NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED

Annual Report and Accounts for 2009

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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

The Directors submitted their annual report and the financial statements for the National Investment Company of Anguilla Ltd (NICA) for the 12 months which ended Dec. 31, 2009.
The principal business activities of the company during 2009 were the leasing of Sandy Ground warehouse property, the management of investment in marketable securities and the management of a container of books for sale.

During 2009 the National Company of Anguilla operated within an environment of global recession. The unstable economic environment had a profound effect on Anguilla's economy, as its two main sources of income, tourism and foreign direct investments in the construction sector, progressively declined in growth.

NICA's overall performance was down from the previous year, showing a small net profit of EC $6,119, which was reflective of the global financial crisis. However, during the year, Directors focused their attention on the internal affairs of the company, overseeing the completion of Audits on all financial statements, updating shareholders' listing, and meeting with potential investors to determine the options available to the company's advancement. The company's property portfolio was also revalued, leading to a significant increase in Total Assets and Owner's Equity.

Business Review

Gross Profit increased by 14% over the previous year, specifically because of an increase in rental income of 23% and a decrease in net sales of 93%.

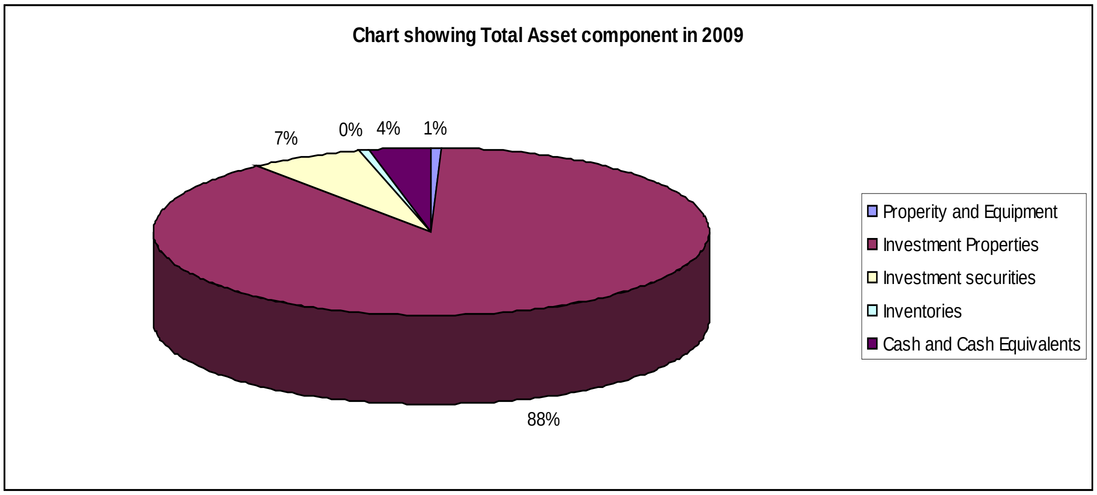
Operating Expense increased yet another year by 11%. This was due mainly to an inventory write off of EC $73,707 and personnel fees, specifically fees for secretarial services. Professional Fees and Administrative Cost declined by 23% as a result of a decrease in Accounting Fees and Legal Fees of 18% and 86% respectively. A decline of 91% was also experienced in Administrative Expenses mainly because of the costs related to the closure of National Bookstore in 2007.

Finance Income and Expenses stood at EC $45,098 a decrease of 68%, representing a decrease in Dividend income and interest income of 18% and 57% respectively.

NICA's marketable securities investment portfolio remained constant during 2009; there were no changes to the value of stock to be reported. This situation was predicted in the light of the current recession, where stock markets were fluctuating daily because of uncertainty in the financial markets.

The company revalued its investment properties (Land at Sandy Ground Estate) to ascertain the current fair market value by using the cost approach method of valuation. A revaluation surplus of EC $9,333,750 was realised, which increased the balance sheet position by 277%. The valuation was done by an independent and qualified appraiser, Richard

Architecture Development and Survey Co. Ltd. The pie chart below illustrates the effect the revaluation had on Total assets.



