

## Regulatory Announcement

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<b>Company</b>	North American Banks Fund Ltd
<b>TIDM</b>	NAM
<b>Headline</b>	Interim Results-Replacement
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North American Banks Fund Ltd  
24 October 2006

### North American Banks Fund Limited

#### Interim Results - Correction:

The interim results for the 6 months to 30 June 2006 released on 27 September 2006 contained an error in the cash flow statement regarding the allocation between categories of the net increase in cash and cash equivalents for the period. The full corrected statement, together with a consequent additional narrative in note 6, is as follows:

Unaudited for the period 1 January 2006 to 30 June 2006

#### Investment Manager's Report

North Atlantic Value LLP acts as Investment Manager to the Company and has overall responsibility for the Company's day-to-day activities and investment decisions.

In the six months under review the Company called upon its investors for payment of the outstanding instalment of \$5.00 due and payable in relation to each of the Company's partly paid ordinary shares. Payment was received on 22 June 2006.

As at the time of writing the Company has made six investments, all of which continue to be held at cost.

1. \$4,000,000 in NHB Holdings Inc., a Jacksonville, Florida based holding company that is in the process of acquiring a Utah state chartered bank before opening later this year. Operating out of Utah and Florida, the bank will specialise in banking and mortgage services to middle market corporate relocation companies. Fellow initial investors include some of the companies the bank has targeted for banking and mortgage services.

2. \$4,000,000 in Bank of Atlanta, a traditional bank offering banking services to individuals and businesses within the Atlanta metropolitan area. The bank opened for business on 28 April 2006. Assets and deposits are growing rapidly and they are looking to open a second office before the end of the year.

3. \$2,200,000 in Mountain Commerce. The company originally participated in the seed round in November last year; we are adding to that commitment now in the Private Placement. The bank opened for business on 1 September 2006 with strong local support to exploit opportunities in the East Tennessee, Western North Carolina and Virginia banking marketplace.

4. \$1,500,000 in Trust Atlantic, a de novo bank headed by an impressive management team, capitalising on the upheaval and growth in the regional banking market of Raleigh-Durham, North Carolina.

5. \$3,420,000 in Florida Capital Group, a nationally chartered, state-wide bank committed to serving the business community of Florida.

6. \$150,000 - Texas Lone Star, a de novo bank founded by senior executives of Houston's Amegy Bank, capitalising on the disruption in the Houston and Dallas banking markets.

Deal flow has been strong since admission of the fund to AIM in June of 2005. At the time of writing, with over 55% of the fund already invested, the outlook for the rest of the year is good. The Company's current deal pipeline includes deals that will expand NABF's footprint further into Tennessee and Florida. Second round investments on current seed financed banks will also be a use of funds.

Although to date we have yet to write any of our current investments up from cost, we are satisfied with their performance. Valuation reviews occur on an ongoing basis, influencing factors at this point in the life of the investments would be follow-on financing and third party transactions. Midwest Financial Holdings, a \$1,500,000 seed investment made in July last year, is our only cause of concern. Although at the moment there is no reason to revalue from cost, it is taking longer than planned to raise the necessary capital for the private placement; we are monitoring their progress carefully.

The 30 June net asset value of a share in the Fund has moved to reflect the second instalment and ongoing expenses.

North Atlantic Value LLP  
Investment Manager  
22 September 2006

#### Income Statement

	Notes	1 Jan 2006 to 30 Jun 2006 US\$	5 May 2005 to 31 Dec 2005* US\$
Income			
Interest income		198,858	251,929
Gain on disposal of investments		-	40,841
Total income		198,858	292,770
Expenses			
Administration fees	2	55,152	58,337
Audit fees		20,844	34,416
Bank charges		1,791	1,529
Insurance		10,773	12,964
Custody fees	2	5,444	6,200
Listing fees		4,732	12,253
FT prices fees		1,454	-
Directors' fees		57,148	72,689
Disbursements		752	1,661
Investment manager fees	2	235,548	266,781
Printing costs		4,340	-

Regulatory fees		2,766	8,429
Registrar fees		38,495	28,133
Travel costs		13,270	14,607
Broker fees		13,913	15,227
Legal fees		1,096	6,155
		-----	-----
Total expenses		467,518	539,381
		-----	-----
Net loss for the period		(268,660)	(246,611)
		-----	-----
Basic and diluted earnings per share	3	(0.071)	(0.065)
		-----	-----

\* Commencement of operations 10 June 2005.

