



# Beautify Preserve Secure



Annual Report  
2007



# Mission --- Statement

TDC is fully Committed to Total Customer Satisfaction; Employee Excellence through Participation & Training to provide Maximum Benefits for Shareholders while Contributing meaningfully to the Economic, Social & Cultural Advancement of our Nation



**NO PAYMENT**  
UNTIL EASTER 2007  
**HIRE PURCHASE TODAY**  
**TES**  
HOME & BUILDING DEPOT

Preparing for the  
**TES**

**DODGE**  
PLATINUM

TES



Lobster  
Chicken  
Fish  
Steak  
and more

**FISHERMAN'S WHARF**  
"The Best Catch is Here!"  
Fresh Seafood • 481.7734

WINE & DINE  
SUN & MAY  
KILN BQ



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# Corporate Information



D. Michael  
Morton

Chairman, Executive Director



Austin V.  
DaSilva

Executive Director



Earle A.  
Kelly

B.A., M.B.A.

Executive Director



Nicolas N.  
Menon

B.Sc., M.B.A.

Executive Director



Ernie  
France

B.A.

Executive Director



Jacques A. C  
Cramer

Marketing Consultant



Kenneth N.  
Kelly

Non- executive Director



B. Michael  
King

C.S.M., O.B.E.

Management Consultant



Myrna R.  
Walwyn

B.Sc., M.A., Dip. Law

Legal Counsel



Charles L. A.  
Wilkin

Q.C., M.A. (Cantab.)

Legal Counsel



Melvin  
Edwards

B.A., M.Sc.

Non- executive Director



Clive E. R.  
Ottley

M.B., B.S. (Lond) F.R.C.O.G.

Non- executive Director



Maritza S.  
Bowry

B.Sc., M.B.A.

Company Secretary

Bankers

FirstCaribbean International Bank (Barbados) Ltd.  
St. Kitts Nevis Anguilla National Bank  
Royal Bank of Canada  
The Bank of Nova Scotia

Registered Office

Fort Street, Basseterre, St. Kitts



# Notice of Meeting

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Notice is hereby given that the 34<sup>th</sup> Annual General Meeting of the St. Kitts Nevis Anguilla Trading and Development Company Limited will be held at the Pereira Conference Room, Ocean Terrace Inn, Fortlands, Basseterre, St. Kitts, on Tuesday 17 July, 2007 at 5.00 p.m.

## AGENDA

1. To receive the Report of the Directors
2. To receive and consider the Financial Statements for year ended 31 January 2007
3. To receive and consider the Report of Auditors thereon
4. To declare a final Dividend
5. To elect Directors to replace those retiring by rotation and to confirm appointment of new Director
6. To appoint Auditors and to authorize the Directors to fix their remuneration for the ensuing year

## BY ORDER OF THE BOARD

Maritza Bowry  
Company Secretary

15 June, 2007

A member entitled to attend and vote is entitled to appoint one or more Proxies to attend, and on a poll, to vote instead of him/her. A Proxy need not be a member of the Company. A form of proxy is enclosed. Proxies must reach the Company Secretary not less than 24 hours prior to the Annual General Meeting.





Opening the doors to the new  
Cidty Drug Store (2005) Ltd.

# Directors', Report



In its thirty fourth year of operations, the Company again delivered good results. After minority interests and taxation, Net Income for the year totaled **\$7,720,306** compared to **\$8,213,981** last year, which was restated. An interim dividend of 5 1/2% (27.5 cents per share) was paid in January 2007. The Board now recommends a final dividend of another 5 1/2% (27.5 cents per share), making the total dividend 11% (55 cents per share) for the year, amounting to a payout of **\$2,860,000.00**.

During the year, negotiations with the Inland Revenue Department resulted in the resolution of the income tax re-assessment of all but one Group company for which discussions continue.

## PERFORMANCE REVIEW

### TRADING

Our Automotive Divisions extended the trend that started last year with the growing interest in and demand for the new Toyota and Suzuki models which have remained local market leaders. Both divisions produced good results. The Home and Building Depots had improved performances in both sales and profits mainly as a result of sustained activities in the construction industry. The Business Equipment and Stationery business in St Kitts experienced reduced profits but the Nevis operations generated losses, after earning a small profit last year.

In its first full year as a member of the Group, City Drug Store (2005) Ltd exceeded budgets and produced a stellar performance in terms of sales and profitability.

### SERVICES

The Shipping Agencies produced good overall results for the year as the tonnage handled and ancillary service business experienced appreciable increases.

TDC Rentals Ltd and TDC Rentals (Nevis) Ltd. Partly due to an Accounting change, the auto rentals businesses generated slightly improved results. However, continuing the trend of recent years, the hire purchase sales declined. Management has taken steps to stem the decline in hire purchase sales and already there are signs of positive results.

## FINANCE & INSURANCE

St. Kitts and Nevis Finance Company Ltd.(FINCO) was able to compete quite effectively with the other more established financial institutions on the local market. Its loan portfolio increased by 23 percent and customers' deposits by over 10 percent. These gains helped the company to generate an impressive increase in its net profit.

### St.Kitts Nevis Insurance Company Limited

The results for the year were disappointing especially since there were no major loss events. Overall, the claims experience improved compared to last year. We again appeal to the government to reconsider its policy to allow only 5% of Net Written Premiums for Claims Equalization Reserves. We are concerned at the increasing number of motor vehicle accidents and will continue to urge greater emphasis on road safety.

