TDC

ST. KITTS NEVIS ANGUILLA TRADING AND DEVELOPMENT CO. LTD.

2013
2003
1993
1983
1973

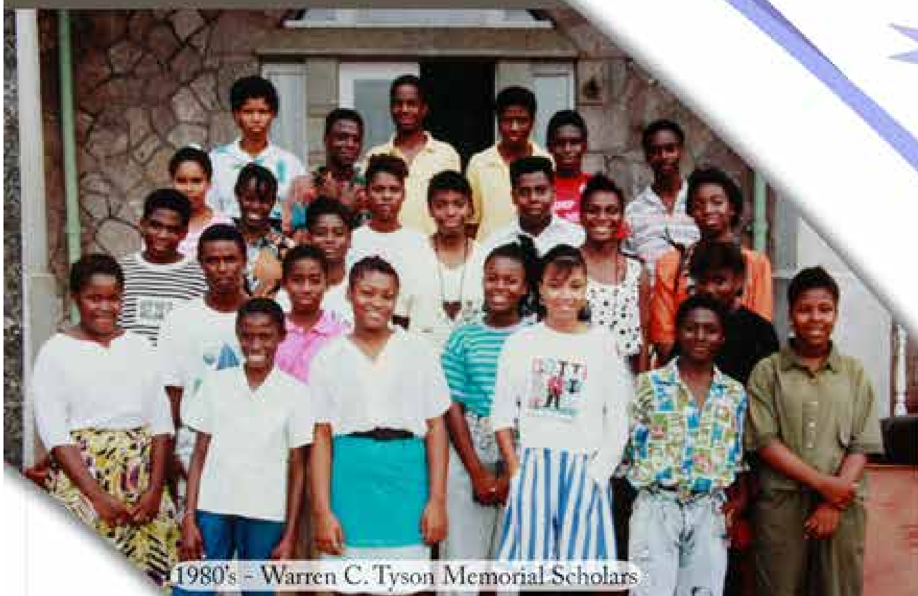
CELEBRATING OUR LEGACY
40
INVESTING IN OUR FUTURE
TDC

Annual Report 2013

CELEBRATING OUR LEGACY

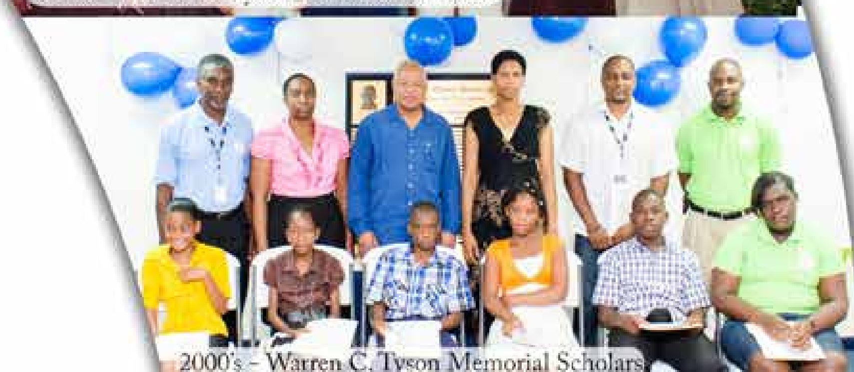
INVESTING IN OUR FUTURE

Investing in Our Future



1980's - Warren C. Tyson Memorial Scholars

1990's - Warren C. Tyson Memorial Scholars



2000's - Warren C. Tyson Memorial Scholars

2010's - M. L. King Scholarship Grant (*Representatives of Awardees*)

Annual Report 2013

Mission Statement

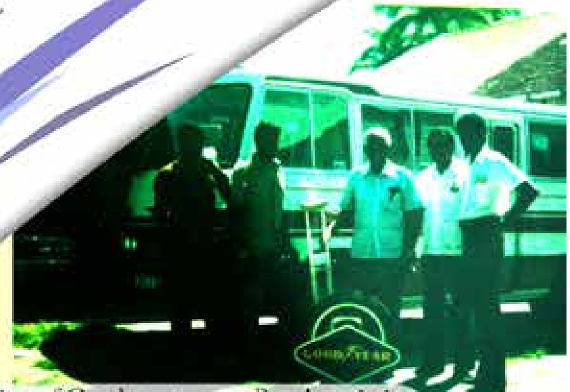
TDC is fully Committed to Total Customer Satisfaction; Employee Excellence through Participation and Training to provide Maximum Benefits for Shareholders while Contributing meaningfully to the Economic, Social and Cultural Advancement of our Nation.

Vision Statement

To be the leading public Company
in the OECS as measured by:

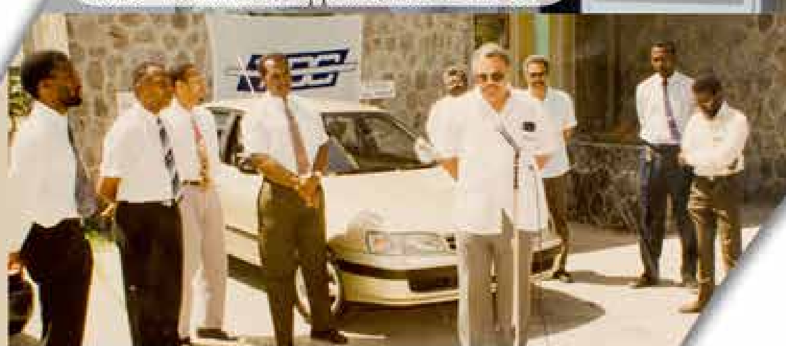
- Customer Satisfaction
- Return on Investment (ROI)
- Human Resource Development
- Good Corporate Citizenship

Community and Social Development

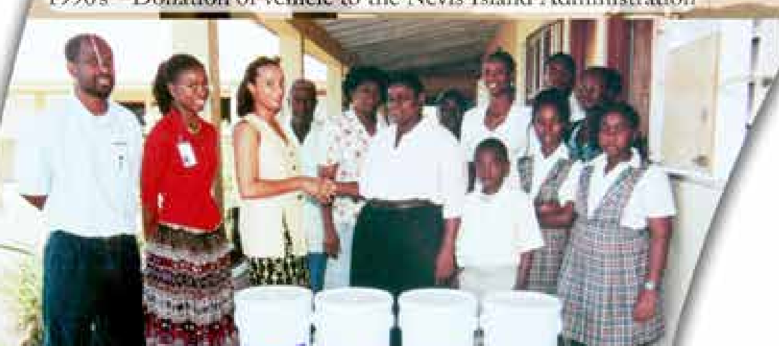


1970's - Donation of Goodyear tyres to Bus Association

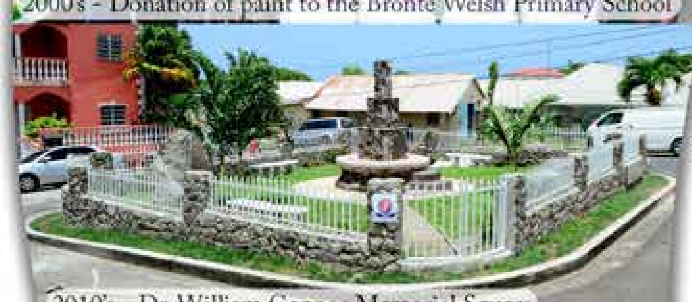
1980's - Donation of appliance to the 4H Club



