Auditors' Report

TO THE MEMBERS OF
ST KITTS NEVIS ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

We have audited the Consolidated Balance Sheet of the Group as at 31 January 2006, and the related Consolidated Profit and Loss Account and Statements of Changes in Equity and Cash Flows for the year then ended. These Financial Statements are the responsibility of the Company's management. 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 plan and perform an audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, these Financial Statements present fairly, in all material respects, the financial position of the Group at 31 January 2006, and the results of its operations, changes in equity and its cash flows for the year then ended, in accordance with International Financial Reporting Standards except as disclosed in Note 2 (m) & (o) to the Financial Statements.

Pannell Kerr Forster

PANNELL KERR FORSTER

Chartered Accountants
Basseterre
St Kitts - West Indies

3 May 2006

Balance Sheet

AS AT 31 JANUARY 2006
(Expressed in Eastern Caribbean Dollars)

CURRENT ASSETS	NOTES	2006	2005
Cash and Short Term Investments	3	21,950,602	18,165,459
Accounts Receivable	4	56,123,451	56,141,056
Inventories and Goods in Transit	2(e)	42,570,139	35,506,198
		120,644,192	109,812,713
CURRENT LIABILITIES			
Current Loans and Bank Overdrafts	5	20,254,806	19,256,177
Accounts Payable	6	78,221,478	66,595,314
Provision for Taxation	7	4,517,858	9,061,220
		102,994,142	94,912,711
WORKING CAPITAL		17,650,050	14,900,002
INVESTMENTS	8	23,430,917	18,317,291
PROPERTY, PLANT & EQUIPMENT	9	81,670,890	84,114,967
INSURANCE STATUTORY DEPOSIT	10	635,139	585,994
GOODWILL	13 & 2 (x)	1,250,000	-
TOTAL		$124,636,996	$117,918,254
FINANCED BY:			
SHARE CAPITAL	11	26,000,000	25,000,000
RESERVES		57,394,397	53,996,817
SHAREHOLDERS' EQUITY		83,394,397	78,996,817
MINORITY INTEREST		2,556,086	2,485,522
LOANS-NON CURRENT	5	14,838,600	13,900,569
INSURANCE AND OTHER FUNDS	12	23,847,913	22,535,346
FUNDS EMPLOYED		$124,636,996	$117,918,254

The attached Notes form part of these Accounts.

D Michael Morton
Chairman

Earle A Kelly
Director

Profit and Loss Account

AS AT 31 JANUARY 2006
(Expressed in Eastern Caribbean Dollars)

	NOTES	2006	2005
TURNOVER (Note 2 (p))		166,533,345	147,191,613
Cost of Sales and Related Costs		(119,049,674)	(103,935,505)
Gross Profit		47,483,671	43,256,108
Other Operating Income		6,260,618	5,416,296
Operating Costs		(12,337,577)	(12,523,095)
Distribution Costs		(7,295,570)	(4,568,656)
Administrative Costs		(18,347,409)	(17,005,193)
Finance Costs		(3,786,680)	(3,110,771)
Other Expenses		(1,296,556)	(862,409)
Share of Results of Associated Companies		814,184	611,236
PROFIT BEFORE TAXATION		11,494,681	11,213,516
Provision for Taxation	7	(3,302,195)	(3,317,627)
PROFIT AFTER TAXATION		8,192,486	7,895,889
Minority Interest - Profit		(70,563)	(53,620)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS CARRIED TO STATEMENT OF CHANGES IN EQUITY		$8,121,923	$7,842,269
Earnings per Share (Note 14)		$1.58	$1.57

The attached Notes form part of these Accounts.

Statement of Changes in Equity

AS AT 31 JANUARY 2006
(Expressed in Eastern Caribbean Dollars)