## TOURISM

**Ocean Terrace Inn** - Higher guest occupancies and better average room rates helped the company to generate a small net profit this year. However, the high maintenance and utilities costs are making it difficult to remain profitable.

**TDC Airline Services Limited**, This business has returned to profitability mainly because of increased revenues from aircraft handling, commissions from our new sub-agency arrangements with GraceKennedy Remittance Services, agents for Western Union, and reduced operating expenses.

Two of the airlines that **TDC Airline Services Nevis Ltd.** handles reduced flights during the year. These reductions contributed to the losses that resulted, despite the new Western Union business. Management has been aggressively exploring new avenues through which the business may return to profitability.

**TDC Tours** had a difficult year as the volume of business at the Marriott Resort and with the cruise ships fell. Subsequent to the year end, the company's lease arrangements at the Marriott Resort were terminated.

## ASSOCIATED COMPANIES

**St Kitts Bottling Company Ltd.** Excluding the effect of an accounting change, the company recorded slightly reduced net income. Throughout the year, a shortage of returnable bottles hampered the company's production and sales efforts. The new state of the art PET plant, mentioned in last year's report, has arrived and has been installed and commissioned. We are confident that the large investment in the new plant, the related infrastructure and staff re-training will generate the returns budgeted by management.

**St Kitts Masonry Products Ltd** made substantial gains in its net income compared to last year's performance. Increased activities in the construction sector and the local availability of more reliable and cost effective sources of raw materials contributed to the company's bottom line.

**MAICO**, our associated insurance company in Anguilla, continued to be a significant contributor to the company.

## CAPITAL PROJECTS

The re-development of the company's properties at Central and Fort Streets, Basseterre has been completed. They are already partially occupied by our Business Equipment Department, City Drug Store and several shops. Interest is strong in rental of other spaces in the premises.

The construction of a modern vehicle showroom at the Automotive Division at the C.A.Paul Southwell Industrial Site, St. Kitts did not materialize during the year, as planned. However, management will work assiduously to ensure that this project is executed this year.

## REAL ESTATE DEVELOPMENT

**TDC Real Estate and Construction Company Ltd** continued the construction of the first ten of thirty eight villas at the Sunrise Villas development, overlooking the golf course, at Frigate Bay. This first phase has been completely sold out and preparations for the commencement of the second phase are being made.

The first two of the twenty one single family homes, planned for construction at Conaree, by **Conaree Estates Ltd** have been sold. Construction of additional homes is ongoing and the interest has been encouraging so far.

**Cable Bay Hotel Development Company**. Construction of this company's villa and condominium development at Frigate Bay, called Oceans Edge, has finally started after many years of planning.

The Company has invested in **Newfound Pinneys Limited**, a company that recently acquired over 500 acres of prime land located adjacent to the Four Seasons Resort in Nevis. The owners plan to develop a five star resort on the site, including a hotel, spa, tennis village and villas.

## 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, which has assisted almost two hundred deserving high school students since its establishment in 1981 and the sponsorships of the annual Inter High Schools Athletics meet and the Newtown Football Club.

## HUMAN RESOURCES

The company actively encourages and assists employees to pursue studies and training at all levels in addition to the delivery of in-house programmes designed to support employee development and growth. During the year, seven employees commenced university and professional studies, with the financial support of the company. This brings the number of employees currently being supported through the company's Michael King Advanced Education Scholarship Programme to sixteen. We anxiously await the graduation of these students and look forward to their input in the future growth of the Group and the Federation.

## THE ECONOMY

The local economy experienced growth last year largely as a result of construction and other activities on St. Kitts related to the preparations for the Cricket World Cup and the construction of several villa and condominium projects and expansion work at the Medical University of The Americas on Nevis. While there was a small increase in stay over visitors, both the number of cruise vessels and passengers declined.

We continue to be very concerned about the increasing levels of violent crime and its potential impact on tourism development, investor confidence, the economy and the safety and welfare of citizens.

## STATUTORY REPORT

The Directors have pleasure in submitting their Report and Audited Accounts for the year ended January 31, 2007.

	<u>2007</u>	<u>2006</u>
Profit for the year, after providing for Taxation	\$7,720,306	\$8,213,981
The Board recommends a total Dividend of 11% free of tax (2006 –11%)	<u>\$2,860,000</u>	<u>\$2,832,500</u>
Retained Earnings	<u>\$4,860,306</u>	<u>\$5,381,481</u>

In accordance with Article 99 of the Articles of Association, D.Michael Morton, Austin V DaSilva and Nicolas N Menon retire and, being eligible, offer themselves for re-appointment.

In accordance with Article 106 of the Articles of Association, Mr. Ernie France, General Manager of the company's operations in Nevis was appointed to the Board of Directors on January 18<sup>th</sup>, 2007. Mr. France's appointment is being presented for confirmation.

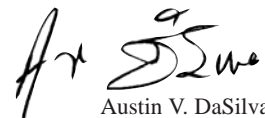
One of the company's founding directors, Mr Michael King has decided to retire from the Board of Directors, effective July 31st, 2007. The Board expresses its profound thanks and appreciation to him for his invaluable contribution to the Group and the Federation's private sector over the years. We will miss his wise counsel and wish him a long and happy retirement.

