NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED

Annual Report and Accounts for 2006

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Board of Directors

Ms. Anne Edwards, BA, DIP.(Education), Masters(Education)

Mr. Cecil Niles, B.A(Mathematics), M.B.A(Project Management)

Mr. Fabian M. Fahie,B.S.c(Economics), M.A.(Economics),Acc. Director

Mr. Vivien Vanterpool, B.PHIL(Education), DIP.(Education)

Mr. Kennedy W. Hodge, B. ENG, TELECOM

Mrs. Vida Lloyd, B.S.c Medicine

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors submitted their annual report and the financial statements for the National Investment Company of Anguilla Ltd (NICA) and its 100% owned subsidiary, the National Bookstore Ltd, for the 12 months ending 31 Dec., 2006.
The principal business activities of the company during 2006 were the operation of the National Bookstore, leasing of Sandy Ground warehouse property and the management of investment in marketable securities.

The financial year 2006 was a landmark year for NICA, with the company reporting net profits of EC $14,472 after four consecutive years of recorded net losses. The largest revenue was generated from rental income and the considerable efforts during the year to reduce operating costs. The goal of returning the company to profitability was achieved. While the financial performance for the year was commendable, because of the many years of reporting net losses, the company continued to seek ways to improve returns and, as a consequence, ensure that NICA continued to grow, and become stronger and more efficient.

Since the lawsuit in 2005, Directors have focused their attention in 2006 on the presentation of financial statements, thereby ensuring that audited Financial Statements are prepared in a timely fashion. With this achievement, Directors believed the Company's image as a well run, responsible company would be maintained and shareholders' confidence in the company would be assured.

Business Review

Gross Operating Revenue decreased from EC$27,941 to EC$24,440 while Cost of Operating Revenue increased to EC$18,987, up from zero in the previous year. Rental Income increased by 40%; and, as a result, Gross Profit decreased from EC$144,905 to EC$122,882.

Operating Expenses decreased to EC$150,445 (29%); all other expenses decreased, except Professional Fees and Occupancy. Professional Fees increased by 24% and can be attributable to an increase in Accounting Fees; while Occupancy more than doubled as a result of rent expense for the Holding company.

Finance Income and Expenses increased to EC$42,035 (5.4%), indicating another good year of Dividend Income from marketable securities of EC$64,947. Interest Expense decreased to EC$46,348 (8%), while Interest Income remained constant at EC$23,436.

NICA's investment portfolio recorded another year of improved performance. Unrealised gains totalled EC$179,172, an increase of 32% over the past year. Unrealised gains, coupled with the net profit reported in 2006, increased shareholders' equity to EC$3,500,773 (2%).

On the matter of operating ratios, the return on Asset was .34% and the return on equity was .31%, up from (.68%) and (.62%) respectively in the previous year. NICA's earning per share at the end of the year was $.0006, compared to ($.012) in the previous year.

NICA's cash and cash equivalent which included certificates of deposit stood at EC $403,136 as at Dec. 31, 2006. This represented an increase of EC $12,534 in cash and cash equivalent.

The Net profit reported during the year increased the company's asset position as reflected in its balance sheet at the end of 2006, from a total of EC$3,443,285 in Shareholders' Net Equity in 2005 to EC$3,500,773 in 2006.

Accumulative deficit as at Dec. 31, 2006, decreased by EC $14,472, the net profit reported for the year.

Dividends

No dividend was declared during the year, and share capital remained at 47000205 $1 ordinary shares; this decision enabled the company to retain sufficient funds for the following year.

Chart showing the No. of Shares held by Directors during 2006.

As at Dec. 31, 2006, Directors of the company held/controlled the following shareholdings in NICA		
NAMES	**TITLE**	**NO. OF SHARES**
Anne Edwards	Secretary	1000
Cecil A. Niles	Chairman	1900
Fabian M. Fahie	Director	78000
Vivien A. Vanterpool	Director	3600
Kennedy W. Hodge	Director	54100
Viva C. Lloyd	Director	1600

There were no changes to the board of Directors reported for 2006. All Directors continued to serve the board voluntarily.

Signed by,

…………………….
Directors

AUDITED FINANCIAL STATEMENTS
(KPMG)

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
National Investment Company of Anguilla Limited

We were engaged to audit the accompanying financial statements of National Investment Company of Anguilla Limited (the "Company"), which comprise the balance sheet as at 31 December 2006 and the related statements of operations, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. Because of the matters described in the Bases for Disclaimer of Opinion paragraphs, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion.

