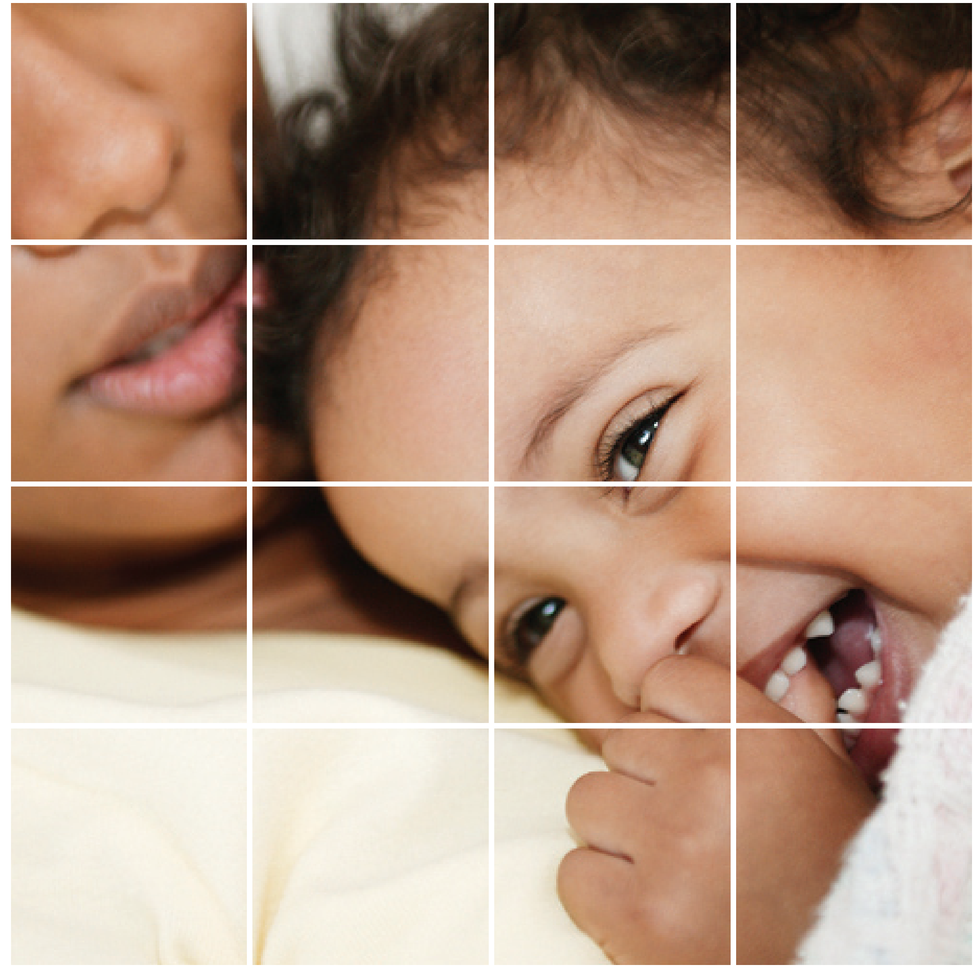
SIGNIA
FINANCIAL GROUP INC.

Annual Report 2006

Mutual Funds
Stocks
High Interest Term Deposits
Loans & Leases
Insurance Premium Financing
Foreign Exchange Trading

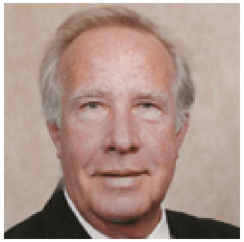
Contents



Helping You Achieve Your Goals

Fulfilling your life's goals is never beyond your reach with Signia Financial.
We are a company that believes in dreams and prides itself
on working together with our clients to help them attain their goals.

Board of Directors



From left to right:

Geoffrey Cave
Chairman

M. Anthony Shaw
Director & CEO

Douglas R. Orane
Director - GraceKennedy


From left to right:

Don G. Wehby
Director - GraceKennedy

Dave Blackman
Director - United Insurance


From left to right:

Wayne A. Wray
Director - GraceKennedy

John Williams
Director - Cave Shepherd


From left to right:

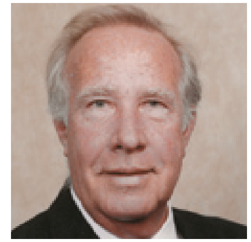
Roger M. Cave
Director - Cave Shepherd

Darcy Boyce
Director - Independent

SIGNIA
FINANCIAL GROUP INC.

