dec 2002:	Feasibility study on a regional rating agency commissioned by the Bankers Association of Trinidad & Tobago and Central Bank of Trinidad & Tobago.
Apr 2003:	Feasibility study recommends establishment of a regional rating agency.
Jan 2004:	USD 3 million in start- up equity capital raised from a wide cross-section of financial institutions across the region, including Central Banks and Development Finance Institutions.
Feb 2004:	Largest rating agency in India - CRISIL Limited - engaged as technical consultants to develop rating policies, procedures and methodologies for CariCRIS' ratings.
Feb 2004:	Office opened in Port of Spain, Trinidad & Tobago.
May 2004:	First shareholders meeting and appointment of Board of Directors.
Jun 2004:	External credit rating committee established comprised of accomplished economics, business and financial sector experts from across the region.
Oct 2004:	Launch of operations in Trinidad & Tobago.
Apr 2005:	First credit rating released in the public domain.
May 2005:	Signing ceremony to welcome the Caribbean Development Bank as a shareholder.
Jun 2005:	Launch of CariCRIS in Barbados.
Oct 2005:	Launch of CariCRIS in Jamaica.
May 2006:	First joint seminar with Standard & Poor's Rating Agency at Annual Meeting of the Board of Caribbean Development Bank.
Feb 2007:	First OECS rating released.
Apr 2007:	First sovereign rating released.
Feb 2008:	Rating of Republic Bank's TTD1 billion bond issue completed.
Mar 2008:	First insurance company rating released.
Jul 2008:	The IADB/MIF becomes a shareholder.
Jul 2008:	First public rating in Jamaica released – that of the largest bank in the country.
Jul 2008:	First public rating of a securities brokerage firm released.
Sep 2008:	Formal recognition status as an approved rating agency granted by Financial Services Commission in Jamaica.
Sep 2008:	Bond pricing service rolled out in partnership with CRISIL.



Mar 2009:	Ratings in public domain increased by over 100% from prior year to 15.
Mar 2009:	SME Ratings launched – 20 SMEs rated in Jamaica.
Jun 2009:	50 entities rated since inception.
Nov 2009:	First Financial Ratio Analysis Workshop held.
Jun 2010:	Audit framework for rating operations designed & implemented.
Dec 2010:	First insurance company credit risk analysis workshop held.
Jan 2011:	Audit Committee established.
Mar 2011:	Insider trading policy and other policies for prevention of conflict of interest and maintenance of independence by analysts introduced.
Oct 2011:	Workshop on Fundamentals of Risk Management introduced.
Oct 2012:	Independent review of our rating process and methodologies by an ex S&P rating expert commissioned by CariCRIS. Extensive training of staff and rating committee members included as part of the assignment.
Mar 2013:	After-tax loss for the financial year reduced by 47% to USD175,249.
Jun 2013:	100 entities rated since inception.
Mar 2014:	Technical Cooperation with the MIF for institutional strengthening and SME Ratings Programme.
Mar 2014:	After-tax loss for the financial year reduced by a further 50% to USD86,758.
Jun 2014:	3 month assignment with external rating expert commissioned, involving a comprehensive review of CariCRIS' rating methodologies, process and criteria, along with in-depth training of all rating staff and rating committee members.
Jun 2014:	Rating transition matrix to track performance of CariCRIS' ratings developed in conjunction with the rating expert.
Sep 2014:	CariCRIS' Rating Reports and Press Releases launched on Bloomberg Worldwide enabling easy and instant access by analysts all over the world.
Dec 2014:	1st CariCRIS Long Service Award held.
Mar 2015:	Ratings in public domain increase to 31.
Mar 2015:	CariCRIS achieves its first year of profitable operations – Profit after tax of USD49,017 registered, representing a 157% improvement over the prior year performance.
Jun 2015:	Total entities rated increases to 150.

