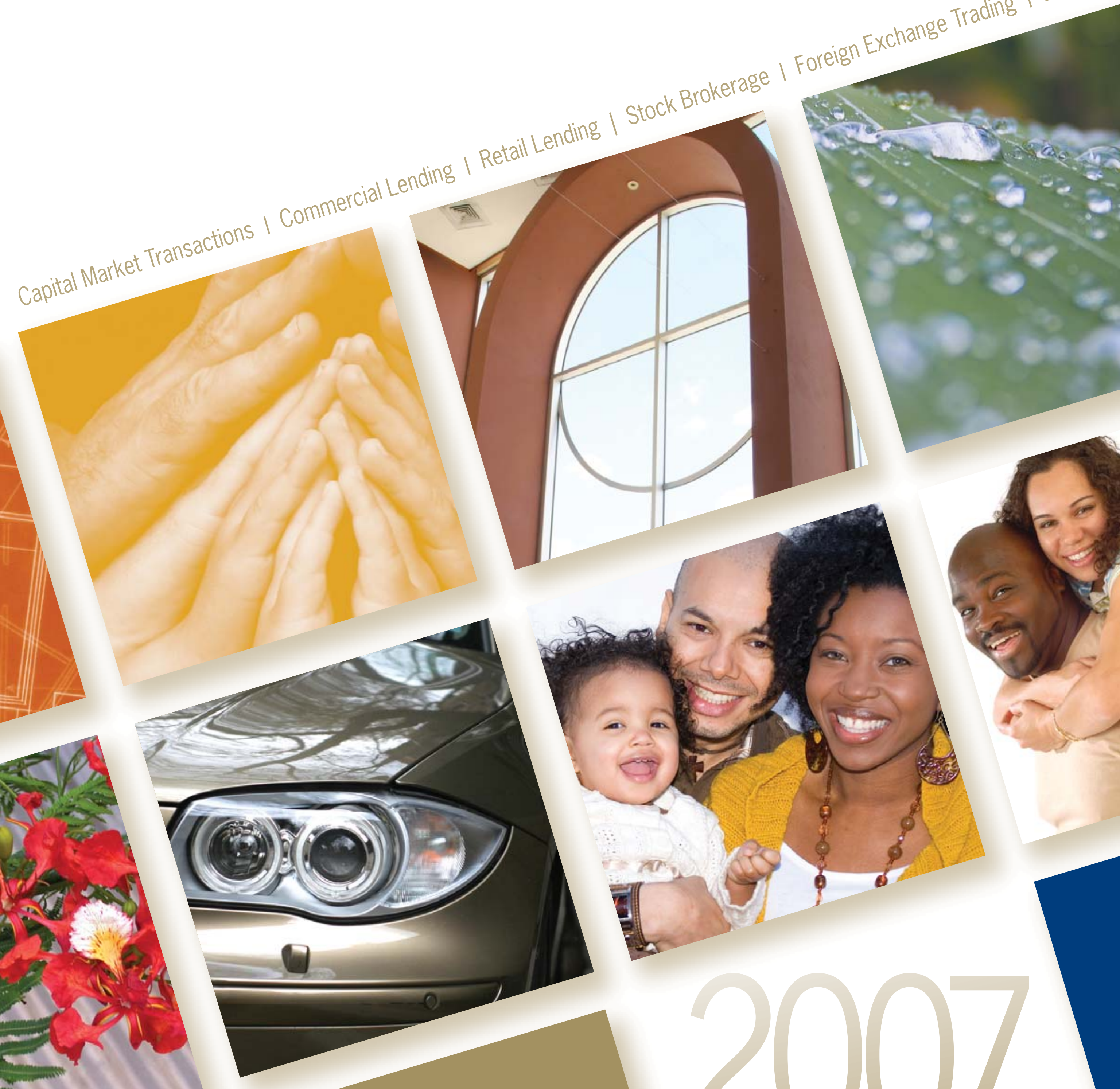
SIGNIA FINANCIAL GROUP INC.

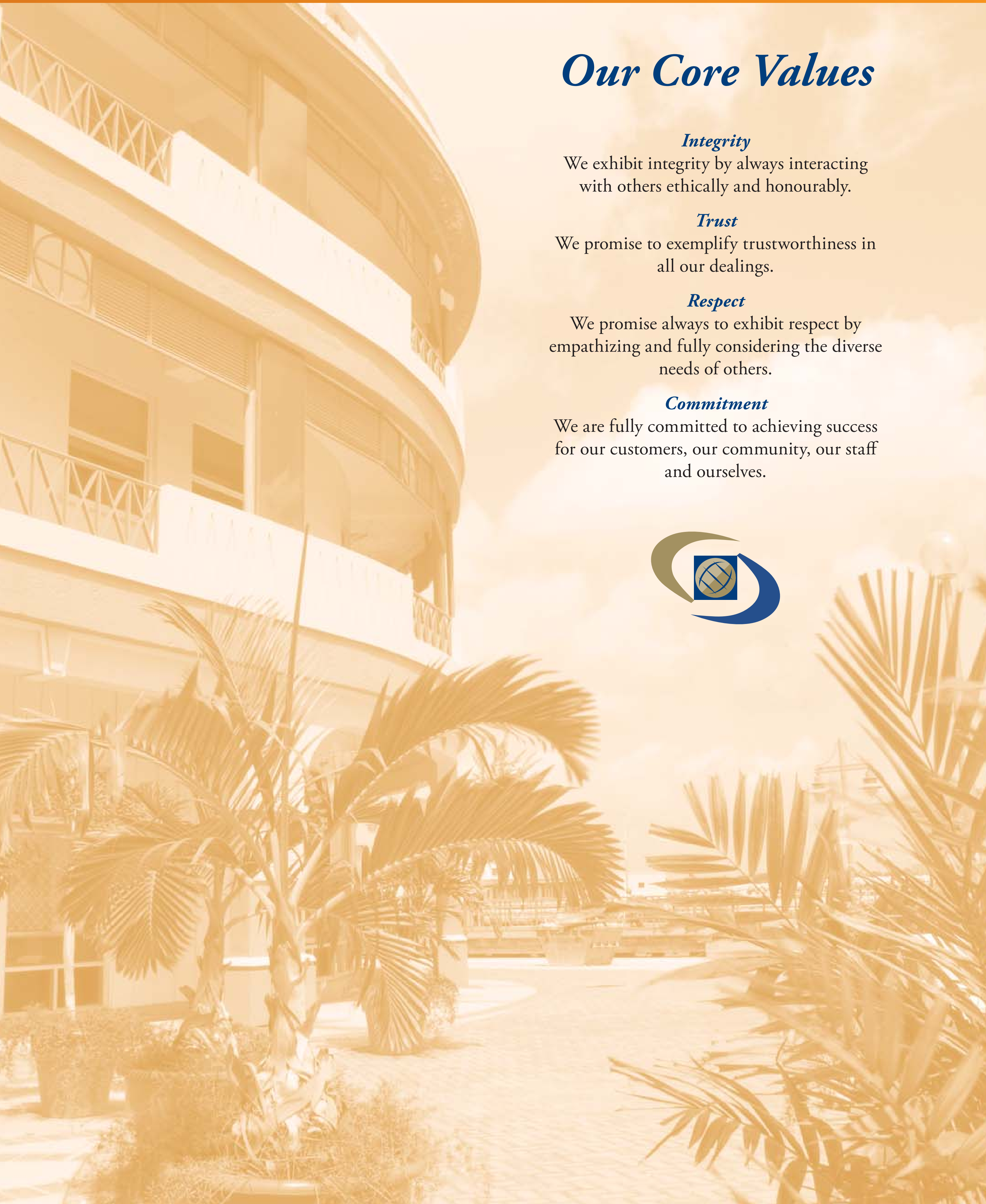
ANNUAL REPORT

Capital Market Transactions | Commercial Lending | Retail Lending | Stock Brokerage | Foreign Exchange Trading | Leases