In closing, the Board wishes to thank all its employees for their unwavering loyalty and commitment. We also take this opportunity to recognize the support of our shareholders and the patronage of our customers as we continue to promote our motto:

TDC for Service  
TDC for Quality  
TDC your Company



D. Michael Morton  
Chairman



Austin V. DaSilva  
Director



Warren Tyson  
Memorial Scholarship Plaque unveiled.



# Financial Information

Year to					
31st January	2003	2004	2005	2006	2007
Net Interest Expense	1,241,355	1,910,437	659,034	1,031,638	2,567,795
Depreciation	3,154,541	3,599,151	3,924,935	4,498,909	4,574,322
Pre-Tax Profit	*7,951,861	*8,625,121	*11,213,516	*11,527,750	11,700,510
Corporation Tax	1,711,663	2,588,904	3,317,627	*3,313,769	3,980,204
Dividends	2,250,000	2,250,000	2,500,000	2,832,500	2,860,000
Retained Income	4,093,302	3,735,834	5,342,269	*5,381,481	4,860,306
Shareholders' Funds	61,206,898	67,016,481	78,996,817	*95,400,167	100,066,090

\* Restated

# Report of the Auditors



## TO THE SHAREHOLDERS OF ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

We have audited the accompanying Consolidated Financial Statements of St Kitts-Nevis-Anguilla Trading and Development Company Limited and its Subsidiaries ('the Group') which comprise the Consolidated Balance Sheet as at 31 January 2007, and the Consolidated Profit and Loss Account, Consolidated Statement of Changes in Equity and Consolidated 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 above 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for 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 Consolidated Financial Statements give a true and fair view of the financial position of the Group as of 31 January 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards except as disclosed in Notes 2(m) and (o) to the Consolidated Financial Statements.

Handwritten signature of Russell Kern Foster

Chartered Accountants:  
BASSETERRE – ST KITTS  
8 June 2007



# Consolidated Balance Sheet

As at 31 January 2007  
(Expressed in Eastern Caribbean Dollars)

CURRENT ASSETS	NOTES	2007	2006
Cash and Short Term Investments	3	25,869,403	21,950,602
Accounts Receivable	4	60,970,212	56,123,451
Inventories and Goods in Transit	2(e)	65,632,657	59,172,840
		<u>152,472,272</u>	<u>137,246,893</u>
<b>CURRENT LIABILITIES</b>			
Current Loans and Bank Overdrafts	5	25,804,646	20,254,806
Accounts Payable	6	92,008,874	78,221,478
Provision for Taxation	7	7,053,660	12,254,080
		<u>124,867,180</u>	<u>110,730,364</u>
WORKING CAPITAL		27,605,092	26,516,529
INVESTMENTS	8	29,408,013	23,430,917
PROPERTY, PLANT & EQUIPMENT	9	87,864,984	81,670,890
INSURANCE STATUTORY DEPOSIT	10	676,282	635,139
GOODWILL	13 & 2 (s)	1,250,000	1,250,000
TOTAL		<u>\$146,804,371</u>	<u>\$133,503,475</u>
<b>FINANCED BY:</b>			
SHARE CAPITAL	11	26,000,000	26,000,000
RESERVES		74,066,090	69,400,167
		100,066,090	95,400,167
MINORITY INTEREST		2,661,195	2,556,086
TOTAL EQUITY		102,727,285	97,956,253
LOANS-NON CURRENT	5	20,151,410	14,838,600
INSURANCE AND OTHER FUNDS	12	23,925,676	20,708,622
FUNDS EMPLOYED		<u>\$146,804,371</u>	<u>\$133,503,475</u>

Approved by the Board of Directors on the 16 day of June, 2007

The attached Notes form an integral part of these Consolidated Financial Statements.

D Michael Morton  
Chairman

Earle A Kelly  
Director



# Consolidated Profit and Loss Account



For the year ended 31 January 2007  
(Expressed in Eastern Caribbean Dollars)

	NOTES	2,007	2,006
TURNOVER (Note 2 (p))		190,520,261	166,533,345
Cost of Sales and Related Costs		<u>(141,464,256)</u>	<u>(119,016,605)</u>
Gross Profit		49,056,005	47,516,740
Other Operating Income		7,703,323	6,260,618
Operating Costs		<u>(13,232,530)</u>	<u>(12,337,577)</u>
Distribution Cost		<u>(5,240,610)</u>	<u>(7,295,570)</u>
Administrative Costs		<u>(21,479,481)</u>	<u>(18,347,409)</u>
Finance Cost		<u>(5,122,972)</u>	<u>(3,786,680)</u>
Other Expenses		<u>(1,255,267)</u>	<u>(1,296,556)</u>
Share of Results of Associated Companies (Net)		<u>1,272,042</u>	<u>814,184</u>
PROFIT BEFORE TAXATION		11,700,510	11,527,750
Income Tax Expense	7	<u>(3,980,204)</u>	<u>(3,313,769)</u>
PROFIT FOR THE YEAR		<u>\$7,720,306</u>	<u>\$8,213,981</u>
Attributable to:			
Equity holders of the Parent		7,615,197	8,143,418
Minority Interest		<u>105,109</u>	<u>70,563</u>
		<u>\$7,720,306</u>	<u>\$8,213,981</u>
Basic Earnings Per Share (See Note 14)		<u>\$1.48</u>	<u>\$1.59</u>