1990's - Donation of vehicle to the Nevis Island Administration



2000's - Donation of paint to the Bronte Welsh Primary School



2010's - Dr. William Connor Memorial Square

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Corporate Information

(Photograph taken at the 2012 Annual General Meeting)

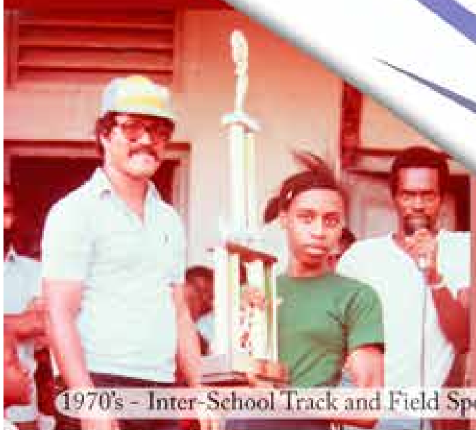
Back Row (l - r) **Clive E. R. Ottley**, M.B.B.S., (Lond) F.R.C.O.G; **Kenneth N. Kelly**; **Glenville R. Jeffers**, B.A.; **Nicolas N. Menon**, B.Sc. (Hons), M.B.A.; **Ernie A. France**, B.A.; **Melvin R. Edwards**, B.A., M.Sc;

Front Row (l - r) **Charles L. A. Wilkin**, Q.C., M.A. (Cantab); **Myrna R. Walwyn**, B.Sc., M.A., Dip. Law; **D. Michael Morton** (Chairman); **Maritza S. Bowry**, B.Sc., M.B.A. (Company Secretary); **Earle A. Kelly**, B.A., M.B.A.

Absent **Jacques A. C. Cramer**

Registered Office:	Fort Street, Basseterre, St. Kitts
Bankers:	CIBC FirstCaribbean International Bank (Barbados) Ltd.
	St. Kitts Nevis Anguilla National Bank Ltd.
	Royal Bank of Canada
	The Bank of Nova Scotia

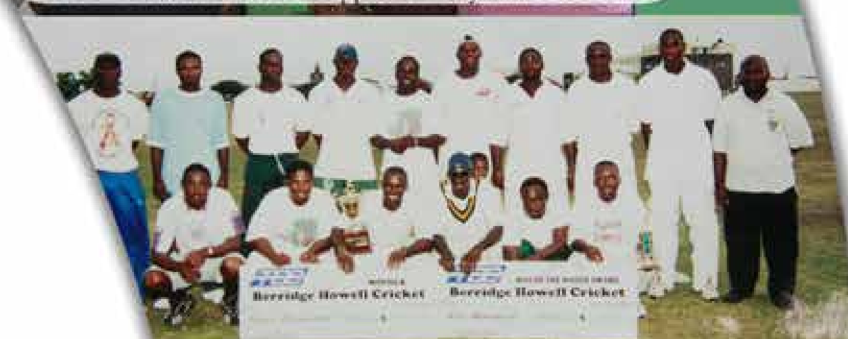
Supporting Our Community



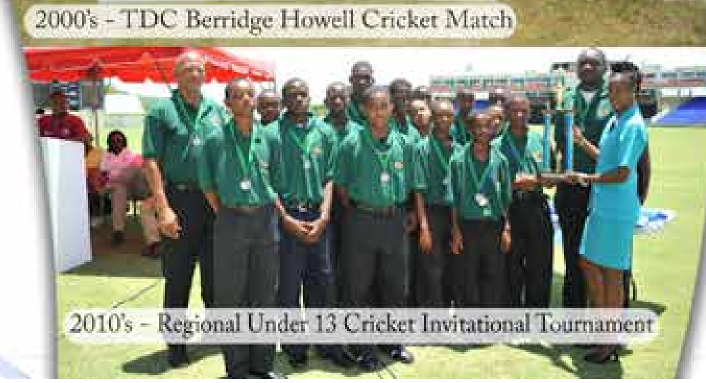
1970's - Inter-School Track and Field Sponsorship

1980's - Donation to Alexandra Hospital

1990's - Donation of school supplies to Clayanna's Pre School



2000's - TDC Berridge Howell Cricket Match



2010's - Regional Under 13 Cricket Invitational Tournament

Notice of Meeting

Notice is hereby given that the 40th Annual General Meeting of the St Kitts Nevis Anguilla Trading and Development Company Limited will be held at the Fisherman's Wharf, Fortlands, Basseterre, St Kitts, Thursday, August 8th , 2013 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 January 31st , 2013
3. To receive and consider the Report of Auditors thereon
4. To declare a Dividend
5. To elect Directors to replace those retiring by rotation
6. To appoint Auditors and to authorize the Directors to fix their remuneration for the ensuing year

BY ORDER OF THE BOARD

Maritza Bowry

Maritza S Bowry
Company Secretary

July 02, 2013

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. Proxies must reach the Company Secretary not less than 24 hours prior to the Annual General Meeting.

Chairman's Remarks

This year, your company, The St. Kitts Nevis Anguilla Trading and Development Company Limited (TDC) is proudly celebrating 40 years of service to the Federation under the theme: "Celebrating our Legacy, Investing in our Future."

From humble beginnings the Company has grown from a relatively modest number of shareholders with Share Capital of 1.5 million dollars and assets of 2.5 million dollars in 1973, to over 2,200 shareholders with Share Capital of 52 million dollars and assets of 380 million dollars today. Its activities have expanded from just general trading and light manufacturing to include auto and equipment rental, hire purchase financing, insurance, consumer and mortgage financing, airline agencies, tour operators, real estate development, hotel operations and shipping.

Today we employ over 600 persons throughout the Group which accounts for a wage bill, including statutory contributions, of well over EC$20 million dollars annually.

TDC has always maintained a consistent policy of responding to the needs of the people. By offering a wide range of quality goods and services and increasing access to credit facilities, we have been able to meet the needs and improve the lives of the "ordinary man."

Being a good corporate citizen, the Group has made significant contributions to advance the social and cultural development of our nation by its active support of programs geared towards improvements in education, sports, culture and community development.

As we embark on a new chapter in the company's existence, we understand that the face of business has changed significantly over the last four (4) decades. With confidence in our abilities, our strategic approach to managing our businesses, a focus on new markets, backed by a diverse portfolio, TDC will take full advantage of opportunities for further expansion at home, and within the OECS region.

We express our appreciation for the loyalty and support of our shareholders and the patronage of our customers as we celebrate our "Ruby" anniversary. We encourage our citizens to adopt that true spirit of co-operation, patriotism, entrepreneurship and hard work. We must continue to invest in our people, especially our young minds. While we celebrate our record of achievements, we must also create a platform for a brighter and more secure future.

D. Michael Morton
Chairman

As the challenges of the company's thirty-ninth year of operations continued into its fortieth, management's prudent oversight began to show positive results. Turnover fell 3.5% but Gross Margin was materially unchanged. Reductions in expenses were achieved in all categories, except Operating. A large part of the Operating Expenses was for utilities.