2007

A Banking and Investment Company
from Cave Shepherd, GraceKennedy and United Insurance



Our Core Values

Integrity
We exhibit integrity by always interacting with others ethically and honourably.

Trust
We promise to exemplify trustworthiness in all our dealings.

Respect
We promise always to exhibit respect by empathizing and fully considering the diverse needs of others.

Commitment
We are fully committed to achieving success for our customers, our community, our staff and ourselves.

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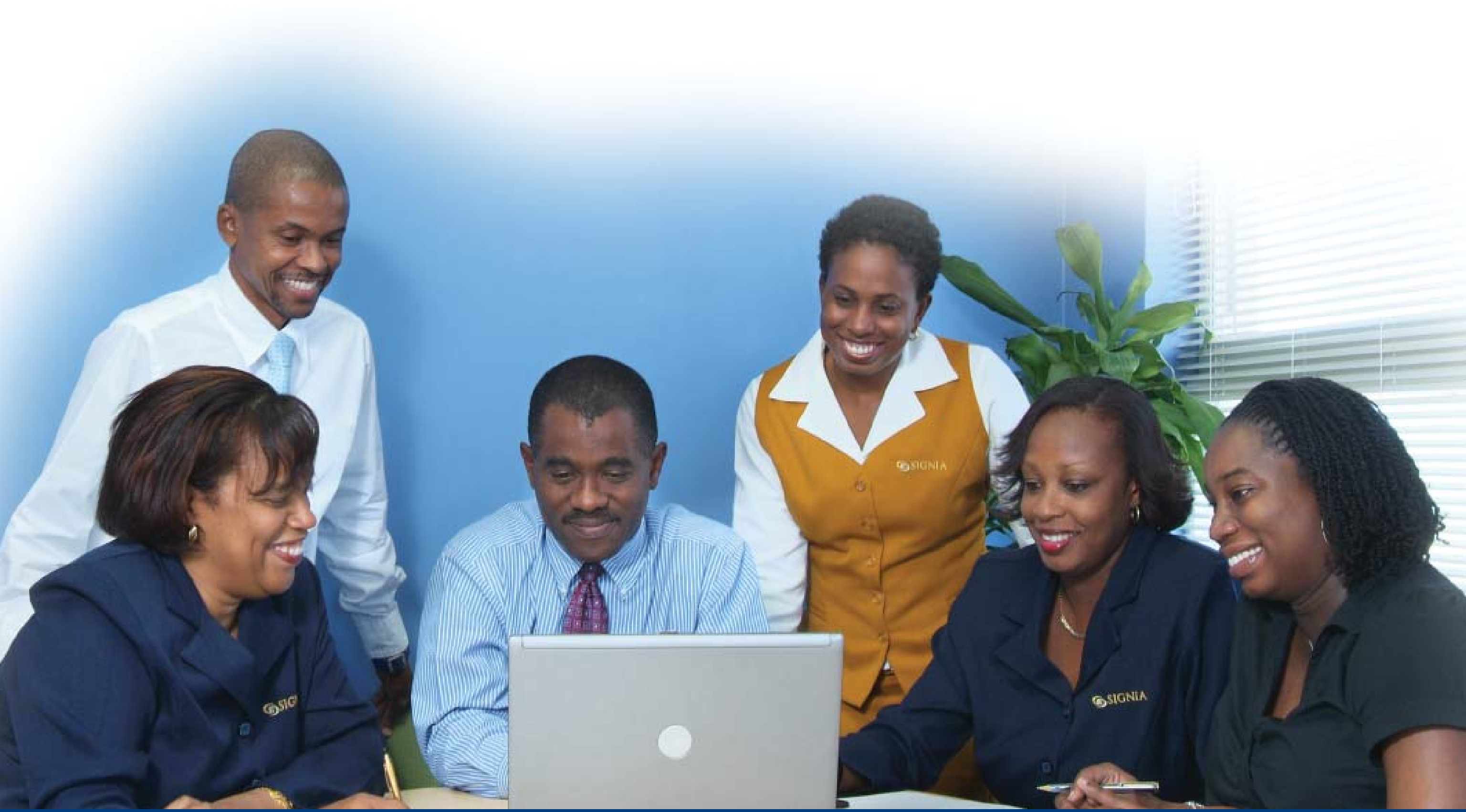
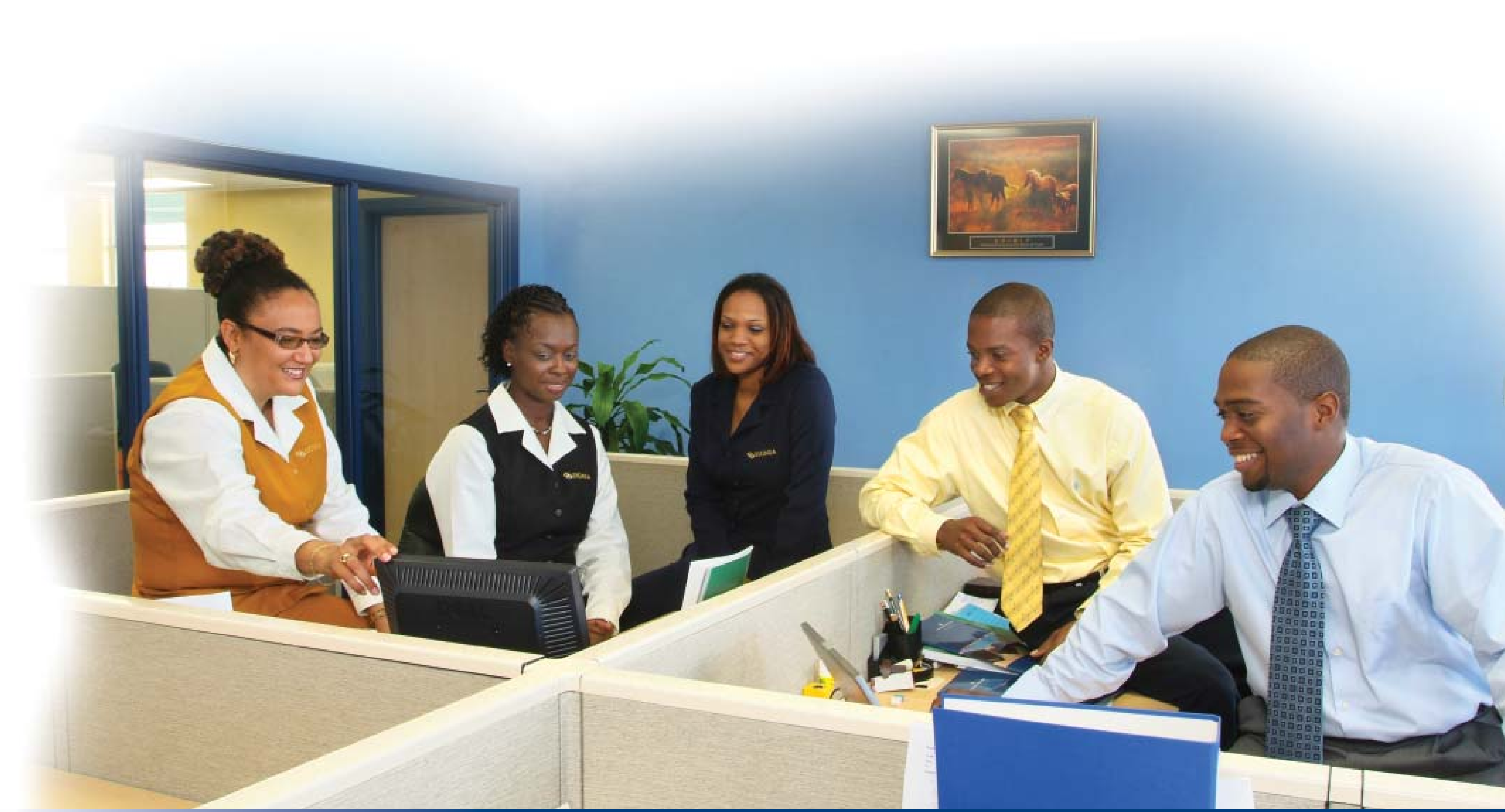
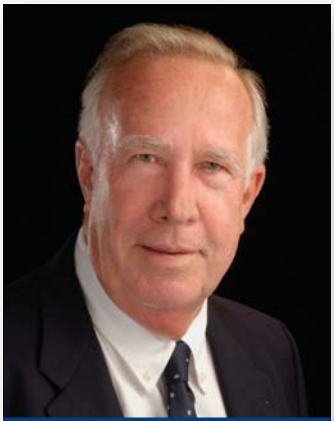


