

Balance Sheet
As at March 31, 2004 (expressed in Eastern Caribbean dollars)

	31-3-2004	31-12-2003
	\$	\$
Assets		
Cash resources (note 3)	26,582,086	32,691,382
Interest Receivable and prepayments	10,095,865	7,183,160
Customer loans and advances (note 4)	157,534,679	145,136,933
Short-term investments (note 5)	14,288,186	8,978,076
Long-term investments (note 5)	11,771,092	11,805,818
Reserve Deposit - E.C.C.B. (note 6)	12,100,000	12,100,000
Property, plant and equipment (note 7)	11,244,511	10,911,285
Deferred expenses	26,935	30,311
Customers' liability under guarantees	1,772,398	1,671,799
Income tax recoverable	152,900	444,131
Total Assets	245,568,652	230,952,895
Liabilities		
Customer deposits (note 8)	215,738,974	205,535,495
Interest payable	2,451,799	2,713,818
Other liabilities	7,228,493	3,967,914
Provision for credit card losses	92,949	92,949
Provision for income tax	0	0
Liability for guarantees	1,772,398	1,671,799
Total liabilities	227,284,613	213,981,975
Equity		
Stated capital (note 9)	7,620,000	3,810,000
Statutory reserve (note 10)	3,757,129	3,757,129
General reserve	0	1,100,000
Retained earnings	6,211,468	7,608,349
Revaluation surplus	695,442	695,442
Total Equity	18,284,039	16,970,920
Total liabilities and Equity	245,568,652	230,952,895

Statement of Income
For the half year ended March 31, 2004

	31-3-2004	31-3-2003
	\$	\$
Interest income		
Customer loans and advances	7,999,784	6,935,746
Investments and deposits at other banks	<u>1,819,970</u>	<u>1,730,109</u>
	9,819,754	8,665,855
Interest expense (note 12)	<u>3,954,442</u>	<u>3,584,705</u>
Net interest income	5,865,312	5,081,150
Other income	<u>1,304,000</u>	<u>827,963</u>
Operating income	<u>7,169,312</u>	<u>5,909,113</u>
 Expenditure		
Direct operating expenses	2,306,328	2,047,797
Other expenses	<u>2,277,671</u>	<u>1,801,059</u>
	4,583,999	3,848,856
Income , before income tax	2,585,313	2,060,257
 Net income for the half year	2,585,313	2,060,257
 Basic earnings per share (note 13)	\$0.88	\$0.82

Grenada Co-operative Bank Ltd.

3

Statement of Cash Flows
For the six months ended March 31, 2004 (expressed in Eastern Caribbean dollars)

	31-3-2004 \$	30-9-2003 \$
Cash flows from operating activities		
Income before income tax	2,585,313	4,100,077
Items not affecting working capital		
Depreciation and amortization	524,265	940,971
(Gain)/loss on disposal of property, plant and equipment	0	(12,487)
	<u>3,109,578</u>	<u>5,028,561</u>
Operating profit before working capital changes		
Net changes in operating assets and liabilities:		
Interest receivable and prepayments	(4,835,990)	(2,201,267)
Customer loans and advances	(18,335,289)	(21,091,019)
Customer deposits	14,702,350	38,986,066
Interest payable	(122,511)	457,457
Other liabilities	4,231,779	826,176
Deferred expenses	133,099	231,189
	<u>(1,116,984)</u>	<u>22,237,163</u>
Income tax paid	(209,339)	(353,091)
Net cash from/(used in) operating activities	<u>(1,326,323)</u>	<u>21,884,072</u>
Cash flows from investing activities		
(Purchase)/sale of investments	(5,665,897)	(3,461,883)
Purchase of property, plant and equipment	(702,161)	(1,354,745)
Proceeds on sale of property, plant and equipment	0	13,500
Increase in reserve deposit - E.C.C.B.	0	(2,380,000)
Net cash used in investing activities	<u>(6,368,058)</u>	<u>(7,183,128)</u>
Cash flows used in financing activities		
Dividends paid	(557,400)	(507,000)
Net change in cash resources	(8,251,781)	14,193,944
Cash resources - beginning of half year	34,833,867	20,639,923
Cash resources - end of year (note 3)	<u>26,582,086</u>	<u>34,833,867</u>

Notes to Financial Statements
March 31, 2004 (expressed in Eastern Caribbean dollars)

1. Incorporation and principal activity

The Bank was incorporated on July 26, 1932, under the laws of Grenada and is engaged in the business of banking. The registered office is situated in Church Street, St. George's.

The bank employed 80 persons during the half year (2003 - 78 persons).

2. Significant accounting policies

(a) Basis of accounting

These financial statements are prepared in compliance with International Accounting Standards and in accordance with the historical cost convention.