The contribution from the associated companies fell by 47.4% from last year. **Net Income Before Taxation**, totaled **$4,728,413** compared to **$4,234,555** last year, an increase of 11.66%.

In the face of a sixth consecutive year of difficult market conditions and a stagnating local economy, the Board has developed and is implementing a comprehensive strategic plan to reverse the decline in sales, cut costs, improve efficiency and return the company to a path of sustainable growth.

The Board recommends a dividend of 3.00 cents per share. If the shareholders approve, the total payout will be **$1,560,000.00**.

PERFORMANCE REVIEW

GENERAL TRADING

While the Sales and Gross Margin of the **Home and Building Depot** in St Kitts dropped only marginally, the net results were well below the previous year due to increases in Operating Expenses. The department in Nevis again performed poorly as a result of the continuing downturn in the construction sector on that island. The **Automotive Divisions** returned to profitability partly as a result of aggressive sales promotion. The **Drinks Depot, City Drug Stores in St Kitts and Nevis and Business Equipment** again produced disappointing results.

After an in-depth review of the company's operations and taking into consideration the strategic objectives of the Group, a decision was taken to discontinue the pharmacy services provided by City Drug Store (2005) Limited.

SERVICES

Our **Shipping Agencies** continued to be impacted by the slow growth on volumes of cargo carried by our principals. The department on Nevis marginally improved on last year's performance while that on St. Kitts experienced a decline.

In order to ensure a reliable transportation service for the company's products between the two islands, a new inter-island cargo ferry was purchased.

TDC Rentals Ltd. Due to a marginal decline in revenues and higher depreciation charges for its fleet, its vehicle rental business was less profitable than last year. However, despite reduced Hire Purchase volume, this segment returned better results due to better debt collections. Overall, the company performed much better than it did in the previous year.

TDC Rentals (Nevis) Ltd performed below management's expectations and reported profits lower than last year's, in every category of its business as a result of reduced demand.

FINANCE & INSURANCE

St Kitts Nevis Finance Company Limited (FINCO) again reported good, though slightly lower results than the prior year. Its loan portfolio grew but mainly in the lower earning home mortgage category which was facilitated largely by the company's participation in the FREESH program, an initiative of the Sugar Industry Diversification Foundation (SIDF). The company reached a significant milestone of one hundred million dollars ($100,000,000) in assets.

St Kitts Nevis Insurance Company Ltd (SNIC) continued its record of good performances with improved results over last year and in line with management's projections. There were no catastrophic losses during the year and claims were strictly managed. The company intensified preparations in its quest to become rated by A.M. Best, a leading international rating agency for insurance companies. Some of the initiatives included the commissioning of a new industry specific computerized management information system and the hiring of two experienced managers to head up its Underwriting and Claims departments.

SNIC (Nevis) Ltd increased its revenue but was negatively affected by the relatively large increase in provisions for doubtful debts.

TOURISM

Ocean Terrace Inn Ltd (OTI)

As indicated in our report last year, the company hired a consulting firm headed by an experienced and reputable former Caribbean hotelier to help stem the losses at the hotel. The consultants have reported on all aspects of the hotel's operations. As a result, the directors have agreed that a substantial investment is needed to resuscitate the business and stem the recurring losses. Towards this end, financing at concessionary terms has been raised from the Sugar Industry Diversification Foundation (SIDF). Plans are being formulated to refurbish and upgrade the hotel plant and improve its operations.

TDC Airline Services Ltd returned a profit, albeit a small one, compared to last year's loss. Towards the end of the year, the company was successful in negotiating improved terms for aircraft handling with one of its principals. This, along with some cost cutting measures and other initiatives, are expected to redound to the company's benefit over time.

The aircraft handling operations of **TDC Airline Services (Nevis) Ltd** were restructured in line with the reduced business that it now handles and this has resulted in reduced costs. Credit was tightened to ensure that the debt write offs of last year do not recur. As a result, the loss has been dramatically reduced.

TDC Tours Ltd again performed well even though its results were not as good as those of the prior year.

St Kitts Bottling Company Ltd performed below expectations. During the year, the company's authorization to bottle Coca Cola products ended. However, the company continues as a distributor of Coca Cola products. This has had an extremely adverse impact on the company and compelled restructuring in line with the new realities.

REAL ESTATE DEVELOPMENT

The sales by **TDC Real Estate and Construction Ltd** at Sunrise Hills and **Conaree Estates Ltd** at Atlantic View Residences were well below forecasts. Only three units were sold at Sunrise Hills and two at Atlantic Views.

The Cable Bay Hotel Development Company. Thirty (30) beach front and poolside units were completed during the year and contracted for sale, mainly under the Citizenship by Investment Program. Construction of additional phases is under review by the shareholders.

ASSOCIATED COMPANIES

St Kitts Masonry Products Ltd reported reduced sales and profits for the year. There was little or no growth in activity in the construction sector and the cost of operations increased.

MAICO, our associate insurance company in Anguilla, made a reduced contribution to the company's results as it continued to be impacted by the depressed economy of that island.

SOCIAL CONTRIBUTION

Despite the continuing economic gloom and its financial challenges, in keeping with the company's Mission Statement to "contribute meaningfully to the Economic, Social and Cultural Advancement of our Nation", it maintained its support of various causes and organizations throughout the Federation. These included, but were not limited to, National Carnival, St Kitts Music Festival, Green Valley Festival, Black San' Festival, Advancement for Children Foundation and the Inter High School Track and Field Championships in St Kitts and Culturama, Inter Primary School Athletics Championships, Inter Primary School Cricket Championships and the Pink Lily Foundation in Nevis. It continued to honour its long standing commitments to the Warren Tyson Scholarship Program for high school students and the Michael L. King Scholarship Grant Program which provides financial support to full time university students who are not employees of the company.

HUMAN RESOURCES

Several training modules were delivered to management and staff on topics such as Sales and Customer Service, Product Knowledge, Intensive Credit Risk Analysis and Credit Ratings, Supervisory Management, Safety and Disaster Preparedness and Personal Finance.

In addition, the company provided financial assistance to thirteen (13) employees who were pursuing studies locally, overseas and through distance education programmes.

Layoffs have unfortunately been necessary but these have been kept to the bare minimum in keeping with the Group's commitment to its human resource base.

The Directors are very concerned about and are studying carefully the impact which the proposed new Labour Code could have on the company's human resource costs. This was published by Government after year end and is now under review in the tripartite process involving the Government, Trade Unions and The St Kitts and Nevis Chamber of Industry and Commerce.

THE ECONOMY

The early signs of a rebound in the economy of the United States, the major source of foreign investment, students and tourists point to an improved economic outlook for the Federation. Planned tourism related projects also give hope that the long recessionary period may be ending. The construction and related sectors have become very dependent on the Citizenship by Investment Program but we are concerned about its sustainability. Additional sources of direct foreign investment will be required for long term economic progress.