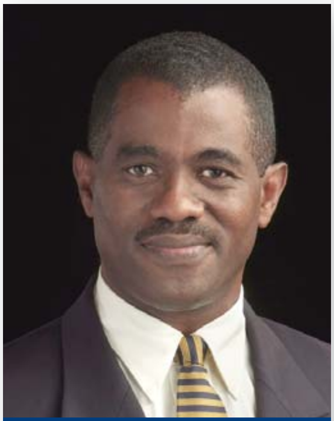
Management Team *(from left to right)* – Margaret Wharton: **Retail Banking Manager** | Andre Procope - *BA, FCCA*: **CFO** | Anthony Shaw - *B. Comm, CA, FICB*: **CEO**
Paula Louis-Grant - *BSc, MBA, ACCA*: **Corporate and Commercial Banking Manager** | Jackie Holder: **COO** | Ayesha Maycock - *BBA, MBA*: **Senior Trader**



Banking Team *(from left to right)* – Tracia Grant: **Relationship Officer** | Margot Griffith: **Relationship Officer** | Cherian Reifer: **Personal Banking Assistant** • Trading Team – Allan Hall: **Research Analyst** | Kofi Farmer: **Research Analyst/Trader**

Signia General Team *(from left to right)* – Alicia Jordan: **Securities Admin Assistant** | Samantha Inniss: **Foreign Exchange Admin Assistant** | Karen Johnson: **Personal Assistant** | Shana Sobers: **Admin Assistant** | Christa Graham: **Credit Control Admin Assistant** | Carol Prescod: **Accountant** | Ada Holder: **Office Attendant** Deborah Clarke: **Recoveries Officer** | Juliette Flemming: **Credit Control Admin Assistant** | Donelle Daniel: **Cashier** | Salena Rice: **Recoveries Assistant** *(Not shown are: – Sarita Gill:* ***Admin Assistant*** *| Quetta Rawlins:* ***Credit Control Officer*** *| Andrea Harewood:* ***Recoveries Assistant****)*

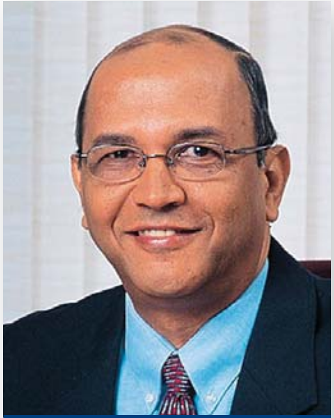

Geoffrey Cave: Chairman

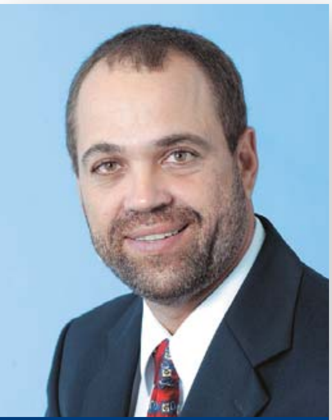

M. Anthony Shaw: Director & CEO


Douglas Orane: Director - GraceKennedy

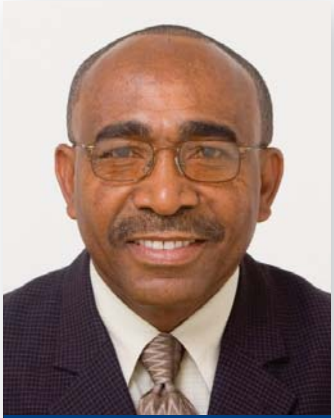

Roger Cave: Director - Cave Shepherd


Joe Taffe: Director - GraceKennedy


Dave Blackman: Director - United Insurance


John Williams: Director - Cave Shepherd


Wayne Wray: Director - GraceKennedy


Darcy Boyce: Director - Independent

CHAIRMAN'S COMMENTS

I am pleased to announce another excellent year for Signia Financial Group Inc. The company has continued to strategically position itself in the local financial services sector.

The year ended September 30th, 2007 was the company's fourth year of operations and was another successful year as profits after tax increased by 150% year over year. During the year the company successfully diversified its business lines and are now active market players in capital market transactions and foreign exchange trading. This complements the retail and commercial lending business lines which have been the primary revenue drivers to-date.

