

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED

Financial Statements

31 December 2010

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NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Financial Statements
31 December 2010

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INDEPENDENT AUDITORS' REPORT

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

Report on the financial statements

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 2010, and the related statements of comprehensive (loss)/income, statement of changes in shareholders' equity and statement of 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 these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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 controls 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 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the statement of financial position which indicates that the Company continually reported accumulated deficit as a result of its stalled operations which was further described in Note 21.

The Company's ability to continue as a going concern depends on the success of the ongoing negotiations between the Board and an interested property developer in respect of developing the Company's properties. The financial statements do not reflect any adjustments in the event the Company is unable to continue as a going concern for the foreseeable future.

KPMG ALC

Chartered Accountants
9th March 2012
The Valley, Anguilla, B.W.I

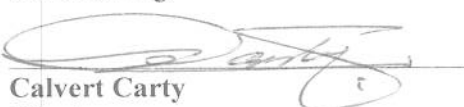
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NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Financial Position
As at 31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

	<i>Notes</i>	2010	2009 (As Restated - Note 22)
Assets			
Non-current assets			
Property and equipment – net	7	\$104,040	\$65,042
Investment properties – net	8	8,559,000	11,205,000
Available-for-sale investment securities	9,22	1,011,225	1,118,137
		9,674,265	12,388,179
Current assets			
Inventories – net	10	-	49,137
Receivables		13,484	-
Cash and cash equivalents	11	354,140	461,158
		367,624	510,295
Total Assets		\$10,041,889	\$12,898,474
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	12	\$4,700,205	\$4,700,205
Accumulated deficit	22	(1,557,020)	(1,611,176)
Revaluation surplus	8	6,687,750	9,333,750
Unrealized gain on available-for-sale investment securities	9,22	89,533	261,045
		9,920,468	12,683,824
Current liabilities			
Trade and other payables		121,421	214,650
Total Shareholders' Equity and Liabilities		\$10,041,889	\$12,898,474

These financial statements were approved on behalf of the Board of Directors on 9 March 2012 by the following:


Calvert Carty
 Director

The notes on pages 10 to 36 are an integral part of these financial statements.



NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Income
For the Year Ended 31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

	<i>Notes</i>	2010	2009 (As Restated - Note 22)
Revenues		\$1,555	\$2,391
Cost of sales		(933)	(1,434)
		622	957
Lease income	<i>14</i>	148,500	178,200
		149,122	179,157
Expenses			
Professional fees	<i>15</i>	(116,843)	(74,556)
Inventory obsolescence	<i>10</i>	(48,205)	(73,707)
Depreciation	<i>7, 8</i>	(12,302)	(33,344)
Personnel	<i>19</i>	(9,251)	(33,067)
Other administrative expenses	<i>16</i>	(17,638)	(3,462)
		(204,239)	(218,136)
Loss from operating activities		(55,117)	(38,979)
Finance income and expenses			
Dividend income	<i>17</i>	106,032	41,237
Interest income		3,241	3,861
		109,273	45,098
Net income for the year		\$54,156	\$6,119
Attributable to the shareholders		\$54,156	\$6,119

The notes on pages 10 to 36 are an integral part of these financial statements.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Comprehensive (Loss)/Income
For the Year Ended 31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

	<i>Notes</i>	2010	2009 (As Restated - Note 22)
Net income for the year		\$54,156	\$6,119
Other comprehensive (loss)/income			
Net change in fair values of investment properties	8	(2,646,000)	-
Net change in fair values of available-for-sale investment securities	9,22	(171,512)	(27,887)
Revaluation of investment properties	8	-	9,333,750
Total comprehensive (loss)/income for the year		(2,817,512)	9,305,863
Attributable to the shareholders		(\$2,763,356)	\$9,311,982

The notes on pages 10 to 36 are an integral part of these financial statements.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Changes in Shareholders' Equity
For the Year Ended 31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

