NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED

Annual Report and Accounts for 2007

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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

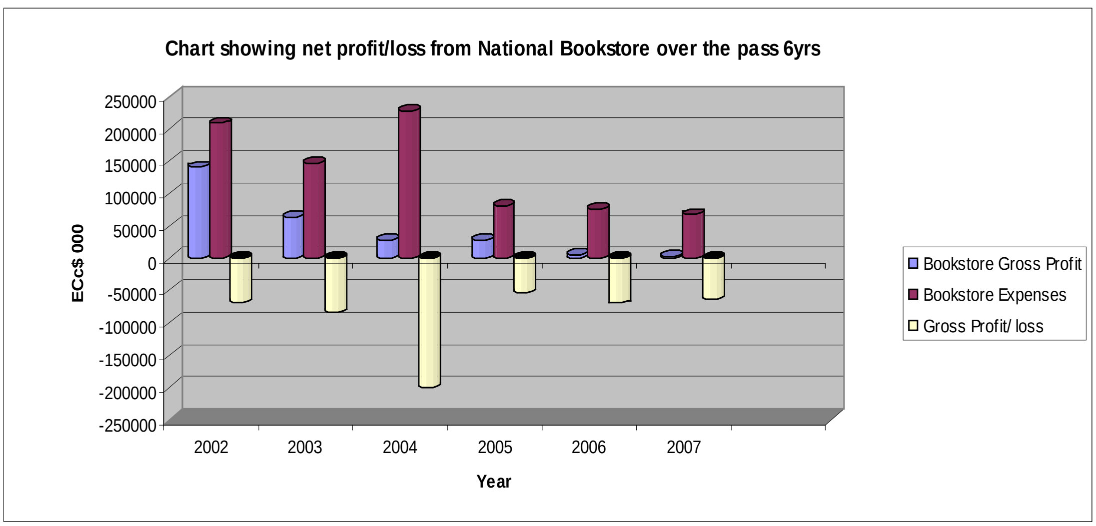
DIRECTORS' REPORT

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., 2007.
The principal business activities of the company during 2007 were the operation of the National Bookstore, leasing of Sandy Ground warehouse property and the management of investment in marketable securities.

During 2007 NICA sadly saw the closure of the National Bookstore after fifteen years of trading and many attempts to give the Bookstore a chance to survive. The decision to close the Bookstore was made in the light of financial evidence presented in figure 1.1; which shows that for the last several years the Bookstore had been a loss- making entity. The Bookstore expenses far outweighed its income and NICA's other business entities could no longer continue funding the Bookstore's shortfall.

Figure 1.1



However, because the Bookstore had inventory valued at $478,300, Directors decided not to write off the stock, but rather to reorganise the books in a container and wait for the opportunity to sell at discounted prices. It was felt that the reorganisation of the stock would decrease overhead costs and retain the funds generated from dividends and the rental of the Sandy Ground Building.

Business Review

Gross Profit increased by a fraction of a percentage, resulting in decreases in Gross Operating Revenue, Cost of Operating Revenue and Other Income of 66%, 74% and .40% respectively.

Operating Expenses increased to EC$177,047 (18%); the largest expenses were Professional Fees which resulted from increased Accounting Fees and Administrative Expense which increased by EC$12,865. All other expenses decreased.
Finance Income and Expenses increased by 45%, an increase mainly attributable to an EC$18,608 increase in Dividend Income from marketable securities. However, Interest Expense decreased slightly, while Interest Income remained constant at EC$ 23,436.

NICA's investment portfolio recorded another year of improved performance, registering unrealised gains of EC$197,000 an increase of 10% over the previous year. Unrealised gains, coupled with the net profit reported in 2007, increased shareholders' equity to EC$3,522,939.

On the subject of operating ratios, the return on Asset was .099% and the return on equity was .092%, down from .34% and .31% respectively in the previous year. NICA's earning per share at the end of the year was EC$.00184 compared to EC$.006 in the previous year.

NICA's cash and cash equivalent which included certificates of deposit stood at EC $428,782 as at Dec. 31, 2007. This represented an increase of EC$25,646 in cash resources.