The attached Notes form an integral part of these Consolidated Financial Statements



# Consolidated Statement of Changes in Equity

For the year ended 31 January 2007  
(Expressed in Eastern Caribbean Dollars)

	Share Capital	Unrealised Holding Gain	Capital Reserve	Retained Earnings	Total	Minority Interest	Total Equity
Balance at 31 January 2005							
- As previously reported	25,000,000	1,084,352	3,325,772	41,674,940	71,085,064	2,485,523	73,570,587
- Prior Year Adjustments (Note 15)	-	-	-	19,896,028	19,896,028	-	19,896,028
- As Restated	25,000,000	1,084,352	3,325,772	61,570,968	90,981,092	2,485,523	93,466,615
Increase in Reserves	-	-	(2,176,793)	-	(2,176,793)	-	(2,176,793)
Increase in Share Capital	1,000,000	-	-	-	1,000,000	-	1,000,000
Transfer to Capital Reserves - Associated companies	-	-	134,991	(134,991)	-	-	-
Reduction in value of investment	-	-	(10,050)	-	(10,050)	-	(10,050)
Net Income for the year (Restated)	-	-	-	8,143,418	8,143,418	70,563	8,213,981
Dividend paid	-	-	-	(2,537,500)	(2,537,500)	-	(2,537,500)
Balance at January 31 2006 Restated	<u>\$26,000,000</u>	<u>\$1,084,352</u>	<u>\$1,273,920</u>	<u>\$67,041,895</u>	<u>\$95,400,167</u>	<u>\$2,556,086</u>	<u>\$97,956,253</u>
Balance at January 31 2006							
- As previously reported	26,000,000	1,084,352	1,273,920	55,036,125	83,394,397	2,556,086	85,950,483
- Prior Year Adjustments (Note 15)	-	-	-	12,005,770	12,005,770	-	12,005,770
- As Restated	26,000,000	1,084,352	1,273,920	67,041,895	95,400,167	2,556,086	97,956,253
Transfer to Capital Reserves - Associated Companies	-	-	163,150	(163,150)	-	-	-
Increase in Reserves	-	-	-	49,504	49,504	-	49,504
Reduction in value of investment	-	-	-	(23,778)	(23,778)	-	(23,778)
Net income for the year	-	-	-	7,615,197	7,615,197	105,109	7,720,306
Dividend paid	-	-	-	(2,975,000)	(2,975,000)	-	(2,975,000)
Balance at 31 January 2007	<u>\$26,000,000</u>	<u>\$1,084,352</u>	<u>\$1,437,070</u>	<u>\$71,544,668</u>	<u>\$100,066,090</u>	<u>\$2,661,195</u>	<u>\$102,727,285</u>

The attached Notes form an integral part of these Consolidated Financial Statements

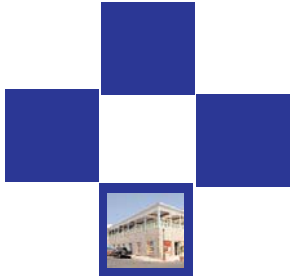
# Consolidated Statement of Cash Flows



For the year ended 31 January 2007  
(Expressed in Eastern Caribbean Dollars)

CASH FLOWS FROM OPERATING ACTIVITIES	2007	2006
Income before taxation	11,700,510	11,527,750
<b>ADJUSTMENTS TO RECONCILE NET PROFIT TO NET CASH FROM OPERATING ACTIVITIES</b>		
Depreciation	4,574,322	4,498,909
Gain on Disposal of property, plant and equipment	(223,736)	(373,303)
Investment Written off	-	124,235
Share of results of Associated Companies	(1,272,042)	(814,184)
Increase in Employment and Insurance Funds	3,217,054	(1,826,723)
Minority Interest in earnings of Subsidiaries	(105,109)	(70,563)
Prior year adjustments	-	19,708,923
	17,890,999	32,775,044
Increase in Inventories	(6,459,817)	(23,666,643)
Decrease/(Increase) in Accounts Receivable	(4,846,761)	17,605
Increase in Accounts Payable	13,787,396	11,626,164
Taxation Paid	(9,180,624)	(7,845,557)
Net cash inflow from operating activities	11,191,193	12,906,613
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of Property, Plant and Equipment	726,369	2,779,266
Purchase of Property, Plant and Equipment	(11,271,050)	(7,662,795)
Purchase of Investments	(4,960,702)	(4,589,364)
Dividends from Associated Companies	281,375	170,144
Proceed from disposal of investment	-	2,700
Insurance Statutory Deposit	(41,143)	(49,145)
Goodwill purchased	-	(1,250,000)
Net cash outflow from Investing Activities	(15,265,151)	(10,599,194)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in non-current debt	5,312,810	938,031
Increase in current debt	5,549,840	998,629
Increase in Minority Interest	105,109	70,564
Proceeds from issue of shares	-	2,008,000
Dividends paid to Shareholders	(2,975,000)	(2,537,500)
Net cash inflow/ (outflow) from Financing Activities	7,992,759	1,477,724
Net Increase in cash and cash equivalents	3,918,801	3,785,143
Cash and cash equivalents at beginning of year	21,950,602	18,165,459
Cash and cash equivalents at end of year	25,869,403	21,950,602

The attached Notes form an integral part of these Consolidated Financial Statements



# Notes to the Consolidated Financial Statements

## 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 consolidated 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.