Signia has a dedicated, high-quality and competent team which continues to demonstrate their commitment to the company. Through this commitment, the company was able to achieve excellent customer satisfaction results as was shown in the 2007 customer satisfaction survey. Of note in the survey was the company's quick turnaround time, the very positive manner in which the customer is treated and their knowledge of the stock market.

The company has a very focussed strategy of expanding its product service offerings and differentiating itself by providing timely and knowledgeable service.

The company continues to have a strong balance sheet with good loan quality and a capital adequacy ratio which is significantly higher than the statutorily required ratio.

At the time of writing, the current year is showing an improvement on last year and we are confident that Signia will effectively confront the challenges ahead of us and will continue to take advantage of the opportunities the year will offer.

In closing, on behalf of the Board of Directors, I wish to thank our customers for their support and loyalty during the year and congratulate the Signia team for delivering excellent service and a strong performance.

Geoffrey Cave
Chairman

2007

CHIEF EXECUTIVE OFFICER'S REPORT

The Company had another successful year. Profit before tax increased to $2,779,416 in 2007 over $1,182,099 in the prior year.

Despite significant competition in the retail lending market, the company increased its total loan portfolio by 26%. Loans and advances to customers increased to $71,747,382 over $57,099,374 in the prior year. Growth in the retail loan portfolio was the primary driver of this increase, with a strong contribution coming from commercial lending.

For fiscal 2007, certain of the company's operating leases previously classified as operating leases were reclassified to finance leases. As a consequence, part of the prior year interest expense was reclassified from the expense caption to retained earnings. Interest income increased in 2007; however, in 2006 with the reclassification of leases to finance leases, the income earned from operating leases decreased in comparison to the depreciation charged. The financial statements were restated to ensure consistency in the comparisons.

Of note during the year was the positive impact of the company's strategic initiatives to diversify its business lines. Net trading income, which includes income from foreign exchange trading, stock brokerage and capital market transactions, increased to $1,548,002. The company was the first non-commercial bank to actively trade in foreign exchange. By offering commercial and corporate customers better value on foreign exchange sales and purchases, the company has developed a loyal foreign exchange customer base. This area has continued to expand in fiscal 2008.

During the year under review the company successfully managed the take-over bids of Courts (Barbados) Ltd, Sunbeach Communications Inc. and West India Biscuit Company Ltd. and the Rights issue for Banks Holdings Ltd. These Capital Market transactions contributed substantially to Net Trading Income.

The company has continued to perform well in fiscal 2008 and through its diversified business lines we are confident it will maintain the same strong profitability through out the coming year.

In conclusion, I wish to thank our customers for their continued support and the dedicated Signia team for their ongoing commitment and loyalty throughout the year.

M. Anthony Shaw
Chief Executive Officer

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Signia Financial Group Inc.

We have audited the accompanying financial statements of Signia Financial Group Inc., which comprise the balance sheet as of September 30, 2007, and statement of income, statement of changes in 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, 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 these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with 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 the auditors' 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, the auditors 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Signia Financial Group Inc. as of September 30, 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

Chartered Accountants
January 31, 2008
Bridgetown, Barbados

2007

Signia Financial Group Inc. Balance Sheet | As of September 30, 2007 | (Amounts in Barbados dollars)

	Note	2007 $	Restated 2006 $
Assets			
Cash and cash equivalents		**10,679,729**	3,748,702
Treasury bills		**2,724,616**	3,988,006
Due from parent company	4	**32,483**	24,465
Loans and advances to customers	5	**71,747,382**	57,099,374
Property, plant and equipment	6	**769,301**	747,047
Operating lease assets	7	**2,661,267**	2,780,528
Other assets	8	**12,628,596**	2,978,181
Total assets		**101,243,374**	**71,366,303**
Liabilities			
Due to customers	9	**75,443,289**	59,651,729
Other liabilities	10	**11,856,822**	600,298
Current tax payable		**583,307**	–
Deferred tax liability	11	**306,644**	158,290
Total liabilities		**88,190,062**	**60,410,317**
Equity			
Share capital	13	**9,210,857**	9,210,857
Statutory reserves	14	**839,605**	525,006
Retained earnings		**3,002,850**	1,220,123
		13,053,312	10,955,986
Total liabilities and shareholders' equity		**101,243,374**	71,366,303

The notes on pages 10 to 33 are an integral part of these financial statements.

Approved by the Board of Directors on January 30, 2008

Geoffrey Cave Chairman

Director & CEO

Signia Financial Group Inc. Statement of Changes in Equity | For the year ended September 30, 2007 | (Amounts in Barbados dollars)

	Share capital $	Statutory reserves $	Retained earnings $	Total $
Balance at September 30, 2005				
- as previously stated	4,000,000	398,940	390,203	**4,789,143**
Prior period adjustment (note 26)	–	–	115,549	**115,549**
Balance at September 30, 2005				
restated	4,000,000	398,940	505,752	**4,904,692**
Increase in share capital	5,210,857	–	–	**5,210,857**
Net profit for the year - as restated	–	–	840,437	**840,437**
Transfer to reserves - as restated	–	126,066	(126,066)	**–**
Balance at September 30, 2006				
restated	9,210,857	525,006	1,220,123	10,955,986
Balance at October 1, 2006				
- as previously stated	9,210,857	514,765	1,046,542	**10,772,164**
Prior period adjustment (note 26)	–	10,241	173,581	**183,822**
Balance at October 1, 2006 as				
restated	9,210,857	525,006	1,220,123	**10,955,986**
Net profit for the year	–	–	2,097,326	**2,097,326**
Transfer to reserves	–	314,599	(314,599)	–
Balance at September 30, 2007	**9,210,857**	**839,605**	**3,002,850**	**13,053,312**

The notes on pages 10 to 33 are an integral part of these financial statements.

2007

Signia Financial Group Inc. Statement of Income | For the year ended September 30, 2007 | (Amounts in Barbados dollars)

	Note	2007 $	Restated 2006 $
Interest income		**8,028,868**	6,140,243
Interest expense		**(4,062,971)**	(1,980,779)
Net interest income	15	**3,965,897**	4,159,464
Fee and commission income	16	**190,690**	400,292
Fee and commission expense	16	**(9,485)**	(63,901)
Net fee and commission income	16	**181,205**	336,391
Net lease income (expense)	17	**600,148**	(848,122)
Net trading income	18	**1,548,002**	415,259
Other operating income		**82,153**	77,104
Impairment losses on loans and advances	5	**(686,601)**	(260,044)
Operating expenses	19	**(2,911,388)**	(2,697,953)
Profit before corporation tax		**2,779,416**	1,182,099
Corporation tax expense	11	**(682,090)**	(341,662)
Profit for the year		**2,097,326**	840,437

The notes on pages 10 to 33 are an integral part of these financial statements.