(b) Depreciation

Freehold buildings are not depreciated. This is not in accordance with International Accounting Standards. However, had International Accounting Standards been applied there would have been no material impact on the financial statements. Maintenance and repairs to buildings are charged to current operations and the cost of improvements capitalized.

Depreciation of other property, plant and equipment is provided at the following rates, which are expected to write off the costs of the assets over the period of their estimated useful lives.

The annual rates used are as follows: -

Motor vehicles	20%
Furniture and equipment	10%
Computer equipment	16.67%
Freehold Buildings	2.50%

Leasehold improvements are amortized over the terms of the lease.

The cost of fixed assets replaced, retired or otherwise disposed of and the accumulated depreciation thereon are eliminated from the accounts and the resulting gain or loss reflected in current operations.

(c) Provision for loan losses

Specific allowances are made against loans and advances where in the opinion of Management, after detailed appraisal of the loans portfolio, recovery is doubtful. Guidelines issued by the Eastern Caribbean Central Bank are followed in this regard. Bad debts are written off when the extent of the loss is confirmed.

(d) Revenue Recognition

The Bank classifies loans as non-productive when the loans have not been serviced for a period in excess of three months. No accrual is made for interest receivable on such loans.

Notes to Financial Statements
March 31, 2004 (expressed in Eastern Caribbean dollars)

2. Significant accounting policies... Continued

(e) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated to E.C. dollars at the rates of exchange ruling at the end of the financial year. Transactions arising during the year involving foreign currencies have been converted at the rates prevailing on the dates the transactions occurred. Differences arising from fluctuations in exchange rates are included in the statement of income.

(f) Taxation

The company provides for tax in accordance with Income Tax Act of 1994, as amended.

Deferred tax is provided where material using the liability method at currently enacted tax rates.

(g) Investments

Investments include debt and equity securities held for short-term liquidity purposes and/or intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rate. They are classified as available-for-sale. The majority of these investments have a fixed maturity and are carried at amortized cost. Equity investments are carried at cost since, in almost all cases they are not traded on an active market and methods of reasonably estimating fair value are considered inappropriate or unavailable.

(h) Pension

The Bank's contributions to its Defined Contribution Pension Plan are charged to the income statement in the year to which they relate.

	31-3-2004	31-12-2003
3 Cash resources	\$	\$
Cash in hand	4,960,925	6,919,931
Cash at other banks - current accounts	4,693,499	2,793,789
Cash at other financial institutions	16,585,199	22,767,080
E.C.C.B.	342,463	210,582
	<u>26,582,086</u>	<u>32,691,382</u>

Notes to Financial Statements
March 31, 2004 (expressed in Eastern Caribbean dollars)

	31-3-2004	31-12-2003
	\$	\$
4. Customer loans and advances		
Mortgages	122,779,712	111,493,387
Promissory notes	20,116,342	19,860,393
Other advances	17,938,420	17,082,948
	<u>160,834,474</u>	<u>148,436,728</u>
Provision for loan losses	(3,151,386)	(3,151,386)
Special provision re: Trans-Nemwil (Finance) Ltd.	(148,409)	(148,409)
	<u>157,534,679</u>	<u>145,136,933</u>

Notes to Financial Statements
March 31, 2004 (expressed in Eastern Caribbean dollars)

5. Investments - available for sale

	31-3-2004	31-12-2003
	\$	\$
Short-term investments: -		
Government of Grenada -		
6% Treasury Bills - E.C.C.B.	492,076	492,076
9% Treasury Bills	418,500	418,500
7% Treasury Bills	8,067,500	8,067,500
Government of Trinidad & Tobago -		
Repos	3,960,110	-
Government of Belize -		
Repos	1,350,000	-
	<u>14,288,186</u>	<u>8,978,076</u>
Long-term investments:		
Government of Grenada -		
8% Bonds	1,178,650	1,178,650
National Development Bonds	30,000	30,000
Euro Market Bonds	2,812,500	2,812,500
Government of St. Kitts Bonds	500,000	500,000
Government of St. Lucia Bonds	650,000	650,000
Barbados Port Authority Bonds	851,861	851,861
National Commercial Bank of Grenada Ltd. -		
8,000 Ordinary shares	60,000	60,000
Grenada Bank of Commerce Ltd. -		
5,944 Ordinary Shares	23,776	23,776
Caribbean Credit Card Corporation -		
25 Ordinary shares of \$1,000 each	25,000	25,000
Grenada Electricity Services Ltd.		
50,000 Ordinary shares	448,150	448,150
Eastern Caribbean Home Mortgage Bank:		
777 Class C Shares of \$100 each	77,700	77,700
5.5% - 6.75% Bonds	2,000,000	2,000,000
Bonds - Grenada Ports Authority - (floating rate)	2,331,642	2,366,367
- Grenada Electricity Services Ltd.	431,814	431,814
Eastern Caribbean Securities Exchange		
- Shares - 500 class C shares of \$100 each	50,000	50,000
Antigua Barbuda Investment Bank		
- 100,000 shares	300,000	300,000
	<u>11,771,093</u>	<u>11,805,818</u>
	<u>26,059,278</u>	<u>20,783,894</u>