In relation to operating ratios, the Return on Asset was .048% and the Return on Equity was.130%, down from 3.068% and 2.186% respectively in the previous year. NICA's earning per share at the end of the year was $.0026, compared to $.0437 in the previous year.

NICA's Cash and Cash Equivalent which included Cash at Bank and Petty Cash stood at EC $461,158 as at Dec. 31, 2009. This represented an increase of EC $108,957 in cash resources.

Accumulative deficit as at Dec. 31, 2009, decreased by EC $6,119, the net profit reported during the year.

Dividends

No dividend was declared during the year, and share capital remained at 100000 $1 founders' shares and 46000205 $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 2009.

As at Dec. 31, 2009, 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 2009. All Directors continued to serve the board voluntarily.

Signed by,

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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 have audited the accompanying financial statements of National Investment Company of Anguilla Limited (the "Company"), which comprise the statement of financial position as at 31 December 2009, and the related statements of comprehensive 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. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance 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, we consider 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 opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLC

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

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Financial Position
As at 31 December 2009

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	2009	2008
Assets			
Non-current assets			
Property and equipment - net	*7*	**$65,042**	$73,901
Investment properties - net	*8*	**11,205,000**	1,895,735
Investment securities	*9*	**865,677**	865,693
		12,135,719	2,835,329
Current assets			
Inventories	*10*	**49,137**	124,279
Receivables		**-**	42,954
Cash and cash equivalents	*11*	**461,158**	352,183
		510,295	519,416
Total Assets		**$12,646,014**	$3,354,745
Shareholders' Equity and Liabilities			
Shareholders' equity			
Share capital	*12*	**$4,700,205**	$4,700,205
Accumulated deficit		**(1,602,591)**	(1,608,710)
Revaluation surplus	*8*	**9,333,750**	-
		12,431,364	3,091,495
Current liabilities			
Accounts payable and accrued expenses		**214,650**	263,250
Total Shareholders' Equity and Liabilities		**$12,646,014**	$3,354,745

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
As at 31 December 2009

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	2009	2008
Gross operating revenue		**$2,391**	$30,120
Cost of operating revenue		**(1,434)**	(16,805)
		957	13,315
Other income	*14*	**178,200**	145,375
		179,157	158,690
Expenses			
Professional fees	*15*	**74,556**	96,959
Inventory written-off	*10*	**73,707**	-
Depreciation	*7, 8*	**33,344**	32,527
Personnel		**33,067**	24,022
Occupancy		**-**	5,526
Other administrative expenses	*16*	**3,462**	37,070
		218,136	196,104
Results from operating activities		**(38,979)**	(37,414)
Finance income and expense			
Dividend income		**41,237**	50,513
Interest income		**3,861**	9,066
Realized gain on sale of investment securities	*9*	**-**	97,465
Interest expense		**-**	(16,859)
		45,098	140,185
Net income for the year		**$6,119**	$102,771
Attributable to the owners of the Company		**$6,119**	$102,771

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Comprehensive Income
As at 31 December 2009

(Expressed in Eastern Caribbean Dollars (EC$))

	2009	2008
Net income for the year	**$6,119**	$102,771
Other comprehensive income		
Revaluation of investment properties	**9,333,750**	-
Net change in fair value of available-for-sale investment securities	**-**	(99,535)
Net change in fair value of available-for-sale investment securities transferred to statement of income	**-**	(97,465)
	9,333,750	(197,000)
Total comprehensive income for the year	**$9,339,869**	($94,229)
Attributable to the owners of the Company	**$9,339,869**	($94,229)

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Changes in Shareholders' Equity
As at 31 December 2009

(Expressed in Eastern Caribbean Dollars (EC$))