Signia Financial Group Inc. Statement of Cash Flows | For the year ended September 30, 2007 | (Amounts in Barbados dollars)

	2007 $	Restated 2006 $
Cash flows from operating activities		
Profit before taxation	**2,779,416**	1,182,099
Adjustments for:		
Depreciation of property, plant and equipment and operating lease assets	**1,039,650**	1,309,942
Amortisation of tangible assets	**–**	11,375
Impairment loss on loans	**686,601**	260,044
Gain on disposal of property, plant and equipment and operating lease assets	**(27,771)**	(77,112)
Operating income before working capital changes	**4,477,896**	2,686,348
(Increase)/decrease in due from related company	**(8,018)**	49,660
Increase in loans and advances to customers	**(15,230,525)**	(19,819,266)
Increase in other assets	**(9,650,415)**	(1,106,898)
Purchase of operating lease assets	**(1,690,761)**	(1,002,965)
Proceeds from disposal of operating lease assets	**949,440**	327,050
Increase in due to customers	**15,791,560**	14,183,951
Decrease in due to related company	**–**	(34,688)
Increase in other liabilities	**11,256,524**	58,755
Net cash generated from/(used in) operating activities	**5,895,701**	(4,658,053)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(228,064)**	(456,619)
Proceeds from disposal of property, plant and equipment	**–**	96,945
Net decrease/(increase) in treasury bills	**1,263,390**	(3,289,019)
Net cash generated from/(used in) investing activities	**1,035,326**	(3,648,693)
Cash flows from financing activities		
Issuance of share capital	**–**	5,210,857
Net increase/(decrease) in cash	**6,931,027**	(3,095,889)
Cash and cash equivalents - beginning of year	**3,748,702**	6,844,591
Cash and cash equivalents - end of year	**10,679,729**	3,748,702
Represented by:		
Cash at bank	**4,639,630**	2,206,390
Short term deposits	**6,040,099**	1,542,312
	10,679,729	3,748,702

The notes on pages 10 to 33 are an integral part of these financial statements.

1 Incorporation, ownership and principal activities

Signia Financial Group Inc. was incorporated under the Laws of Barbados on September 13, 1996. Its principal activities are the provision of term finance, motor vehicle leasing and the acceptance of deposits. On January 2, 1998 the company was granted a licence under the Financial Institutions Act 1996 to carry on business as a finance company.

The company is wholly-owned by CSGK Finance Holdings Limited, which is a company incorporated under the Laws of Barbados and is a joint venture between Cave Shepherd & Company Limited, United Insurance Company Limited, companies incorporated under the Laws of Barbados, and GraceKennedy & Company Limited, a company incorporated in Jamaica.

The company's principal place of business is located on the First Floor, Carlisle House, Hincks Street, Bridgetown, Barbados.

2 Summary of significant accounting policies

These financial statements are prepared in accordance with International Financial Reporting Standards. Significant accounting policies are as follows:

a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and conditions, actual results could differ from these estimates. The areas involving a higher degree of judgement and or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2 Summary of significant accounting policies *…continued*

a) Basis of preparation *…continued*

Amendments to published standards and interpretations effective January 1, 2006

The application of the amendments and interpretations listed below did not result in substantial changes to the Company's accounting policies:

IAS 19 Amendment - Actuarial Gains and Losses, Group Plans and Disclosures;
IAS 21 Amendment - Net Investment in a Foreign Operation;
IAS 39 Amendment - Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
IAS 39 Amendment - The Fair Value Option;
IAS 39 and IFRS 4 Amendment - Financial Guarantee Contracts;
IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards, and
IFRS 6, (Amendment), Exploration for and Evaluation of Mineral Resources;
IFRIC 4, Determining whether an Arrangement contains a Lease;
IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds; and
IFRIC 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment.
IFRIC 7, Applying the Restatement Approach under IAS 29 (effective 1 March 2006);
IFRIC 8, Scope of IFRS 2 (effective 1 May 2006)
IFRIC 9, Reassessment of embedded derivative (effective 1 June 2006)

Interpretations issued but not yet effective

IFRS 7, Financial Instruments: Disclosures (effective 1 January 2007)
IFRS 8, Operating Segments (effective 1 January 2008)
IFRIC 11, IFRS2 - Group Treasury Share Transactions (effective 1 March 2007)
IFRIC 10, Interim Financial Reporting and Impairment (effective 1 November 2006) and
IFRIC 12, Service Concession Arrangements (effective 1 January 2009).

The application of these new interpretations will not have a material impact on the entity's financial statements in the period of initial application except for IFRS7 which will require increased disclosures.

2 Summary of significant accounting policies *…continued*

b) Foreign currency translation

i) Functional and presentation currency

Items included in the company's financial statements are measured using the currency of the economic environment in which the company operates. The statements are presented in Barbados Dollars which is the Company's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

c) Financial assets

The company classifies its financial assets as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable.

Purchases and sales of financial assets are recognised on trade-date - the date on which the company commits to purchase or sell the asset. Loans are recognised when cash is advanced to the borrowers. Financial assets are initially recognised at fair value plus transaction costs for all financial assets. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the company has transferred substantially all risks and rewards of ownerships.

Loans and receivables are carried at amortised cost using the effective interest method.

2 Summary of significant accounting policies *...continued*

d) Impairment of financial asset

The company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired, individually or collectively.

The company assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually and collectively for financial assets that are not individually significant.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

e) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, operating lease assets and tax losses carried forward.

Income tax payable on profits, based on the applicable tax law is recognised as an expense in the period in which the profits arise. The tax effects of tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

2 Summary of significant accounting policies *...continued*

f) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate. All other repairs and maintenance are charged to the income statement during the period in which they are incurred.

Depreciation is provided on the straight-line method at the following annual rates considered appropriate to write off the cost of the assets over their estimated useful lives.

Leasehold improvements	-	20% or over the life of the lease
Computer	-	14% - 25%
Furniture and equipment	-	10% - 50%
Motor vehicles	-	20%
Leased vehicles and equipment	-	Over the term of the lease agreement.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be the recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

g) Leases

i) The Company is the lessor

The leases entered into by the company are primarily finance leases. When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present values of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

ii) The Company is the lessee

The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as income in the period in which termination has taken place.

2 Summary of significant accounting policies *...continued*

h) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including, amounts due from other banks.

i) Share capital

i) Share issue costs

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax from the proceeds.

ii) Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the company's shareholders.

j) Fees and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees are recognised over the life of the loan. Commission and fees arising from third party transactions such as the collection of payments for service providers are recognised on completion of the transactions.

k) Interest income and expense

Interest income and expense are recognised in the income statement for interest bearing financial using the effective interest method. Accrual of loans and advances income ceases when instalments are over ninety days in arrears. Interest accrued but not collected as at the date of classification is reversed and charged against current income. Income from leasing of motor vehicles and from term deposits and investments is recognised on the accruals basis.

Once a financial asset has been written down as a result of impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring its impairment loss.

l) Employee retirement benefits

The company's employees are members of the Fortress Caribbean Pension Fund which is a defined contribution plan. The plan is administered by Duty Free Caribbean and investments are held by an independent Custodial Trustee. Contributions to the plan are based on pensionable salary adjusted to reflect National Insurance contributions and are recognised as employee benefit expense when they are due.