# Notes to the Consolidated Financial Statements

For the year ended 31 January 2007  
(Expressed in Eastern Caribbean Dollars)

## 3. CASH AND SHORT TERM INVESTMENTS

Included in cash and short term investments is an amount of \$10,718,625 (2006 –\$10,660,625) which represents Government of St Kitts and Nevis and Nevis Island Administration Treasury Bills stated at cost [Face Value \$10,900,000(2006 = \$10,841,000)] 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	2007	2006
Trade Accounts Receivable	55,904,675	52,937,068
Amount due by Associated Companies	1,157,636	1,158,031
Other Receivables and Prepayments	<u>3,907,901</u>	<u>2,028,352</u>
<b>TOTAL</b>	<b><u>\$60,970,212</u></b>	<b><u>\$56,123,451</u></b>

5. LOANS AND BANK OVERDRAFTS	2007	2006
Overdrafts	20,340,850	16,567,258
Loans-Current Portion	<u>5,463,796</u>	<u>3,687,548</u>
<b>OVERDRAFTS/LOANS-CURRENT</b>	<b><u>\$25,804,646</u></b>	<b><u>\$20,254,806</u></b>
Bank and other Loans	25,615,206	18,526,148
Less-Current Portion	<u>(5,463,796)</u>	<u>(3,687,548)</u>
<b>LOANS-NON-CURRENT</b>	<b><u>\$20,151,410</u></b>	<b><u>\$14,838,600</u></b>

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 \$55,820,000(2006 = \$41,113,000).

Non Current Loans

Amounts Payable:		
Within 2 to 5 years	16,232,117	13,966,499
After 5 years	<u>3,919,293</u>	<u>872,101</u>
	<b><u>\$20,151,410</u></b>	<b><u>\$14,838,600</u></b>

6. ACCOUNTS PAYABLE	2007	2006
Customer Deposits	42,197,915	45,722,298
Trade Accounts Payable	15,413,444	10,337,130
Amount due to Associated Companies	757,420	710,312
Sundry Accounts Payable and Accrued Charges	<u>33,640,095</u>	<u>21,451,738</u>
<b>TOTAL</b>	<b><u>\$92,008,874</u></b>	<b><u>\$78,221,478</u></b>



# Notes to the Consolidated Financial Statements



For the year ended 31 January 2007  
(Expressed in Eastern Caribbean Dollars)

7. PROVISION FOR TAXATION	2007	2006
Provision for Taxation		
- Current Year	3,376,412	3,327,109
- Previous Year	<u>3,677,248</u>	<u>8,926,971</u>
<b>TOTAL</b>	<b><u>\$7,053,660</u></b>	<b><u>\$12,254,080</u></b>
The Charge in the Profit and Loss Account comprises the following:		
Provision for Taxation	3,889,763	3,343,039
Sundry Under/(Over) provisions	<u>90,441</u>	<u>(29,270)</u>
<b>TOTAL</b>	<b><u>\$3,980,204</u></b>	<b><u>\$3,313,769</u></b>

Income Tax re-assessments: (See Note 15)

Management has successfully negotiated with the Inland Revenue, the Department's income tax re-assessment of all but one Group Company for the Assessment Years 1998/1997 to 2003/2002. During the previous year, miscellaneous provisions arising in prior years were written back to the Group's Reserves. During the year under review, Inventory Reserves and Insurance Funds were written back to the Group's Reserves.

The related taxes have been fully accounted for up to the year of Assessment 2003/2002. A substantial portion of these taxes has been paid and the unpaid balance has been included in the Provision for Taxation of \$7,053,650 in the Balance Sheet. All Income Tax returns of the Group since the Assessment year 2003/2002 have been completed and filed with the Inland Revenue authorities and the computed income tax liabilities duly paid.

## 8. INVESTMENTS AT COST AND VALUATION

### a) Associated Companies

<b>ST KITTS MASONRY PRODUCTS LTD</b>		
6,500 Ordinary shares of \$100 each - At Valuation	2,403,917	2,181,694
<b>ST KITTS BOTTLING COMPANY LTD</b>		
90,477 (2006 - 88,769) Ordinary Shares of \$5 each - At Valuation	2,300,872	1,852,435
<b>CABLE BAY HOTEL DEVELOPMENT CO LTD</b>		
5,523 Shares of US\$100 each - At Cost		1,491,210
Deposit on Shares	1,491,210	73,271
	137,053	
<b>MALLIOUHANA - ANICO INSURANCE CO LTD</b>		
81,375 Shares of \$10 each - At Valuation	<u>2,679,352</u>	<u>2,274,997</u>
<b>Sub-total</b>	<b><u>9,012,404</u></b>	<b><u>7,873,607</u></b>