A Banking & Investment Company from Cave Shepherd & Co. Ltd.,
Grace, Kennedy & Company Limited and United Insurance Company Limited.

Chairman's Comments



Geoffrey Cave
Chairman

Fiscal 2006, the company's third full year of operation, was another good year for Signia Financial.

The company's loan portfolio grew by 59% with net interest income increasing by 44% year over year.

As in prior years the company was very successful in consumer lending and was also able to expand its loan portfolio to include corporate and commercial loans.

In 2006 the country was faced with an increasing interest rate environment, which caused some contraction in the company's interest margin.

The company commenced its Foreign Exchange trading division which yielded good returns.

During the year the shareholders injected additional capital into the company increasing its capital base to $9.2 million from $4 million.

The year ahead looks promising as the company is set to benefit from several initiatives commenced in the past year.

In closing, on behalf of the Board of Directors, I wish to thank our customers for their support during the year and to congratulate the management and staff for a fine performance.

Geoffrey Cave

Geoffrey Cave
Chairman
January 30, 2007

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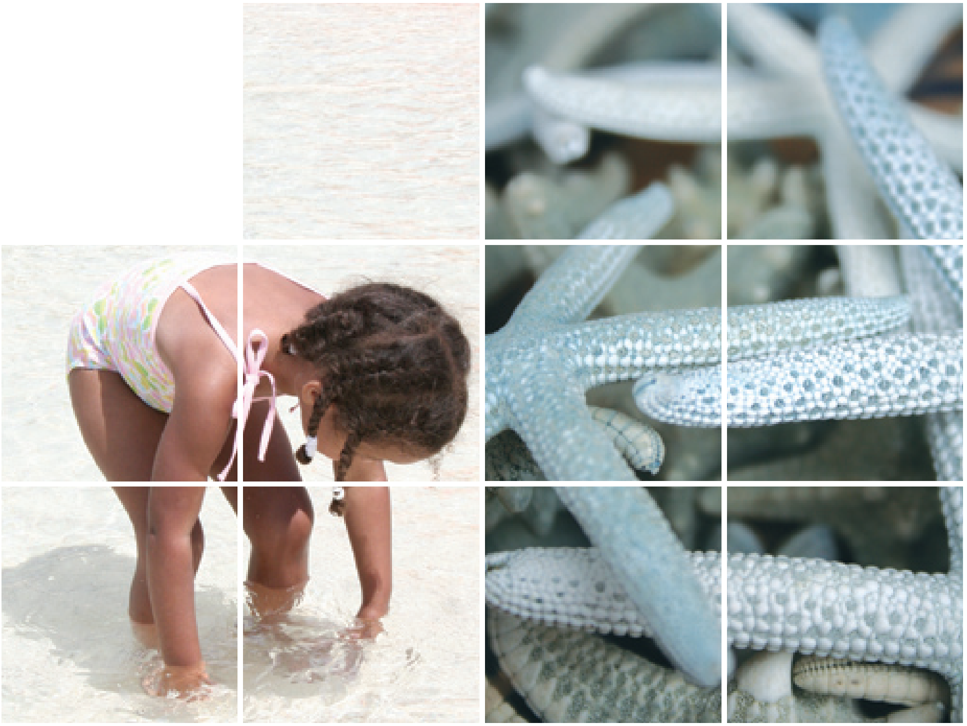

Signia's Core Values

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 to always 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.