	<i>Notes</i>	2010	2009 (As Restated - Note 22)
Share capital – EC\$1 par value			
Authorized – 5,000,000 shares			
Issued and outstanding	12	\$4,700,205	\$4,700,205
Unrealized gain on available-for-sale investment securities			
Balance at beginning of year			
As reported		-	-
Prior period adjustment	22	261,045	288,932
As restated		261,045	288,932
Other comprehensive loss			
Net change in fair values of available-for-sale investment securities	9	(171,512)	(27,887)
Balance at end of year		89,533	261,045
Revaluation surplus			
Balance at beginning of year			
		9,333,750	-
Other comprehensive (loss)/income			
Net change in fair values of investment properties		(2,646,000)	-
Revaluation of investment properties		-	9,333,750
Balance at end of year		6,687,750	9,333,750
Accumulated deficit			
Balance at beginning of year			
As reported		(1,602,591)	(1,608,710)
Prior period adjustment	22	(8,585)	(8,585)
As restated		(1,611,176)	(1,617,295)
Net income for year		54,156	6,119
Balance at end of year		(1,557,020)	(1,611,176)
		\$9,920,468	\$12,683,824
Book value per share			
	13	\$2.11	\$2.70

The notes on pages 10 to 36 are an integral part of these financial statements.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Cash Flows
As at 31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

	<i>Notes</i>	2010	2009 (As restated - Note 22)
Cash flows from operating activities			
Net income for the year		\$54,156	\$6,119
Adjustments for:			
Stock dividend income	<i>17</i>	(41,432)	(41,237)
Cash dividend income	<i>17</i>	(64,600)	-
Inventory obsolescence	<i>10</i>	48,205	73,707
Depreciation	<i>7,8</i>	12,302	33,344
Interest income		(3,241)	(3,861)
Operating income before working capital changes		5,390	68,072
Decrease in:			
Receivables		-	42,954
Inventories	<i>10</i>	932	1,435
Trade and other payables		(93,229)	(48,600)
Cash (used in)/provided by operating activities		(86,907)	63,861
Interest received		3,241	3,861
Net cash (used in)/provided by operating activities		(83,666)	67,722
Cash provided by investing activities			
Dividend received		27,948	41,237
Proceeds from sale of investment securities	<i>9</i>	-	16
Acquisition of property and equipment	<i>7</i>	(51,300)	-
Net cash (used in)/provided by investing activities		(23,352)	41,253
Net (decrease)/increase in cash and cash equivalents		(107,018)	108,975
Cash and cash equivalents at beginning of year	<i>11</i>	461,158	352,183
Cash and cash equivalents at end of year	<i>11</i>	\$354,140	\$461,158

The notes on pages 10 to 36 form an integral part of the financial statements.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements
31 December 2010

(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 primary focus is to carry and provide a wide range of financial, commercial, trading, professional and other services in Anguilla. During the year, the Company’s principal activity is leasing of properties. The Company also operated a bookstore.

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

Status of operations

The Company incurred a net income of EC\$54,156 for the year ended 31 December 2010 and as of this date, the Company’s accumulated deficit amounted to EC\$1,557,020. As a result of the continuous accumulated deficit, the Company has temporarily stalled its operations (see Note 21).

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 2010 were authorized for issue by the Board of Directors on 2 November 2011.

(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.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements *(continued)*
31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

2. Basis of preparation *(continued)*

(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.

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.

(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 2010:

- IFRS 2 *Share-based Payment: Group Cash-settled Share-based Payment Transactions* effective 1 January 2010
- IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* effective 1 July 2009
- IFRS 3 *Business Combinations (Revised)* and IAS 27 *Consolidated and Separate Financial Statements (Amended)* effective 1 July 2009
- IFRIC 9 *Remeasurement of Embedded Derivatives* and IAS 39 *Financial Instruments: Recognition and Measurement* effective for period ending on or after 30 June 2009
- IFRIC 17 *Distributions of Non-cash Assets to Owners* effective from 1 July 2009
- IFRIC 18 *Transfers of Assets from Customers* effective from 1 July 2009
- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
- IFRS 8 *Operating Segment Information*
- Improvements to IFRSs 2009

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements *(continued)*
31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

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 re-translated to the Company's functional currency at the exchange rate at the date the fair value was determined. Foreign currency differences arising from re-translation are recognized in the profit or loss except for differences arising on re-translation 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 profit or loss. 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, available-for-sale investment securities, receivables, and trade and other payables.