	Share capital	Fair value reserve	Revaluation reserve	Accumulated deficit	Total
Balance at 31 December 2007	$4,700,205	$197,000	$ -	$(1,711,481)	$3,185,724
Total comprehensive income for the year					
Net income for the year	-	-	-	102,771	102,771
Other comprehensive income					
Revaluation of investment properties	-	-	-	-	-
Net change in fair value of available-for-sale investment securities	-	(99,535)	-	-	(99,535)
Net change in fair value of available-for-sale investment securities transferred to statement of income	-	(97,465)	-	-	(97,465)
Balance at 31 December 2008	**4,700,205**	**-**	**-**	**(1,608,710)**	**3,091,495**
Total comprehensive income for the year					
Net income for the year	-	-	-	6,119	6,119
Other comprehensive income					
Revaluation of investment properties	-	-	9,333,750	-	9,333,750
Net change in fair value of available-for-sale investment securities	-	-	-	-	-
Net change in fair value of available-for-sale investment securities transferred to statement of income	-	-	-	-	-
Balance at 31 December 2009	**$4,700,205**	**$ -**	**$9,333,750**	**($1,602,591)**	**$12,431,364**

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Cash Flows
As at 31 December 2009

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	2009	2008
Cash flows from operating activities			
Net income for the year		**$6,119**	$102,771
Adjustments for:			
Inventory written-off	*10*	**73,707**	-
Realized gain on sale of investment securities	*9*	**-**	(97,465)
Dividend income		**(41,237)**	(50,513)
Depreciation	*7, 8*	**33,344**	32,527
Interest expense		**-**	16,859
Interest income		**(3,861)**	(9,066)
Operating income/(loss) before working capital changes		**68,072**	(4,887)
Decrease in:			
Receivables		**42,954**	87,343
Inventories		**1,435**	16,806
Prepayments		**-**	1,400
Decrease in accounts payable and accruals		**(48,600)**	(149,380)
Cash provided by/(used in) operating activities		**63,861**	(48,718)
Interest received		**3,861**	9,066
Interest paid		**-**	(16,859)
Net cash provided by/(used in) operating activities		**67,722**	(56,511)
Cash provided by investing activities			
Dividend received		**41,237**	50,513
Proceeds from sale of investment securities	*9*	**16**	408,683
Acquisition of property and equipment	*7*	**-**	(58,284)
Net cash provided by investing activities		**41,253**	400,912
Net increase in cash and cash equivalents		**108,975**	344,401
Cash and cash equivalents at beginning of year	*11*	**352,183**	7,782
Cash and cash equivalents at end of year	*11*	**$461,158**	$352,183

[Expressed in Eastern Caribbean Dollars (EC$)]

1. Reporting entity

National Investment Company of Anguilla Limited (the “Company”) was incorporated in Anguilla under the provision 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 have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements as at and for the year ended 31 December 2009 were authorized for issue by the Board of Directors on 17 October 2010.

(b) Basis of measurement

The financial statements of the Company have been prepared on the historical cost basis, except for available-for-sale securities and investment properties which are measured at fair value.

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2. Basis of preparation *(continued)*

(d) Use of estimates and judgments *(continued)*

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in Note 6 to the financial statements.

(e) Change in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except that the Company has adopted the following new and amended IFRS and IFRIC (International Financial Reporting Interpretations Committee) interpretations as of 1 January 2009:

- IFRS 2 *Share-based Payment: Vesting Conditions and Cancellations* effective 1 January 2009
- IFRS 7 *Financial Instruments: Disclosures* effective 1 January 2009
- IFRS 8 *Operating Segments* effective 1 January 2009
- IAS 1 *Presentation of Financial Statements* effective 1 January 2009
- IAS 23 *Borrowing Costs* (Revised) effective 1 January 2009
- IAS 32 *Financial Instruments: Presentation* and IAS 1 *Puttable Financial Instruments: Presentation and Obligations Arising on Liquidation* effective 1 January 2009
- IFRIC 13 *Customer Loyalty Programmes* effective 1 July 2008
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* effective1 October 2008
- Improvements to IFRSs (May 2008)

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company. However, the following standards have impacted the presentation and disclosure in the financial statements and are described below:

2. Basis of preparation *(continued)*

(e) Change in accounting policies and disclosures *(continued)*

IFRS 7 Financial Instruments: Disclosures
The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognized at fair value. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

IAS 1: Presentation of Financial Statements
The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognized income and expense, either in one single statement or in two linked statements. The Company has elected to present two statements.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on the Company's financial position and performance.