Bases for Disclaimer of Opinion

We were appointed as auditors of the Company on 26 June 2008, thus, we were not able to observe the counting of the physical inventories stated at EC$483,282 and EC$502,270 as at 31 December 2006 and 2005. We were unable to satisfy ourselves by alternative means concerning inventory quantities held as at 31 December 2006 and 2005. Since physical inventories enter into the determination of the financial position, performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of inventories and accumulated deficit in the balance sheet, cost of operating revenues and net income/(loss) for the years reported in the statement of operations and the net cash flows used in operating activities reported in the statement of cash flows.

Moreover, we were not able to obtain sufficient appropriate evidence to substantiate the Company's gross operating revenue, other income, personnel expenses and occupancy expenses amounting to EC$24,440, EC$117,429, EC$18,176 and EC$43,506, respectively, due to limitations on the scope of our work as a result of missing documents. Accordingly, we were not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for accounts payable and accrued expenses, gross operating revenue, other income, personnel expenses, occupancy expenses, net income/(loss) and accumulated deficit.

KPMG

Disclaimer of Opinion

Because of the significance of the matters described in the Bases for Disclaimer of Opinion paragraphs, we do not express an opinion on the financial statements.

KPMG LLC

Chartered Accountants
19 October 2010
The Valley, Anguilla, B.W.I.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Balance Sheet
As at 31 December 2006
with comparative figures as at 31 December 2005

[Expressed in Eastern Caribbean Dollars (EC$)]

	Notes	**2006**	2005
Assets			
Non-current assets			
Property and equipment – net	*4*	**$5,090**	$6,320
Investment properties - net	*5*	**1,944,705**	1,969,190
Available-for-sale investment securities – net	*6*	**1,356,083**	1,313,067
		3,305,878	3,288,577
Current assets			
Inventories		**483,282**	502,270
Prepayments		**1,400**	1,400
Receivables		**107,637**	80,847
Cash and cash equivalents	*7*	**403,136**	390,602
		995,456	975,119
		$4,301,333	$4,263,696
Shareholders' Equity and Liabilities			
Shareholders' Equity			
Share capital	*8*	**$4,700,205**	$4,700,205
Fair value reserve		**179,172**	136,156
Accumulated deficit		**(1,378,604)**	(1,393,076)
		3,500,773	3,443,285
Liabilities			
Accounts payable and accrued expenses		**377,666**	362,691
Bank overdraft	*7*	**422,894**	457,720
		800,560	820,411
		$4,301,333	$4,263,696

These financial statements were approved on behalf
of the Board of Directors on ____________ by the following:

Calvert Carty
Chairman

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Operations
For the Year Ended 31 December 2006

[Expressed in Eastern Caribbean Dollars (EC$)]

	Notes	**2006**	2005
Gross operating revenue		**$24,440**	$27,941
Cost of operating revenue		**(18,987)**	-
		5,453	27,941
Other income	*10*	**117,429**	116,964
		122,882	144,905
Expenses			
Professional fees	*9*	**(44,415)**	(35,910)
Occupancy		**(43,506)**	(19,247)
Depreciation	*4, 5*	**(25,715)**	(29,646)
Personnel		**(18,176)**	(29,140)
Settlement fees		**-**	(79,408)
Other administrative expenses		**(18,633)**	(20,531)
		(150,445)	(213,882)
		(27,563)	(68,977)
Finance income and expenses			
Dividend income		**64,947**	66,845
Interest income		**23,436**	23,436
Interest expense		**(46,348)**	(50,405)
		42,035	39,876
Net income/(loss)		**$14,472**	($29,101)

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED

Statement of Changes in Shareholders' Equity
For the Year Ended 31 December 2006

[Expressed in Eastern Caribbean Dollars (EC$)]

	Notes	2006	2005
Share capital			
Issued and outstanding	*8*	**$4,700,205**	$4,700,205
Fair value reserve			
Balance at beginning of year		**136,156**	128,537
Fair value movement during the year	*6*	**43,016**	7,619
Balance at end of year		**179,172**	136,156
Accumulated deficit			
Balance at beginning of year		**(1,393,076)**	(1,363,975)
Net income/(loss)		**14,472**	(29,101)
Balance at end of year		**(1,378,604)**	(1,393,076)
		$3,500,773	$3,443,285