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 at September 30, 2006, and the income statement, statement of changes in equity and cash flow statement 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, 2006, 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 30, 2007
Bridgetown, Barbados

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Balance Sheet

As September 30, 2006
(expressed in Barbados dollars)

	2006 $	2005 $
Assets		
Cash at Banks	2,206,390	4,841,906
Term deposits (NOTE 4)	1,542,312	2,002,685
Due from parent and related companies (NOTE 5)	24,465	74,125
Loans and advances to customers (NOTE 6)	49,840,931	31,428,643
Investments securities:		
-Held-to-maturity (NOTE 7)	3,988,006	698,987
Property, plant and equipment (NOTE 8)	747,047	631,632
Operating lease assets (NOTE 9)	10,055,477	9,340,611
Other assets (NOTE 10)	2,978,181	1,871,283
Total assets	71,382,809	50,889,872
Liabilities		
Due to customers (NOTE 11)	59,651,729	45,467,778
Other liabilities	600,298	540,768
Due to a related company	0	34,688
Deferred income tax liability (NOTE 12)	358,618	57,495
Total liabilities	60,610,645	46,100,729
Equity		
Share capital	9,210,857	4,000,000
Other reserves	514,765	398,940
Retained earnings	1,046,542	390,203
	10,772,164	4,789,143
Total liabilities and shareholders' equity	71,382,809	50,889,872

Approved by the Board of Directors on January 30, 2007

M. Anthony Shaw
Director & CEO

Geoffrey Cave
Chairman

Statement of Changes in Shareholders' Equity

For the year ended September 30, 2006
(expressed in Barbados dollars)

	Share capital $	Statutory reserves $	Retained earnings $	Total $
Balance at September 30, 2004	4,000,000	334,552	25,340	4,359,892
Net profit for the year	–	–	429,251	429,251
Transfer to reserves	–	64,388	(64,388)	0
Balance at September 30, 2005	4,000,000	398,940	390,203	4,789,143
Increase in share capital	5,210,857	–	–	5,210,857
Net profit for the year	–	–	772,164	772,164
Transfer to reserves	–	115,825	(115,825)	0
Balance at September 30, 2006	9,210,857	514,765	1,046,542	10,772,164

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Statement of Income

For the year ended September 30, 2006
(expressed in Barbados dollars)

	2006 $	2005 $
Interest and similar income	8,686,609	5,861,923
Interest expense and similar charges	(5,484,087)	(3,643,044)
Net interest income (NOTE 16)	3,202,522	2,218,879
Fee and commission income	400,292	546,691
Fee and commission expense	(63,901)	(311,032)
Net fee and comission income (NOTE 17)	336,391	235,659
Net trading income (NOTE 18)	415,259	332,802
Other operating income	77,112	126,845
Impairment losses on loans and advances (NOTE 6)	(260,044)	(123,084)
Operating expenses (NOTE 19)	(2,697,953)	(2,186,771)
Profit before corporation tax	1,073,287	604,330
Corporation tax expense (NOTE 12)	(301,123)	(175,079)
Profit for the year	772,164	429,251

Statement of Cash Flows

For the year ended September 30, 2006
(expressed in Barbados dollars)

	2006 $	2005 $
Cash flows from operating activities		
Profit before taxation	1,073,287	604,330
Adjustments for:		
Depreciation of fixed and operating lease assets	2,705,210	2,367,550
Amortisation of tangible assets	11,375	3,792
Loan loss provision	260,044	123,084
Gain on disposal of fixed and operating lease assets	(77,112)	(126,845)
Operating income before working capital changes	3,972,804	2,971,911
Decrease in due from related company	49,660	375,097
Increase in loans and advances to customers	(18,672,332)	(19,176,637)
(Increase)/decrease in other assets	(752,793)	1,454,898
Purchase of operating lease assets	(3,771,671)	(6,997,255)
Proceeds from disposal of operating lease assets	307,486	1,132,660
Increase in due to customers	14,183,951	27,020,008
Decrease in due to related company	(34,688)	–
Increase (decrease) in other liabilities	59,530	(2,000,858)
Net cash (used in)/generated from operating activities	(4,658,053)	4,779,824
Cash flows from investing activities		
Purchase of fixed assets	(456,619)	(177,112)
Proceeds from disposal of fixed assets	96,945	47,225
Net increase in term deposits and investments	(2,828,646)	(808,038)
Net cash used in investing activities	(3,188,320)	(937,925)
Cash flows from financing activities		
Issuance of share capital	5,210,857	–
Net (decrease)/increase in cash	(2,635,516)	3,841,899
Cash – beginning of year	4,841,906	1,000,007
Cash – end of year	2,206,390	4,841,906

Notes to Financial Statements

For the year ended September 30, 2006
(expressed in Barbados dollars)

1 INCORPORATION, OWNERSHIP AND PRINCIPAL ACTIVITIES

The company 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 Grace, Kennedy & 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.