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.

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.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements *(continued)*
31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

3. Significant accounting policies *(continued)*

(b) Financial instruments *(continued)*

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

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 (loss)/income and presented within the statement of changes in shareholder's equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive (loss)/income is transferred to the profit or loss.

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) 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 capitalised 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.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements (continued)
31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

3. Significant accounting policies (continued)

(c) Property and equipment (continued)

i. Recognition and measurement (continued)

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 in profit or loss.

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 profit or loss as incurred.

iii. Depreciation and amortization

Depreciation is recognized in profit or loss on the straight line basis over the estimated useful lives of each part of an item of property and equipment. Leasehold improvements are amortized over the shorter of the lease term and their estimated useful lives. The estimated useful lives for the current and comparative years are as follows:

Furniture and fixtures	3-4 years
Office equipment	3 years

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

(d) 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 are 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 (loss)/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 profit or loss in the year of derecognition.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements *(continued)*
31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

3. Significant accounting policies *(continued)*

(d) Investment properties *(continued)*

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. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The most recent revaluations were conducted on 31 December 2010 and 2009.

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 (loss)/income, in which case the increase is recognized in the statement of comprehensive (loss)/income. A revaluation deficit is recognized in the statement of comprehensive (loss)/income, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

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

(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) Leases

Payments made under operating leases are recognized in the profit or loss 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.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements *(continued)*
31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

3. Significant accounting policies *(continued)*

(g) 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.

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 profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in other comprehensive (loss)/income, and presented in the fair value reserve in the statement of changes in shareholder's equity is transferred to profit or loss.

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 profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in other comprehensive (loss)/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.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements *(continued)*
31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

3. Significant accounting policies *(continued)*

(g) Impairment *(continued)*

ii. Non-financial assets (continued)

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.

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

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.

(h) 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.

(i) Revenues

Revenue from 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.

Revenue from rental

Revenue from rental of premises is recognized at the time the right to received payment is established.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements *(continued)*
31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

3. Significant accounting policies *(continued)*

(j) Revenues

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) 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.

(l) 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.

(m) 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 2010 or not relevant to the Company's operations. These are as follows:

- *Amendment to IAS 32, Financial Instruments: Presentation – Classification of Rights Issues.* This allows rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rate to all of its existing owners of the same class of its own non-derivative equity instruments.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements *(continued)*
31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

3. Significant accounting policies *(continued)*

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

- *IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments.* This interpretation provides guidance on the accounting for debt for equity swaps.
- *Amendment to IFRS 1, First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters.* The amendment provides the same relief to first-time adopters as was given to current users of IFRSs upon adoption of the Amendments to IFRS 7. The amendment also clarifies the transitional provisions of the Amendments to IFRS 7.
- *IAS 24, Related Party Disclosures (revised 2009).* This revised standard amends the definition of related party and modifies certain related party disclosure requirements for government-related entities.
- *Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction.* These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense.
- IFRS 9, Financial Instruments. This is a first standard issued as part of a wider project to replace IAS 39. It simplifies the mixed measurement model and establishes two primary measurement categories for financial assets; amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge account continues to apply.
- Amendments to IFRSs 2010 which includes:
 - IFRS 3, Business Combinations
 - IAS 27, Consolidated Financial Statements
 - IFRS 7, Financial Instruments: Disclosures
 - IAS 1, Presentation of Financial Statements
 - IFRIC 13, Customer Loyalty Programmes

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements *(continued)*
31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

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) Available-for-sale 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) Trade and other payables

Due to the short-term nature of the related transactions, the fair values of trade and other payables approximate their carrying amounts as at reporting date.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements *(continued)*
31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

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

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 available-for-sale investment securities and receivables.

