

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS

We have audited the financial statements of ANSA Secured Fund (the "Fund") for the year ended December 31, 2007, from which the summarized financial statements were derived, in accordance with International Standards on Auditing. In our report dated April 23, 2008 we expressed an unqualified opinion on the financial statements from which the summarized financial statements were derived.

In our opinion, the accompanying summarized financial statements are consistent, in all material respects, with the financial statements from which they were derived.

For a better understanding of the Fund's financial position and the results of its operations for the year ended and of the scope of our audit, the summarized financial statements should be read in conjunction with the financial statements from which the summarized financial statements were derived and our audit report thereon.

Ernst + Young

Port of Spain,
TRINIDAD:
April 23, 2008

STATEMENT OF ASSETS AND LIABILITIES AT 31ST DECEMBER, 2007

(Expressed in thousands of Trinidad and Tobago dollars)

Assets	Notes	2007 \$	2006 \$
Cash and cash equivalents	4	20,419	19,380
Available-for-sale investments	5	254,793	173,941
Interest and other receivables	6	17,324	26,599
Total assets		292,536	219,920
Liabilities			
Bank overdraft		24	755
Management fees payable		2,550	303
Trustee fees payable		164	194
Distributions payable		442	3,442
Redemptions payable		3,000	-
Other payables		152	186
Total liabilities		6,332	4,880
Net Assets attributable to unitholders		286,204	215,040
Represented by Unitholders' balances		285,772	208,718
Investment revaluation reserve		432	6,322
		286,204	215,040

These financial statements were approved by the Trustee and authorised for issue on 23rd April 2008 and signed on their behalf by:


First Caribbean International Banking & Financial Corporation Limited
Trustee

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED 31ST DECEMBER, 2007

(Expressed in Thousands of Trinidad and Tobago dollars)

Income	Note	2007 \$	16 months ended 2006 \$
Interest Income		20,003	14,746
Dividend income		16	10
Fee Income		1,990	-
Other income		209	246
Total income		22,218	15,002
Expenses			
Fees	7	3,621	2,690
Marketing expenses		327	548
Other Expenses		258	73
Total expenses		4,206	3,311
Net increase in net assets attributable to unitholders resulting from operations		18,012	11,691

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER, 2007

(Expressed in Thousands of Trinidad and Tobago dollars)

Cash flows from operating activities	2007 \$	16 months ended 2006 \$
Net increase in net assets attributable to unitholders resulting from operations	18,012	11,691
Adjustments:		
Loss on disposal of investments	147	-
Loss/ (gain) on foreign exchange	163	(38)
Income before working capital changes	18,322	11,653
Changes in assets/liabilities:		
Decrease/(Increase) in receivables	9,275	(26,599)
Increase in payables	2,183	4,125
Cash provided by/(used in) operating activities	11,458	(22,474)
Net cash flows provided by/(used in) operating activities	29,780	(10,821)
Cash flows from investing activities		
Purchase of investments	(218,827)	(220,235)
Proceeds from maturity/sale of investments	131,775	52,654
Net cash flows used in investing activities	(87,052)	(167,581)
Cash flows from financing activities		
Issue of units	103,837	212,894
Redemption of units	(27,060)	(4,176)
Distribution paid	(17,735)	(11,691)
Cash flows provided by financing activities	59,042	197,027
Net change in cash and cash equivalents	1,770	18,625
Cash and cash equivalents at the beginning of the year	18,625	-
Cash and cash equivalents at the end of the year	20,395	18,625
Represented by:		
Cash and cash equivalents	20,419	19,380
Bank overdraft	(24)	(755)
	20,395	18,625

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE YEAR ENDED 31ST DECEMBER, 2007

(Expressed in Thousands of Trinidad and Tobago Dollars)

2006	Unitholders' balances	Investment revaluation reserve	TOTAL
Balance at beginning of the period	-	-	-
Issue of units	212,894	-	212,894
Redemption of units	(4,176)	-	(4,176)
Revaluation of available for sale investments	-	6,322	6,322
Net increase in net assets attributable to unitholders	11,691	-	11,691
Distributions	(11,691)	-	(11,691)
Balance at end of the period	208,718	6,322	215,040
2007			
Balance at beginning of the period	208,718	6,322	215,040
Issue of units	103,837	-	103,837
Redemption of units	(27,060)	-	(27,060)
Revaluation of available for sale investments	-	(5,890)	(5,890)
Net increase in net assets attributable to unitholders	18,012	-	18,012
Distributions	(17,735)	-	(17,735)
Balance at end of the period	285,772	432	286,204

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2007

(Expressed in Thousands of Trinidad and Tobago dollars)

1. Description of the fund

The following brief description of the Ansa Secured Fund (the 'Fund') is provided for general information purposes only. Reference should be made to the Trust Deed and Rules of the Fund for more complete information.