3 Critical accounting estimates, and judgements in applying accounting policies

The company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Impairment losses on loans and advances

The company reviews its loan portfolio to assess impairment at least on a monthly basis. In determining whether an impairment loss should be recorded in the income statement, the company makes judgements as to whether there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any difference between loss estimates and actual loss experience. To the extent that the net present value of estimated cash flows differs, the provision would be estimated accordingly.

b) Corporation taxes

The company is subject to corporation taxes in the jurisdiction in which it operates. Estimates are required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for these transactions based on estimates of whether additional taxes will be due.

4 Due from parent company

Amounts due from parent company bear interest at 6.5% (2006 - Nil) and have no stated terms of repayment.

Signia Financial Group Inc. Notes to Financial Statements | As of September 30, 2007 | (Amounts in Barbados dollars)

5 Loans and advances to customers

	2007 $	Restated 2006 $
Loans and advances to individuals	**50,796,469**	42,475,331
Loans and advances to corporate and other entities	**21,460,188**	14,814,277
Gross loans and advances	**72,256,657**	57,289,608
Less: impairment	**(509,275)**	(190,234)
Balance, end of year	**71,747,382**	57,099,374

Analysis of loans by industry sector

	2007 $	Restated 2006 $
Consumer	**48,820,729**	39,915,972
Transport	**621,735**	461,975
Distribution	**331,877**	255,018
Manufacturing	**411,469**	404,856
Land development	**1,520,205**	145,545
Other	**20,550,642**	16,106,242
	72,256,657	57,289,608

Loans and advances to customers are secured by the vehicles and title deeds financed under the individual contracts.

Signia Financial Group Inc. Notes to Financial Statements | As of September 30, 2007 | (Amounts in Barbados dollars)

5 Loans and advances to customers *...continued*

Allowance for impairment

Movement in impairment:

	2007 $	2006 $
Balance, beginning of year	**190,234**	169,081
Provision for loan impairment	**686,601**	260,044
Loans written off during the year as uncollectible	**(455,147)**	(238,891)
Amounts recovered during the year	**87,587**	–
Balance, end of year	**509,275**	190,234

At September 30, 2007, non-accrual loans amounted to $1,077,590 (2006 - $222,843).

Loans and advances to customers include finance lease receivables as follows:

Gross investment in finance leases receivable:

	2007 $	2006 $
No later than 1 year	**3,015,739**	1,852,136
Later than 1 year and no later than 5 years	**9,397,914**	6,757,813
Later than 5 years	**7,976**	9,014
	12,421,629	8,618,963
Unearned future finance income on finance leases	**(2,771,711)**	(1,360,520)
Net investment in finance leases	**9,649,918**	7,258,443

The net investment in finance leases may be analysed as follows:

No later than 1 year	**2,097,592**	1,339,933
Later than 1 year and no later than 5 years	**7,552,326**	5,914,178
Later than 5 years	**–**	4,332
	9,649,918	7,258,443

Signia Financial Group Inc. Notes to Financial Statements | As of September 30, 2007 | (Amounts in Barbados dollars)

6 Property, plant and equipment

	Leasehold improvements $	Computers $	Furniture & equipment $	Motor vehicles $	Total $
At 1 October 2005					
Cost	126,958	450,165	179,162	134,451	890,736
Accumulated depreciation	(39,532)	(153,521)	(48,819)	(17,232)	(259,104)
Net book value	87,426	296,644	130,343	117,219	631,632
Year ended September 2006					
Opening net book amount	87,426	296,644	130,343	117,219	631,632
Additions	204,775	17,999	185,663	48,182	456,619
Disposals	(54,267)	(1,730)	(55,208)	(31,236)	(142,441)
Write-off	(12,998)	–	–	–	(12,998)
Depreciation charge	(37,435)	(80,900)	(33,680)	(33,750)	(185,765)
Closing net book amount	**187,501**	**232,013**	**227,118**	**100,415**	**747,047**
At 30 September 2006					
Cost	213,510	464,814	291,725	140,986	1,111,035
Accumulated depreciation	(26,009)	(232,801)	(64,607)	(40,571)	(363,988)
Net book value	187,501	232,013	227,118	100,415	747,047
Year ended September 2007					
Opening net book amount	187,501	232,013	227,118	100,415	747,047
Additions	7,304	22,097	47,830	150,833	228,064
Disposals	1,083	–	–	–	1,083
Depreciation charge	(43,583)	(83,487)	(42,416)	(37,407)	(206,893)
End of year	**152,305**	**170,623**	**232,532**	**213,841**	**769,301**
At 30 September 2007					
Cost	220,814	456,130	339,555	291,820	1,308,319
Accumulated depreciation	(68,509)	(285,507)	(107,023)	(77,979)	(539,018)
Net book value	**152,305**	**170,623**	**232,532**	**213,841**	**769,301**

Signia Financial Group Inc. Notes to Financial Statements | As of September 30, 2007 | (Amounts in Barbados dollars)

7 Operating lease assets

Leased vehicles and equipment

	2007 $	Restated 2006 $
Cost		
Beginning of year	**4,849,745**	4,950,881
Additions	**1,690,761**	1,002,965
Disposals	**(2,985,012)**	(1,104,101)
End of year	**3,555,494**	4,849,745
Accumulated depreciation		
Beginning of year	**2,069,217**	1,448,013
Charge for the year	**832,811**	1,124,177
Disposals	**(2,007,801)**	(502,973)
End of year	**894,227**	2,069,217
Net book values		
End of year	**2,661,267**	2,780,528
Beginning of year	**2,780,528**	3,502,868

8 Other assets

	2007 $	Restated 2006 $
Loan receivable	**35,381**	46,308
VAT recoverable	**1,407,139**	1,278,357
Prepaid expenses	**184,726**	215,986
Due from customers	**718,760**	605,256
Repossessed stock	**77,013**	227,658
Due from Brokers	**9,490,598**	–
Other receivables	**714,979**	604,616
	12,628,596	2,978,181

Loan receivable represents the balance on the transfer of the company's loan receivable portfolio to a related company, BUN, in 2003.

Signia Financial Group Inc. Notes to Financial Statements | As of September 30, 2007 | (Amounts in Barbados dollars)

9 Due to customers

	2007 $	2006 $
Financial institutions		
Payable on Demand	–	–
Payable at Fixed Dates	**21,621,274**	12,654,482
Individuals		
Payable on Demand	**1,240,010**	205,954
Payable at Fixed Dates	**32,534,657**	27,290,016
Business and government		
Payable on Demand	**–**	–
Payable at Fixed Dates	**1,728,440**	7,151,874
Other		
Payable on Demand	**2,000,000**	1,786,818
Payable at Fixed Dates	**16,318,908**	10,562,585
Deposits due to customers	**75,443,289**	59,651,729
Payable on Demand	**3,240,010**	1,992,772
Payable at Fixed Dates	**72,203,279**	57,658,957
	75,443,289	59,651,729

The rates of interest on fixed deposits vary in accordance with the length and value of the deposit from 4.0% to 7.75% (2006 - 3.5% to 7.75%).