Financial Statements of
CARIBBEAN INFORMATION AND
CREDIT RATING SERVICES LIMITED

March 31, 2015
(Expressed in United States Dollars)



CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

March 31, 2015

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KPMG

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Independent Auditors' Report to the Shareholders of Caribbean Information and Credit Rating Services Limited

We have audited the accompanying financial statements of Caribbean Information and Credit Rating Services Limited (the "Company"), which comprise the statement of financial position as at March 31, 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Caribbean Information and Credit Rating Services Limited as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants

June 03, 2015
Port of Spain
Trinidad and Tobago

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Statement of Financial Position

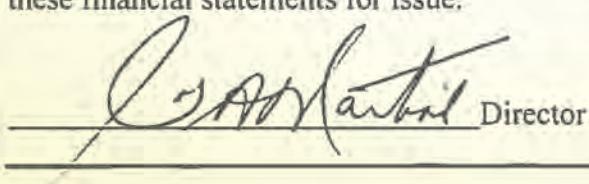
March 31, 2015

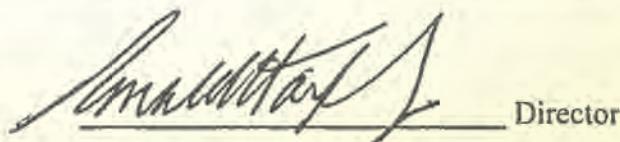
(Expressed in United States Dollars)

	Notes	2015	2014
		\$	\$
ASSETS			
Non-current assets			
Property and equipment	4	11,101	12,322
Deferred tax asset, net	5	7,392	7,754
Receivables and other assets	6	13,935	13,935
Repurchase agreements	7	412,979	406,125
Tax recoverable		119	-
		<u>445,526</u>	<u>440,136</u>
Current assets			
Receivables and other assets	6	181,305	340,852
Cash and cash equivalents	8	497,910	336,011
		<u>679,215</u>	<u>676,863</u>
Total Assets		<u>1,124,741</u>	<u>1,116,999</u>
LIABILITIES AND EQUITY			
Current liabilities			
Deferred revenue		31,875	95,855
Accrued expenses and other liabilities	9	112,540	89,831
Taxation payable		674	678
		<u>145,089</u>	<u>186,364</u>
Shareholders' equity			
Share capital	10	4,561,688	4,561,688
Accumulated deficit		(3,582,036)	(3,631,053)
		<u>979,652</u>	<u>930,635</u>
Total liabilities and equity		<u>1,124,741</u>	<u>1,116,999</u>

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

On June 03, 2015, the Board of Caribbean Information and Credit Rating Services Limited authorised these financial statements for issue.


Constantine Director


Michael Director

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Statement of Comprehensive Income

Year ended March 31, 2015

(Expressed in United States Dollars)

	Notes	2015	2014
		\$	\$
Revenue	11	1,055,738	837,206
Direct operating expenses	12	(425,537)	(376,220)
Gross profit		630,201	460,986
Other operating and administrative expenses	12	(588,297)	(557,543)
Profit (loss) from operations before net finance income		41,904	(96,557)
Finance income		12,063	12,224
Finance cost		(2,455)	(2,727)
Net finance income		9,608	9,497
Profit (loss) before taxation		51,512	(87,060)
Taxation		(2,495)	302
Net profit (loss) after taxation being total comprehensive profit for the year		49,017	(86,758)

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

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Statement of Changes in Equity

Year ended March 31, 2015

(Expressed in United States Dollars)

	Share Capital \$	Accumulated Deficit \$	Total Shareholders' Equity \$
Year ended March 31, 2014			
Balance at April 1, 2013	4,561,688	(3,544,295)	1,017,393
Total comprehensive loss for the year	-	(86.758)	(86.758)
Balance at March 31, 2014	<u>4,561,688</u>	<u>(3,631,053)</u>	<u>930,635</u>
Year ended March 31, 2015			
Balance at April 1, 2014	4,561,688	(3,631,053)	930,635
Total comprehensive profit for the year	-	49,017	49,017
Balance at March 31, 2015	<u>4,561,688</u>	<u>(3,582,036)</u>	<u>979,652</u>