Accumulative deficit as at Dec. 31, 2007, decreased by EC$4,338 the net profit reported during 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 2007.

As at Dec. 31, 2007, Directors of the company held/controlled the following shareholdings in NICA		
NAMES	**TITLE**	**NO. OF SHARES**
Anna Richardson	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 in 2007. All Directors continued to serve the board voluntarily.

Signed by,

…………………………
Directors

AUDITED FINANCIAL STATEMENTS

(KPMG)

KPMG LLC
Caribbean Commercial Centre
P.O. Box 136
The Valley AI-2640
Anguilla

Telephone 264 497 5500
Fax 264 497 3755
e-Mail cvromney@kpmg.ai

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 2007 and the related statements of income, 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$478,300 and EC$483,282 as at 31 December 2007 and 2006. We were unable to satisfy ourselves by alternative means concerning inventory quantities held as at 31 December 2007 and 2006. 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 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$8,305, EC$116,964, EC$10,331 and EC$42,538, 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 and accumulated deficit.

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 2007

[Expressed in Eastern Caribbean Dollars (EC$)]

	Notes	2007	2006
Assets			
Non-current assets			
Property and equipment – net	*5*	**$23,659**	$5,090
Investment properties - net	*6*	**1,920,220**	1,944,705
Available-for-sale investment securities - net	*7*	**1,373,911**	1,356,083
		3,317,790	3,305,878
Current assets			
Inventories		**478,300**	483,282
Prepayments		**1,400**	1,400
Receivables		**130,297**	107,637
Cash and cash equivalents	*8*	**428,782**	403,136
		1,038,779	995,456
		$4,356,569	$4,301,333
Shareholders' Equity and Liabilities			
Shareholders' equity			
Share capital	*9*	**$4,700,205**	$4,700,205
Fair value reserve		**197,000**	179,172
Accumulated deficit		**(1,374,266)**	(1,378,604)
		3,522,939	3,500,773
Liabilities			
Accounts payable and accrued expenses		**412,630**	377,666
Bank overdraft	*8*	**421,000**	422,894
		833,630	800,560
		$4,356,569	$4,301,333

These financial statements were approved on behalf
of the Board of Directors on 19 October 2010 by the following:

Calvert Carty
Chairman

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Income
For the Year Ended 31 December 2007

[Expressed in Eastern Caribbean Dollars (EC$)]

	Notes	**2007**	2006
Gross operating revenue		**$8,305**	$24,440
Cost of operating revenue		**(4,983)**	(18,987)
		3,322	5,453
Other income	*10*	**116,964**	117,429
		120,286	122,882
Expenses			
Professional fees	*11*	**(67,129)**	(44,415)
Occupancy		**(42,538)**	(43,506)
Depreciation	*5, 6*	**(25,551)**	(25,715)
Personnel		**(10,331)**	(18,176)
Other administrative expenses		**(31,498)**	(18,633)
		(177,047)	(150,445)
		(56,761)	(27,563)
Finance income and expenses			
Dividend income		**83,555**	64,947
Interest income		**23,436**	23,436
Interest expense		**(45,892)**	(46,348)
		61,099	42,035
Net income		**$4,338**	$14,472

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Changes in Shareholders' Equity
For the Year Ended 31 December 2007

[Expressed in Eastern Caribbean Dollars (EC$)]

	Notes	**2007**	2006
Share capital			
Issued and outstanding	*9*	**$4,700,205**	$4,700,205
Fair value reserve			
Balance at beginning of year		**179,172**	136,156
Fair value movement during the year	*7*	**17,828**	43,016
Balance at end of year		**197,000**	179,172
Accumulated deficit			
Balance at beginning of year		**(1,378,604)**	(1,393,076)
Net income		**4,338**	14,472
Balance at end of year		**(1,374,266)**	(1,378,604)
		$3,522,939	$3,500,773

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED

Statement of Cash Flows
For the Year Ended 31 December 2007

[Expressed in Eastern Caribbean Dollars (EC$)]