IAS 23: Borrowing Costs
The revised IAS 23 requires capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. This is consistent with the Company's policy and this did not impact the Company.

3. Significant accounting policies

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

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the Company's functional currency at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the Company's functional currency at the exchange rate ruling 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 the foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the Company's functional currency at the exchange rate at the date the fair value was determined. Foreign currency differences arising from retranslation are recognized in the statement of income except for differences arising on retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(b) Financial instruments

i. Non-derivative financial instruments

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand and in bank.

3. Significant accounting policies *(continued)*

(b) Financial instruments *(continued)*

ii. Non-derivative financial instruments *(continued)*

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, trade and other receivables are measured at amortized cost using the effective interest method, less any impairment losses.

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 directly in other comprehensive income and presented within the statement of changes in shareholders' equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the statement of income.

Other
Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

ii. Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity.

(c) Earnings per share

The Company presents basis earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3. Significant accounting policies *(continued)*

(d) Property and equipment

i. Recognition and measurement

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

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 labour, 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, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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 within 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 recognised in the statement of income as incurred.

iii. Depreciation

Depreciation is recognized in the statement of income on the straight line basis over the estimated useful lives of each part of an item of property and equipment. The estimated useful lives for the current and comparative years are as follows:

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

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3. Significant accounting policies *(continued)*

(e) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. The investment properties, principally comprising of land and building, is held by the Company for capital appreciation and for rental. It is carried at fair market value. A gain or loss arising from a change in the fair market values of investment properties is recognized in the other comprehensive income for the period in which it arises. Investment properties are derecognized when it has either been disposed of or the investment properties are permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses from derecognition of investment properties are recognized in the statement of income in the year of derecognition.

Change in accounting policy
As at 1 January 2009, the Company has changed its accounting policy for the measurement of investment properties to the revaluation model. The Company engaged Richards Architecture Development and Survey Co. Ltd., an accredited independent valuer, to determine the fair value of the investment properties.

Fair value is determined by reference to market based evidence. This means that valuations performed by the valuer are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The date of the revaluation was on 31 December 2009.

As a result, investment properties are measured at fair value less accumulated depreciation and impairment losses recognized after the date of the revaluation. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the assets revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of comprehensive income, in which case the increase is recognized in the statement of comprehensive income. A revaluation deficit is recognized in the statement of comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

3. Significant accounting policies *(continued)*

(e) Investment properties *(continued)*

Change in accounting policy (continued)
An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Additionally, accumulated depreciation as at the revaluation date is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

(f) 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.

(g) Leases

Payments made under operating leases are recognized in the statement of income on a straight-line basis over the term of the lease unless otherwise a systematic basis is more representative of the time pattern of the Company’s benefits.

(h) Impairment

i. Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

3. Significant accounting policies *(continued)*

(h) Impairment *(continued)*

i. Financial assets *(continued)*

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statement of income. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in other comprehensive income, and presented in the fair value reserve in the statement of changes in shareholders' equity is transferred to the statement of income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in the statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in other comprehensive income.

ii. Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

3. Significant accounting policies *(continued)*

(h) Impairment *(continued)*

ii. Non-financial assets *(continued)*

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of income.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(j) Revenues

Goods sold
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Transfer of risks and rewards occur upon loading the goods onto the relevant carrier.