Directors' Report 2012/2013 *Cont'd*

Despite the progress made in 2012 to reduce the incidence of violent crime in the Federation, murders are back to 2011 levels. We continue to be concerned about the impact of inordinately high levels of violent crime on the economy. In addition to short term improvements in policing and crime fighting, collaborative effort involving all social partners is required to counter, on a long term basis, the lifestyle, cultural and other factors which are fuelling violent crime and anti-social behavior, mainly by our young men. We remain extremely vulnerable to this phenomenon.

STATUTORY REPORT

The Directors have pleasure in submitting their Report and Audited Accounts for the year ended

	2013	2012 *(Restated)*
Profit for the year, after providing for Taxation	2,384,689	2,932,636
The Board recommends a total Dividend of 3 cents per share free of tax (2012– 6 cents per share)	(1,560,000)	(3,120,000)
Retained Earnings	**824,689**	**(187,364)**

In accordance with Article 99 of the Articles of Association, D. Michael Morton, Nicolas Menon and Ernie France retire and, being eligible, offer themselves for re-election.

The Auditors, PKF, Chartered Accountants retire after forty years of dedicated service to the Group and for that we are extremely grateful. In keeping with current internationally accepted practice of periodic rotation of auditors, your directors have decided not to recommend their re-appointment. In their place we recommend the international accounting firm of Grant Thornton with offices at Bank Street, Basseterre, whose partners operated as PricewaterhouseCoopers until July 1st 2013.

As we celebrate our ruby anniversary, the directors express their appreciation for the patronage and loyalty of all our customers and clients over the forty years. We also take this opportunity to recognize the contributions of the company's founders and former directors, the solid support of all our shareholders and the dedication, commitment and hard work of all our managers and staff, past and present, as we continue to promote our motto:

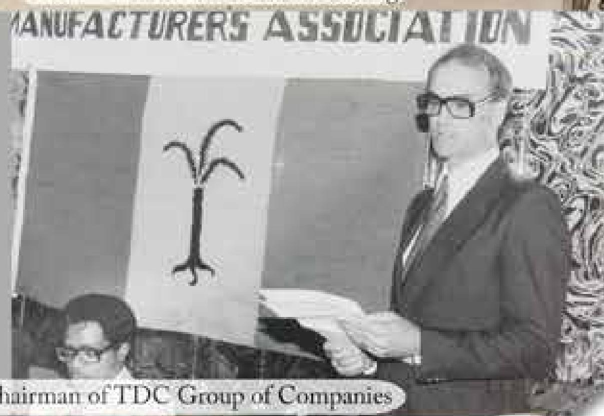
TDC for Service
TDC for Quality
TDC your Company

D. Michael Morton
Chairman

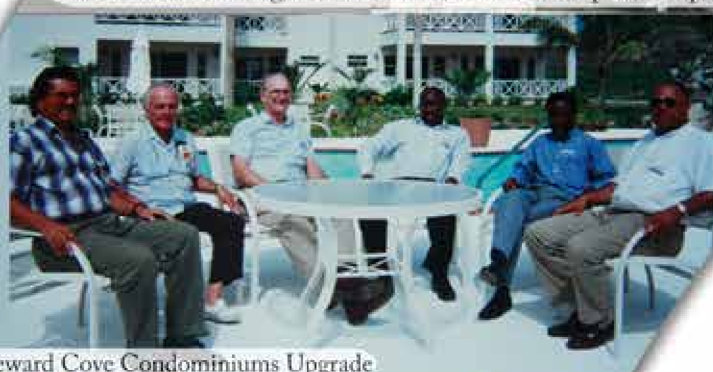
Earle A. Kelly
Deputy Chairman

Faces of TDC

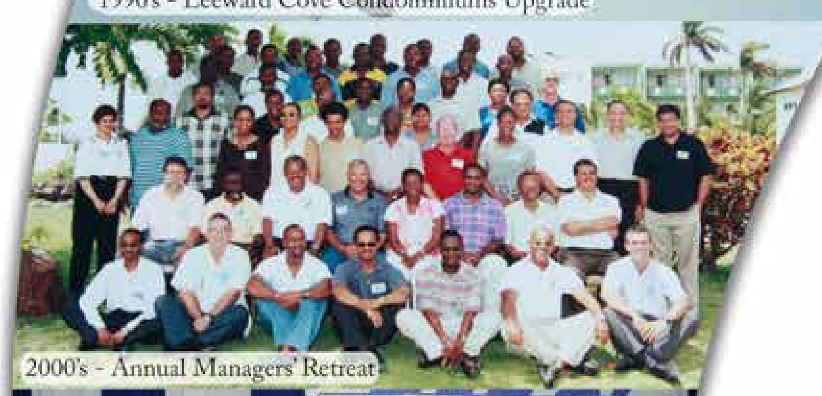
1970's - 1st Annual General Meeting



1980's - Michael King, 2nd Chairman of TDC Group of Companies



1990's - Leeward Cove Condominiums Upgrade



2000's - Annual Managers' Retreat

2010's - TDC Group of Companies Board of Directors

TO THE SHAREHOLDERS

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 Statement of Financial Position as at 31 January 2013, and the Consolidated Statement of Income, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows 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 consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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.

Independent Auditors Report

TO THE SHAREHOLDERS

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

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 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF

Chartered Accountants:

BASSETERRE - ST KITTS
10 July 2013

PKF

Consolidated Statement of Income

For the Year Ended 31 January 2013 *(Expressed in Eastern Caribbean Dollars)*

	Notes	2013	2012 (Restated)
TURNOVER	2(q)	165,630,371	171,699,107
Cost of Sales and Related Costs		(119,537,035)	(125,294,248)
GROSS PROFIT		46,093,336	46,404,859
Other Operating Income		12,606,692	11,786,760
Operating Costs		(16,992,674)	(15,969,054)
Distribution Costs		(5,746,622)	(5,854,364)
Administrative Costs		(21,969,502)	(22,168,373)
Finance Costs		(5,983,007)	(6,631,941)
Other Expenses		(4,267,795)	(5,213,607)
Share of Results of Associated Companies		987,985	1,880,275
INCOME BEFORE TAXATION		4,728,413	4,234,555
Income Tax Expense:	14		
Provision for Taxation			
- Parent and Subsidiary Companies		(3,463,789)	(2,401,598)
- Associated Companies		(264,727)	(587,896)
		(3,728,516)	(2,989,494)
Deferred Taxation (Notes 2 (p), 13 & 14)		1,384,792	1,687,575
		(2,343,724)	(1,301,919)
INCOME FOR THE YEAR		$ 2,384,689	$ 2,932,636
Attributable to:			
Equity holders of the Parent		2,424,942	2,846,805
Non-controlling Interest		(40,253)	85,831
		$ 2,384,689	$ 2,932,636
Basic Earnings per Share	15	$ 0.05	$ 0.05

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

Consolidated Statement of Comprehensive Income

For the Year Ended 31 January 2013 *(Expressed in Eastern Caribbean Dollars)*

	2013	2012 (Restated)
Income for the year	2,384,689	2,932,636
OTHER COMPREHENSIVE INCOME:		
Adjustment - Re: Derecognition of interest in associated company	-	1,451,377
Negative Goodwill on acquisition of interest in subsidiary company	-	714,260
Reversal of reserves in associated company derecognised	-	(2,098,589)
Unrealised Holding Gain	(320,772)	(289,005)
Reserve on Consolidation Adjustment (Note 16)	-	350,000
Other	(59,811)	(40,577)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,004,106	$ 3,020,102
Attributable to:		
Equity holders of Parent	2,058,182	2,971,660
Non-controlling Interest	(54,076)	48,442
	$ 2,004,106	$ 3,020,102