	Notes	**2007**	2006
Cash flows from operating activities			
Net income		**$4,338**	$14,472
Adjustments for:			
Interest expense		**45,892**	46,348
Depreciation	*5, 6*	**25,551**	25,715
Dividend income		**(83,555)**	(64,947)
Interest income		**(23,436)**	(23,436)
Operating loss before working capital changes		**(31,210)**	(1,848)
(Increase)/decrease in:			
Inventories		**4,982**	18,988
Receivables		**(4,344)**	(42,420)
Increase in accounts payable and accrued expenses		**34,964**	14,975
Cash provided by/(used in) operating activities		**4,392**	(10,305)
Interest received		-	37,626
Interest paid		**(45,892)**	(46,348)
Net cash used in operating activities		**(41,500)**	(19,027)
Cash provided by investing activities			
Dividend received		**88,675**	66,387
Acquisition of property and equipment	*5*	**(19,635)**	-
Net cash provided by investing activities		**69,040**	66,387
Net increase in cash and cash equivalents		**27,540**	47,360
Cash and cash equivalents at beginning of year	*8*	**(19,758)**	(67,118)
Cash and cash equivalents at end of year	*8*	**$7,782**	($19,758)

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

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).

The financial statements were approved and authorized for issue by the Board of Directors on ………………….

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 and judgments

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 and judgments *(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 income.

b. Financial instruments

i. Non-derivative financial instruments

Non-derivative financial instruments comprise of cash and cash equivalents, receivables and accounts payable and accrued expenses.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

3. Significant accounting policies *(continued)*

b. Financial instruments *(continued)*

i. Non-derivative financial instruments (continued)

Cash and cash equivalents
Cash and cash equivalents are comprise of cash balances and call deposits. 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 on hand and in bank for the purpose of the statement of cash flows.

Available-for-sale investment securities
Available-for-sale investment securities are non-derivative investments that are not designated as another category of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign currency differences on available-for-sale equity instruments, if any, are recognized in the statement of changes in shareholders' equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in the statement of shareholders' equity is transferred to the statement of income.

Receivables
Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term. Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method, less any impairment losses.

c. 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 income as incurred.

3. Significant accounting policies *(continued)*

c. 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 income.

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 income as incurred.

iii.Depreciation

Depreciation is recognized in the statement of income 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.

d. Investment properties

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 income. 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.

3. Significant accounting policies *(continued)*

e. 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.

f. 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 income.

g. 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:

Revenue from sale of books
Revenue from sales of book 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.

h. Taxation

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

3. Significant accounting policies *(continued)*

i. Events after the balance sheet date

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

j. New standards, amendments to standards and interpretations

New Standard and Amendment to Standard Adopted in 2007
Effective January 1, 2007, the Company adopted the following standard and amendment to standard:

- 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.

The adoption of the above applicable standard and amendment to standard have no material impact on the underlying balance in the financial statements except to the extent of disclosures presented in the notes to the financial statements.

Amendments to Standard and Interpretations Not Yet Adopted
The following are the revised standard and interpretations which are not yet effective for the year ended December 31, 2007, and have not been applied in preparing these financial statements:

- Revised IAS 23 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 will become mandatory for the Company's 2009 financial statements. In accordance with the transitional provisions, the Company will apply the revised IAS 23 to qualifying assets for which capitalization of borrowing costs commences on or after the effective date.

3. Significant accounting policies *(continued)*

j. New Standards, amendments to standards and interpretations *(continued)*

Amendments to Standard and Interpretations Not Yet Adopted (continued)

- International Financial Reporting Interpretation Committee (IFRIC) 11 *IFRS 2 – Group and Treasury Share Transactions* requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. The Company does not have any stock option plan and therefore, does not expect this interpretation to have an impact to its financial statements.

- International Financial Reporting Interpretation Committee (IFRIC) 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions*, which was issued in July 2007 and becomes effective for annual periods beginning on or after January 1, 2008, clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also addresses when a MFR might give rise to a liability.