Available-for-sale investment securities

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

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements (continued)
31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

5. Financial risk management (continued)

(b) Credit risk (continued)

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.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables 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 denominated either in EC Dollars or US Dollars, the EC Dollar being 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 the Caribbean which are not subject to market price changes except for the Company's investment in Cable and Wireless Communication Plc. The Company is only exposed to market price risk with regards to these investments.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements *(continued)*
31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

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 equity, 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 (h) (i).

(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. The carrying and fair values of financial are presented in Note 15.

(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.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
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(Expressed in Eastern Caribbean Dollars (EC\$))

7. Property and equipment - net

	Building and improvements	Furniture and equipment	Total
Cost			
31 December 2008	77,919	236,769	314,688
Additions	-	-	-
31 December 2009	77,919	236,769	314,688
Additions	-	51,300	51,300
31 December 2010	77,919	288,069	365,988
Accumulated depreciation			
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
Depreciation	7,792	4,510	12,302
31 December 2010	22,561	239,387	261,948
Net book values			
31 December 2009	63,150	1,892	65,042
31 December 2010	55,358	48,682	104,040

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements (continued)
31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

8. Investment properties - net

Movements in this account at revalued amount are as follows:

	Land	Building and improvements	Total
31 December 2008	1,607,253	288,482	1,895,735
Depreciation expense	-	(24,485)	(24,485)
Appraisal increment	8,247,747	1,086,003	9,333,750
31 December 2009	9,855,000	1,350,000	11,205,000
Change in fair values of investment properties	(2,415,857)	(230,143)	(2,646,000)
31 December 2010	7,439,143	1,119,857	8,559,000

Movements in this account at cost are as follows:

	Land	Building and improvements	Total
At cost			
31 December 2008	1,607,253	760,931	2,368,184
Additions	-	-	-
31 December 2009	1,607,253	760,931	2,368,184
Additions	-	-	-
31 December 2010	1,607,253	760,931	2,368,184

Accumulated depreciation

31 December 2008	-	472,449	472,449
Depreciation	-	24,485	24,485
31 December 2009	-	496,934	496,934
Depreciation	-	-	-
31 December 2010	-	496,934	496,934

Net book values

31 December 2009	1,607,253	263,997	1,871,250
31 December 2010	1,607,253	263,997	1,871,250

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements (continued)
31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

8. Investment properties (continued)

Movements in the revaluation surplus account are as follows:

	Land	Building and improvements	Total
31 December 2008	-	-	-
Appraisal increment	8,247,747	1,086,003	9,333,750
31 December 2009	8,247,747	1,086,003	9,333,750
Change in fair values of investment properties	(2,415,857)	(230,143)	(2,646,000)
31 December 2010	5,831,890	855,860	6,687,750

As at 31 December 2010 and 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 profit or loss in relation to the leased properties for the year ended 31 December 2010 amounted to EC\$148,500 (2009 - EC\$178,200) and EC\$1,032 (2009 - EC\$1,698), respectively.

The lease of the Company's building was terminated by the lessor on 31 October 2010.

9. Available-for-sale investment securities

	2010	2009 (As Restated - Note 22)
National Bank of Anguilla Limited	402,000	402,000
Anguilla National Insurance Company Limited	214,600	150,000
Eastern Caribbean Home Mortgage Bank	200,000	200,000
Anguilla Electricity Company Limited	120,000	120,000
Cable and Wireless Communications Plc	89,625	261,137
Anguilla Mortgage Company Limited	30,000	30,000
	1,056,225	1,163,137
Less allowance for decline in value	(45,000)	(45,000)
	1,011,225	1,118,137

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements (continued)
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(Expressed in Eastern Caribbean Dollars (EC\$))

9. Available-for-sale investment securities (continued)

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

	<i>Notes</i>	2010	2009 (As Restated - Note 22)
Fair value at beginning of year			
As previously reported		910,677	910,693
Prior period adjustment	<i>21</i>	252,460	280,347
As restated		1,163,137	1,191,040
Share dividend received		64,600	-
Withdrawal of investment securities		-	(16)
Should be fair value		1,227,737	1,191,024
Fair value at end of year			
As previously reported		1,056,225	910,677
Prior period adjustment	<i>21</i>	-	252,460
As restated		1,056,225	1,163,137
Change in fair value		171,512	27,887