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

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Statement of Cash Flows

Year ended March 31, 2015

(Expressed in United States Dollars)

	Note	2015	2014
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit (loss) before taxation		51,512	(87,060)
Adjustments to reconcile profit (loss) to net cash generated from operating activities:			
Depreciation		9,911	9,688
		61,423	(77,372)
Changes in operating assets and liabilities			
Change in receivables and other prepayments		159,547	(98,509)
Change in accrued expenses and other liabilities		22,709	20,314
Change in deferred revenue		(63,980)	81,345
Cash generated from (used in) operations		179,699	(74,222)
Tax paid		(2,196)	(1,736)
Net cash from (used in) operating activities		177,503	(75,958)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(8,750)	(5,490)
Change in repurchase agreements		(6,854)	48,618
Net cash (used in) from investing activities		(15,604)	43,128
Increase (decrease) in cash and cash equivalents		161,899	(32,830)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		336,011	368,841
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	497,910	336,011

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

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2015

(Expressed in United States Dollars)

1. Incorporation and Principal Activity

The Company is incorporated in Trinidad and Tobago and its principal business includes performing the function of an independent credit rating agency for the region.

The Company's registered office is 3rd Floor, Furness House, 90 Independence Square, Port of Spain, Trinidad and Tobago.

2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost convention.

Management has considered the going concern assumption to be appropriate in light of the continued support of its shareholders of its mission, its adequate capitalization level and the material improvement in the Company's business outlook, evidenced by the first profit recorded by the Company in the year ended March 31, 2015.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. There are no areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements that would require disclosure.

- New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended March 31, 2015, and have not been applied in preparing these financial statements. None of these will have an effect on the financial statements of the Company, except:

- IFRS 9 *Financial Instruments* (published in July 2014) The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2015

(Expressed in United States Dollars)

2. Summary of Significant Accounting Policies (continued)

a) Basis of preparation (continued)

- New standards and interpretations not yet adopted (continued)

- IAS 15 *Revenue from contracts with customers* Entities recognise revenue when they transfer goods and services to a customer based upon the amount of consideration to which the entity expects to be entitled from the customer. Goods and services are transferred when the customer has control. Effective for periods commencing January 1, 2017.

b) Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States dollars, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

c) Property and equipment

All property and equipment is stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line method at rates estimated to write down the cost of such assets, to their residual values over their useful lives as follows:

Improvements to leasehold property	-	4 years
Computer equipment	-	3 years
Office equipment	-	4 years
Furniture and fixture	-	4 years
Motor vehicles	-	4 years

The assets' residual value and useful lives are reviewed and adjusted if appropriate at each statement of financial position date.

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2015

(Expressed in United States Dollars)

2. Summary of Significant Accounting Policies (continued)

c) *Property and equipment* (continued)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

Repairs and maintenance are charged to the statement of comprehensive income when the expenditure is incurred.

d) *Fair values of financial assets and liabilities*

Financial assets and liabilities are presented on the statement of financial position at their carrying amounts which is not significantly different from their fair value.

e) *Repurchase agreements*

Securities purchased under repurchase agreements are backed by debt instruments issued by a borrower such as a private Corporation or the Government. Interest is accrued at a fixed rate over the period the instrument is held.

f) *Receivables and other prepayments*

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

g) *Cash and cash equivalents*

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and on hand, and investment in money market securities with original maturities of three months or less.

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2015

(Expressed in United States Dollars)

2. Summary of Significant Accounting Policies (continued)

h) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

i) Accrued expenses and other liabilities

Accrued expenses and other liabilities are recognised initially at fair value and subsequently remeasured at amortised cost.

j) Current and deferred taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the year end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the year end and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

The temporary difference arises from the difference between the accounting and tax treatment of depreciation on equipment, deferred revenue and tax losses carried forward.