General

The Fund is an open-ended mutual fund registered in Trinidad & Tobago, and established by Ansa Merchant Bank Limited (the 'Bank') under a Trust Deed dated August 28th, 2005. The Bank is the Sponsor, Investment Manager, Administrator and Distributor of the Fund.

In addition, the Bank has guaranteed 100% return of the principal invested in the Fund subject to a minimum period of investment, and a fixed minimum yield of 6% on the units held subject to a defined period of time established at the time of purchase.

The principal activity of the Fund is to provide investors having similar investment objectives the opportunity to access professional investment management in achieving maximum income returns, minimisation of risk and reasonable safety of capital.

The Trustee of the Fund is First Caribbean International Banking & Financial Corporation Limited.

2. Significant accounting policies

i) Basis of preparation

The financial statements of the Fund are prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Trinidad and Tobago dollars. These financial statements have been prepared on a historical cost basis, except for the measurement at fair value of available-for-sale investment securities.

ii) Accounting period

The Fund commenced operations on September 21, 2005. The comparative 2006 statements are for a sixteen month period ending December 31, 2006 since no financial statements were prepared for the four month period ended December 31, 2005. Approval was granted by the Securities and Exchange Commissions of Trinidad and Tobago for preparation of financial statements for the extended period in 2006.

iii) Standards in issue not yet effective

The Fund has not applied the following IFRS's and IFRIC Interpretations that have been issued but are not yet effective. These standards/interpretations either do not apply to the activities of the Fund or have no impact on its financial statements.

IAS 1	-	Presentation of Financial Statements - Revised
IAS 23	-	Borrowing Cost - Revised
IFRS 8	-	Operating Segments
IFRIC 11	-	Group & Treasury Shares Transactions
IFRIC 12	-	Service Concession Arrangements
IFRIC 13	-	Customer Loyalty Programmes
IFRIC 14	-	Benefit Asset - Minimum Funding Requirements and their Interaction

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2007
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

2. Significant accounting policies (continued)

iv) Changes in accounting policy

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31st December 2006 except for the adoption of new Standards and interpretations noted below:

IAS 1 Amendment – Capital disclosures

The amendment to IAS 1 requires the Fund to make new disclosures to evaluate the Fund's objectives, policies and processes for managing capital.

IFRS 7 Financial Instruments: Disclosures

The Fund adopted IFRS 7 as of 1st January 2007 which requires disclosures that evaluate the significance of the Fund's financial instruments and the nature and extent of risks arising from those financial instruments. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and the disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation.

IAS 32: Financial Instruments: Presentation

The Fund has elected to early adopt the amendments to IAS 32: Financial Instruments which require the Fund to classify unitholders' balances as equity rather than as a financial liability. This change better aligns the accounting treatment of transactions surrounding unitholders' balances with its commercial rationale.

The adoption of IFRS 7 and the amendments to IAS 1 and IAS 32 have not had any quantitative impact on the financial statements but have impacted disclosure requirements.

v) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short term, highly liquid investments readily convertible to known amounts of cash at hand and at bank with original maturities of three months or less and subject to insignificant risks of change in value.

vi) Financial instruments

The Fund's financial assets and financial liabilities are recognised in the Statement of Assets and Liabilities when it becomes party to the contractual obligation of the instrument. A financial asset is derecognised when the right to receive the cash flows from the asset has expired or where the Fund has transferred all the risks and rewards of ownership of the asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. All 'regular way' purchases and sales are recognised at settlement date.

vii) Investment securities

The Fund classifies its investment securities as available-for-sale. Management determines the classification of its investment securities at initial recognition.

Available-for-sale financial assets are securities intended to be held for an indefinite period of time, but may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. After initial recognition, these assets are measured at fair value based on quoted market prices where available or discounted cash flow models. Fair values for unlisted securities are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Unrealised gains and losses are reported in the investment revaluation reserve. When the securities are disposed of, the related accumulated fair value adjustments are included in other income. When securities become impaired, the related accumulated fair value adjustments previously recognised in the investment revaluation reserve are included in the Statement of Operations as an impairment expense on investment securities.

viii) Impairment

The carrying value of all the Fund's financial assets is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The identification of impairment and the determination of recoverable amounts is an inherently uncertain process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices.