The movements of the "Unrealized gain on available-for-sale investment securities" account as a result of changes in the fair values of these investments are as follows:

	2010	2009 (As Restated - Note 22)
Unrealized gain beginning of year	261,045	288,932
Change in fair value	(171,512)	(27,887)
Unrealized gain end of year	89,533	261,045

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Notes to the Financial Statements (continued)
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(Expressed in Eastern Caribbean Dollars (EC\$))

10. Inventories - net

	2010	2009
Books	108,729	109,661
Other	13,183	13,183
	121,912	122,844
Inventory obsolescence	(121,912)	(73,707)
	-	49,137

During the year, the Company had written down the value of its inventories amounting to EC\$48,205 (2009 - EC\$73,707) due to damages and obsolescence.

11. Cash and cash equivalents

	2010	2009
Cash in bank	353,620	460,558
Petty cash fund	520	600
	354,140	461,158

12. Share capital

	2010	2009
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

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements (continued)
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13. Earnings and book value per share

(a) Earnings per share

The Company presents basic 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.

	<i>Note</i>	2010	2009
Net income for the year		54,156	6,119
Weighted average number of shares	<i>12</i>	4,700,205	4,700,205
		0.0115	0.0013

(b) Book value per share

The Company also presents book value per share data for its ordinary shares. Book value per share is calculated by dividing the total shareholders' equity by the total number of ordinary shares outstanding during the period.

	<i>Note</i>	2010	2009
Shareholders' equity		9,920,468	12,683,824
Total number of shares	<i>12</i>	4,700,205	4,700,205
		2.11	2.70

14. Lease income

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

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements (continued)
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(Expressed in Eastern Caribbean Dollars (EC\$))

15. Professional fees

	2010	2009
Accounting fee	51,030	40,468
Audit fee	34,830	32,400
Directors' report fee	27,405	-
Legal fee	2,093	1,688
Other	1,485	-
	116,843	74,556

16. Other administrative expenses

	2010	2009
Utilities	7,140	268
Taxes and licenses	3,774	-
Office supplies	2,038	702
Advertising	1,091	525
Repairs and maintenance	1,031	1,698
Travel and entertainment	757	-
Other	1,807	269
	17,638	3,462

17. Dividend income

	2010	2009
Cash dividend		
Eastern Caribbean Home Mortgage Bank	20,000	20,000
Malliouhana-Anico Insurance Company Limited	10,484	-
Anguilla Electricity Company Limited	4,800	2,400
Anguilla Mortgage Company	3,000	3,000
National Bank of Anguilla Limited	2,880	15,600
Others	268	237
	41,432	41,237
Stock dividend		
Malliouhana-Anico Insurance Company Limited	64,600	-
	106,032	41,237

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements (continued)
31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

18. 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 2010 and 2009 are as follows:

	<i>Notes</i>	2010	2009 (As Restated - Note 22)
Available-for-sale investment securities	9	1,011,225	1,118,137
Receivables		13,484	-
Cash and cash equivalents	11	354,140	461,158
		1,378,849	1,579,295

The maximum exposure to credit risks by geographical region is as follows:

	2010	2009 (As Restated - Note 22)
Caribbean region	1,289,224	1,318,158
Others	89,625	261,137
	1,378,849	1,579,295

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements (continued)
31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

18. Financial instruments (continued)

(a) Liquidity risk

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

	2010			
	Carrying amount	Contractual cash flows	6 months or less	6-12 months
Trade and other payables	121,421	121,421	121,421	-
	121,421	121,421	121,421	-
	2009			
	Carrying amount	Contractual cash flows	6 months or less	6-12 months
Trade and other payables	214,650	214,650	214,650	-
	214,650	214,650	214,650	-

(b) 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 interest is earned from fixed rate time deposit which is included in cash and cash equivalents.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements (continued)
31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

18. Financial instruments (continued)

(c) Market risk (continued)

Price risk

The Company's financial assets are not exposed to price risk because prices are at pre-agreed rates except for available-for-sale investment securities held with trading companies. Total available-for-sale investment securities that are exposed to price risk as at 31 December 2010 amounted to EC\$89,625 (2009: EC\$261,137).