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

Consolidated Statement of Financial Position

As at 31 January 2013 *(Expressed in Eastern Caribbean Dollars)*

ASSETS	Notes	2013	2012 (Restated)
Non-Current Assets			
Property, Plant and Equipment	3 & 10	136,451,401	137,832,935
Investments	4	45,787,943	50,766,760
Accounts Receivable - Non-Current	5	69,420,763	60,593,008
Insurance Statutory Deposit	6	4,010,795	2,315,864
Intangibles	2(y) & 7	910,473	952,653
		256,581,375	252,461,220
Current Assets			
Cash and Short-term Investments	8	26,292,112	20,172,276
Accounts Receivable - Current	5	38,884,111	36,182,015
Inventories and Goods in transit	2(f)	58,153,273	66,114,633
Total Current Assets		123,329,496	122,468,924
TOTAL ASSETS		$ 379,910,871	$ 374,930,144

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

Consolidated Statement Of Financial Position (cont'd)

As At 31 January 2013 *(Expressed in Eastern Caribbean Dollars)*

EQUITY AND LIABILITIES	Notes	2013	2012 (Restated)
Equity			
Share Capital	9	52,000,000	52,000,000
Reserves		104,360,511	103,995,499
		156,360,511	155,995,499
Non- controlling interest		4,412,793	4,527,281
Total Equity		160,773,304	160,522,780
Non-current Liabilities			
Bank Loans - Non-current	10	30,121,840	26,904,142
Insurance and Other Funds	11	32,468,120	32,099,429
Accounts Payable - Non-current	12	5,670,361	705,606
Deferred Tax Liability	13	931,650	2,316,442
		69,191,971	62,025,619
Current Liabilities			
Loans and Overdrafts	10	26,591,331	29,703,738
Accounts Payable	12	122,616,549	121,214,091
Provision for Taxation	14	737,716	1,463,916
Total Current Liabilities		149,945,596	152,381,745
Total Liabilities		219,137,567	214,407,364
TOTAL EQUITY AND LIABILITIES		$ 379,910,871	$ 374,930,144

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

Approved by the Board of Directors on 10 July 2013.

D M Morton - Chairman

E A Kelly - Finance Director

Consolidated Statement of Changes in Equity

For the Year Ended 31 January 2013 *(Expressed in Eastern Caribbean Dollars)*

	Attributable to equity holders of the Parent							
	Share Capital	Unrealised Holding Gain	Capital Reserve	Reserve Fund	Retained Earnings	Total	Non-controlling Interest	Total Equity
Balance at 31 January 2011								
- As previously reported	52,000,000	1,741,457	9,357,580	-	92,995,137	156,094,174	1,886,878	157,981,052
- Prior Year Adjustment	-	-	-	2,655,283	(2,655,283)	-	-	-
- As restated	52,000,000	1,741,457	9,357,580	2,655,283	90,339,854	156,094,174	1,886,878	157,981,052
Share of reserves relative to non-controlling interest at takeover	-	-	-	-	-	-	2,637,232	2,637,232
Adjustment between capital and revenue reserves re: derecognition of associated company	-	-	29,210	-	(29,210)	-	-	-
Pre-acquisition profits included in income	-	-	(34,315)	-	(46,020)	(80,335)	(45,271)	(125,606)
Transfer of realised revaluation gain to retained earnings	-	-	(905,394)	-	905,394	-	-	-
Transfer to Reserve Fund	-	-	-	304,400	(304,400)	-	-	-
Total Comprehensive Income (Restated)	-	(251,615)	309,423	-	2,913,852	2,971,660	48,442	3,020,102
Dividend paid (5.75 cents per share)	-	-	-	-	(2,990,000)	(2,990,000)	-	(2,990,000)
Balance at 31 January 2012 (Restated)	$ 52,000,000	$ 1,489,842	$ 8,756,504	$ 2,959,683	$ 90,789,470	$ 155,995,499	$ 4,527,281	$ 160,522,780

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

Consolidated Statement of Changes in Equity (cont'd)

For the Year Ended 31 January 2013 *(Expressed in Eastern Caribbean Dollars)*

Attributable to equity holders of the Parent

	Share Capital	Unrealised Holding Gain	Capital Reserve	Reserve Fund	Retained Earnings	Total	Non-controlling Interest	Total Equity
Balance at 31 January 2012								
- As previously reported	52,000,000	1,489,842	8,406,504	-	93,190,872	155,087,218	4,527,281	159,614,499
- Prior Year Adjustment (Note 16)	-	-	350,000	-	558,281	908,281	-	908,281
- Transfer to Reserve Fund (Note 24)	-	-	-	2,959,683	(2,959,683)	-	-	-
- As restated	52,000,000	1,489,842	8,756,504	2,959,683	90,789,470	155,995,499	4,527,281	160,522,780
Transfer to Reserve Fund (See Note 24)	-	-	-	281,342	(281,342)	-	-	-
Adjustment re: dividend payable to non-controlling interest on acquisition of subsidiary	-	-	(3,170)	-	-	(3,170)	3,170	-
Total Comprehensive Income	-	(335,968)	(30,792)	-	2,424,942	2,058,182	(54,076)	2,004,106
Dividend paid (3.25 cents per share)	-	-	-	-	(1,690,000)	(1,690,000)	-	(1,690,000)
Dividend of subsidiary	-	-	-	-	-	-	(63,582)	(63,582)
Balance at 31 January 2013	$ 52,000,000	$ 1,153,874	$ 8,722,542	$ 3,241,025	$ 91,243,070	$ 156,360,511	$ 4,412,793	$ 160,773,304