Deferred tax assets are recognised for carried forward tax losses where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2015

(Expressed in United States Dollars)

2. Summary of Significant Accounting Policies (continued)

k) Employee benefits

(a) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. However, there are no benefits falling due as at the year end.

(b) Employee bonus

The Company recognises a liability and an expense for bonuses on the accruals basis.

l) Provisions

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

m) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, refunds and discounts.

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2015

(Expressed in United States Dollars)

2. Summary of Significant Accounting Policies (continued)

m) *Revenue recognition* (continued)

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the service have been resolved.

(a) *Rating income*

Initial rating income is recognised when ratings are completed, reviewed and approved by the rating committee on an accruals basis.

(b) *Surveillance income*

Surveillance income is recognised on an accrual basis one year following acceptance of the initial rating – whether or not there is a change to the rating – after an annual review is conducted.

(c) *Training income*

Training income is recognised on completion of the training program on an accruals basis.

(d) *Bond valuation, portfolio review and other technical services*

Income from bond valuation service, portfolio review service and other technical services is recognised on delivery of the service on an accruals basis.

(e) *Finance income*

Finance income is recognised on a time-proportion basis using the effective interest method.

n) *Leases*

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2015

(Expressed in United States Dollars)

2. Summary of Significant Accounting Policies (continued)

o) Deferred revenue

Deferred revenue relates to amounts paid in advance by customers for work to be performed by the Company. These amounts are recognised in income when the relevant service is provided to the customer.

3. Financial Risk Management

Financial risk factors

The Company's activities expose it to a variety of financial risks: foreign exchange risk, cash flow interest rate risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. There were no changes to the Company's risk management policies.

(a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the TT dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Company has set up a policy to manage its foreign exchange risk against its functional currency. To manage its foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Company monitors the foreign exchange rates daily effecting transfers from functional currency bank accounts to foreign currency denominated bank accounts at a negotiated exchange rate so as to match assets with commitments and liabilities as they fall due. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2015

(Expressed in United States Dollars)

3. Financial Risk Management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Concentrations of assets and liabilities

	TT \$	US \$	Total \$
As at March 31, 2015			
Financial assets			
Receivables (Note 6)	8,625	151,782	160,407
Repurchase agreement	-	412,974	12,979
Cash and cash equivalents	<u>123,032</u>	<u>374,878</u>	<u>497,910</u>
Total financial assets	<u>131,657</u>	<u>939,639</u>	<u>1,071,296</u>
Financial liabilities			
Accrued expenses and other liabilities	103,461	9,079	112,540
Total financial liabilities	<u>103,461</u>	<u>9,079</u>	<u>112,540</u>
Net foreign exchange risk position	<u>28,196</u>	<u>930,560</u>	<u>958,756</u>
 As at March 31, 2014			
Financial assets			
Receivables (Note 6)	165,577	124,678	290,255
Repurchase agreements	-	406,125	406,125
Cash and cash equivalents	<u>67,151</u>	<u>268,860</u>	<u>336,011</u>
Total financial assets	<u>232,728</u>	<u>799,663</u>	<u>1,032,391</u>
Financial liabilities			
Accrued expenses and other liabilities	65,402	24,429	89,831
Total financial liabilities	<u>65,402</u>	<u>24,429</u>	<u>89,831</u>
Net foreign exchange risk position	<u>167,326</u>	<u>775,234</u>	<u>942,560</u>

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2015

(Expressed in United States Dollars)

3. Financial Risk Management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

At March 31, 2015, if the functional currency had weakened by 1% against the TT dollar with all other variables held constant, post-tax profit for the year would have been US\$282 higher (post-tax loss 2014: US\$1,673 lower), mainly as a result of foreign exchange gains/losses on translation of TT dollar-denominated trade payables, trade receivables and cash and cash equivalents.