In order to determine whether negative revaluations on investment securities correctly represent impairment, all investment securities for which the market value has been significantly below cost price for a considerable period of time, are individually reviewed. A distinction is made between negative revaluations due to general market fluctuations and due to issuer specific developments. The impairment review focuses on issuer specific developments regarding financial condition and future prospects, taking into account the intent and ability to hold the securities under the Fund's long term investment strategy.

ix) Fair values of financial instruments

Fair value determinations for financial assets and financial liabilities are based on bid market prices at the close of business on the balance sheet date for listed instruments. If prices are not readily available, the fair value is based on internal valuation models. These pricing models consider, among other factors, contractual and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

x) Revenue recognition

Investment income

Interest income is recognised in the Statement of Operations as it accrues, taking into account the effective yield of the asset or an applicable floating rate. Interest income includes the amortisation of any discount or premium on the constant yield basis. Investment income also includes dividends.

Interest income is accrued until the investment becomes contractually three months in arrears where the interest is suspended and then accounted for on a cash basis until the investment is brought up to date.

Other income and expenditure

Other income and expenditure are brought into account on the accruals basis.

xi) Subscriptions and redemptions

Subscriptions and redemptions are accounted for on the accruals basis. Subscriptions and redemptions to the Fund are made by investors at a price \$1,000 per unit. Units may be subscribed at a minimum initial value of \$50,000 and thereafter, the minimum amount of an additional investment is \$5,000 in value, except in the instance of reinvestment of distributions. There are no limits as to the number of units that can be subscribed or redeemed at any one time.

xii) Distributions to unitholders

Distributions to unitholders are recognised when they are ratified by the Trustees. Distributions are made quarterly and unitholders have the option to either receive a cash distribution, or to reinvest distributions into the Fund.

xiii) Taxation

Tax on distributions paid is withheld to non-resident unitholders at the rates applicable to the country in which the unit holders reside.

xiv) Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling on 31st December, 2007. All revenue and expenditure transactions denominated in foreign currencies are translated at mid-exchange rates and the resulting profits and losses on exchange from these trading activities are dealt with in the Statement of Operations.

xv) Comparative information

Certain changes in presentation have been made in these financial statements. These changes had no effect on the operating results of the Fund for the previous year.

3. Significant accounting judgments and estimates

Management has made the following judgements in its application of the Fund's policies which have the most significant effect on the amounts reported in the financial statements.

Impairment of financial assets

Management makes judgements to determine whether financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

Valuation of investments

The Fund has applied IAS 39 in its classification of investments securities which requires measurement of securities at fair value. Fair values are based on quoted market prices for the specific instrument, comparisons with other highly similar financial instruments, or the use of valuation models. Establishing valuations where there are no quoted market prices inherently involves the use of judgement and applying judgement in establishing reserves against indicated valuations for aged positions, deteriorating economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity, model risk itself and other factors.

4. Cash and cash equivalents

	2007	2006
	\$	\$
Cash at bank	2,311	1,380
Short term investments	<u>18,108</u>	<u>18,000</u>
	<u>20,419</u>	<u>19,380</u>

5. Available-for-sale investments

Government securities	19,451	10,388
State owned company securities	14,792	14,090
Corporate bonds and debentures	220,084	149,088
Quoted shares	<u>466</u>	<u>375</u>
	<u>254,793</u>	<u>173,941</u>

6. Interest and other receivables

Interest receivable	8,387	4,086
Proceeds from investment maturities and repayments	8,937	22,147
Other debtors	-	366
	<u>17,324</u>	<u>26,599</u>

7. Fees

The Investment Manager is paid from the assets of the Fund a quarterly fee, calculated on the basis of the average net asset value in that quarter pro-rated where necessary on the basis of number of days remaining or elapsed in the quarter, according to an annual rate not to exceed 2.50% on the average net asset value of the Fund.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2007
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

7. Fees (continued)

The Trustee is paid from the assets of the Fund a fee not exceeding an annual rate of 0.20% on the average net asset value and such fee shall, subject to a minimum annual fee of \$10,000 exclusive of VAT.

The following is a breakdown of the fees charged to the statement of operations:

	2007	2006
Management fees	3,247	2,415
Trustee fees	374	275
	<u>3,621</u>	<u>2,690</u>

8. Units

Authorised:
Unlimited number of units

Unit statistics

	2007	2006
Units outstanding at the beginning of the year	208,718	-
Units issued	103,837	212,894
Units redeemed	(27,060)	(4,176)
Units outstanding at the end of the year	<u>285,495</u>	<u>208,718</u>

Net asset value per unit	<u>\$1,002.48</u>	<u>\$1,030.29</u>
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9. Financial instruments

Fair values

The estimated fair values of certain financial instruments have been determined using available market information or other appropriate valuation methodologies that require judgement in interpreting market data and developing estimates. Consequently, estimates made do not necessarily reflect the amounts that the Fund would realize in a current market exchange. The use of different assumptions and/or different methodologies may have a material effect on the fair values estimated.