Sensitivity analysis

A ten percent (10%) increase in the market price of the Company's available-for-sale investment securities at 31 December would have increased equity by EC\$8,963 (2009: EC\$26,114). This analysis assumes that all other variables remain constant.

A ten percent (10%) decrease in the market price of the Company's available-for-sale investment securities at 31 December would have had an equal but opposite effect on the same investment securities, on the basis that all other variables remain constant.

Foreign exchange risk

The Company is not exposed to any significant foreign exchange risk since most of the Company'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.

(d) Fair values

As at 31 December 2010 and 2009, the fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Available-for-sale investment securities	1,011,225	1,011,225	1,118,137	1,118,137
Receivables	13,484	13,484	-	-
Cash and cash equivalents	354,140	354,140	461,158	461,158
Trade and other payables	(121,421)	(121,421)	(214,650)	(214,650)
	1,257,428	1,257,428	1,364,645	1,364,645

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements *(continued)*
31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

19. Related party transaction

The Company Secretary, who is also a member of the Board of Directors, received EC\$9,251 (2009 - EC\$33,067) as compensation for performing secretarial functions for the Company. 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.

20. Commitments and guarantees

The Company does not have any outstanding commitments and guarantees as at 31 December 2010 and 2009.

21. Subsequent events

Board of Directors Plan

The Company commenced operations in 1989 with the intention of developing 38 acres of land purchased. The concept to develop the land was drawn up but nothing progressed since then. Instead, the Company operated a wholesale business and a bookstore which were closed in 1994 and 2006, respectively, due to continued operating losses. 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 and presented them to the shareholders in the Annual General Meeting held on 19 October 2011:

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.

The shareholders did not vote on the aforementioned options but gave direction to the Board to explore investment options which will bring higher return on capital invested.

Further inquiries with the Board revealed that there are ongoing negotiations with interested land developers wherein the former expressed interest to develop the Company's properties. The best options will be brought to the shareholders at a Special Meeting to be held in the near future, not later than a year.

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22. Prior period adjustment

The comparative figures in respect of 2009 financial statements were restated to reflect the retrospective adjustment resulting from an error in recording the Company's investments with Cable and Wireless Communication Plc. The Company did not record the investment at its current market price resulting to unrecorded unrealized gain. The only amount recorded by the Company as change in the value of the investments amounted to EC\$8,585. However, this was recorded as part of profit or loss and was closed to retained earnings instead of recognizing it as unrealized gain in accordance with IAS 39. In order to correct the error, the Company restated its statement of financial position and statement of comprehensive (loss)/income for the year ended 31 December 2009 and 2008 and the beginning balance of accumulated deficit and unrealized gain as at 31 December 2009 and 2008.

(a) The effect of the adjustment to the beginning balance of accumulated deficit follows:

	2009	2008
As previously reported	(1,602,591)	(1,608,710)
Effect of prior period adjustment	(8,585)	(8,585)
	(1,611,176)	(1,617,295)

(b) The effect of the adjustment to the beginning balance of unrealized gain follows:

	2009	2008
As previously reported	-	-
Effect of prior period adjustment	261,045	288,932
	261,045	288,932

(c) The effect of the adjustment to available-for-sale investment securities in the statement of financial position follows:

	2009	2008
As previously reported	865,677	865,693
Effect of prior period adjustment	252,460	280,347
	1,118,137	1,146,040

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements *(continued)*
31 December 2010

(Expressed in Eastern Caribbean Dollars (EC\$))

22. Prior period adjustment *(continued)*

(d) The effect of the adjustment to the statement of comprehensive (loss)/income follows:

	2009	2008
As previously reported	9,339,869	(94,229)
Effect of prior period adjustment	(27,887)	280,347
	9,311,982	186,118

23. Income tax

Income tax has not been provided for in these financial statements as there is no income, profit or other forms of direct taxation in Anguilla.