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Cash Flows
For the Year Ended 31 December 2006

[Expressed in Eastern Caribbean Dollars (EC$)]

	Notes	**2006**	2005
Cash flows from operating activities			
Net income/(loss)		**$14,472**	($29,101)
Adjustments for:			
Interest expense		**46,348**	50,405
Depreciation	*4, 5*	**25,715**	29,646
Dividend income		**(64,947)**	(66,845)
Interest income		**(23,436)**	(23,436)
Operating loss before working capital changes		**(1,848)**	(39,331)
(Increase)/decrease in:			
Inventories		**18,988**	(4,890)
Receivables		**(42,420)**	(16,947)
Increase in accounts payable and accrued expense		**14,975**	39,255
Cash used in operating activities		**(10,305)**	(21,913)
Interest received		**37,626**	-
Interest paid		**(46,348)**	(50,405)
Net cash used in operating activities		**(19,027)**	(72,318)
Cash flow from investing activity			
Dividend received		**66,387**	66,845
Cash provided by investing activity		**66,387**	66,845
Net increase/(decrease) in cash and cash equivalents		**47,360**	(5,473)
Cash and cash equivalents at beginning of year	*7*	**(67,118)**	(61,645)
Cash and cash equivalents at end of year	*7*	**($19,758)**	$(67,118)

1. Reporting entity

National Investment Company of Anguilla Limited (the "Company") was incorporated in Anguilla under the provisions of the Companies Act of Anguilla on 27th January 1989.

The Company's principal activity is the operation of a bookstore. The Company is also in the business of leasing out properties.

The registered office and principal place of business of the Company is located at Sandy Ground, Anguilla, British West Indies.

2. Basis of preparation

The bases of preparation adopted in these financial statements are set out below:

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB).

b) Basis of measurement

The financial statements are prepared under the historical cost basis except for available-for-sale investment securities which are measured at fair value.

c) Functional and presentation currency

These financial statements are presented in Eastern Caribbean Dollars (EC$) which is the Company's functional and presentation currency. Except as indicated, financial information presented in EC$ has been rounded to the nearest dollar.

d) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2. Basis of preparation *(continued)*

d) Use of estimates *(continued)*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

a) Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in the statement of operations.

b) Property and equipment

i. Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Borrowing costs related to the acquisition or construction of qualifying assets is recognized in the statement of operations as incurred.

3. Significant accounting policies *(continued)*

b) Property and equipment *(continued)*

i. Recognition and measurement (continued)

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within "other income" in the statement of operations.

ii. Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in the statement of operations as incurred.

iii.Depreciation

Depreciation is recognized in the statement of operations on a straight line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful lives are as follows:

Building and improvements	3.33% - 10.00%
Furniture and equipment	6.67% - 33.33%

The assets' useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

c) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both. The investment property, principally comprising of land and building, is held by the Company for capital appreciation and for rental. It is carried at cost less accumulated depreciation and impairment losses, if any. Any change in the impairment therein is recognized in the statement of operations. Investment property is derecognized when it has either been disposed of or the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

4. Significant accounting policies *(continued)*

d) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the periodic method on a first-in-first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. Allowance is made for obsolete and slow moving items.

e) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances in bank that have maturities of less than three months and are not subject to a significant risk of change in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

f) Financial assets

i. Classification

Financial assets are recognized initially at fair value, including transaction costs.

Subsequent to initial recognition, financial assets are classified into the following categories: financial asset at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale investments. The Company determines the classification at initial recognition and re-evaluates this designation at every reporting date. The Company's financial assets are cash and cash equivalents, receivables and available-for-sale investments securities.

Available-for-sale investment securities are non-derivative investments that are either designated in this category or not classified in any of other categories.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

3. Significant accounting policies *(continued)*

f) Financial assets *(continued)*

ii. Derecognition

A financial asset is derecognized when it no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed to an independent party. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using the settlement date accounting.

iii. Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques where feasible.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is at market related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the balance sheet date.

g) Accounts payable and accrual

Accounts payable and accruals are stated at cost.

h) Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses, if any, are recognized in the statement of operations.

i) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

3. Significant accounting policies *(continued)*

i) Revenue recognition *(continued)*

Revenue from sale of books
Revenue from sales of books are recognized when the entity has transferred to the buyer the significant risks and rewards of ownership of goods sold.

Revenue from rental
Revenue from rental of premises is recognized when the services are rendered.