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

3. Significant accounting policies *(continued)*

(j) Revenues *(continued)*

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.

(k) Income tax

The Company does not have any provision for income taxes in the statement of income since there is no income, profit or other forms of direct taxation in Anguilla.

(l) Related party transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

(m) Subsequent events

Post year-end events that provide additional information about the Company's financial position at reporting date (adjusting events) are reflected in the financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Significant accounting policies *(continued)*

(n) New standards, amendments to standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations that have been issued but are not yet effective as at 31 December 2009 or not relevant to the Company's operations. These are as follows:

- *IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions (effective 1 January 2010)*. Clarifies the definition of vesting conditions and prescribes the treatment for an award that is cancelled and provides guidance on the scope and the accounting for group cash-settled share based payment transactions.

- *IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective 1 July 2009)*. The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations.

- *IFRS 3 Business Combinations* (Revised) and IAS 27 *Consolidated and Separate Financial Statements* (Amended) *(effective 1 July 2009)* including consequential amendments to IFRS 7, IAS 21, IAS 28, IAS 31 and IAS 39. IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results.

  IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or a loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

3. Significant accounting policies *(continued)*

(n) New standards, amendments to standards and interpretations not yet adopted *(continued)*

- *IFRIC 9 Remeasurement of Embedded Derivatives* and IAS 39 *Financial Instruments: Recognition and Measurement* (effective for period ending on or after 30 June 2009). This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly changes the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit and loss.
- *IFRIC 17 Distributions of Non-cash Assets to Owners* (effective from 1 July 2009) provides guidance on how to account for such transactions. It also provides guidance on when to recognize a liability and how to measure it and the associated assets, and when to derecognize the asset and liability and the consequences of doing so.

- *IFRIC 18 Transfers of Assets from Customers (effective from 1 July 2009)* provides guidance on when and how an entity should recognize items of property, plant and equipment received from their customers.

In May 2008 and April 2009 the International Accounting Standards Board issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The following amendments resulted in changes to accounting policies but did have any impact on the financial position or performance of the Company or are not applicable to the activities of the Company.

- *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:* Clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations.

- *IFRS 8 Operating Segment Information:* Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.

3. Significant accounting policies *(continued)*

(n) New standards, amendments to standards and interpretations not yet adopted *(continued)*

Improvements to IFRS

- *IAS 1 Presentation of Financial Statements:* Assets and liabilities classified as held for trading in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* are not automatically classified as current in the statement of financial position.

- *IAS 7 Statement of Cash Flows:* Explicitly states that only expenditure that results in recognizing an asset can be classified as a cash flow from investing activities.

- *IAS 16 Property, Plant and Equipment:* Replaces the term "net selling price" with "fair value less costs to sell".

- *IAS 18 Revenue:* The Board has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent. The features to consider are whether the entity:

    - Has primary responsibility for providing the goods and service
    - Has inventory risk
    - Has discretion in establishing prices
    - Bears the credit risk

- *IAS 20 Accounting for Government Grants and Disclosures of Government Assistance:* Loans granted with no or low interest will not be exempt from the requirement to impute interest. Interest is to be imputed on loans granted with below-market interest rates.

- *IAS 23 Borrowing Costs:* The definition of costs is revised to consolidate the two types of items that are considered components of "borrowing costs" into one – the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39.

3. Significant accounting policies *(continued)*

(n) New standards, amendments to standards and interpretations not yet adopted *(continued)*

Improvements to IFRS *(continued)*

- *IAS 36 Impairment of Assets:* When discounted cash flows are used to estimate "fair value less costs to sell" additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate "value in use". The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes

- *IAS 38 Intangible Assets:* Expenditure on advertising and promotional activities is recognized as an expense when the Company either has the right to access the goods or has received the service. The reference to there being rarely, if ever, persuasive evidence to support an amortization method of intangible asset other than a straight-line method has been removed.