(ii) Cash flow interest rate risk and fair value interest rate risk

The Company has significant interest-bearing assets carrying rates that are subject to changes in market interest rates. The Company's investment in repurchase agreements for defined periods mitigates this risk somewhat as rates are fixed for the tenor of the agreements. Other operating cash flows are independent of changes in market interest rates.

The table below summarises the Company's exposure to interest rate risk. The financial assets and liabilities are categorised by the contractual date.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company carries all of its financial assets and liabilities at amortised cost and as such is not exposed to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of an instrument will fluctuate because of changes in the market interest rates. The Company's financial assets have fixed interest rates and as such are not exposed to cash flow interest rate risk.

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2015

(Expressed in United States Dollars)

3. Financial Risk Management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(ii) Cash flow interest rate risk and fair value interest rate risk (continued)

	1 to 3 months	3 to 12 months	Non-interest bearing	Total
As at March 31, 2015				
Assets				
Receivables	-	-	160,407	160,407
Repurchase agreements	-	412,979	-	412,979
Cash and cash equivalents	-	451,232	46,678	497,910
Total assets	451,232	412,979	207,085	1,071,296
Liabilities				
Other liabilities	-	-	112,540	112,540
Total liabilities	-	-	112,540	112,540
Interest sensitivity gap	451,232	412,979	94,545	5958,756
As at March 31, 2014				
Assets				
Receivables	-	-	290,255	290,255
Repurchase agreements	-	406,125	-	406,125
Cash and cash equivalents	339,289	-	(3,278)	336,011
Total assets	339,289	406,125	286,977	1,032,391
Liabilities				
Other liabilities	-	-	89,831	89,831
Total liabilities	-	-	89,831	89,831
Interest sensitivity gap	339,289	406,125	197,146	942,560

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2015

(Expressed in United States Dollars)

3. Financial Risk Management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(iii) Other price risk

Other price risk arises due to the possibility that the fair value of future cash flows of a financial asset or liability will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not affected by changing prices of equity instruments as there were no investments in equity instruments as at March 31, 2015 nor as at March 31, 2014.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument or financial arrangement will fail to discharge an obligation and cause the other party to incur a financial loss. The Company manages its credit risk by ensuring initial rating fees from first-time rated clients are paid in full up-front, ahead of the rating exercise. The Company also invests its surplus funds in independently rated banks and financial institutions with an investment grade rating.

Below is an analysis of assets bearing credit risk:

	2015	2014
	\$	\$
Receivables (Note 6)	160,407	290,255
Repurchase agreements	412,979	406,125
Cash and cash equivalents	<u>497,910</u>	<u>336,011</u>
	<u>1,071,296</u>	<u>1,032,391</u>

The Company's receivables consist of contractual obligations from sovereigns and established corporate entities. None of the above financial assets are impaired. The aging of the receivables is as follows:

	2015	2014
	\$	\$
1 - 30 days	135,150	-
31- 90 days	25,257	250,255
> 90 days	<u>-</u>	<u>40,000</u>
	<u>160,407</u>	<u>290,255</u>

These financial assets are not rated.

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2015

(Expressed in United States Dollars)

3. Financial Risk Management (continued)

Financial risk factors (continued)

(c) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. Prudent liquidity risk management implies maintaining an adequate amount of cash and cash equivalents. The Company manages its liquidity risk by way of rolling forecasts of its contracted cash inflows and outflows, and ensuring the availability of adequate cash to meet upcoming commitments.