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

Consolidated Statement of Cash Flows

For the Year Ended 31 January 2013 *(Expressed in Eastern Caribbean Dollars)*

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before Taxation	4,728,413	4,234,555
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH FROM OPERATING ACTIVITIES		
Depreciation	6,318,915	5,364,216
Gain on disposal of Property, Plant and Equipment	(341,923)	(437,503)
Amortisation of Intangibles	738,780	409,129
Share of results of Associated Companies	(987,985)	(1,880,275)
Increase in Employment and Insurance Funds	368,691	461,545
Non-controlling interest in earnings of subsidiaries	40,253	(85,831)
Realised gain - revalued land inventory	(30,794)	-
Impairment of Investments	486,622	1,454,442
	11,320,972	9,520,278
Decrease/ (Increase) in Inventories	7,961,360	(3,981,974)
Increase in Accounts Receivable	(2,702,096)	(3,093,900)
Increase in Accounts Payable - Current	1,402,458	11,561,034
Taxation paid	(4,189,985)	(3,548,522)
Net cash inflow from operating activities	13,792,709	10,456,916
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of Property, Plant and Equipment	1,016,107	2,752,347
Purchase of Property, Plant and Equipment	(5,611,567)	(19,191,049)
Purchase of Investments (net)	(677,544)	(6,412,910)
Dividends from Associated Companies	400,000	331,937
Proceeds on disposal of investments	5,143,207	-
Insurance Statutory Deposit	(1,694,931)	-
Intangible Assets purchased	(696,600)	(6,061)
Acquisition of Subsidiary	-	5,456,719
Negative Goodwill on acquisition of Subsidiary	-	(714,260)
Net cash outflow from investing activities	(2,121,328)	(17,783,277)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in non-current payables	4,964,755	(2,516,965)
Increase in non-current loans	3,217,698	13,657,824
(Decrease)/increase in current loans and overdrafts	(3,112,407)	4,506,641
(Decrease)/Increase in non-controlling interest	(40,253)	2,723,063
Dividends paid to shareholders	(1,690,000)	(2,990,000)
Dividends paid to non-controlling interests	(63,582)	-
Increase in non-current receivables	(8,827,756)	(13,314,652)
Net cash (outflow)/inflow from financing activities	(5,551,545)	2,065,911
Net increase/(decrease) in cash and short term investments	6,119,836	(5,260,450)
Cash and short term investments at beginning of year	20,172,276	25,432,726
Cash and short term investments at end of year	$26,292,112	$20,172,276

The attached Notes form an integral part of these 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.

The Company is listed on the Eastern Caribbean Stock Exchange.

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 (IFRSs).

The accounting policies adopted are consistent with those of the previous financial year including the adoption of the new and amended IAS, IFRS and IFRIC (International Financial Reporting Interpretations Committee) interpretations for accounting years beginning on or after dates indicated:

New and amended Standards and interpretations in effect and applicable

IFRS 7 – Financial Instruments: Disclosures- effective 1 July 2011

IAS 12 – Deferred Tax: Recovery of Underlying Assets – 1 January 2012

Adoption of these standards and interpretations did not have any effect on the performance of the Group.

New and amended Standards and interpretations in issue but not effective and not early adopted

IAS 1 – Presentation of Financial Statements - effective 1 July 2012

IAS 19 – Employee Benefits – effective 1 January 2013

IAS 27 – Separate Financial Statements – effective 1 January 2013

IAS 28 – Investment in Associates and Joint Ventures – effective 1 January 2013

IAS 32 – Financial Instruments: Presentation – effective 1 January 2014

2 **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

a) **Basis of Accounting**: (cont'd)

New and amended Standards and interpretations in issue but not effective and not early adopted (cont'd)

IFRS 1 – First time Adoption of International Financial Reporting Standards – effective 1 January 2013

IFRS 7 – Financial Instruments: Disclosures – effective 1 January 2013

IFRS 9 – Financial Instruments – effective 1 January 2015

IFRS 10 – Consolidated Financial Statements – effective 1 January 2013

IFRS 11 – Joint Arrangements – effective 1 January 2013

IFRS 12 – Disclosure of Interests in Other Entities – effective 1 January 2013

IFRS 13 – Fair Value Measurement – effective 1 January 2013

Annual Improvements 2009-2011 Cycle for IFRS 1, IAS 1, IAS 16, IAS 32, and IAS 34 – effective 1 January 2013

Consolidated Financial Statements, Joint Arrangements and Disclosure Interests in Other Entities: Transition Guidance – Amends IFRS 10, IFRS 11 and IFRS 12 – effective 1 January 2013

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) – effective 1 January 2014

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine – effective 1 January 2013

2 **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

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 purchase 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.

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.

Rental Income:

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

2 **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

c) **Basis of Consolidation**:

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Acquisitions 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.

2 **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

d) **Investment in Associated Companies**:

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income in the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in comprehensive income.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the value of the retaining investment and proceeds from disposal is recognized in profit or loss.

2 **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

e) **Business Combination**:

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held equity interest is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in comprehensive income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

f) **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. The cost of finished products and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

g) **Hire Purchase Transactions**:

The gross profit and interest charges relating to hire purchase sales are apportioned over the year 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.

2 **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

h) 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 values the long term insurance funds at intervals not exceeding three years.

i) **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.

j) **Provisions for Unearned Premiums**:

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

k) **Outstanding Claims**:

Outstanding claims comprise the estimated cost of all claims incurred but not settled at the end of the reporting year, less recoveries from re-insurers. Provision is also made for claims incurred but not reported until after the end of the reporting year. 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.

l) Claims Equalization Reserve:

Claims Equalization 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.

m) **Property, Plant and Equipment**:

The Freehold and Leasehold properties were independently and professionally revalued in January 1995 and in December 2007 at market values prevailing at those dates. Properties acquired after that date are stated at cost. Surpluses on revaluation are taken directly to Capital Reserve. Property, plant and equipment are stated at cost less related accumulated depreciation.

2 **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

n) **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 and Leasehold Properties over their expected useful lives.

o) **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 year's results. Assets and liabilities in foreign currencies are translated into Eastern Caribbean Dollars at the rates of exchange prevailing at the end of the reporting period.

p) **Taxation**:

The company follows the liability method of accounting for deferred tax whereby all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes are provided for at the current corporation tax rate. Deferred tax assets are only recognized when it is probable that taxable profits will be available against which the assets may be utilized.

q) **Turnover**:

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

r) **Borrowing Costs**:

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the year they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

s) **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.

2 **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

t) **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.

Warranty Claims Provision*:*

The Group generally offers one-year warranties on some of its products. The Group estimates the amount and cost of future warranty claims for its current year sales. These estimates are used to record accrued warranty provisions for current year product shipments. The company uses historical warranty claim information, as well as, recent trends that might suggest that past cost information may differ from future claims.

u) **Accounts Receivable**:

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. loans and trade receivables), but also incorporate other types of contractual monetary assets. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at cost less provision for impairment.

Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognized within distribution costs in the consolidated statement of income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's Accounts Receivable comprise loans receivable, trade and other receivables.

v) **Use of Estimates**:

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions 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.

2 **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

w) **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 Income Statement.

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.

x) **Cash and Short Term Investments**:

For the purpose of the cash flow statement, cash and short term investments comprise cash on hand and at bank and short term investments.

y) **Intangibles:**

Goodwill and Licences from Travel Agencies:

Goodwill and Licences from Travel Agencies are evaluated annually for impairment. Impairment charges are included in profit or loss.

2 **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

y) **Intangibles:** (Cont'd)

Software:

Intangible assets are identifiable non-monetary assets without physical substance. Acquired computer software licences, upgrades to software and related costs that are expected to contribute to the future economic benefit of the company are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives at a rate of 20% per annum.