	Share Capital	Unrealised Holding Gain	Capital Reserve	Retained Earnings	Total
Balance at 31 January 2004					
- As previously reported	25,000,000	1,509,352	4,479,323	36,990,721	67,979,396
-Prior Year Adjustments (Note 15)	-	-	-	6,595,880	6,595,880
- As Restated	25,000,000	1,509,352	4,479,323	43,586,601	74,575,276
Decrease in Reserves of Associated Companies	-	-	(446,135)	-	(446,135)
Unrealised Holding Gain - Investment (See Note 2v)	-	(425,000)	-	-	(425,000)
Transfer to Capital Reserves	-	-	21,027	(21,027)	-
Transfer from Capital Reserves	-	-	(678,850)	678,850	-
Reduction in Value of Investment	-	-	(49,593)	-	(49,593)
Net Income for the Year (Restated)	-	-	-	7,842,269	7,842,269
Dividend paid (Note 11)	-	-	-	(2,500,000)	(2,500,000)
Balance at 31 January 2005 (Restated)	$25,000,000	$1,084,352	$3,325,772	$49,586,693	$78,996,817
Balance at 31 Janaury 2005					
- As previously reported	25,000,000	1,084,352	3,325,772	41,674,940	71,085,064
- Prior Year Adjustments (Note 15)	-	-	-	7,911,753	7,911,753
- As Restated	25,000,000	1,084,352	3,325,772	49,586,693	78,996,817
Decrease in Reserves	-	-	(2,176,793)	-	(2,176,793)
Increase in Share Capital	1,000,000	-	-	-	1,000,000
Transfer to Capital Reserves	-	-	134,991	(134,991)	-
Reduction in value of investment	-	-	(10,050)	-	(10,050)
Net Income for the Year	-	-	-	8,121,923	8,121,923
Dividend paid (Note 11)	-	-	-	(2,537,500)	(2,537,500)
Balance at 31 January 2006	$ 26,000,000	$ 1,084,352	$ 1,273,920	$ 55,036,125	$ 83,394,397

The attached Notes form part of these Accounts.

Statement of Cash Flows

AS AT 31 JANUARY 2006
(Expressed in Eastern Caribbean Dollars)

CASH FLOWS FROM OPERATING ACTIVITIES	2006	2005
Income before taxation	11,494,681	11,213,516
ADJUSTMENTS TO RECONCILE NET PROFIT TO NET CASH FROM OPERATING ACTIVITIES		
Depreciation	4,498,909	3,924,935
Investment written off	124,235	-
Prior Year Adjustments	-	9,482,043
Gain on Disposal of Property, Plant and Equipment and Investments	(373,303)	(484,152)
Share of results of Associated Companies	(814,184)	(611,236)
Increase in Employment and Insurance Funds	1,312,567	(4,439,923)
Minority Interest in earnings of Subsidiaries	(70,563)	(53,620)
CHANGES IN ASSETS AND LIABILITIES		
Increase in Inventories	(7,063,941)	(638,707)
Decrease/(Increase) in Accounts Receivable	17,605	(4,821,909)
Increase in Accounts Payable	11,626,164	3,274,350
Taxation Paid	(7,845,557)	(3,434,806)
Net cash inflow from operating activities	12,906,613	13,410,491
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchased goodwill	(1,250,000)	-
Proceeds from Disposal of Investment	2,700	-
Proceeds from sale of Property, Plant and Equipment	2,779,266	1,144,795
Purchase of Property, Plant and Equipment	(7,662,795)	(7,002,248)
Purchase of Investments	(4,589,364)	(275,643)
Dividends from Associated Companies	170,144	146,333
Insurance Statutory Deposit	(49,145)	(55,942)
Net cash outflow from Investing Activities	(10,599,194)	(6,042,705)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	2,008,000	-
Increase/(Decrease) in non-current debt	938,031	(3,462,112)
Increase in current debt	998,629	189,914
Increase in Minority Interest	70,564	53,620
Dividends paid to Shareholders	(2,537,500)	(2,500,000)
Net cash inflow/ (outflow) from Financing Activities	1,477,724	(5,718,578)
Net Increase in cash and cash equivalents	3,785,143	1,649,208
Cash and cash equivalents at beginning of year	18,165,459	16,516,251
Cash and cash equivalents at end year	$21,950,602	$18,165,459

The attached Notes form part of these Accounts.

1. PRINCIPAL ACTIVITIES

St Kitts Nevis Anguilla Trading and Development Company Limited, incorporated in St Kitts, is the Parent Company of a diversified trading, manufacturing and service group. A list of subsidiary companies and their main activities is given at the end of this report.

The registered office of the company is situated at Fort Street, Basseterre, St Kitts.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting:

These consolidated financial statements are prepared on the historical cost basis modified to give effect to the revaluation of certain property, plant and equipment and available for sale financial assets.

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) except for the following areas:

- IAS 16 "Property, Plant and Equipment" which requires each part of an item of property, plant and equipment shall be depreciated separately. It is the group's policy not to provide for depreciation on the majority of its freehold and leasehold properties.

- IAS 12 "Income Taxes" requires recognition of deferred tax liabilities and deferred tax assets. No account is taken of deferred taxation in these financial statements.

b) Revenue Recognition:

The group principally derives its revenue from sales to third parties, rendering of services, interest income, dividends, premium income and rental income.