### b) Available for sale Investments

<b>ST KITTS-NEVIS-ANGUILLA NATIONAL BANK LTD</b>		
500,000 Ordinary Shares of \$1 each - Quoted	1,500,000	1,500,000
Fixed Deposit (medium term)	2,700,000	
<b>CARIB BREWERY (ST KITTS &amp; NEVIS) LTD</b>		
333,000 Ordinary Shares of \$1 each - At Cost	516,151	516,151
<b>THE BANK OF NEVIS LTD</b>		
37,490 Ordinary Shares of \$1 each - Quoted	187,450	187,450
<b>CABLE AND WIRELESS ST KITTS-NEVIS LTD</b>		
126,000 Shares of \$1 each - At Cost	<u>168,000</u>	<u>168,000</u>
<b>Sub-total Carried Forward</b>	<b><u>5,071,601</u></b>	<b><u>2,371,601</u></b>



# Notes to the Consolidated Financial Statements

For the year ended 31 January 2007  
(Expressed in Eastern Caribbean Dollars)

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

	<u>2007</u>	<u>2006</u>
Brought Forward	5,071,601	2,371,601
EASTERN CARIBBEAN HOME MORTGAGE BANK 1564 (2006=1,064) Class D Shares of \$100 each - At Cost	187,907	106,400
TRU SERV CORPORATION 332 Units of Common Stock at US\$100 each - At Valuation	22,572	30,150
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) CARIBBEAN COMMERCIAL BANK (Anguilla) Ltd Fixed deposits (medium term)	3,385,042	3,210,488
1,808,324	1,728,508	
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
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
CARIBBEAN INVESTMENTS CORPORATION 40 Ordinary Shares of \$100 each (in liquidation)	1	1
WIRELESS VENTURES (ST KITTS-NEVIS) LTD 969 (2006 = 669) Shares of US\$1,000 each-At Cost	2,616,160	1,806,160
<b>Sub Total</b>	<b><u>14,345,609</u></b>	<b><u>10,507,310</u></b>
c) Held to Maturity Investments		
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 maturin after 5 years:		
EASTERN CARIBBEAN HOME MORTGAGE BANK 11TH ISSUE 300,000 (6% Interest per annum) 13th issue 450,000 (5 1/2% Interest rate per annum)	750,000	750,000
GOVERNMENT 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	2,000,000
GOVERNMENT OF ANTIGUA (8 1/4 % Interest Rate per annum)	1,000,000	-
	<u>5,750,000</u>	<u>4,750,000</u>
<b>Sub-total</b>	<b><u>6,050,000</u></b>	<b><u>5,050,000</u></b>
<b>TOTAL INVESTMENTS</b>	<b><u>\$29,408,013</u></b>	<b><u>\$23,430,917</u></b>

# Notes to the Consolidated Financial Statements



For the year ended 31 January 2007  
(Expressed in Eastern Caribbean Dollars)

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

### Associated Companies

Investments in Associated Companies are accounted for on the equity basis as represented in the latest Financial Statement, which for two Companies was the year ended 30 June 2006 and for one company was the year ended 31 December 2006.

In the opinion of the Directors the aggregate value of investments is not less than the book value.

### Other Investments

The investments in Caribbean Investments Corporation, and Caribbean Shoe Manufacturers Limited have been written down to a nominal value of \$1 each since no further material return is anticipated.

In the opinion of the Directors the aggregate value of investments is not less than the book value.

### Quoted Investments

Investments in Companies quoted on the Eastern Caribbean Stock Exchange are carried at fair value based on quoted market prices at year end.

## 9. PROPERTY, PLANT AND EQUIPMENT

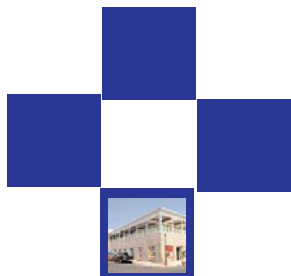
Cost or Valuation	<u>TOTAL</u>	<u>LANDS AND BUILDINGS</u>	<u>GENERAL EQUIPMENT</u>
Cost or Valuation - At Beginning of Year	108,802,384	65,993,731	42,808,653
Additions at Cost	11,271,050	7,409,819	3,861,231
Disposals/Transfers at Cost	<u>(2,186,301)</u>	-	<u>(2,186,301)</u>
Cost or Valuation - At End of Year	<u>117,887,133</u>	<u>73,403,550</u>	<u>44,483,583</u>
Depreciation - At beginning of Year	27,131,494	1,632,437	25,499,057
Depreciation Charge in Year	4,574,322	-	4,574,322
Depreciation on Disposals	<u>(1,683,667)</u>	-	<u>(1,683,667)</u>
Depreciation - at End of Year	<u>30,022,149</u>	<u>1,632,437</u>	<u>28,389,712</u>
<b>Net Book Value - 31 January 2007</b>	<b><u>\$87,864,984</u></b>	<b><u>\$71,771,113</u></b>	<b><u>\$16,093,871</u></b>
<b>Net Book Value - 31 January 2006</b>	<b><u>\$81,670,890</u></b>	<b><u>\$61,361,294</u></b>	<b><u>\$17,309,596</u></b>

### Revaluation of Freehold and Leaschold Properties:

The Parent and Subsidiary Companies' Freehold and Leaschold Properties were independently revalued in January 2005 by Cooper Kauffman Limited, Professional Valuers.

The surplus arising on revaluation has been credited to Capital Reserves. Subsequent additions have been included at cost.

Two (2) parcels of leaschold land on which there are buildings of two subsidiary companies have been leased from Government for periods of 50 years effective 1982 and 1985 respectively.