The financial liabilities of the Company of \$112,540 (2014: \$89,831) are short-term in nature and due within 12 months.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders (in the long-term) and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

4. Property and Equipment

	Leasehold Improvements	Computer Equipment	Office Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$
Year ended March 31, 2015					
Opening net book amount	642	8,420	3,260	-	12,322
Additions	-	8,750	-	-	8,750
Disposal	-	-	(60)	-	(60)
Depreciation charge	(146)	(8,327)	(1,438)	-	(9,911)
Closing net book amount	496	8,843	1,762	-	11,101
At March 31, 2015					
Cost	103,437	70,244	38,058	10,475	222,214
Accumulated depreciation	(102,941)	(61,401)	(36,296)	(10,475)	(211,113)
Net book amount	496	8,843	1,762	-	11,101

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2015

(Expressed in United States Dollars)

4. Property and Equipment (continued)

	Leasehold Improvements \$	Computer Equipment \$	Office Equipment \$	Motor Vehicles \$	Total \$
Year ended March 31, 2014					
Opening net book amount	576	11,740	4,204	-	16,520
Additions	431	4,033	1,026	-	5,490
Depreciation charge	(365)	(7,353)	(1,970)	-	(9,688)
Closing net book amount	642	8,420	3,260	-	12,322
At March 31, 2014					
Cost	103,437	61,494	38,118	10,475	213,524
Accumulated depreciation	(102,795)	(53,074)	(34,858)	(10,475)	(201,202)
Net book amount	642	8,420	3,260	-	12,322

5. Deferred Tax Asset (Liability)

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 25%.

	2015 \$	2014 \$
Balance at beginning of year	7,754	5,784
(Debit) credit to statement of comprehensive income	(362)	1,970
Balance at end of year	7,392	7,754

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2015

(Expressed in United States Dollars)

5. Deferred Tax Asset (Liability) (continued)

Deferred tax assets and liabilities and the deferred tax charge in the statement of comprehensive income are attributable to the following items:

	Balance at April 1, 2014	Charge to Statement of Comprehensive Income	Balance at March 31, 2015
	\$	\$	\$

As at March 31, 2015

Deferred tax asset:

Property and equipment	7,754	(362)	7,392
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As at March 31, 2014

Deferred tax asset, net:

	Balance at April 1, 2013	Credit (Charge) to Statement of Comprehensive Income	Balance at March 31, 2014
	\$	\$	\$
As at March 31, 2014			
Deferred revenue	(3,627)	3,627	-
Property and equipment	9,411	(1,657)	7,754
	5,784	1,970	7,754

A deferred tax asset is recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Company has tax losses of approximately US\$3,215,983 (2014: US\$3,265,000), the tax effect of which have not been recognised due to the uncertain timing of their recovery. These losses have not yet been agreed with the Board of Inland Revenue.

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2015

(Expressed in United States Dollars)

	2015	2014
	\$	\$
6. Receivables and Other Assets		
Trade receivables	160,407	290,255
Other receivables	11,043	28,531
Prepayments	<u>23,790</u>	<u>36,001</u>
	<u>195,240</u>	<u>354,787</u>
Current portion	181,305	340,852
Non-current portion	<u>13,935</u>	<u>13,935</u>
	<u>195,240</u>	<u>354,787</u>
7. Repurchase Agreements		
Repurchase agreements	<u>412,979</u>	<u>406,125</u>
Two Agreements for US\$50,000 and US\$356,125 held at 1.60% and 1.70% respectively matured on January 21, 2015. Interest accrued of US\$6,854 together with principal balance of US\$406,125 totalling US\$412,979 were reinvested at 1.70% per annum for 365 days.		
8. Cash and Cash Equivalents		
Cash at bank and on hand	112,295	27,371
Money market securities	<u>385,615</u>	<u>308,640</u>
	<u>497,910</u>	<u>336,011</u>

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2015

(Expressed in United States Dollars)