Sales to third parties:

Revenue from sale of products to third parties is recognized when the significant risks and rewards of ownership have been passed to the buyer and the amounts can be measured reliably.

Rendering of services:

Revenue is recognized in the accounting period in which the services are provided by reference to the stage of completion.

Interest income:

Interest from hire purchases is apportioned over the period in which the instalments are received, in the proportion which instalments received bear to total selling price. Other interest income is recognized as the interest accrues, unless collectibility is in doubt.

Dividend:

Dividend income is recognized when the group's right to receive payment is established.

Premium income:

For general insurance business, premium income is accounted for when invoiced, which corresponds to the date insurance cover becomes effective. Any subsequent revisions are accounted for in the year during which these occur.

For life insurance business, premium income is accounted for in the income statement on the accrual basis.

Rental income:

Rental income is accounted for on a straight-line basis over the lease term.

c) Basis of Consolidation:

The consolidated financial statements comprise the financial statements of St Kitts-Nevis-Anguilla Trading and Development Company Limited (the Company) and its controlled subsidiaries, after the elimination of all material inter-company transactions. Control is achieved where the Parent Company has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities. Subsidiaries are consolidated from the date the Parent Company obtains control until such time as control ceases.
Acquisition of subsidiaries are accounted for using the purchase method of accounting. The cost of acquisition is measured at the fair value of the assets taken up, shares issued or liabilities undertaken at the date of acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Where necessary, accounting policies have been changed to ensure consistency with the policies adopted by the group.

d) Investment in associated companies:

The Group's investment in the associates, over which the Company has significant influence but not control, is accounted for under the equity method of accounting. It is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate, less any impairment in the value. The income statement reflects the share of the results of operations of the associates.

e) Inventories and Goods in Transit:

Inventories and goods in transit are valued at the lower of cost and net realizable value, which have been applied consistently with the previous financial year.

f) Hire Purchase Transactions:

The gross profit and interest charges relating to hire purchase sales are apportioned over the period in which the instalments are received in the proportion which instalments received bear to the total selling price. Hire purchase stock is valued at hire purchase sale price less deferred gross profit and interest charges and less cash received on account. This value is not greater than cost or net realizable value and has been consistently applied over the years.

g) Policyholders' Funds

St Kitts Nevis Insurance Company Limited (SNIC), a wholly owned subsidiary, is required to set aside and maintain funds for both statutory and actuarial reasons to adequately safeguard the policyholders' interests. These funds are shown separately from the funds attributable to the shareholders and are not available for distribution. An actuary will value the long term insurance funds at intervals not exceeding five years.

h) Underwriting Profits:

Underwriting profits are on general insurance business stated after setting off reinsurance premiums and after making adequate provisions for unearned premiums, outstanding claims and claims equalization reserve.

i) Provisions for Unearned Premiums:

Provisions for unearned premiums represent the proportions of the premiums written in the period less reinsurance thereon which relate to periods of insurance subsequent to the balance sheet date and have been computed on a monthly pro rata fractional basis (the "24th's" method).

j) Outstanding Claims:

Outstanding claims comprise the estimated cost of all claims incurred but not settled at the balance sheet date, less recoveries from re-insurers. Provision is also made for claims incurred but not reported until after the balance sheet date. Differences between the provisions for outstanding claims and subsequent settlements and revisions are included in the revenue statements in the year the claims are settled.

k) Claims Equalisation Reserve:

Claims Equalisation Reserve represents annual transfers from gross premiums on fire, motor and miscellaneous business deemed necessary by the Directors to provide for unforeseen risks and catastrophes, in keeping with standard practice in the insurance industry.

l) Property, Plant and Equipment:

The Freehold and Leasehold properties were independently and professionally revalued in January 1995 at market values prevailing at that date. Properties acquired after that date have been stated at cost. Surpluses on revaluation have been taken directly to Capital Reserve. Plant and equipment are stated at cost less related accumulated depreciation.

m) Depreciation of Property, Plant and Equipment:

Depreciation is provided for at varying annual rates calculated to write off the cost of Property, Plant and Equipment other than Freehold and Leasehold Properties over their expected useful lives. It is the Group's policy not to provide for depreciation on the majority of its Freehold and Leasehold Properties because, in the opinion of Management, these assets are constantly repaired and adequately maintained in good condition and any depreciation, which may be required, would not be material. This policy, however, is not in accordance with International Accounting Standard No. 16.

n) Foreign Currencies:

All amounts are stated in Eastern Caribbean Dollars. Transactions during the year between the Group and its customers and suppliers are converted into local currencies at the rates of exchange ruling at the dates of the transactions. Differences arising therefrom are reflected in the current's year results. Assets and liabilities in foreign currencies are translated into Eastern Caribbean Dollars at the rates of exchange prevailing at the balance sheet date.

o) Taxation:

Taxation is provided for under the taxes payable method. No account is taken of Deferred Taxation because, in the opinion of Management, the application of such a method has limited significance in the context of taxation legislation and company law requirements in St Kitts-Nevis. This method is not in accordance with the International Accounting Standard No. 12.

p) Turnover:

Turnover comprise sales to third parties, commissions and gross general insurance premiums.

q) Borrowing costs:

Interest costs on borrowings are recognized as expenses in the period in which they are incurred.

r) Trade and Other Payables:

Liabilities for trade and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the group.

s) Provisions:

Provisions are recognized when the group has a present obligation (legal or constructive) as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

t) Trade and Other Receivables:

Trade receivables are recognized and carried at original invoice amounts less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

u) Use of estimates:

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

v) Investments:

Available-for-sale:

These are securities, which are not held with the intention of generating profits from market movements, and the general purpose is to hold these securities for an indefinite period.

Investments are initially recognized at cost, being the fair value of the consideration given, including acquisition charges associated with the investment. For securities where there is no quoted market price, fair value has been estimated by management at cost less amounts written off.

Investments in companies quoted on the Eastern Caribbean Securities Exchange are carried at fair value based on quoted market prices at the year end. All unrealized gains and losses on revaluation, are reported as part of shareholders' equity in the capital reserve account, until the securities are disposed of, at which time the cumulative gain or loss previously recognized in equity is included in the Profit and Loss Account.

Held to maturity:

Investments in which management has the intent and ability to hold to the fixed maturity date are classified as held to maturity and included in non current assets and carried at cost.

w) Cash and cash equivalents:

For the purpose of the cash flow statement, cash and cash equivalent comprise cash on hand and at bank.

x) Goodwill:

The period of amortisation of goodwill is yet to be determined by management.

3. CASH AND SHORT TERM INVESTMENTS

Included in cash and short term investments is an amount of $10,660,625 (2005 =$7,622,813) which respresents Government of St Kitts and Nevis and Nevis Island Administration Treasury Bills stated at cost [Face Value $10,841,000 (2005 = $7,750,000)] maturing on a quarterly basis. Interest is earned at the rate of 6.5% and 7% per annum respectively, free of tax.

4. ACCOUNTS RECEIVABLE	2006	2005
Trade Accounts Receivable	52,937,068	53,438,681
Amount due by Associated Companies	1,158,031	384,501
Other Receivables and Prepayments	2,028,352	2,317,874
TOTAL	$56,123,451	$56,141,056

5. LOANS AND BANK OVERDRAFTS	2006	2005
Overdrafts	16,567,258	15,964,758
Loans-Current Portion	3,687,548	3,291,419
OVERDRAFT/LOANS-CURRENT	$20,254,806	19,256,177
Bank and Other Loans	18,526,148	17,191,988
Less-Current Portion	(3,687,548)	(3,291,419)
LOANS-NON-CURRENT	$14,838,600	$13,900,569

Secured loans are repayable over periods varying from one (1) to ten (10) years at rates of interest varying from LIBOR + 1.5% to 10%.

Collateral:

The Group's bankers hold debentures creating fixed and floating charges and an equitable mortgage on the Group's assets, including capital of the Parent Company and certain subsidiaries amounting to approximately $41,113,000 (2005 = $33,069,000).

Non Current Loans

Amounts Payable:	
Within 2 to 5 years	13,966,499
After 5 years	872,101
	$14,838,600

6. ACCOUNTS PAYABLE	2006	2005
Customer Deposits	45,722,298	35,240,393
Trade Accounts Payable	10,337,130	9,173,842
Amount due to Associated Companies	710,312	357,651
Sundry Accounts Payable and Accrued Charges	21,451,738	21,823,428
TOTAL	$78,221,478	$66,595,314

7. PROVISION FOR TAXATION	2006	2005
Provision for Taxation		
- Current Year	3,315,535	3,318,037
- Previous Year	1,202,323	5,743,183
TOTAL	$4,517,858	$9,061,220
The Charge in the Profit and Loss Account comprises the following:		
Provision for Taxation	3,331,465	3,318,037
Sundry Over provisions	(29,270)	(410)
TOTAL	$3,302,195	$3,317,627

Income Tax re-assessments:
Management is still in the process of negotiating the Group's income tax re-assessment with the Inland Revenue Authorities. During the year's audit review, miscellaneous provisions arising in prior years were written back to income. The related income tax on these provisions have been duly paid (See Note 15).