All items in the above statement are derived from continuing operations.

The accompanying notes form an integral part of the unaudited financial statements.

#### Balance Sheet

	Notes	30 June 2006 US\$	31 Dec 2005 US\$
Non-current assets			
Available for sale investments	4	16,758,503	5,558,500
Current assets			
Prepayments		9,813	11,083
Accrued interest receivable		12,434	31,252
Receivable for shares subscribed	6	50,000	19,000,000
Cash and cash equivalents		19,736,063	12,307,996
		-----	-----
		19,808,310	31,350,331
		-----	-----
Total assets		36,566,813	36,908,831
		-----	-----
Current liabilities			
Creditors	5	150,582	223,940
		-----	-----
		150,582	223,940
		-----	-----
Net assets		36,416,231	36,684,891
		-----	-----
Shareholders equity			
Share capital	6	38,000	38,000
Share premium	7	36,893,502	36,893,502
Accumulated deficit		(515,271)	(246,611)
		-----	-----

Total equity		36,416,231	36,684,891
		-----	-----
Net Asset Value per Share	8	9.58	9.65
		-----	-----

This Interim report was approved by the Board of Directors on 22 September 2006 and signed on its behalf by:

Rupert Evans James Baxter  
Director Director

The accompanying notes form an integral part of the unaudited financial statements.

#### Statement of Changes in Equity

Notes	1 Jan 2006 to 30 Jun 2006 US\$	5 May 2005 to 31 Dec 2005* US\$
Equity at 31 December 2005	36,684,891	-
Loss for the period	(268,660)	(246,611)
Issue of ordinary shares	-	38,000
Premium arising on issue of ordinary shares	-	37,962,000
Issue costs	-	(1,068,498)
	-----	-----
Equity at 30 June 2006	36,416,231	36,684,891
	-----	-----

\* Commencement of operations 10 June 2005.

The accompanying notes form an integral part of the unaudited financial statements.

#### Cash Flow Statement

Notes	1 Jan 2006 to 30 Jun 2006 US\$	5 May 2005 to 31 Dec 2005* US\$
Operating Activities		
Net loss for the period	(268,660)	(246,611)
(Increase)/Dec rease in receivables	20,088	(42,335)

Increase/(Decrease) in payables		(73,358)	223,940
		-----	-----
Cash flow from operating activities		321,930	(65,006)
Investing Activities			
Proceeds from sale of investments	4	-	17,552,000
Purchases of investments	4	(11,200,003)	(23,110,500)
		-----	-----
Cash flow from investing activities		(11,200,003)	(5,558,500)
Financing Activities			
Issue costs paid on issuance of ordinary shares		-	(1,068,498)
Shares issued		18,950,000	19,000,000
		-----	-----
Cash flow from financing activities		18,950,000	17,931,502
		-----	-----
Net increase in cash and cash equivalents at 30 June 2006		7,428,067	12,307,996
		-----	-----

\* Commencement of operations 10 June 2005.

The accompanying notes form an integral part of the unaudited financial statements.

#### Notes to the Unaudited Financial Statements

##### 1. Significant Accounting Policies

North American Banks Fund Limited is a closed-ended investment company registered and incorporated in Guernsey. The Company has been established to invest predominantly in start-up banks based in the US.

The functional currency of the Company is US dollars. These financial statements are presented in US Dollars.