Notes to the Financial Statements

March 31, 2004 (expressed in Eastern Caribbean dollars)

6. Reserve deposit

This reserve is maintained in accordance with Article 33 of the E.C.C.B. Agreement 1983, and is based on the level of deposit liabilities held from time to time.

7. Property, plant and equipment

	31-3-2004	31-12-2003
	\$	\$
Balance	16,502,656	15,221,918
Accumulated depreciation and amortization	5,258,145	4,310,633
Net book values	<u>11,244,511</u>	<u>10,911,285</u>

8. Customer deposits

	31-3-2004	31-12-2003
	\$	\$
Savings accounts	91,665,500	87,195,327
Fixed deposit accounts	89,547,917	88,600,273
Treasure Chest accounts	14,602,265	12,256,423
Chequing accounts	12,214,298	11,085,621
Current accounts	7,708,994	6,397,851
	<u>215,738,974</u>	<u>205,535,495</u>

All deposits mature within one year. Effective interest rate ranged from 1.25% to 6%.

Notes to Financial Statements
March 31, 2004 (expressed in Eastern Caribbean dollars)

9. Stated capital

	31-3-2004	31-12-2003
Authorised:-	\$	\$
An unlimited number of common shares		
Issued:-		
30,000 Preference shares	-	30,000
850,000 Series "A" ordinary shares	-	850,000
500,000 Series "B" ordinary shares	-	500,000
120,000 Series "C" ordinary shares	-	120,000
1,050,000 Series "D" ordinary shares	-	2,310,000
5,100,000 common shares	7,620,000	-
	<u>7,620,000</u>	<u>3,810,000</u>

10. Statutory reserve

The Banking act for 1993 under Sub-section 14 (1) requires that a minimum of 20% of net after tax profits in each year be transferred to a Statutory Reserve Fund until the balance of this fund is equal to the issued Share Capital. This reserve is not available for distribution as dividends or any form of appropriation.

Notes to Financial Statements
March 31, 2004 (expressed in Eastern Caribbean dollars)

11. Financial instruments

Fair value of financial assets and liabilities

Financial assets and liabilities are carried at amounts which approximate their fair values at the balance sheet date. The following methods and assumptions have been used to estimate their values.

Assets

Cash resources

The fair values of these financial instruments are assumed to approximate their carrying values due to their short-term nature.

Loans and advances

The carrying amounts, net of allowances for loan losses are assumed to reflect their fair values.

Investments

The valuation policy for investments is disclosed in note 2 (g).

Liabilities

Customers' deposits and other borrowings

Deposit liabilities payable on demand are assumed to equal their fair value.

Notes to Financial Statements
March 31, 2004 (expressed in Eastern Caribbean dollars)

12 Interest Expense

	31-3-2004	31-3-2003
	\$	\$
Savings deposits	1,481,864	1,260,794
Other time deposits	2,406,378	2,254,428
Chequing account	66,200	64,500
Interbank Market	0	4,983
	<u>3,954,442</u>	<u>3,584,705</u>

13. Basic Earnings per share

Basic earnings per share is calculated by dividing income attributable to common shareholders by the weighted average number of common shares in issue during the half year

	31-3-2004	31-3-2003
	\$	\$
Income attributable to common shareholders	2,585,313	2,060,257
Weighted average of common shares in issue	2,950,000	2,520,000
Basic earnings per share	\$0.88	\$0.82

The bank has no potential ordinary shares in issue which would give rise to a dilution of the basic earnings per share.

14 Leasehold commitments

At March 31, 2004, the bank was committed to \$182,250 in annual leasehold payments re. The Spiceland Mall Branch. The unexpired term of the lease is 1.5 years with an option to renew for a further 5 years.

15 Undrawn commitments

Undrawn commitments on loans and advances at March 31, 2004 amounted to \$8,751,000 (2003: \$5,860,000)

16 Defined contribution scheme

The bank maintains a superannuation plan into which both employer and employee pay 5% of gross salary. The bank's contribution to the Scheme was \$88,327 (2003: \$65,005)

17 Capital commitments

At March 31st, 2004, the bank had no significant capital commitments.