Costs associated with maintaining computer software programmes are recognized as an expense when incurred.

z) Dividends:

Dividends are recognized when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

3 **PROPERTY, PLANT AND EQUIPMENT**

	Total	Lands and Buildings	General Equipment
Year Ended 31 January 2013			
Gross carrying amount - At Beginning of year	187,052,273	120,548,587	66,503,686
Additions at Cost	5,611,567	490,711	5,120,856
Disposals/Transfers at Cost	(3,879,362)	-	(3,879,362)
Gross carrying amount- At End of year	188,784,478	121,039,298	67,745,180
Depreciation - At Beginning of year	49,219,338	5,904,736	43,314,602
Depreciation Charge in year	6,318,915	1,482,379	4,836,536
Depreciation on Disposals	(3,205,176)	-	(3,205,176)
Depreciation - At End of year	52,333,077	7,387,115	44,945,962
Net carrying amount – 31 January 2013	$136,451,401	$113,652,183	$22,799,218

3 **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

	Total	Lands and Buildings	General Equipment
Year Ended 31 January 2012			
Gross carrying amount - At Beginning of year	162,298,766	118,168,825	44,129,941
Additions Re: Acquisition of a subsidiary	25,122,363	2,583,845	22,538,518
Additions at Cost	4,772,665	1,313,691	3,458,974
Disposals/Transfers at Cost	(5,141,521)	(1,507,774)	(3,633,747)
Gross carrying amount- At End of year	187,052,273	120,558,587	66,493,686
Depreciation - At Beginning of year	35,977,818	4,409,240	31,568,578
Depreciation Charge in year	5,364,216	1,488,466	3,875,750
Depreciation on Disposals	(2,826,675)	(64,603)	(2,762,072)
Additions Re: Acquisition of a subsidiary	10,703,979	71,633	10,632,346
Depreciation - At End of year	49,219,338	5,904,736	43,314,602
Net carrying amount – 31 January 2012	$137,832,935	$114,653,851	$23,179,084

Revaluation of Freehold and Leasehold Properties:

Revaluation in 2007

In December 2007, the Parent and Subsidiary Companies' freehold and leasehold properties were again independently revalued by Cooper Kauffman Limited, Professional Valuers. The surplus of $38,881,024 arising on this revaluation was credited to Capital Reserve during the year ended 31 January 2009. Subsequent additions have been included at cost.

The Directors are of the opinion that market values for these leasehold and freehold properties have not changed significantly from the date the valuations were obtained and the end of the year under review.

Two (2) parcels of leasehold 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.

Acquisition of a Subsidiary

During the year ended 31 January 2012, the Group purchased the controlling shares in St Kitts Bottling Company Limited thus converting it to a subsidiary of the Group. The property, plant and equipment of this subsidiary were initially recognized at fair value.

4 **INVESTMENTS AT COST AND VALUATION**

	2013	2012
Associated Companies	7,535,179	7,240,939
Available-for-Sale Investments	24,240,836	28,803,526
Held-to-Maturity	14,011,928	14,722,295
	$45,787,943	$50,766,760

Associated Companies:	2013	2012
Balance at beginning of year	7,240,939	8,963,258
Disposal	-	(2,680,886)
Net movement for the year (see below)	294,240	958,567
Balance at end of year	$7,535,179	$7,240,939
Net Movement for the year:		
Income before Taxation	987,985	1,880,275
Taxation (Note 14)	(264,726)	(587,896)
	723,259	1,292,379
Dividends	(400,000)	(331,937)
	323,259	960,442
Capital Adjustment	(29,019)	(1,875)
Net Movement	$ 294,240	$ 958,567

The Group's investment in associates comprises:

	2013	2012
St Kitts Masonry Products Limited	50%	50%
Malliouhana-Anico Insurance Company Limited	25%	25%

4 **INVESTMENTS AT COST AND VALUATION (**cont'd)

The Group's share of results, assets and liabilities of the associates are as follows:

	2013	2012
Assets	$12,844,543	$12,896,178
Liabilities	$ 5,309,364	$ 5,655,239
Share of the associates' results:		
Revenue	$ 8,355,520	$10,746,989
Profit after taxation	$ 723,258	$ 1,292,379

Available-for-Sale Investments:	2013	2012
Balance at beginning of year	28,803,526	20,900,216
Additions	381,854	9,707,382
Reclassified to short term investment	(2,637,150)	-
Assignment of deposit to Registrar of Insurance (see note 6)	(1,500,000)	(1,062,500)
Impairment	(486,622)	(454,442)
Net unrealized losses transferred to equity	(320,772)	(287,130)
Balance at end of year	$24,240,836	$28,803,526
Held to Maturity:		
Balance at beginning of year	14,722,295	18,057,756
Additions	295,690	-
Securities matured	(456,057)	(2,335,461)
Assignment of Bonds to Registrar of Insurance (See Note 6)	(550,000)	-
Impairment provision - Government Bonds (See Note Below)	-	(1,000,000)
Balance at end of year	$14,011,928	$14,722,295
Bonds maturing between 1 to 5 years	11,143,944	10,900,000
Bonds maturing after 5 years	2,867,984	3,822,295
	$14,011,928	$14,722,295

4 **INVESTMENTS AT COST AND VALUATION** (cont'd)

Interest on bonds is earned at varying rates between 5% and 8% per annum.

Government of St Kitts and Nevis Debt Exchange Offer
New Discount Bonds – 50% Discount

According to a Press Release dated 27 February 2012, the Government of St Kitts and Nevis made an offer to exchange certain bonds and commercial bank loans (collectively, 'Eligible Claims') owed by the Government, the Nevis Island Administration and public enterprises in return for new US dollar and EC dollar-denominated bonds to be issued by the Federation of St Kitts and Nevis.

Under the terms of the exchange offer, which is being supported by the Caribbean Development Bank ('CDB') through the provision of a partial guarantee, holders of Eligible Claims are being invited to tender their claims in exchange for either New Discount Bonds or New Par Bonds.

The financial terms of the exchange offer are based on the economic data and forecasts produced by the International Monetary Fund as part of the first review under the country's three-year Stand-By Arrangement, originally approved in July 2011, and take into account the feedback received from affected creditors during a nine-month period of intensive consultations. The Group tendered its claim in exchange for New Discount Bonds.

New Discount Bonds

The New Discount Bonds will be issued with a 50% discount on the principal amount of Eligible Claims to be tendered. These bonds will be based on a monthly mortgage-style repayment structure with no grace year on principal. The New Discount Bonds have a final maturity of 20 years, with the last payment due in March 2032. The coupon on these instruments will be 6% for the first four years, dropping to 3% from March 2016 onwards. The New Discount Bonds will benefit from a partial guarantee from the CDB of up to US$12 million that will apply on a rolling, reinstatable, and non-accelerable basis.

One of the Group's wholly-owned subsidiary companies, St Kitts Nevis Insurance Company Limited (SNIC) had an 'Eligible Claim' of $2,000,000 which suffered a 50% discount ("haircut") of $1,000,000.

4 **INVESTMENTS AT COST AND VALUATION** (cont'd)

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.

Associated Companies:

Investments in Associated Companies are accounted for on the equity basis as represented in the latest Financial Statements which for one company was 30 June 2012 and the other was 31 December 2012.