##### Basis of Accounting

The unaudited financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by, or adopted by, the International Accounting Standards Board (the "IASB"), interpretations issued by the International Financial Reporting Standards Committee, applicable legal and regulatory requirements of Guernsey Law and the Listing Rules of the UK Listing Authority. The financial statements have been prepared under the historical cost convention, except for the revaluation of

certain financial instruments. The principal accounting policies are set out below. The preparation of financial statements in conformity with International Financial Reporting Standards requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

#### Fair Values of Financial Instruments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Company's Board of Directors and other key management personnel. Accordingly, upon initial recognition investments are designated by the company as 'at a fair value through profit and loss'. They are included initially at fair value, which is taken to be their cost (excluding expenses incidental to the acquisition which are written off in the Income Statement, and allocated to 'capital' at the time of acquisition). Subsequently, the investments are valued at 'fair value', which for the unlisted investments where there is not an active market, is measured using an appropriate valuation technique so as to establish what the transaction price would have been at the balance sheet date.

Gains and losses on non-current asset investments are included in the Income Statement as capital.

- For certain of the Company's financial instruments, including cash and cash equivalents, interest and other receivables and accrued expenses, the carrying amounts approximate fair value due to their immediate or short-term maturity.
- The Company holds investments in unquoted start-up banks based in certain regions of the US as part of its investment strategy. These financial instruments are held at fair value. Where fair value cannot be reliably measured, such investments will be valued at cost and will be subject to an annual impairment review. The maximum credit risk amount for these instruments is the amount at which they are included in the balance sheet at 30 June 2006.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

#### Security Transactions and Investment Income

Security transactions are recorded on the trade date. Realised and unrealised gains and losses are calculated based on specific identified cost.

#### Notes to the Unaudited Financial Statements (continued)

##### 1. Significant accounting policies (continued)

##### Other Accruals and Payables

Other accruals and payables are not interest-bearing and are stated at their nominal value.

##### Cash and Cash Equivalents

Cash in banks and short-term deposits that are held to maturity are carried at

cost. Cash and cash equivalents are defined as cash in hand and short-term deposits in banks.

#### Income

Interest income derived from cash monies is held in current and deposit accounts throughout the period and is accounted for on an accruals basis.

#### Expenses

All expenses are accounted for on an accruals basis. The Company's investment management fee, administration fees and all other expenses are charged through the Income Statement. The Company has no employees. The Directors are the only key management personnel of the Company.

#### Set-up Costs

The preliminary expenses of the Company directly attributable to the equity transaction and costs associated with the establishment of the Company that would otherwise have been avoided are taken to the share premium account.

#### Segmental Reporting

The Directors are of the opinion that the Company is engaged in a single segment of business of investing in equity investments, issued by companies operating and generating revenue in the United States, and therefore no segmental reporting is provided.

#### Taxation

The Company has obtained exempt company status in Guernsey under the terms of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 so that it is exempt from Guernsey taxation on income arising outside Guernsey and on bank interest receivable in Guernsey. The Company is, therefore, only liable to a fixed fee of £600 per annum. The Directors intend to conduct the Company's affairs such that they continue to remain eligible for exemption.

#### 2. Investment Management, Accounting and Administration, and Custodian Fee

North Atlantic Value LLP serves as the Investment Manager to the Company. Pursuant to the terms of the Investment Management Agreement, the Investment Manager is paid periodic fees, monthly in arrears, at a rate equivalent to 1.25 per cent per annum of Committed Capital.

RBSI Fund Services (Guernsey) Limited serves as the Company's custodian and is paid an annual custodian fee of 0.03% of the Net Assets of the Company payable monthly in arrears (plus transaction charges).

RBSI Fund Services (Guernsey) Limited also serves as the Company's administrator. The Administrator is entitled to a fee calculated on the basis of 0.125% of the Net Assets of the Company payable monthly in arrears, subject to an overall minimum fee of £60,000 per annum.