Interest income
Revenue is recognized as interest accrues and takes into account the effective yield on the assets.

Dividend income
Revenue is recognized when the Company's right to receive payment is established.

j) Taxation

No provision is made for income tax since Anguilla does not have any form of income tax.

k) Subsequent events

Post year-end events that provide additional information about the Company's position at balance sheet date (adjusting events) are reflected in the financial statements. Post year-end events that are non-adjusting events are disclosed in the notes when material.

l) Amendments to standards and interpretations

<u>Adoption of New Standards, Amendments to Standards and Interpretations</u>
The Financial Reporting Standards Council, or FRSC, (the successor body to the Accounting Standards Council) approved the adoption as part of IFRSs a number of new standards, amendments to standards, and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

3. Significant accounting policies *(continued)*

j) Amendments to standards and interpretations *(continued)*

New Standard, Amendments to Standards and Interpretations Adopted in 2006
Effective January 1, 2006, the Company adopted the following new standards, amendments to standards and interpretations:

- Amendments to IAS 19, *Employee Benefits - Actuarial Gain and Losses, Group Plans and Disclosures* provides an option for recognizing actuarial gains and losses in full in the period in which they occur, outside profit or loss. The amendment also (a) specifies how group entities should account for defined benefit group plans in their separate or individual financial statements and (b) requires entities to give additional disclosures.

- Amendments to IAS 39, *Financial Instruments: Recognition and Measurement – Cash Flow Hedge Accounting of Forecast Intragroup Transactions* permits the foreign currency risk of a highly probable intragroup forecast transaction to qualify as the hedged item in consolidated financial statements.

- Amendments to IAS 39, *Financial Instruments: Recognition and Measurement – The Fair Value Option* limits the fair value option to only those financial instruments that meet certain conditions. The conditions that are required to be met under the amendment are: where such designation eliminates or significantly reduces an accounting mismatch, when a group of financial assets, financial liabilities or both are managed and their performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy, and when an instrument contain an embedded derivative that meets particular conditions.

- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement and IFRS 4, Insurance Contracts - Financial Guarantee Contracts* require the issuer of a financial guarantee contract to measure the contract: initially at fair value and subsequently at the higher of (a) the amount determined in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* and (b) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18, *Revenue.* However, if specified criteria are met, the issuer may use the fair value option in IAS 39.

3. Significant accounting policies *(continued)*

j) Amendments to standards and interpretations *(continued)*

New Standard, Amendments to Standards and Interpretations Adopted in 2006 (continued)

- IFRIC 4, *Determining Whether an Arrangement Contains a Lease* provides guidance for determining whether an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset in return for a payment or series of payments, is or contains, a lease that should be accounted for in accordance with IAS 17, *Leases.*

The adoption of the above standards, amendments to standards and interpretation did not have a material effect on the Company's financial statements.

New Standard, Amendment to Standard and Interpretations Not Yet Adopted
The following are the new standard, amendment to standard and interpretations which are not yet effective for the year ended 31 December 2006, and have not been applied in preparing these financial statements.

- IFRS 7, *Financial Instruments: Disclosures* requires extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and quantitative and qualitative disclosures on the nature and extent of risks.

- Amendment to IAS 1, *Presentation of Financial Statements - Capital Disclosures* adds requirements to disclose the entity's objectives, policies and processes for managing capital; quantitative data about what the entity regards as capital; whether the entity has complied with any capital requirements; and if it has not complied, the consequences of such non-compliance.

- IFRIC 8, *Scope of IFRS 2 Share-based Payment* addresses the accounting for share-based payment transactions in which some or all of goods or services received cannot be specifically identified.

- IFRIC 9, *Reassessment of Embedded Derivatives* requires that a reassessment of whether embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract.

3. Significant accounting policies *(continued)*

j) Amendments to standards and interpretations *(continued)*

New Standard, Amendment to Standard and Interpretations Not Yet Adopted (continued)

- IFRIC 10, *Interim Financial Reporting and Impairment* prohibits the reversal of an impairment loss recognized in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost.

The Company has not yet determined the potential effects of the adoption of the above standard, amendment to standard and interpretations.