8. INVESTMENTS AT COST AND VALUATION

a) Assiociated Companies

ST KITTS MASONRY PRODUCTS LTD		
6,500 Ordinary shares of $100 each - At Valuation	2,181,694	2,129,079
ST KITTS BOTTLING COMPANY LTD		
88,769 (2005 - 87,613) Ordinary Shares of $5 each - At Valuation	1,852,435	1,526,093
CABLE BAY HOTEL DEVELOPMENT CO LTD		
5,523 (2005=3,500) Shares of US$100 each - At Cost	1,491,210	945,000
Deposit on Shares (See Note 16 (d)(i))	73,271	137,417
MALLIOUHANA - ANICO INSURANCE CO LTD		
81,375 Shares of $10 each - At Valuation	2,274,997	1,969,125
Sub-total	7,873,607	6,706,714

b) Available for sale investments

ST KITTS-NEVIS-ANGUILLA NATIONAL BANK LTD		
500,000 Ordinary Shares of $1 each - Quoted	1,500,000	1,500,000
CARIB BREWERY (ST KITTS & NEVIS) LTD		
333,000 Ordinary Shares of $1 each - At Cost	516,151	516,151
THE BANK OF NEVIS LTD		
37,490 Ordinary Shares of $1 each - Quoted	187,450	187,450
CABLE AND WIRELESS ST KITTS-NEVIS LTD		
126,000 Shares of $1 each - At Cost		
	168,000	168,000
Sub-total Carried Forward	2,371,601	2,371,601

8. INVESTMENTS AT COST AND VALUATION (CONT'D)

	2006	2005
Brought Forward	2,371,601	2,371,601
EASTERN CARIBBEAN HOME MORTGAGE BANK		
1,064 Class D Shares of $100 each - At Cost	106,400	106,400
TRU SERV CORPORATION		
332 Units of Common Stock		
at US$100 each - At Valuation	30,150	40,200
FORTRESS CARIBBEAN PROPERTY FUND LTD		
400,000 ordinary Shares of Bds $1 each - At Cost	567,000	567,000
BANKS BARBADOS BREWERIES LTD		
3,300 Ordinary Shares of Bds $1 each - At Cost	501	501
NATIONAL BANK OF ANGUILLA LTD		
5,000 shares of no par value - At Cost	202,500	202,500
Fixed Deposits (medium term)	3,210,488	3,052,082
CARIBBEAN COMMERCIAL BANK (ANGUILLA) LTD		
Fixed deposits (medium term)	1,728,508	1,609,356
EASTERN CARIBBEAN SECURITIES EXCHANGE		
10,000 Class D Shares of $10 each fully paid	100,000	100,000
FEDERATION MEDIA GROUP - Fully paid up		
1,000 Ordinary Shares of $100 - At Cost	100,000	100,000
DO-IT-BEST CORPORATION		
20 Common shares of US$50 each - At Cost	-	2,700
HOUSING DEVELOPMENT PROJECT - At Cost	-	124,235
FIRST CARIBBEAN INTERNATIONAL BANK LTD		
100,000 shares of no par value - At Cost	284,000	284,000
CARIBBEAN SHOE MANUFACTURERS LTD (Inactive)		
175 Ordinary shares of $1,000 each	1	1
CARIBBEAN INVESTMENTS CORPORATION		
40 Ordinary Shares of $100 each (in liquidation)	1	1
WIRELESS VENTURES (ST.KITTS-NEVIS) LTD		
669 Shares of US$1,000 each- At Cost (See Note 16(d)(iii))	1,806,160	-
Sub-total	10,507,310	8,560,577

c) Held to Maturity Investments

	2006	2005
10 year Bonds maturing between 1 to 5 years:		
EASTERN CARIBBEAN HOME MORTGAGE BANK		
(5 1/2 % Interest Rate per annum)	300,000	300,000
10 year Bonds maturing after 5 years:		
EASTERN CARIBBEAN HOME MORTGAGE BANK	750,000	750,000
11th issue 300,000 (6% Interest per annum)		
13th issue 450,000 (5 1/2% Interest rate per annum)		
GOVERNEMT OF ST. KITTS-NEVIS		
(7 1/2% Interest Rate per annum)	2,000,000	2,000,000
GOVERNMENT OF ST. LUCIA		
(6 1/2% Interest Rate per annum)	2,000,000	-
	4,750,000	2,750,000
Sub-total	5,050,000	3,050,000
TOTAL INVESTMENTS	$23,430,917	$18,317,291

REAL ESTATE DEVELOPMENT

TDC Real Estate and Construction Company Ltd has commenced the construction of the first nine of thirty seven villas that will comprise the upscale Sunrise Villas development on 8.67 acres of land, overlooking the golf course, at Frigate Bay. Sales have been steady and the prospects for the success of the project are encouraging.