	2015	2014
	\$	\$
9. Accrued Expenses and Other Liabilities		
Trade payables	11,607	11,585
MIF Disbursement	19,200	-
Statutory payables	24,759	33,728
Credit card accounts	3,848	12,357
Incentive compensation	29,400	9,762
Accrued fees	<u>23,726</u>	<u>22,399</u>
	<u>112,540</u>	<u>89,831</u>
10. Share Capital		
<i>Authorised</i>		
Unlimited number of ordinary shares of no par value		
<i>Issued and fully paid</i>		
4,561,688 ordinary shares at US\$1.00	<u>4,561,688</u>	<u>4,561,688</u>
11. Revenue		
Rating income	419,356	200,673
Surveillance income	543,941	524,909
Training income	80,941	80,249
Bond valuation services	<u>11,500</u>	<u>31,375</u>
	<u>1,055,738</u>	<u>837,206</u>
12. Expenses Analysis by Nature		
Direct operating expenses		
Staff cost - ratings (Note 14)	302,507	253,167
RCM fees (retainer and sitting)	84,000	79,000
Technical consulting fees	3,546	10,323
External training to clients	<u>35,484</u>	<u>33,730</u>
	<u>425,537</u>	<u>376,220</u>

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2015

(Expressed in United States Dollars)

	2015 \$	2014 \$
12. Expenses Analysis by Nature (continued)		
Other Operating and administrative expenses		
Staff cost - other (Note 14)	377,755	354,037
Directors' expenses (Travelling)	687	1,315
Lease rentals	109,339	108,734
Technical consultant fees	-	2,000
Rating committee expenses (Travelling and accommodation)	7,346	2,447
Depreciation	9,911	9,688
Communication	11,357	10,180
Foreign travel	2,302	3,605
Business promotion	13,436	13,836
Legal and professional fees	13,779	12,279
Transport	4,956	5,511
Miscellaneous	41,790	35,912
Net foreign exchange gains	(5,084)	(2,149)
Repairs and maintenance	<u>723</u>	<u>153</u>
	<u>588,297</u>	<u>557,543</u>

13. Taxation

Business levy	2,133	1,668
Deferred tax (Note 5)	<u>362</u>	<u>(1,970)</u>
	<u>2,495</u>	<u>(302)</u>

The tax on the profit (loss) from operations differs from the theoretical amount that would arise using the basic tax rate as follows:

Profit (loss) before taxation	<u>51,512</u>	<u>(87,060)</u>
Tax calculated at a rate of 25%	12,878	(21,765)
Items not deductible for tax purposes	193	2,081
Business levy	2,133	1,668
Tax loss not recognised for the year	-	17,175
Tax loss utilized for the year	<u>(12,709)</u>	<u>-</u>
Prior year under provision – deferred taxes	<u>-</u>	<u>539</u>
	<u>2,495</u>	<u>(302)</u>

CARIBBEAN INFORMATION AND CREDIT RATING SERVICES LIMITED

Notes to the Financial Statements

March 31, 2015

(Expressed in United States Dollars)

	2015	2014
	\$	\$
14. Staff Costs		
Wages and salaries	634,781	568,968
National insurance	23,926	19,296
Meal allowance	<u>21,555</u>	<u>18,940</u>
	<u>680,262</u>	<u>607,204</u>
Staff cost ratings	302,507	253,167
Staff cost other	<u>377,755</u>	<u>354,037</u>
	<u>680,262</u>	<u>607,204</u>
15. Related Party Transactions		
Key management compensation:		
Salaries and other short-term benefits	<u>208,953</u>	<u>192,709</u>
16. Contingent Liabilities and Commitments		
There are no contingent liabilities or capital commitments as at the year end.		
Future minimum payments under leases are as follows:		
	2015	2014
	\$	\$
Within one year	106,469	105,275
1-3 years	<u>88,724</u>	<u>193,004</u>
	<u>195,193</u>	<u>298,279</u>

The Company has entered into a lease for office space. The lease is for a period of 3 years with renewal terms included in the contract at the option of the Company. The lease period ends on February 1, 2017.

Total lease rentals for the year amounted to \$109,339 (2014: \$108,734).