  Other amendments resulting from improvements to IFRSs to the following standards that are not applicable to the Company and/or did not have any impact on the accounting policies, financial position or performance of the Company:

  - IFRS 2 Share-based Payment
  - IFRS 7 Financial Instruments: Disclosures
  - IAS 8 Accounting Policies, Change in Accounting Estimates and Error
  - IAS 10 Events after the Reporting Period
  - IAS 19 Employee Benefits
  - IAS 27 Consolidated and Separate Financial Statements
  - IAS 28 Investments in Associates
  - IAS 31 Interest in Joint Ventures
  - IAS 34 Interim Financial Reporting
  - IAS 38 Intangible Assets
  - IAS 40 Investment Properties
  - IAS 39 Financial Instruments: Recognition and Measurement
  - IFRIC 9 Reassessment of Embedded Derivatives
  - IFRIC 16 Hedge of a Net Investment in a Foreign Operation

4. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

(a) Investment properties
The fair value of investment properties is recognized based on market values. The market value of the property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(b) Investment securities
The fair value of available-for-sale investment securities is determined by reference to their quoted market price at the reporting date.

(c) Receivables
The fair values of receivables approximate their carrying amounts due to the short-term nature of the related transactions.

(d) Cash and cash equivalents
Due to the short-term nature of the transactions, the fair values of cash and cash equivalents approximate their carrying amounts as at reporting date.

(e) Accounts payable and accrued expenses
Due to the short-term nature of the related transactions, the fair values of accounts payable and accrued expenses approximate their carrying amounts as at reporting date.

5. Financial risk management

(a) Overview

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

- credit risk
- liquidity risk
- market risk

5. Financial risk management *(continued)*

(a) Overview *(continued)*

This note presents information about the Company’s exposure to each of the above risks, the Company’s objectives, 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 (the “Board”) 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.

The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities.

The Board oversees how management monitors compliance with the Company’s risk management policies and procedures and reviews the adequacy of the risk management framework in the relation to the risks faced by the Company.

(b) Credit risk

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

Investment securities
The Company limits its exposure to credit risk by only investing in liquid equity securities on various investment companies in Anguilla. Management does not expect the related counterparty to fail to meet its obligations.

Receivables
The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company’s customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

5. Financial risk management *(continued)*

(b) Credit risk *(continued)*

Receivables (continued)
The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of accounts receivable and investment securities. The main components of this allowance are specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

(c) 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.

(d) 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 of the Company's transactions are primarily denominated either in EC Dollars and US Dollars, the Company's functional currency. As such, the Company does not have exposure to foreign currency risk in respect of the US Dollars because it is pegged at US$1 for EC$2.70

Market price risk
The Company's investment securities pertain to investment in equity securities on various companies in Anguilla which are not subject to market price changes. As such, the Company is not exposed to any market price risk.

5. Financial risk management *(continued)*

(e) 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 monitors return on capital, which the Company defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to shareholders.

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.

6. Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The following are the critical estimates and judgments used in applying accounting policies that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year and/or in future periods:

a. Allowance for impairment losses
Assets accounted for at amortised cost are evaluated for impairment on a basis described in Note 3 (f) (i) to the financial statements.

b. Determination of fair values
The fair values of financial and non-financial assets and liabilities have been determined for measurement and/or disclosure purposes based on the methods described in Note 4 to the financial statements. The carrying and fair values of financial are presented in Note 15 to the financial statements.

c. Investment properties

The fair values of investment properties are recognized based on market values. The market values of the properties are the estimated amount for which such properties could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

7. Property and equipment - net

Movements in this account are as follows:

	Building and improvements	Furniture and equipment	Total
Cost			
31 December 2007	19,635	236,769	256,404
Additions	58,284	-	58,284
31 December 2008	77,919	236,769	314,688
Additions	-	-	-
31 December 2009	**77,919**	**236,769**	**314,688**
Accumulated depreciation			
31 December 2007	-	232,745	232,745
Depreciation	6,976	1,066	8,042
31 December 2008	6,976	233,811	240,787
Depreciation	7,793	1,066	8,859
31 December 2009	**14,769**	**234,877**	**249,646**
Net book values			
31 December 2008	70,943	2,958	73,901
31 December 2009	**63,150**	**1,892**	**65,042**