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has adopted the following IFRS, which are relevant to its operations. The 2005 comparative figures have been amended as required, in accordance with the relevant requirements.

IAS 1 (revised 2003)	Presentation of Financial Statements
IAS 8 (revised 2003)	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10 (revised 2003)	Events after the Balance Sheet Date
IAS 16 (revised 2003)	Property, Plant and Equipment
IAS 17 (revised 2003)	Leases
IAS 21 (revised 2003)	The Effects of Changes in Foreign Exchange Rates
IAS 24 (revised 2003)	Related Party Disclosures
IAS 32 (revised 2003)	Financial Instruments: Disclosure and Presentation
IAS 36 (revised 2004)	Impairment of Assets
IAS 39 (revised 2003/2004)	Financial Instruments: Recognition and Measurement

The adoption of IAS 1, 8, 10, 16, 17, 21, 24, 32 (all revised 2003) and 34 and 39 (revised 2003/2004) did not result in substantial changes to the Company's accounting policies. In summary:

- IAS 1 (revised 2003) has affected the presentation of certain disclosures.
- IAS 24 (revised 2003) has affected the identification of related parties and some other related party disclosure.
- IAS 8, 10, 16, 17, 21, 24 and 32 (all revised 2003), IAS 36 and 39 (revised 2003/2004) had no material effect on the company's policies.

All changes in the necessary policies have been made in accordance with the transition provisions in the respective standards. There was no impact on the retained earnings from the adoption of any of the above-mentioned standards.

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 income statement.

c) *Financial assets*
The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

i) *Financial assets at fair value through profit and loss*
This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

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

Specific provisions are made against advances when, in the opinion of management, credit risk or economic factors make recovery doubtful. The provision which is made during the year, less any amounts released and recoveries of bad debts previously written off, is charged against operating profit.

iii) *Held-to-maturity*
Held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity. Were the Company to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

iv) *Available-for-sale*
Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale 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 not carried at fair value through profit or loss. 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.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in equity until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in equity should be recognized in profit or loss. However, interest calculated using the effective interest method is recognized in the income statement.

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.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost 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.

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 income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against these losses can be utilised.

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%
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.

g) *Leases*
i) *The Company is the lessor*
The leases entered into by the company are operating leases. 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.

Notes to Financial Statements

For the year ended September 30, 2006
(expressed in Barbados dollars)

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 when the service has been provided. 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 instruments measured at amortised cost and allocated over the relevant period. 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.

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. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. 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.

(expressed in Barbados dollars)

b) *Held-to-maturity investments*
The company follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the company evaluates its intention and ability to hold such investments to maturity. If the company fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available for sale. The investment would therefore be measured at fair value not amortised cost.

c) *Corporation*
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 anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4 TERM DEPOSITS

	2006 $	2005 $
Citicorp Merchant Bank Limited	–	2,002,685
The Barbados National Bank	1,542,312	–
	1,542,312	2,002,685

All term deposits mature within one year and at September 30, 2006 bear fixed interest at rates of 5.5% (2005 - 4.9%).

5 DUE FROM PARENT AND RELATED COMPANIES

Amounts due from parent and related companies bear interest at Nil% (2005 - Nil) and have no stated terms of repayment.