# Notes to the Consolidated Financial Statements

For the year ended 31 January 2007  
(Expressed in Eastern Caribbean Dollars)

## 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 \$676,282 (2006 = \$635,139) was therefore deposited by St Kitts Nevis Insurance Company Limited in compliance with this legislation requirement.

## 11. SHARE CAPITAL

	2007	2006
Authorised		
100,000,000 Ordinary Shares of \$5 each	<u>\$500,000,000</u>	<u>\$500,000,000</u>
Issued and Allotted		
5,200,000 Ordinary Shares of \$5 each	<u>\$26,000,000</u>	<u>\$26,000,000</u>

### 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, 2007, an interim dividend of 27.5 cents (2006 = 25 cents) per ordinary share amounting to \$1,430,000 (2006 = \$1,287,500) was paid.

In addition a further dividend of 27.5 cents per ordinary share amounting to \$1,430,000 in respect of 2007 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, 2007 but will be accounted for as an appropriation of the Reserves in the year ending January 31, 2008.

## 12. INSURANCE AND OTHER FUNDS

	2007	2006
Insurance Funds	19,263,028	16,481,076
Employee Benefit Funds	2,388,221	2,156,640
Policyholders' Funds	<u>2,274,427</u>	<u>2,070,906</u>
<b>TOTAL</b>	<u>\$23,925,676</u>	<u>\$20,708,622</u>

## 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 amortization of this tangible assets has not yet been determined by the Directors.

## 14. EARNINGS PER ORDINARY 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.

	2007	2006
Net Income for the year	<u>\$7,720,306</u>	<u>\$8,213,981</u>
Weighted average number of ordinary shares in issue	5,200,000	5,150,000
Basic earnings per share	\$1.48	\$1.59

# Notes to the Consolidated Financial Statements



For the year ended 31 January 2007  
(Expressed in Eastern Caribbean Dollars)

15. PRIOR YEAR ADJUSTMENTS		2007	2006
Prior year adjustments comprise the following:			
Inventory Reserves written back		16,602,702	16,569,633
Insurance Funds written back		3,139,290	3,139,290
Miscellaneous Provisions written back to Reserves		-	10,042,468
Deferred Tax - Associated Company		-	(216,174)
		<u>19,741,992</u>	<u>29,535,217</u>
Less: Related tax (See Note 7)		(7,736,222)	(9,639,189)
<b>TOTAL</b>		<b>\$12,005,770</b>	<b>\$19,896,028</b>

## 16. CONTINGENT LIABILITIES AND COMMITMENTS

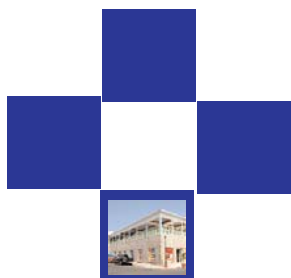
- a) The Company is committed for call on the unpaid portion of shares in its wholly-owned subsidiary, St Kitts Nevis Insurance Company Limited, in the amount of \$500,000 (2006 - \$500,000) and \$70,000 in respect of TDC Tours Limited (2006 - \$70,000);
- b) At 31 January 2007, the Parent Company guaranteed bank loans and overdrafts on behalf of subsidiary companies totaling \$1,600,000 (2006 - \$1,600,000);
- c) At 31 January 2007, commitments in respect of open Letters of Credit established in the normal course of business amounted to \$2,616,000 (2006 - \$1,826,088)
- d) The Company is committed to the following projects:
- i) investment in Cable Bay Development Hotel project for an additional amount of \$5,180,102 (2006 - \$5,180,102);
  - ii) construction of Fort/Central Street project for a contract price of \$6,000,000 which has been completed subsequent to year end. An amount of \$7,700,810 has been expended at year end end.
  - iii) As explained earlier under Note 7, Management is still in the process of negotiating one Company's Income Tax re-assessment 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
  - iv) Pending Litigation
- Two claims have been made against two subsidiary companies. These claims have not been quantified and have been referred to the companies' insurers and attorneys.
- v) The Company is committed to an investment in Newfoundland Pinney's Limited. The final amount of the investment cannot be determined at this time. Subsequent to year end, the Company made an initial payment of \$2,773,782 towards that investment.

## 17. TDC REAL ESTATE AND CONSTRUCTION LIMITED

Construction of ten (10) of the thirty eight (38) villas at Sunrise Hill - Frigate Bay, St. Kitts has commenced. This project is expected to be completed by July 2010. It is estimated to cost EC \$72 million of which \$7,790,371.58 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