#### Notes to the Unaudited Financial Statements (continued)

#### 3. Basic and Diluted Earnings per Share

The basic and diluted earnings per share is based on the net loss for the period of US\$268,660 and a weighted average number of Ordinary Shares in issue during the period of 3,800,000.

#### 4. Investments

	30 June 2006 US\$	31 Dec 2005 US\$
Fair values at 31 December 2005	5,558,500	-
Additions during the period	11,200,003	23,110,500
Disposals during the period	-	(17,552,000)
	-----	-----
Fair values at 30 June 2006	16,758,503	5,558,500
	-----	-----

## 5. Creditors

	30 June 2006 US\$	31 Dec 2005 US\$
Administration fee accrual	8,955	26,024
Audit accrual	36,170	34,416
Custody fee accrual	905	1,841
Directors fee accrual	28,523	27,103
Investment fee accrual	39,041	119,726
Registrar fee accrual	33,238	-
Other payables	3,750	14,830
	-----	-----
	150,582	223,940
	-----	-----

## 6. Share Capital

	30 June 2006 No. of shares	30 June 2006 US\$	31 Dec 2005 No. of shares	31 Dec 2005 US\$
Authorised:	-----	-----	-----	-----
Ordinary shares of US\$0.01 each	100,000,000	1,000,000	100,000,000	1,000,000
	-----	-----	-----	-----
Issued and fully paid:	-----	-----	-----	-----
Ordinary shares of US\$0.01 each	3,800,000	38,000	3,800,000	38,000
	-----	-----	-----	-----

During the period the second instalment of US\$5 per share was called from Shareholders. As at 30 June 2006 the second call on 10,000 shares was still outstanding; these funds were received shortly after the period end. All other shares were fully paid up as at 30 June 2006.

## 7. Share Premium

	30 June 2006 US\$	31 Dec 2005 US\$
Balance at 31 December 2005	36,893,502	-
Premium arising on issue of equity shares	-	37,962,000
Expenses incurred on issue of equity shares	-	(1,068,498)
	-----	-----
Balance at 30 June 2006	36,893,502	36,893,502
	-----	-----

Notes to the Unaudited Financial Statements (continued)

## 8. Net Asset Value

The net asset value per ordinary share is based on net assets at the period end and on 3,800,000 ordinary shares, being the number of ordinary shares in issue at the period end.

## 9. Risk Factors

The main risks to which the Company is exposed are foreign currency, liquidity, market price, and credit risk:

### Foreign Exchange Risk

All of the Company's assets and liabilities are denominated in US dollars. For investors resident outside the United States or whose functional currency is not the US dollar, fluctuations in the value of the US dollar may affect the value of their investment.

### Liquidity and Market Price Risk

Unquoted securities, which form all of the Company's investments, will be valued at their fair value and where their fair value cannot be reliably measured such securities will be valued at cost. There can be no guarantee that any such investments will ultimately be realised at any such valuation. The company seeks to minimise this risk by close monitoring of its' investments by the Board of Directors and the Investment Manager. In addition, the unquoted nature of the Company's investments may mean that they may be difficult to realise in a timely manner or at all.

### Credit Risk

Included within current assets is US\$50,000 (31/12/2005 US\$19,000,000) receivable for shares subscribed. There is a risk that monies receivable from investors is not received, or not received on a date on which it is due to be received. The company has sought to minimise the risk of such events occurring by stating in the AIM Admission Document that any investor defaulting on payment for the Second Instalment is liable to have their Ordinary Shares forfeited, together with the First Instalment thereon.

## 10. Related Party Transactions

In the Directors' opinion there are no related party transactions to disclose in accordance with the requirements of IFRS 24.

## 11. Ultimate Controlling Party

The Directors are not aware of any ultimate controlling party.

## 12. Approval of the Financial Statements

The unaudited financial statements were approved by the Board of Directors on 22 September 2006.

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