10 Other liabilities

	2007 $	2006 $
Due to brokers	**9,490,598**	–
Due to customers	**1,747,699**	600,298
Bank overdraft	**618,525**	–
	11,856,822	600,298

Signia Financial Group Inc. Notes to Financial Statements | As of September 30, 2007 | (Amounts in Barbados dollars)

11 Taxation

	2007 $	Restated 2006 $
Current tax	**583,307**	–
Over provision of prior year current tax	**(49,571)**	–
Deferred tax charge	**148,354**	341,662
	682,090	341,662

The tax on the loss before taxation differs from the theoretical amount that would arise using the basic tax rate as follows:

	2007 $	Restated 2006 $
Profit before taxation	**2,779,416**	1,182,099
Corporation tax at a tax rate of 25% (2006 - 25%)	**694,854**	295,523
Expenses not deductible for tax	**16,025**	46,139
Prior year over provision	**(28,789)**	–
Taxation charge for the year	**682,090**	341,662

The movement on the deferred tax account is as follows:

	2007 $	Restated 2006 $
Balance - beginning of year as previously stated	–	57,495
Effect of prior period adjustment	–	(240,867)
Balance as restated	**158,290**	(183,372)
Charge for the year	**148,354**	341,662
Balance - end of year	**306,644**	158,290

Signia Financial Group Inc. Notes to Financial Statements | As of September 30, 2007 | (Amounts in Barbados dollars)

11 Taxation *...continued*

The deferred tax liability consists of the following components:

	2007 $	Restated 2006 $
Accelerated depreciation for tax purposes	**1,226,576**	1,548,270
Tax losses	–	(915,110)
	1,226,576	633,160
Deferred tax liability at corporation tax rate of 25% (2006 - 25%)	**306,644**	158,290

12 Tax losses

Income year	Brought forward $	In-curred/ Utilized $	Carried forward $	Expiry date
2004	915,110	(915,110)	–	

These tax losses are as computed by the company in its corporation tax return and have as yet neither been agreed nor disputed by the Commissioner of Inland Revenue.

13 Share capital

Authorised

The company is authorised to issue an unlimited number of common shares of no par value.

Issued

	2007 $	2006 $
9,210,857 common shares issued (2006 - 9,210,857)	**9,210,857**	9,210,857

Signia Financial Group Inc. Notes to Financial Statements | As of September 30, 2007 | (Amounts in Barbados dollars)

14 Statutory reserve fund

	2007 $	Restated 2006 $
Balance, beginning of year	**525,006**	398,940
Transfer	**314,599**	126,066
Balance, end of year	**839,605**	525,006

Section 33 of the Financial Institutions Act, 1996 requires that a minimum of 15% of annual net income be appropriated to a reserve fund until the balance of such fund equals the company's share capital.

15 Net interest income

	2007 $	2006 $
Interest income		
Cash and other short term funds	**116,570**	49,071
Investment securities	**139,886**	178,741
Finance lease income	**875,194**	624,955
Loans and advances	**6,897,218**	5,287,476
	8,028,868	6,140,243
Interest expense		
Customers	**4,062,971**	1,980,779
Net Interest income	**3,965,897**	4,159,464

At September 30, 2007, interest income accrued on impaired financial assets amounted to $36,560 (2006 - $14,620).

Signia Financial Group Inc. Notes to Financial Statements | As of September 30, 2007 | (Amounts in Barbados dollars)

16 Net fee and commission income

	2007 $	2006 $
Fees and commission income		
Credit related fees and commissions	**135,632**	303,898
Other commissions	**–**	46,668
Management fees	**45,300**	43,052
Other	**9,758**	6,674
	190,690	400,292
Fees and commission expense		
Dealer commissions	**9,485**	31,775
Other commissions	**–**	32,126
	9,485	63,901

17 Net lease income (expense)

	2007 $	2006 $
Operating lease income	**1,432,959**	276,055
Depreciation expense	**(832,811)**	(1,124,177)
	600,148	(848,122)

18 Net trading income

	2007 $	2006 $
Foreign exchange - transaction gains less losses	**1,548,002**	415,259

2007

Signia Financial Group Inc. Notes to Financial Statements | As of September 30, 2007 | (Amounts in Barbados dollars)

19 Operating expenses

	2007 $	2006 $
Staff costs and management fees (Note 20)	**1,312,051**	1,185,598
Administrative expenses	**1,392,444**	1,315,215
Depreciation of property, plant and equipment	**206,893**	197,140
	2,911,388	2,697,953

20 Staff costs and management fees

	2007 $	2006 $
Salaries and wages	**1,058,109**	938,310
Management fees	**145,000**	145,824
National insurance contributions	**64,521**	48,205
Pension costs:		
- defined contribution plan	**16,588**	15,405
Other	**27,833**	37,854
	1,312,051	1,185,598

Signia Financial Group Inc. Notes to Financial Statements | As of September 30, 2007 | (Amounts in Barbados dollars)

21 Related party transactions

The company is wholly-owned by CSGK Finance Holdings Limited, a joint venture between Cave Shepherd & Company Limited, United Insurance Company Limited and GraceKennedy & Company Limited.

A number of transactions are entered into with related parties in the normal course of business. These include loans, deposits, administrative and bill payments services. The volumes of related party transactions outstanding balances at year end and relating expenses and income for the year are as follows:

	Directors and key Management personnel	
	2007 **$**	**2006** **$**
Loans		
Loans outstanding at 1 October	75,940	14,578
Loans issued during the year	136,791	77,500
Loan repayments during the year	(55,684)	(16,138)
Loans outstanding at 30 September	157,047	75,940
Interest income earned	12,452	914

No provisions have been recognised in respect of loans given to related parties (2006: $Nil).

Interest is payable at 6.00% and 11.25% per annum (2006: 8.75% and 10.75%). The loans advanced to the directors were unsecured and were availed by way of a demand promissory note.

2007

Signia Financial Group Inc. Notes to Financial Statements | As of September 30, 2007 | (Amounts in Barbados dollars)

21 Related party transactions *…continued*

	Directors and key Management personnel		Associated companies	
	2007 $	2006 $	2007 $	2006 $
Deposits				
Deposits at 1 October	**175,700**	–	**4,000,000**	–
Deposits received during the year	**261,480**	29,700	**1,095,474**	5,000,000
Deposits repaid during the year	**(3,650)**	(4,000)	**(2,000,000)**	(1,000,000)
Deposits at 30 September	**433,530**	25,700	**3,095,474**	4,000,000
Interest expense on deposits	**14,673**	1,300	**291,779**	216,642

	2007 $	2006 $
Management fees paid to parent company	**145,000**	145,824

Effective November 1, 2005 GraceKennedy Remittance Services Ltd (GKRS) took over the management of the provision of the Bill Express services in Barbados. Under the agreement Signia will continue to provide Human Resource support and contractual support to service providers. Costs incurred under this operation will be borne by GKRS, a monthly fee of Bds $3,500.00 will also be charged in return for the provision of administrative services by Signia Financial. In the event that income received exceeds costs incurred, such surplus shall be for the benefit of GKRS. Transactions relating to this arrangement are as follows:

	2007 $	2006 $
Income earned	**42,000**	38,500
Share holder borrowings	**295,005**	277,000
Payments collected on behalf of Signia	**740,966**	64,446

Interest on the Share holder borrowings is charged at 6.50% per annum.