8. Investment properties - net

Movements in this account at appraised value are as follows:

	Land	Building and improvements	Total
At appraised value			
31 December 2007	1,607,253	760,931	2,368,184
Additions	-	-	-
31 December 2008	1,607,253	760,931	2,368,184
Appraisal increment	8,247,747	3,130,225	11,377,972
31 December 2009	**9,855,000**	**3,891,156**	**13,746,156**
Accumulated depreciation			
31 December 2007	-	447,964	447,964
Depreciation	-	24,485	24,485
31 December 2008	-	472,449	472,449
Depreciation	-	24,485	24,485
Appraisal increment		2,044,222	2,044,222
31 December 2009	**-**	**2,541,156**	**2,541,156**
Net book values			
31 December 2008	1,607,253	288,482	1,895,735
31 December 2009	**9,855,000**	**1,350,000**	**11,205,000**

As at 31 December 2009, the Company's investment properties were revalued by an independent and qualified appraiser, Richards Architecture Development and Survey Co. Ltd., who used the cost approach method of valuation.

Total rental income and repairs and maintenance expenses recognized in the statement of income in relation to the leased properties as for the year ended 31 December 2009 amounted to EC$178,200 (2008 - EC$145,375) and EC$1,698 (2008 - EC$1,625), respectively.

8. Investment properties - net *(continued)*

Movements in this account at cost are as follows:

	Land	Building and improvements	Total
At cost			
31 December 2007	1,607,253	760,931	2,368,184
Additions	-	-	-
31 December 2008	1,607,253	760,931	2,368,184
Additions	-	-	-
31 December 2009	**1,607,253**	**760,931**	**2,368,184**
Accumulated depreciation			
31 December 2007	-	447,964	447,964
Depreciation	-	24,485	24,485
31 December 2008	-	472,449	472,449
Depreciation	-	24,485	24,485
31 December 2009	**-**	**496,934**	**496,934**
Net book values			
31 December 2008	1,607,253	288,482	1,895,735
31 December 2009	**1,607,253**	**263,997**	**1,871,250**

9. Available-for-sale investment securities - net

	2009	2008
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
Solomon Smith Barney	**-**	16
	910,677	910,693
Less allowance for decline in value	**(45,000)**	(45,000)
	865,677	865,693

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

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

	2009	2008
Fair value at beginning of year	**910,693**	1,418,911
Withdrawal of investment securities	**(16)**	(311,218)
Realized gain on sale of investment securities	**-**	(97,465)
Should be fair value	**910,677**	1,010,228
Fair value at end of year	**910,677**	910,693
	-	99,535

10. Inventories

	2009	2008
Books	**35,954**	110,437
Others	**13,183**	13,842
	49,137	124,279

During the year, the Company write down the value of its inventories amounting to EC$73,707 as a result of inventories being damaged and becoming obsolete.

11. Cash and cash equivalents

	2009	2008
Petty cash fund	**600**	-
Cash in bank	**460,558**	352,183
	461,158	352,183

[Expressed in Eastern Caribbean Dollars (EC$)]

12. Share capital

	2009	2008
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

13. Earnings per share

	2009	2008
Net income for the year	**6,119**	102,771
Weighted average number of shares	**4,700,205**	4,700,205
	0.0013	0.0218

14. Other income

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

15. Professional fees

	2009	2008
Accounting fee	**40,468**	49,506
Audit fee	**32,400**	32,400
Legal fee	**1,688**	15,053
	74,556	96,959

[Expressed in Eastern Caribbean Dollars (EC$)]