6 LOANS AND ADVANCES TO CUSTOMERS

	2006 $	2005 $
Loans to individuals	42,101,098	28,858,098
Loans to corporate entities	7,930,067	2,739,626
Gross loans and advances	50,031,165	31,597,724
Less: allowances for losses on loans and advances	(190,234)	(169,081)
Balance, end of year	49,840,931	31,428,643

LOANS AND ADVANCES TO CUSTOMERS ... CONTINUED

Market Risk

	2006 $	2005 $
Consumer	39,915,972	26,678,049
Transport	461,975	1,195,779
Distribution	255,018	598,343
Manufacturing	404,856	24,375
Land development	145,545	81,102
Other	8,847,799	3,020,076
	50,031,165	31,597,724

Instalment credit loans are secured by the vehicles and title deeds financed under the individual instalment credit contracts.

a) Allowance for losses on loans and advances

Movement in allowance for losses on loans and advances:

	2006 $	2005 $
Balance, beginning of year	169,081	45,997
Provision for loan impairment	260,044	123,084
Loans written off during the year as uncollectible	(238,891)	–
Balance, end of year	190,234	169,081

At September 30, 2006, non-accrual loans amounted to $222,843 (2005 - $1,310,997).

7 INVESTMENTS

Securities held-to-maturity – at amortised cost:

	2006 $	2005 $
Government of Barbados Treasury Bills	3,988,006	698,987
	3,988,006	698,987

The treasury notes yield Treasury Bills were acquired on April 12, 2006 and August 17, 2006. The treasury notes are discounted instruments with a stated maturity of Bds$2,000,000 each. The treasury notes yield interest of 5.75% and 6.00%. The notes mature on October 11, 2006 and 16 November 2006, respectively.

The movement in investment securities may be summarised as follows:

	2006 $	2005 $
Balance at beginning of year	698,987	1,493,634
Additions	18,285,699	698,987
Disposals (redemption)	(14,996,680)	(1,493,634)
Balance, end of year	3,988,006	698,987

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(expressed in Barbados dollars)

8 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements $	Computers $	Furniture & equipment $	Motor Vehicles $	Total $
At October 1, 2004					
Cost	120,904	430,452	162,868	61,707	775,931
Accumulated depriciation	(14,948)	(75,706)	(22,661)	(9,256)	(122,571)
Net book value	105,956	354,746	140,207	52,451	653,360
Year ended September 30, 2005					
Opening net book amount	105,956	354,746	140,207	52,451	653,360
Additions	6,054	20,313	16,294	134,451	177,112
Disposals	–	(431)	–	(46,794)	(47,225)
Depreciation charge	(24,584)	(77,984)	(26,158)	(22,889)	(151,615)
Closing net book amount	87,426	296,644	130,343	117,219	631,632
At September 30, 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)
End of year	187,501	232,013	227,118	100,415	747,047
September 30, 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

9 OPERATING LEASE ASSETS

Leased vehicles and equipment

	2006 $	2005 $
Cost		
Beginning of year	11,968,104	6,874,146
Additions	3,771,671	6,997,255
Disposals	(467,386)	(1,903,297)
Transfer to repossessed stock	(636,715)	–
End of year	14,635,674	11,968,104
Accumulated depreciation		
Beginning of year	2,627,493	1,309,040
Charge for the year	2,455,677	2,215,935
Disposals	(299,821)	(897,482)
Transfer to repossessed stock	(203,152)	–
End of year	4,580,197	2,627,493
Net book values		
End of year	10,055,477	9,340,611
Beginning of year	9,340,611	5,565,106

10 OTHER ASSETS

	2006 $	2005 $
Loan receivable	46,308	161,760
VAT recoverable	1,278,357	1,272,831
Prepaid expenses	215,986	181,978
Due from customers	605,256	204,887
Repossessed stock	227,658	49,827
Other receivables	604,616	–
	2,978,181	1,871,283

Loan receivable represents the balance on the transfer of the company's loan receivable portfolio of $6,776,282 to a related company BUN Inc.

Notes to Financial Statements

For the year ended September 30, 2006
(expressed in Barbados dollars)

11 DUE TO CUSTOMERS

	2006 $	2005 $
Financial institutions	12,442,346	17,576,693
Individuals	27,038,489	15,653,471
Business and government	4,000,733	6,593,608
Other	15,173,632	4,876,550
Deposits due to customers	58,655,200	44,700,322
Accrued interest	996,529	767,456
	59,651,729	45,467,778

The rates of interest on fixed deposits vary in accordance with the length and value of the deposit from 3.5% to 7.75% (2005 - 3% to 7.75%).