A housing development for middle income earners, comprising twenty one single family homes, has started on 3.25 acres of land at Conaree, owned by Conaree Estates Ltd.

The company and its local partners have succeeded in attracting a new overseas developer that has invested in the Cable Bay Hotel Development Company. The developer has taken over the execution of the project, which has been redesigned to include condominiums and a limited number of villa lots.

SOCIAL CONTRIBUTION

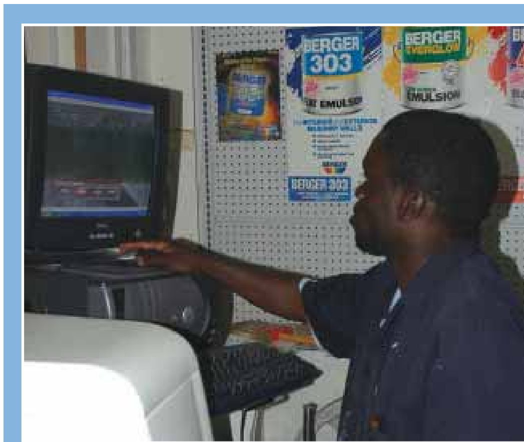
The Group continued its substantial commitment to the social development of the Federation through its active support of programs geared towards improvements in education, sports and community development. These include the Warren Tyson Scholarship Programme, in its 25th year of assisting deserving high school students, and sponsorships of the annual Inter High Schools Athletics meet and the Newtown Football Club.

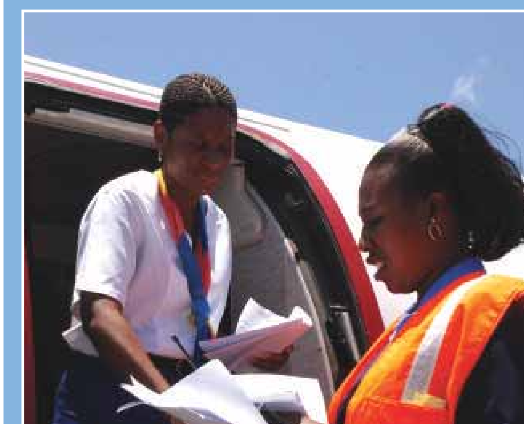
HUMAN RESOURCES

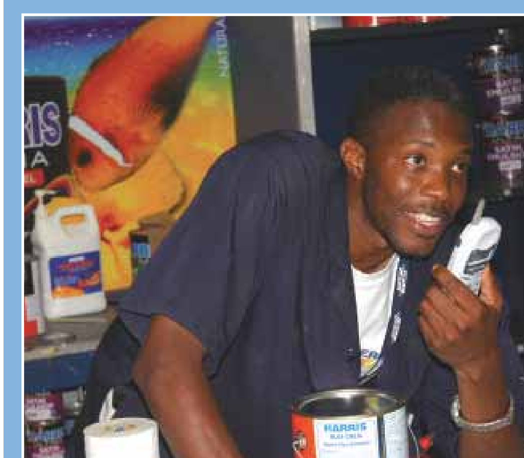
The company continues to actively encourage and assist employees to pursue studies and training at all levels. In addition, in-house programmes designed to support employee development and growth were delivered. During the year, we welcomed back several employees, who completed graduate and post-graduate studies and we look forward to their input on measures to improve our operations.

THE ECONOMY

As was the case last year, the local economy remained buoyant largely due to the vibrancy of the tourism and construction industries. The closure of the sugar industry has created several challenges for displaced workers, and in some cases – businesses. However, current and planned expansion of the hotel sector is expected to create employment opportunities.
Concern is expressed that low productivity in the construction sector and increasing levels of violent crime could hamper growth in tourism development and in the economy in general.







10 INSURANCE STATUTORY DEPOSIT

In accordance with the Insurance (Amendment) Act Section 17 (b), all registered Insurance Companies are required to maintain a statutory deposit with the Accountant General. The amount of $635,139 (2005 = $585,994) was therefore deposited by St Kitts Nevis Insurance Company Limited in compliance with this legislation requirement.