	2007 $	2006 $
Key management compensation		
Salaries and benefits	**453,715**	227,739

Directors' remuneration

In 2007, the total remuneration to the directors was $12,000 (2006 - $6,000).

Signia Financial Group Inc. Notes to Financial Statements | As of September 30, 2007 | (Amounts in Barbados dollars)

22 Contingent liabilities and commitments

a) Legal proceedings

There were no legal proceedings outstanding against the company at September 30, 2007.

b) Commitments

The minimum operating lease income is as follows:

	2007 $	2006 $
Within one year	**987,899**	445,349
Later than one year and no later than five years	**967,013**	514,049
	1,954,912	959,398

At September 30, 2007, the Company had loan commitments as follows:

	2007 $	2006 $
Loan commitments	**3,190,884**	919,300
	3,190,884	919,300

23 Number of employees

	2007	2006
Number of employees	**21**	22

2007

24 Financial instruments

Fair values

The methods and assumptions used to estimate the fair value of each class of financial instruments for which it is practical to estimate a value are as follows:

i) Short-term financial assets and liabilities

The carrying value of these assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short-term financial assets comprise cash, term deposits and amounts due from related company. Short-term financial liabilities comprise amounts due to customers.

ii) Long-term financial assets and liabilities

The carrying value of loans and advances to customers and customers' deposits approximates their fair value.

Credit risk

Credit risk arises from the possibility that counterparties may default on their obligations to the company.

The company provides financing to customers primarily in Barbados. The company performs on-going credit evaluations and risk analyses of customers. Specific provisions have been set against advances when, in the opinion of management, credit risk or economic factors make recovery doubtful.

Interest rate risk

Differences in contractual repricing or maturity dates and changes in interest rates may expose the company to interest rate risk.

The table below summarises the effective interest rate for monetary financial instruments:

	2007 %	**2006 %**
Assets		
Short term deposits and investments	**5.3**	5.5
Loans and advances to customers and other financing	**13.0**	13.0
Liabilities		
Customer deposits	**6.6**	6.1

Signia Financial Group Inc. Notes to Financial Statements | As of September 30, 2007 | (Amounts in Barbados dollars)

24 Financial instruments *…continued*

	Carry value		Fair value	
	2007	**2006**	**2007**	**2006**
Financial assets				
Loans and advances to customers				
Individuals	**50,796,469**	42,475,331	**50,796,469**	42,475,331
Corporate and other entities	**20,950,913**	14,624,043	**20,950,913**	14,624,043
Financial liabilities				
Due to customers				
Financial Institutions	**21,621,274**	12,654,481	**21,621,274**	12,654,481
Individuals	**33,774,667**	27,495,970	**33,774,667**	27,495,970
Business and government	**1,728,441**	7,151,874	**1,728,441**	7,151,874
Other	**18,318,908**	12,349,404	**18,318,908**	12,349,404

Loans and advances to customers
Loans and advances are net of provisions for impairment.

Due to customers
The value of the deposits both demand and fixed is the amount repayable on demand.

Signia Financial Group Inc. Notes to Financial Statements | As of September 30, 2007 | (Amounts in Barbados dollars)

25 Liquidity risk

	Up to three months $	Three to twelve months $	One to five years $	Over five years $	Total $
As at September 30, 2007					
Assets					
Cash and cash equivalents	10,679,729	–	–	–	10,679,729
Treasury bills	1,986,448	738,168	–	–	2,724,616
Due from parent and related companies	–	32,483	–	–	32,483
Loans and advances to customers	97,499	6,986,506	41,960,302	22,703,075	71,747,382
Property, plant and equipment	58,468	175,403	264,457	270,973	769,301
Operating lease assets	351,028	432,595	1,877,644	-	2,661,267
Other assets	10,089,006	2,434,332	100,258	5,000	12,628,596
Total financial assets	23,262,178	10,799,487	44,202,661	22,979,048	101,243,374
Liabilities					
Deposits	11,075,692	39,317,458	25,050,139	–	75,443,289
Creditors and accruals	10,594,575	1,255,604	6,643	–	11,856,822
Current tax payable	–	583,307	–	–	583,307
Deferred taxation	–	–	306,644	–	306,644
Total financial liabilities	21,670,267	41,156,369	25,363,426	–	88,190,062
Net liquidity gap	1,591,911	(30,356,882)	18,839,235	22,979,048	13,053,312
As at September 30, 2006 restated					
Total assets	8,434,524	8,219,822	42,922,014	11,789,943	71,366,303
Total liabilities	20,164,286	23,891,070	16,354,961	–	60,410,317
Net liquidity gap	(11,729,762)	(15,671,248)	26,567,053	11,789,943	10,955,986

The company is exposed to daily calls on its available cash resources from maturity deposits, loans and other cash settled transactions. The company does not maintain cash resources to meet all of these needs, as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

Signia Financial Group Inc. Notes to Financial Statements | As of September 30, 2007 | (Amounts in Barbados dollars)

26 Prior period adjustments

Effective October 1, 2006, the company classified leases as finance leases which were previously classified as operating leases. As a result, the prior year financial statements and the comparatives statements for 2006 have been restated. The effect has been tabulated below. Opening retained earnings has been reduced by $115,549 net of taxes which is the amount of the adjustment related to periods prior to 2005.

The effect on the balance sheet for 2006 was as follows:

	$
Total assets as previously reported	71,382,809
Adjusted for:	
Decrease in operating lease assets	(7,274,949)
Increase in loans and advances to customers	7,258,443
Total assets as restated	**71,366,303**

	$
Total deferred tax liability as previously reported	358,618
Adjusted for:	
Decrease in deferred tax liability	(200,328)
Total deferred income tax asset as restated	**158,290**

	$
Total shareholders’ equity as previously reported	10,772,164
Adjusted for:	
Increase in retained earnings and shareholders equity	183,822
Total shareholders’ equity as restated	**10,955,986**

27 Events after the balance sheet date

There was one legal proceeding outstanding against Signia Financial Group Inc. The proceeding was brought on behalf of a customer and disputes the settlement of deposit interest paid on behalf of said customer. No provision has been made for this proceeding.

Effective October 12, 2007 the provision of Bill Express services in Barbados was discontinued; to this end the administrative support provided by Signia is now at a minimum. The legal separation of this line from Signia Financial Group Inc. has not yet been finalised.

28 Comparative amounts

Where necessary, comparative figures have been adjusted to conform within changes in presentation in the current year.

90
80