12 TAXATION

	2006 $	2005 $
Deferred tax charge	301,123	175,079

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

	2006 $	2005 $
Profit/(loss) before taxation	1,073,287	604,330
Corporation tax at a tax rate of 25% (2005 - 25%)	268,322	181,299
Tax effect of expenses not deductible for tax purposes – other expenses	32,801	23,271
Income not subject to tax	–	(28,135)
Deferred tax relating to reduction in income tax rates	–	19,597
Tax effect on rate at which deferred tax liablity is computed	–	(31,095)
Effect of proceeds on sale exceeding cost of assets	–	10,142
Taxation charge/(credit) for the year	301,123	175,079

The movement on the deferred income tax account is as follows:

	2006 $	2005 $
Balance - beginning of year	(57,495)	117,584
Effect of reduction in tax rate	–	(19,597)
Charge for the year	(301,123)	(155,482)
Balance, end of year	(358,618)	(57,495)

Notes to Financial Statements

For the year ended September 30, 2006
(expressed in Barbados dollars)

TAXATION ... CONTINUED

The deferred tax liability consists of the following components:

	2006 $	2005 $
Accelerated depreciation for tax purposes	(4,839,665)	(3,640,920)
Tax losses	3,405,198	3,410,943
	(1,434,467)	(229,977)
Deferred tax liability at corporation tax rate of 25% (2005 - 25%)	(358,618)	(57,495)

13 TAX LOSSES

	Brought forward $	Incurred/ Utilized $	Carried forward $	Expiry date $
2001	194,977	(5,746)	189,231	2010
2004	2,303,098	–	2,303,098	2013
2005	912,869	–	912,869	2014
	3,410,944	(5,746)	3,405,198	

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.

14 SHARE CAPITAL

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

Issued

	2006 $	2005 $
9,210,857 common shares issued (2005 – 4,000,000)	9,210,857	4,000,000

15 STATUTORY RESERVE FUND

	2006 $	2005 $
Balance, beginning of year	398,940	334,552
Transfer	115,825	64,388
Balance, end of year	514,765	398,940

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.

(expressed in Barbados dollars)

16 NET INTEREST INCOME

	2006 $	2005 $
Interest income		
Cash and other short term funds	49,071	16,099
Investment securities	178,741	167,472
Lease income	3,171,321	2,803,670
Loans and advances	5,287,476	2,874,682
	8,686,609	5,861,92
Interest expense		
Customers	2,964,642	1,427,109
Lease	2,519,445	2,215,935
	5,484,087	3,643,044

17 NET FEE AND COMMISSION INCOME

	2006 $	2005 $
Fees and commission income		
Credit related fees and commissions	303,898	164,709
Other commissions	46,668	366,477
Management fees	43,052	8,000
Other	6,674	7,505
	400,292	546,691
Fees and commission expense		
Dealer commissions	32,126	249,352
Other commissions	31,775	61,680
	63,901	311,032

18 NET TRADING INCOME

	2006 $	2005 $
Foreign exchange		
- transaction gains	159,111	58,200
Equities	256,148	274,602
	415,259	332,802

19 OPERATING EXPENSES

	2006 $	2005 $
Staff costs and management fees (Note 20)	1,185,598	1,128,086
Administrative expenses	1,315,215	907,070
Depreciation of fixed assets	197,140	151,615
	2,697,953	2,186,771

20 STAFF COSTS AND MANAGEMENT FEES

	2006 $	2005 $
Salaries and wages	938,310	939,689
Management fees	145,824	81,044
National insurance contributions	48,205	55,957
Pension costs:		
- defined contribution plan	15,405	17,384
Other	37,854	34,012
	1,185,598	1,128,086

21 RELATED PARTY TRANSACTIONS

The company is wholly-owned by CSGK Finance Holdings Limited, a joint venture between Cave Shepherd & Company Limited, Grace, Kennedy & Company Limited and United Insurance 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		Associated companies	
	2006 $	2005 $	2006 $	2005 $
Loans				
Loans outstanding at 1 October	14,578	12,280	–	–
Loans issued during the year	77,500	6,500	–	–
Loans repayments during the year	(16,138)	(4,200)	–	–
Loans outstanding at 30 September	75,940	14,578	–	–
Interest income earned	914	883	–	–

No provisions have been recognised in respect of loans given to related parties (2005: $Nil)

Interest is repayable at 8.75% and 10.75% per annum. The loans advanced to the directors were unsecured and will be availed by way of a demand promissory note.