11. SHARE CAPITAL

11. SHARE CAPITAL	2006	2005
Authorised		
100,000,000 Ordinary Shares of $5 each (2005 = 5,000,000)	$500,000,000	$25,000,000
Issued and Allotted		
5,200,000 Ordinary Shares of $5 each (2005 = 5,000,000)	$26,000,000	$25,000,000

Increase in Share Capital:
In an extraordinary General Meeting of Shareholders held on 16 June 2005, the company passed a resolution to increase its Authorised Share Captial from $25,000,000 to $500,000,000.

Dividends:
In accordance with the Company's Articles of Association, dividends are prorated on the basis of the amounts paid on application and on calls, having regard to the number of months during the year for which the amounts were paid.

During the year ended January 31, 2006, an interim dividend of 25 cents (2005 = 25 cents) per ordinary share amounting to $1,287,500 (2005 = $1,250,000) was paid.

In addition a further dividend of 30 cents per ordinary share amounting to $1,545,000 in respect of 2006 has been proposed by the Directors. In accordance with the revised IAS 10 - "Events after the Balance Sheet date," this proposed dividend is not recognised as a liability at January 31, 2006 but will be accounted for as an appropriation of the Reserves in the year ending January 31, 2007.

12. INSURANCE AND OTHER FUNDS

12. INSURANCE AND OTHER FUNDS	2006	2005
Insurance Funds	19,620,367	18,609,488
Employee Benefit Funds	2,156,640	2,087,516
Policyholders' Funds	2,070,906	1,838,342
TOTAL	$23,847,913	$22,535,346

13. GOODWILL

The Goodwill of $1,250,000 represents the excess of the cost of acquisition over the net tangible assets acquired on the purchase of The City Drug Store Limited on 30 April 2005. The period of amortisation of this intangible assets has not yet been determined by the Directors.

14. EARNINGS PER SHARE

Basic earnings per share is computed by relating profit attributable to ordinary shareholders to the weighted average number of ordinary share units outstanding during the year.

14. EARNINGS PER SHARE	2006	2005
Net Income for the year	$8,121,923	$7,842,269
Weighted average number of ordinary shares in issue - basic	5,150,000	5,000,000
Basic earnings per share	$1.58	$1.57

15. PRIOR YEAR ADJUSTMENTS

Prior year adjustments comprise the following:

	2006	2005
Miscellaneous provisions written back to Reserves	10,042,468	11,453,372
Deferred Tax - Associated Company	(216,174)	(204,856)
Taxation re-assessments and related tax on write back of provisions	(1,914,541)	(4,652,636)
TOTAL	$7,911,753	$6,595,880

16. CONTINGENT LIABILITIES AND COMMITMENTS

a) The Company is committed for call on the unpaid portion of shares in its wholly-owned subsidiary, St Kitts Nevis Insurance Company Limited, in the amount of $500,000 (2005 = $500,000) and $70,000 in respect of TDC Tours Limited (2005 = $70,000);

b) At 31 January 2006, the Parent Company guaranteed bank loans and overdrafts on behalf of subsidiary companies totalling $4,600,000 (2005 = $4,100,000);

c) At 31 January 2006, commitments in respect of open Letters of Credit established in the normal course of business amounted to $1,826,088 (2005 = $3,605,194);

d) The Company is committed to the following projects:

i) investment in Cable Bay Development Hotel project for an additional amount of $5,480,102 (2005=$5,962,166);

ii) construction of Fort/ Central Street project for a contract price of $6,000,000 which is expected to be completed by February 2007. An amount of $753,699 has been expended at year end; and

iii) investment in Wireless Ventures (St. Kitts-Nevis) Limited for an additional amount of US $300,000 (EC $810,000) (See Note 8 (b))

e) As explained earlier under Note 7, Management is still in the process of negotiating the group's Income Tax re-assements with the Inland Revenue Authorities. At this stage, it cannot be determined what additional amounts, if any, will become payable for the tax periods under re-assessment.

f) Pending Litigation

A claim has been made by a guest staying by a subsidiary company. This claim has not been quantified and has been referred to the company's insurers.

17. TDC REAL ESTATE AND CONSTRUCTION LIMITED

Construction on nine (9) of the thirty seven (37) villas at Sunrise Hill - Frigate Bay, St. Kitts has commenced The Project is expected to be completed by July 2010. It's estimated to cost $6,750,000 (US $2,500,000) of which $2,169,575 was expended at year end. The Company has been granted a five year tax holiday in respect of this development.