4. Property and equipment - net

	Land	Building and improvements	Furniture and equipment	Total
Cost				
31 December 2004	1,607,253	760,931	236,769	2,604,953
Reclassified to investment properties	(1,607,253)	(760,931)	-	(2,368,184)
31 December 2005	-	-	236,769	236,769
Additions	-	-	-	-
31 December 2006	**-**	**-**	**236,769**	**236,769**
Accumulated depreciation				
31 December 2004	-	374,510	225,287	599,797
Depreciation	-	-	5,162	5,162
Reclassified to investment properties	-	(374,510)	-	(374,510)
31 December 2005	-	-	230,449	230,449
Depreciation	-	-	1,230	1,230

31 December 2006	**-**	**-**	**231,679**	**231,679**
Net book values				
31 December 2005	-	-	6,320	6,320
31 December 2006	**-**	**-**	**5,090**	**5,090**

5. Investment properties - net

	Land	Building and improvements	Total
Cost			
31 December 2004	-	-	-
Reclassified from property and equipment	1,607,253	760,931	2,368,184
31 December 2005	1,607,253	760,931	2,368,184
Additions	-	-	-
31 December 2006	**1,607,253**	**760,931**	**2,368,184**
Accumulated depreciation			
31 December 2004	-	-	-
Reclassified from property and equipment	-	374,510	374,510
Depreciation	-	24,484	24,484
31 December 2005	-	398,994	398,994
Depreciation	-	24,485	24,485
31 December 2006	**-**	**423,479**	**423,479**
Net book values			
31 December 2005	1,607,253	361,937	1,969,190
31 December 2006	**1,607,253**	**337,452**	**1,944,705**

Total rental income recognized in the statement of operations in relation to the leased properties for the year ended 31 December 2006 amounted to EC$117,429 (2005 - EC$116,964).

[Expressed in Eastern Caribbean Dollars (EC$)]

6. Available-for-sale investment securities – net

	2006	2005
Solomon Smith Barney	**490,406**	447,390
National Bank of Anguilla Limited	**402,000**	402,000
Eastern Caribbean Home Mortgage Bank	**200,000**	200,000
Anguilla National Insurance Company Limited	**150,000**	150,000
Anguilla Electricity Company Limited	**120,000**	120,000
Anguilla Mortgage Company Limited	**30,000**	30,000
Cable and Wireless Anguilla Limited	**8,677**	8,677
	1,401,083	1,358,067
Less allowance for decline in value	**(45,000)**	(45,000)
	1,356,083	1,313,067

The changes in the fair value of investment securities are as follows:

	2006	2005
Fair value at beginning of year	**1,358,067**	1,350,448
Fair value at end of year	**1,401,083**	1,358,067
Changes in fair value recognized in equity	**43,016**	7,619

7. Cash and cash equivalents

	2006	2005
Cash in bank	**403,136**	390,602
Less bank overdraft	**(422,894)**	(457,720)
	(19,758)	(67,118)

Cash in bank is composed of certificates of deposit held with National Bank of Anguilla that earn an interest rate of 6% to 6.50% per annum. The Company also maintains unsecured overdraft facilities with the said Bank.

8. Share capital

	2006	2005
Authorized		
100,000 founders shares at EC$1.00 each	**100,000**	100,000
4,900,000 ordinary shares at EC$1.00 each	**4,900,000**	4,900,000
	5,000,000	5,000,000
Issued		
100,000 founders shares at EC$1.00 each	**100,000**	100,000
4,600,455 ordinary shares at EC$1.00 each	**4,600,455**	4,600,455
	4,700,455	4,700,455
Less call in arrears	**(250)**	(250)
	4,700,205	4,700,205

9. Professional fees

	2006	2005
Audit fee	**27,000**	27,000
Accounting fee	**17,415**	8,910
	44,415	35,910

10. Other income

This account pertains to the income earned by the Company from the rental of its property to Anguilla Rums Limited.

11. Financial instrument risks

(a) Currency risk

All transactions are made in Eastern Caribbean Dollars (EC$) and United States Dollars (US$). EC$ is fixed to the US$ at the rate of 2.70. The Company is not exposed to any significant currency risk.

11. Financial instrument risks *(continued)*

(b) Credit risk

The maximum exposure to the credit risk is represented by the carrying value of financial asset in the balance sheet.

(c) Fair value

The fair values of all financial instruments approximate their carrying values reflected in the balance sheet.

12. Commitments and guarantees

The Company does not have any outstanding commitments and guarantees as at 31 December 2006 and 2005.

13. Approval of financial statements

The Company's financial statements as at and for the year ended 31 December 2006 were approved and authorized for issue by the Board of Directors on 17 October 2010.