

**ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2005**

Page 21

	Notes	<u>2005</u> \$	<u>2004</u> \$
<b>INCOME</b>			
Interest - Loan & Advances and Fees		59,926,435	47,204,140
- Investments and Deposits with other Banks		18,428,619	14,965,850
<b>Total Interest Income</b>		<b>78,355,054</b>	<b>62,169,990</b>
Less: - Interest Expense		50,423,508	43,021,876
<b>Net Interest Income</b>	17	<b>27,931,546</b>	<b>19,148,114</b>
<b>Non-Interest Income</b>			
Gain on Foreign Exchange		1,943,642	1,959,852
Dividend		389,283	529,112
Service Charge		1,508,435	1,503,883
Commission		27,352,134	21,124,060
Miscellaneous		1,111,075	941,772
<b>Total Non-Interest Income</b>		<b>32,304,569</b>	<b>26,058,679</b>
<b>Operating Income</b>		<b>60,236,115</b>	<b>45,206,793</b>
<b>NON-INTEREST EXPENSES</b>			
Establishment		5,168,580	5,361,865
Loss on Marketable Securities, net		490,382	1,244,040
Communication		416,141	291,533
Staff Employment		11,754,704	9,245,395
Travelling		92,185	136,060
Stationery and Supplies		594,577	567,972
Miscellaneous		263,879	223,921
Audit Fees and Expenses		109,567	107,450
Other Finance Charges		722,644	4,180,632
<b>Total Non-Interest Expenses before Depreciation</b>		<b>19,612,659</b>	<b>21,358,868</b>
<b>Income before Taxation</b>		<b>40,623,456</b>	<b>23,847,925</b>
<b>Tax expense</b>	11	(13,503,777)	(7,160,694)
<b>Net Income for the year ended June 30</b>		<b>27,119,679</b>	<b>16,687,231</b>
<b>Earning per share</b>		<b>0.33</b>	<b>0.21</b>

## STATEMENT OF CHANGES IN EQUITY

For The Year Ended June 30, 2005

	Notes	Share Capital	Share Premium	Statutory Reserves	Loan Loss Reserves	General Reserves	Revaluation Reserves	Retained Earnings	Total Shareholders' Equity
<b>Balance at June 30, 2003</b>		81,000,000	3,877,424	23,454,749	-	22,000,000	1,908,642	12,595,353	144,836,168
- Income Tax, net		-	-	-	-	-	-	(228,491)	(228,491)
- As Restated		81,000,000	3,877,424	23,454,749	-	22,000,000	1,908,642	12,366,862	144,607,677
Deferred Credit net of tax	13	-	-	-	-	-	-	6,500,000	6,500,000
Net Income		-	-	-	-	-	-	16,687,231	16,687,231
Effect of adopting IAS 39	16	-	-	-	-	-	552,500	-	552,500
Transfer to Reserves	16	-	-	3,500,000	7,500,000	1,587,231	-	(12,587,231)	-
Dividends	20	-	-	-	-	-	-	(10,935,000)	(10,935,000)
<b>Balance at June 30, 2004</b>		<b>81,000,000</b>	<b>3,877,424</b>	<b>26,954,749</b>	<b>7,500,000</b>	<b>23,587,231</b>	<b>2,461,142</b>	<b>12,031,862</b>	<b>157,412,408</b>
- Income Tax, net		-	-	-	-	-	-	(36,147)	(36,147)
- As Restated		81,000,000	3,877,424	26,954,749	7,500,000	23,587,231	2,461,142	11,995,715	157,376,261
Net Income		-	-	-	-	-	-	27,119,679	27,119,679
Gains from changes in fair value	16	-	-	-	-	-	253,000	-	253,000
Transfer to Reserves	16	-	-	8,000,000	-	6,000,000	-	(14,000,000)	-
Dividends	20	-	-	-	-	-	-	(10,935,000)	(10,935,000)
<b>Balance at June 30, 2005</b>		<b>81,000,000</b>	<b>3,877,424</b>	<b>34,954,749</b>	<b>7,500,000</b>	<b>29,587,231</b>	<b>2,714,142</b>	<b>14,180,394</b>	<b>173,813,940</b>

The attached notes form part of these Financial Statements.

## STATEMENT OF CASH FLOW

For the year ended June 30, 2005

	Notes	<u>- 2005 -</u> \$	<u>- 2004 -</u> \$
<b>Cash flows from operating activities</b>			
Deferred Credit brought in		-	10,000,000
Operating Income before taxation		40,623,456	23,847,925
Adjustments for:			
Depreciation		1,599,965	1,817,080
Provision for losses		321,889	-
Prior year adjustments		(36,147)	(228,491)
Loss on disposal of fixed assets		57,372	35
Operating income before changes in operating assets and liabilities		<u>42,566,535</u>	<u>35,436,549</u>
<i>(Increase) decrease in operating assets:</i>			
Net loans and advances		(174,808,738)	(100,367,271)
Other accounts		(9,168,293)	(1,182,223)
<i>Increase (decrease) in operating liabilities:</i>			
Due to other banks		13,028,745	(14,929,281)
Customers' deposits		124,982,644	155,854,995
Due to subsidiaries		1,944,300	(687,648)
Deferred credit		-	(10,000,000)
Accumulated provisions, creditors, and accruals		<u>34,751,425</u>	<u>103,065,956</u>
Cash generated from operations		33,296,618	167,191,077
Income tax paid		<u>(7,984,437)</u>	<u>(9,590,257)</u>
<i>Net cash from operating activities</i>		25,312,181	157,600,820
<b>Cash flows from investing activities</b>			
Purchase fixed assets		(803,391)	(1,212,015)
Increase in special term deposits		(37,746,762)	(39,046,774)
Net movement in investment securities		(78,279)	437,559
Investment in subsidiaries		<u>19,800,000</u>	<u>(2,000,000)</u>
<i>Net cash used in investing activities</i>		(18,828,432)	(41,821,230)
<b>Cash flows from financing activities</b>			
Dividend paid	20	<u>(10,935,000)</u>	<u>(10,935,000)</u>
<i>Net cash used in financing activities</i>		<u>(10,935,000)</u>	<u>(10,935,000)</u>
<b>Net decrease/increase in cash and cash equivalents</b>		<b>(4,451,251)</b>	<b>104,844,590</b>
<b>Cash and cash equivalents at beginning of period</b>		<b><u>493,284,566</u></b>	<b><u>388,439,976</u></b>
<b>Cash and cash equivalents at end of period</b>	4	<b><u>488,833,315</u></b>	<b><u>493,284,566</u></b>