18. FINANCIAL INFORMATION BY SEGMENT

	REVENUE		PRE-TAX PROFIT	
SEGMENT	2006	2005	2006	2005
General Merchants and Shipping	134,055,630	114,657,525	5,306,945	4,667,710
Insurance and Finance	12,641,248	12,205,181	3,383,040	2,530,614
Rentals, Airlines Agencies and Hotel	19,660,654	19,469,106	1,887,376	3,122,223
Real Estate	175,813	859,801	103,136	281,733
	$166,533,345	$147,191,613	$10,680,497	$10,602,280

	ASSETS		LIABILITIES	
SEGMENT	2006	2005	2006	2005
General Merchants and Shipping	109,228,452	106,845,726	62,397,965	56,593,937
Insurance and Finance	75,191,179	65,383,352	72,695,736	64,932,243
Rentals, Airline Agencies and Hotel	38,441,383	37,835,200	8,159,089	11,602,559
Real Estate	4,770,124	2,766,687	983,951	705,409
	$227,631,138	$212,830,965	$144,236,741	$133,834,148

	ADDITIONS TO PROPERTY, PLANT & EQUIPMENT		DEPRECIATION	
SEGMENT	2006	2005	2006	2005
General Merchants and Shipping	4,192,039	2,628,240	1,893,490	1,908,567
Insurance and Finance	26,050	392,215	147,170	162,166
Rentals, Airline Agencies and Hotel	3,444,706	3,981,793	2,458,249	1,854,202
	$7,662,795	$7,002,248	$4,498,909	$3,924,935

19. FINANCIAL INSTRUMENTS

a) Interest Rate Risk
Interest rates and terms of borrowing are disclosed in Note 5.

b) Credit Risk
The Group sells products and provides services to customers primarily in St. Kitts - Nevis. The Group performs on-going credit evaluation of its customers and counterparties and provisions are made for potential credit losses.

c) Fair values
The carrying amounts of the following financial assets and liabilities approximate their fair value: cash and bank balances, investments, short-term deposits, accounts receivable, accounts payable, loans and long-term liabilities.

d) Currency Risk
Substantially all of the Group's transactions and assets and liabilities are denominated in Eastern Caribbean Dollars and United States Dollars. Therefore, the Group has no significant exposure to currency risk.

20. APPROVAL OF ACCOUNTS

The Accounts were approved by the Board of Directors and authorised on 13 May 2006.

21. COMPARATIVE INFORMATION

Where neccessary comparative information has been restated to conform with changes in presentation in the current year. These changes have no effect in the reported profit attributable to shareholders in the previous year.

TDC GROUP OF COMPANIES - SUBSIDIARY COMPANIES

TDC GROUP OF COMPANIES - SUBSIDIARY COMPANIES

(Wholly-owned and resident in St. Kitts-Nevis
except where otherwise stated)

GENERAL TRADING:
TDC Nevis Ltd
City Drug Store (2005) Ltd.

RENTAL AND HIRE PURCHASE:
TDC Rentals Ltd
TDC Rentals (Nevis) Ltd

INSURANCE AND REINSURANCE:

St. Kitts Nevis Insurance Co Ltd (SNIC)
SNIC (Nevis) Ltd
East Caribbean Reinsurance Co Ltd - 80% (Anguilla)

FINANCE:
St. Kitts Nevis Finance Co Ltd (FINCO)
Mercator Caribbean Trust Company Ltd - 51%

AIRLINE AGENTS AND TOUR OPERATORS:
TDC Airline Services Ltd
TDC Airline Services (Nevis) Ltd
TDC Tours Ltd

REAL ESTATE DEVELOPMENT:
TDC Real Estate and Construction Ltd
Conaree Estates Ltd
Dan Dan Garments Ltd

HOTEL OPERATOR:
Ocean Terrace Inn Ltd
OTI Pieces of Eight Ltd
Pelican Cove Marina Ltd
} 91.88%

SHIPPING SERVICES:
Sakara Shipping NV- (Tortola, BVI)

ASSOCIATED COMPANIES:
(Holding between 20% and 50%)
BLOCK MANUFACTURING AND READY MIX CONCRETE:
St. Kitts Masonry Products Ltd - 50%

MANUFACTURERS OF AERATED BEVERAGES:
St. Kitts Bottling Co Ltd
Antillean Beverages Ltd
} 44.38%

INSURANCE:
Malliouhana Anico Insurance Co Ltd - 25% (Anguilla)

HOTEL DEVELOPMENT
Cable Bay Hotel Development Co Ltd -36 %