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

4. Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

(a) credit risk
(b) liquidity risk
(c) market risk

This note represents information about the Company's exposure to each of the above risks, the Company's objective, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

4. Financial risk management *(continued)*

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

Investment securities
The Company limits its exposure to credit risks by only investing in liquid companies and short term securities. Management does not expect any counterparty to fail to meet its obligations.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

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.

4. Financial risk management *(continued)*

(c) Market risk *(continued)*

Interest rate risk
The Company is subject to pay monthly interest on its bank overdraft and also earns interest on fixed deposits with a financial institution with fixed interest rate. The Company is not exposed to any significant interest rate risk.

(d) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as total shareholders' equity and the level of dividends to shareholders. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

5. Property and equipment - net

	Leasehold improvements	Furniture and equipment	Total
Cost			
31 December 2005	-	236,769	236,769
Additions	-	-	-
31 December 2006	-	236,769	236,769
Additions	19,635	-	19,635
31 December 2007	**19,635**	**236,769**	**256,404**
Accumulated depreciation			
31 December 2005	-	230,449	230,449
Depreciation	-	1,230	1,230
31 December 2006	-	231,679	231,679
Depreciation	-	1,066	1,066
31 December 2007	**-**	**232,745**	**232,745**
Net book values			
31 December 2006	-	5,090	5,090
31 December 2007	**19,635**	**4,024**	**23,659**

6. Investment properties - net

	Land	Building and improvements	Total
Cost			
31 December 2005	1,607,253	760,931	2,368,184
Additions	-	-	-
31 December 2006	1,607,253	760,931	2,368,184
Additions	-	-	-
31 December 2007	**1,607,253**	**760,931**	**2,368,184**
Accumulated depreciation			
31 December 2005	-	398,994	398,994
Depreciation	-	24,485	24,485
31 December 2006	-	423,479	423,479
Depreciation	-	24,485	24,485
31 December 2007	**-**	**447,964**	**447,964**
Net book values			
31 December 2006	1,607,253	337,452	1,944,705
31 December 2007	**1,607,253**	**312,967**	**1,920,220**

Total rental income recognized in the statement of income in relation to the leased properties for the year ended 31 December 2007 amounted to EC$116,964 (2006 - EC$117,429).

7. Available-for-sale investment securities - net

	2007	2006
Solomon Smith Barney	**508,234**	490,406
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
	1,418,911	1,401,083
Less allowance for decline in value	**(45,000)**	(45,000)
	1,373,911	1,356,083

7. Available-for-sale investment securities - net *(continued)*

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

	2007	2006
Fair value at beginning of year	**1,401,083**	1,358,067
Fair value at end of year	**1,418,911**	1,401,083
Changes in fair value recognized in equity	**17,828**	43,016

8. Cash and cash equivalents

	2007	2006
Cash in bank	**428,782**	403,136
Less bank overdraft	**(421,000)**	(422,894)
	7,782	(19,758)

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.

9. Share capital

	2007	2006
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

10. Other income

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

11. Professional fees

	2007	2006
Audit fee	**27,000**	27,000
Accounting fee	**21,634**	17,415
Legal fee	**18,495**	-
	67,129	44,415

12. Financial instrument risks

(a) Credit risk

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2007	2006
Available-for-sale investment securities	**1,373,911**	1,356,083
Receivables	**130,297**	107,637
Cash and cash equivalents	**428,782**	403,136
	1,932,990	1,866,856

12. Financial instrument risks *(continued)*

(b) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	2007			
	Carrying amount	**Contractual cash flows**	**6 months or less**	**6-12 months**
Accounts payable and accrued expenses	412,630	412,630	412,630	-
Bank overdraft	421,000	421,000	421,000	-
	833,630	833,630	833,630	-

	2006			
	Carrying amount	Contractual cash flows	6 months or less	6-12 months
Accounts payable and accrued expenses	377,666	377,666	377,666	-
Bank overdraft	422,894	422,894	422,894	-
	800,560	800,560	800,560	-

13. Commitments and guarantees

The Company does not have any outstanding commitments and guarantees as at 31 December 2007 and 2006.