SEGMENT	REVENUE		PRE-TAX PROFIT	
	2007	2006	2007	2006
General Merchants and Shipping	153,174,215	131,055,630	3,873,113	5,310,014
Insurance and Finance	13,069,675	12,611,218	3,089,532	3,383,040
Rentals, Airlines Agencies and Hotel	20,316,653	19,660,654	2,314,396	1,887,376
Real Estate	3,929,718	175,813	1,151,427	103,136
	<u>\$190,580,261</u>	<u>\$166,533,315</u>	<u>\$10,428,468</u>	<u>\$10,713,566</u>
SEGMENT	ASSETS		LIABILITIES	
	2007	2006	2007	2006
General Merchants and Shipping	132,035,614	125,831,153	81,366,613	68,972,650
Insurance and Finance	90,115,794	75,191,179	74,038,187	69,373,941
Rentals, Airline Agencies and Hotel	39,058,435	38,411,383	7,964,247	6,947,045
Real Estate	10,461,678	1,770,121	5,575,219	983,951
	<u>\$271,671,551</u>	<u>\$241,233,839</u>	<u>\$168,944,266</u>	<u>\$146,277,587</u>
SEGMENT	ADDITIONS TO PROPERTY, PLANT & EQUIPMENT		DEPRECIATION	
	2007	2006	2007	2006
General Merchants and Shipping	9,075,394	4,192,039	1,778,759	1,893,490
Insurance and Finance	261,472	26,050	145,652	147,170
Rentals, Airline Agencies and Hotel	1,784,371	3,414,706	2,612,458	2,458,249
Real Estate	119,813	-	37,453	-
	<u>\$11,271,050</u>	<u>\$7,662,795</u>	<u>\$4,574,322</u>	<u>\$4,498,909</u>



# Notes to the Consolidated Financial Statements

For the year ended 31 January 2007  
(Expressed in Eastern Caribbean Dollars)

## 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. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Company and its subsidiaries:

	<u>2007</u>	<u>2006</u>
Short-term employee benefits and retirement contributions	<u>\$1,362,011</u>	<u>\$1,541,245</u>

# Notes to the Consolidated Financial Statements



For the year ended 31 January 2007  
(Expressed in Eastern Caribbean Dollars)

## 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 } 45.24%  
Antillean Beverages Ltd }

#### INSURANCE:

Malliouhana Anico Insurance Co Ltd - 25% (Anguilla)

#### HOTEL DEVELOPMENT

Cable Bay Hotel Development Co Ltd -18%



Future home of Newfound Nevis Development, Pinney's Beach  
with Nevis Peak in the background.





# The Year in Review



# SUNRISE HILLS VILLAS



- Meticulously crafted
- Charmingly traditional
- Lavishly comfortable

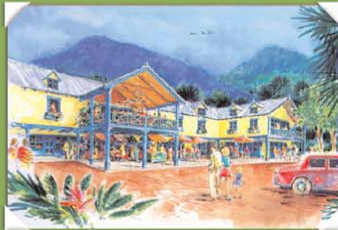
Your Home Away From Home



Experience the simple wonders of nature, blended with the convenience of a nearby

## The Sands

The Sands functions as a retail, commercial and residential complex designed to meet the new growth of Basseterre's central Bay Front area...



SPACE AVAILABLE FOR SALE

## Downtown Plaza



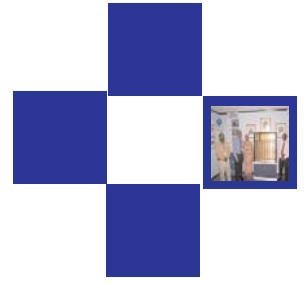
Real Estate and Construction Ltd.

Tel: (869) 465-2511

Fax: (869) 465-1099

Web: [www.tdclimited.com](http://www.tdclimited.com)

# Our Partners



**SONY**

**Canon**

HSBC 



*Coca-Cola* <sup>MR</sup>

*lenovo*



  
PRINCESS

 **YAMAHA**

**Digicel** <sup>TM</sup>

 **MITSUBISHI** <sup>®</sup>



**CHRYSLER**  




Mercedes-Benz



**TOYOTA**



LG Electronics

# Notes

# Notes

# Proxy Form

ST. KITTS NEVIS ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

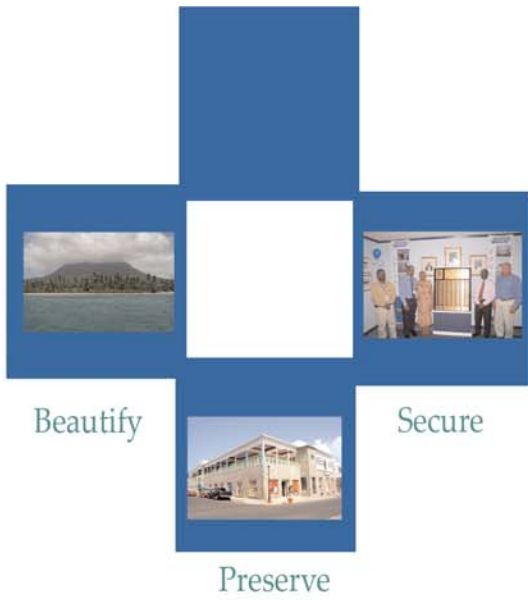
I/We, the undersigned shareholder/shareholders of St. Kitts Nevis Anguilla Trading and Development Company Limited hereby appoint \_\_\_\_\_ or failing him \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf on the Resolutions to be proposed at the Annual General Meeting of the shareholders of the Company to be held on Tuesday, July 17<sup>th</sup>, 2007, and any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2007

Name of shareholder(s) of the Company \_\_\_\_\_

Signature \_\_\_\_\_

Name(s) of signatory in block capitals \_\_\_\_\_



TDC for Service  
PH: (869) 465-2511

TDC for Quality  
[www.tdclimited.com](http://www.tdclimited.com)

TDC your Company  
FX:(869) 465-1099

Head Office: Fort Street  
Basseterre  
St. Kitts