(expressed in Barbados dollars)

RELATED PARTY TRANSACTIONS … CONTINUED

	Directors and key Management personnel 2006 $	2005 $	Associated companies 2006 $	2005 $
Deposits				
Deposits at 1 October	–	–	–	–
Deposits received during the year	29,700	–	5,000,000	–
Deposits repaid during the year	(4,000)	–	(1,000,000)	–
Deposits at 30 September	25,700	–	4,000,000	–
Interest expense on deposits	1,300	–	216,642	–
			2006 $	2005 $
Management fees paid to parent company	–	–	(145,824)	(166,688)

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:

	2006 $	2005 $
Income earned	38,500	–
Share holder borrowings	277,000	–
Salaries and benefits	64,446	–

During April 2006, Bds $ 277,000 was advanced to GKRS, effective October 2006 interest will be charge at a rate of 6.50%

	2006 $	2005 $
Key management compensation		
Salaries and benefits	171,900	123,504

Directors' remuneration
In 2006, the total remuneration to the directors was Bds$ 6,000 (2005 - $4,000).

22 CONTINGENT LIABILITIES AND COMMITMENTS

a) Legal proceedings
There were no legal proceedings outstanding against the company at 30 September 2006.

CONTINGENT LIABILITIES AND COMMITMENTS … CONTINUED

b) Commitments
The expected minimum operating lease income is as follows:

	2006 $	2005 $
Within one year	2,805,024	3,251,106
Later than one year and no later than five years	6,013,135	6,822,734
	8,818,159	10,073,840

The company had loan commitments of $919,300 at September 30, 2006 (2005 - $2,736,514).

23 NUMBER OF EMPLOYEES

	2006	2005
Number of employees	22	18

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 creditors.

ii) *Long-term financial assets and liabilities*
The carrying value of instalment credit debtors and customers' deposits approximates their fair value.

iii) *Investment*
The carrying value of investments approximates fair value.

Credit risk: Instalment credit debtors
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 on 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:

	2006 %	2005 %
Assets		
Short term deposits and investments	5.5	4.9
Instalment credit debtors and other financing	13.0	12.5
Liabilities		
Customer deposits	6.1	4.7

Notes to Financial Statements

For the year ended September 30, 2006
(expressed 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, 2006					
Assets					
Cash at bank	2,206,390	–	–	–	2,206,390
Term deposits	1,542,312	–	–	–	1,542,312
Due from parent and related companies	–	24,465	–	–	24,465
Instalment credit debtors	591,540	3,075,320	34,703,172	11,470,899	49,840,931
Investments	3,988,006	–	–	–	3,988,006
Property, plant and equipment	52,277	156,832	223,223	314,715	747,047
Operating lease assets	68,370	702,564	8,985,987	298,556	10,055,477
Other assets	53,997	2,924,184	–	–	2,978,181
Total financial assets	8,502,892	6,883,365	43,912,382	12,084,170	71,382,809
Liabilities					
Deposits	19,605,016	23,856,686	16,190,027	–	59,651,729
Creditors and accruals	559,271	34,383	6,644	–	600,298
Deferred taxation	–	–	358,618	–	358,618
Total financial liabilities	20,164,287	23,891,069	16,555,289	–	60,610,645
Net liquidity gap	(11,661,395)	(17,007,704)	27,357,091	12,084,170	10,772,164
At September 30, 2005					
Total assets	8,017,566	3,012,648	21,245,240	18,614,418	50,889,872
Total liabilities	11,352,429	25,750,052	8,998,248	–	46,100,729
Net liquidity gap	(3,334,863)	(22,737,404)	12,246,992	18,614,418	4,789,143

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.

26 COMPARATIVE AMOUNTS

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

SIGNIA
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