16. Other administrative expenses

	2009	2008
Repairs and maintenance	**1,698**	1,625
Office supplies	**702**	3,336
Advertising	**525**	3,290
Utilities	**268**	14,019
Taxes and licenses	**-**	6,078
Others	**269**	8,722
	3,462	37,070

17. Financial instruments

(a) Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure of the Company. The maximum exposure to credit risk as at 31 December 2009 and 2008 was as follows:

	Notes	**2009**	2008
Investment securities	*9*	**865,777**	865,693
Receivables		**-**	42,954
Cash and cash equivalents	*11*	**461,158**	352,183
		1,326,935	1,260,830

The maximum exposure to credit risk for investment securities by geographical region was:

	2009	2008
Caribbean region	**865,677**	865,677
Others	**-**	16
	865,677	865,693

17. Financial instruments *(continued)*

(b) Liquidity risk

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

	2009			
	Carrying amount	**Contractual cash flows**	**6 months or less**	**6-12 months**
Accounts payable and accrued expenses	214,650	214,650	214,650	-
	214,650	214,650	214,650	-

	2008			
	Carrying amount	**Contractual cash flows**	**6 months or less**	**6-12 months**
Accounts payable and accrued expenses	263,250	263,250	263,250	-
	263,250	263,250	263,250	-

(c) Market risk

Market risk consists of interest and foreign exchange risks.

Interest risk
Interest risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is affected where there is a mismatch between interest-earning assets and interest-bearing liabilities, which are subject to interest rate adjustments within a specified period. The Company's financial instruments are not exposed to interest rate risk since only time deposits which is included in cash and cash equivalents earned interest.

Foreign exchange risk
The Company is not exposed to any significant foreign exchange risk since most of the Board's transactions are in EC Dollars and United States Dollars (US Dollars). EC Dollar is fixed to US Dollar at the rate of EC$2.70.

17. Financial instruments *(continued)*

(d) Fair values

As at 31 December 2009 and 2008, the fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2009		2008	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Available-for-sale investment securities	**865,777**	**865,777**	865,693	865,693
Receivables	-	-	42,954	42,954
Cash and cash equivalents	**461,158**	**461,158**	352,183	352,183
Accounts payable and accrued expenses	**(214,650)**	**(214,650)**	(263,250)	(263,250)
	1,112,285	**1,112,285**	997,580	997,580

18. Related party transaction

The Company Secretary, who is also a director of the Company, received EC$33,067 (2008 - EC$24,022) as compensation for performing the secretarial function of NICA. The Company Secretary, like the other directors, did not receive any director's fee during the year, as agreed from the inception of their appointment.

19. Commitments and guarantees

The Company does not have any outstanding commitments and guarantees as at 31 December 2009 and 2008.

20. Subsequent events

Board of Directors Plan

The Company's operations had been stalled for a number of years resulting to continued operating losses which resulted to the depletion of the shareholders' interest in the Company, which resulted to the Company's inability to return value to its shareholders. As such, it was imperative for the Company's Board of Directors to arrest this situation thereby, leading to the immediate determination of the Company's future plans.

The Board of Directors came up with the following options:

1. Continuous but limited operations;
2. Outright and complete sale of the Company to interested investors;
3. Partial sale of the Company's shares; and
4. Voluntary liquidation.

As of the report date, there is no concrete decision yet on which option to take. The Board of Directors intends to present the possible options at the Company's annual general meeting scheduled to be held during the year.

However, further inquiries with the Company revealed that there are ongoing negotiations with an interested buyer of the Company wherein the former expressed interest to develop the Company's properties.

Lease of Rhum Factory

The lease of the rhum factory which is the Company's main source of income had been terminated by the lessor. However, as of report date, the Company is still receiving rental payments despite of the termination since most of the equipment used by the lessor is still in the factory premises. The appropriate notice to terminate the lease agreement and to vacate the premises had already been made by the lessor and the Company's Board of Directors had already advertised the vacancy for prospective tenants.