The fair value information is based on information available to Management as at dates presented. Although Management is not aware of any factors that would significantly affect the fair value amounts, such amounts have not been comprehensively revalued for the purposes of these financial statements since those dates and, therefore the current estimates of the fair value may be significantly different from the amounts presented herein.

(i) Short term financial assets and liabilities

The carrying amount of short term financial assets and liabilities comprising cash and cash equivalents, interest and other receivables, bank overdraft, management fees payable, distribution payable, trustee fees payable, redemptions payable and other payables are a reasonable estimate of their fair values because of the short maturity of these instruments.

(ii) Investment securities

The fair value of trading investments is based on market quotations, when available. When market quotations are not readily available, fair values are based on discounted cash flows or estimated using quoted market prices of similar investments. In the absence of a market value, discounted cash flows will approximate fair value. This process relied on available market data to generate a yield curve for each country in which valuations were undertaken, using interpolated results where there were no market observable rates.

In pricing callable bonds, where information is available, the price of a callable bond is determined as at the call date using the Yield to Worst. For bonds with irregular cash flows (sinking funds, capitalization of interest, moratoria, amortizations or balloon payments) a process of iteration using the Internal Rate of Return is used to arrive at bond values

10. Risk management

Introduction

Risk is inherent in the Fund's activities but it is managed through a process of ongoing identification and measurement and monitoring, subject to risk limits and other controls.

This process of risk management is critical to the Fund's continuing profitability. It is exposed to credit risk, liquidity risk and market risk

Role of the Trustee

The Trustee is the custodian of the Fund and their responsibility is that of safeguarding unitholders' interests. The Trustee approves all distribution of income from the Fund and ensures that the fund is externally audited every year. They also ensure that all provisions within the Prospectus are followed by the Investment Manager and all regulatory requirements are fulfilled.

Risk management structure

Ansa Merchant Bank Limited (the "Bank"), which acts as the Fund Sponsor, Distributor, Administrator and Investment Manager, is ultimately responsible for identifying and controlling risks. The Bank is also responsible for the overall risk management approach and for approving the risk strategies, principles and policies and procedures. Day to day adherence to risk principles is carried out by the executive management of the Bank in compliance with the policies approved by the Board of Directors.

Treasury management

The Fund employs the Treasury function of the Bank, which is responsible for managing the Fund assets and liabilities and the overall financial structure. The treasury function is also primarily responsible for the funding and liquidity risks of the Fund.

Credit risk management

Credit risk is the potential that a borrower or counterparty will fail to meet its stated obligations in accordance with agreed terms. It is the Fund's policy to enter into financial arrangements with a variety of creditworthy counterparties and monitor the size of the exposure to any one issuer and the duration of the investment. The Fund's exposure to credit risk is limited to the value of its investments securities portfolio. The Bank, in its capacity as Investment Manager, is responsible for identifying and controlling credit risk.

Significant changes in the economy, or in the state of a particular industry segment that represents a concentration in the Fund's portfolio, could result in losses that are different from those provided at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

The Fund structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to geographical and industry segments. Such risks are monitored on an ongoing basis, and limits on the levels of credit risk that the Fund can engage in are approved by the Board of Directors of the Bank.

Cash and cash equivalents

These funds are placed with highly rated local banks.

Currency risk

The Fund takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Bank in its capacity as Investment Manager sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Fund manages its interest rate exposure by investing in fixed and variable rate instruments.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Bank, in its capacity as Investment Manager, sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by the Bank's Treasury department.

Liquidity Risk

Liquidity risk is the risk that the Fund will be unable to liquidate positions to satisfy commitments to unitholders for redemptions due to market conditions. This is managed by maintaining an adequate position in assets with maturities of less than one year.

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Fund's investment portfolio.

The effect on equity will arise as a result of changes in the fair value of equity instruments categorised as available-for-sale.

11. Related party transactions and balances

Parties are considered to be related if one has the ability to control or exercise significant influence over the other party in making financial or operational decisions. Related party transactions are carried out at commercial terms and at market rates.

12. Capital Management

When managing capital, which is represented by Unitholders' balances, the objectives of the Fund Manager are:

- To comply with the requirements set out in the Fund's prospectus and Trust Deed
- To safeguard Fund's ability to continue as a going concern so that it can continue to provide returns for unitholders'; and
- To maintain a strong capital base to support the development of its business.

The Fund endeavours to invest the proceeds from the issue of units in appropriate investments while maintaining sufficient liquidity to meet redemptions where necessary, such liquidity being augmented by short term borrowings or disposal of investment securities where necessary.

The use of proceeds from the issue of units is monitored on a daily basis by the Fund Manager, based on guidelines set out in the Prospectus and the Trust Deed. The Fund complied with the requirements set out in the Prospectus and Trust Deed during the reported financial periods and no changes were made to the Fund's objectives, policies and processes from the previous year.