Quoted Investments:

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

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

5 **ACCOUNTS RECEIVABLE**

	2013	2012
Trade Accounts Receivable and Loans - Current (Net of Provisions)	32,912,628	29,205,777
Amount due by Associated Companies	248,032	624,641
	33,160,660	29,830,418
Other Receivables and Prepayments	5,723,451	6,351,597
TOTAL - Current	$38,884,111	$36,182,015
Accounts Receivable – Non Current (Net of Provisions)	$69,420,763	$60,593,008

5 **ACCOUNTS RECEIVABLE** (cont'd)

	2013	2012
Accounts Receivable:		
Due within 2 to 5 years	34,659,921	31,572,068
Due after 5 years	34,760,842	29,020,940
	$69,420,763	$60,593,008

Movement on Provision for Impairment – current and non-current receivables:

	2013	2012
Balance at beginning of year	15,705,849	15,320,146
Increase in provision for impairment	1,767,648	2,251,399
Receivables written off during the year	(1,254,764)	(197,752)
Impaired losses reversed	(784,093)	(1,667,944)
Balance at end of year	$15,434,640	$15,705,849

Ageing analysis of trade receivables:

	Total	Neither past due nor impaired	Past due but not impaired 30 to 90 days	over 90 days
31 January 2013	$33,160,660	$22,101,889	$5,083,214	$5,975,557
31 January 2012	$29,830,418	$20,145,403	$2,968,532	$6,716,483

6 **INSURANCE STATUTORY DEPOSIT**

In accordance with the Insurance Act 2009, Section 23, all registered Insurance Companies are required to maintain a Statutory Deposit with the Accountant General. During the year under review, $1,500,000 in the form of a fixed deposit with a commercial bank was assigned to the Registrar of Insurance. The outstanding amount was cleared by the assignment of ECHMB Bonds with the value of $550,000.

		2013	2012
7	**INTANGIBLES**		
	Goodwill:		
	- At initial recognition	1,250,000	1,250,000
	- Impairment at beginning of year	625,000	375,000
	- Current impairment	625,000	250,000
	- Impairment at end of year	1,250,000	625,000
	Net carrying amount	-	625,000
	Licence – Travel Agency		
	- Balance at beginning of year	300,000	400,000
	- Current impairment	100,000	100,000
	Net carrying amount	200,000	300,000
	Software:		
	- Gross carrying amount – at beginning of year	521,402	515,341
	- Additions	696,600	6,061
		1,218,002	521,402
	- Amortisation at beginning of year	493,749	434,620
	- Current amortisation	13,780	59,129
	- Amortisation end of year	507,529	493,749
	Net carrying amount	710,473	27,653
	TOTAL NET CARRYING AMOUNT	$910,473	$952,653

7 **INTANGIBLES** (cont'd)

Intangibles represent:

i) Goodwill of $1,250,000 being the excess of the cost of acquisition over the net tangible assets acquired on the purchase of The City Drug Store Limited on 1 May 2005. Goodwill was written off in full during the year under review.

ii) Purchase of licences from a travel agency in the amount of $400,000. Impairment is assessed annually;

iii) Software which is being amortised over 5 years.

In the opinion of the Directors, the fair value of these intangibles is not less than the net carrying amount.

8 **CASH AND SHORT TERM INVESTMENTS**

Included in cash and short term investments is an amount of $5,863,035 (2012 = $12,937,945) which represents Government of St Kitts and Nevis and Nevis Island Administration Treasury Bills stated at cost [Face Value $6,036,000 (2012 = $13,231,680)] maturing on quarterly and annual bases. Interest is earned at the rate of 6½% per annum, free of tax.

9 **SHARE CAPITAL**	2013	2012
Authorised		
500,000,000 Ordinary Shares of $1 each	$500,000,000	$500,000,000
Issued and Allotted		
52,000,000 Ordinary Shares of $1 each	$52,000,000	$52,000,000

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.

10 BANK LOANS AND OVERDRAFTS

	2013	2012
Overdrafts	22,105,384	25,154,807
Loans - Current portion	4,485,947	4,548,931
OVERDRAFTS/LOANS-CURRENT	$26,591,331	$29,703,738
Bank Loans	34,607,787	31,453,073
Less Current Portion	(4,485,947)	(4,548,931)
LOANS - NON-CURRENT	$30,121,840	$26,904,142
Non-current Loans:		
Amounts Payable:		
Within 2 to 5 years	14,402,264	19,805,772
After 5 years	15,719,576	7,098,370
TOTAL	$30,121,840	$26,904,142

Secured loans are repayable over periods varying from one (1) to ten (10) years at rates of interest varying from 6% to 7¾ %.

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 $61,877,000 (2012 = $61,877,000).

11 INSURANCE AND OTHER FUNDS

	2013	2012
Insurance Funds	25,249,819	25,242,434
Employee Benefit Funds	3,661,368	3,514,367
Policyholders' Funds	3,556,933	3,342,628
TOTAL	$32,468,120	$32,099,429

12 ACCOUNTS PAYABLE

	2013	2012
Customer Deposits	72,188,842	69,109,875
Trade Accounts Payable	18,647,170	15,767,822
Amount due to Associated Companies	499,553	656,721
Sundry Accounts Payable and Accrued Charges	31,280,984	35,679,673
TOTAL - Current	$122,616,549	$121,214,091
ACCOUNTS PAYABLE – Non-Current	$ 5,670,361	$ 705,606

13 DEFERRED TAX LIABILITY

	2013	2012
Deferred Tax Liability – brought forward	2,316,442	3,325,128
Acquisition through business combination	-	678,889
Deferred Tax Credit (Note 14)	(1,384,792)	(1,687,575)
Deferred Tax Liability – carried forward	$ 931,650	$ 2,316,442
Deferred Tax Liability (net) comprises:		
Deferred Tax Assets	(10,548,672)	(9,065,392)
Deferred Tax Liability	11,480,322	11,381,834
	$ 931,650	$ 2,316,442
Deferred Tax Assets comprise:		
Unutilised Capital Allowances	7,922,897	7,370,101
Unutilised Tax Losses	2,359,501	1,499,108
Accelerated Depreciation	266,274	196,183
	$ 10,548,672	$ 9,065,392
Deferred Tax Liability comprises:		
Accelerated Capital Allowances	$ 11,480,322	$ 11,381,834

14 PROVISION FOR TAXATION

	2013	2012 (Restated)
Provision for Taxation		
- Current Year	869,177	374,613
- Previous Years	(131,461)	1,089,303
TOTAL	$737,716	$1,463,916
The Charge in the Income Statement comprises the following:		
Provision for Taxation	3,390,696	2,313,767
Under provision – previous year	73,094	87,831
Deferred Tax (Note 13)	(1,384,792)	(1,687,575)
	2,078,998	714,023
Associated Companies (Note 4)	264,726	587,896
TOTAL	$2,343,724	$1,301,919

The Group's effective tax rate of 49.5% (2012 = 30.7%) differs from the Statutory rate as follows:

	2013	2012
Income before Taxation	$4,728,413	$4,234,555
Tax at statutory rate of 35%	1,654,944	1,482,094
Tax effect of expenses not deductible in determining taxable profits	1,377,008	1,525,705
Tax effect of income not assessable for taxation	(910,592)	(1,876,194)
Under provisions – previous years	73,094	87,831
Tax effect of depreciation on non-qualifying assets	108,061	145,297
Tax effect on gain on non-qualifying assets	-	(60,935)
Tax effect of losses written off	58,695	-
Other	(17,486)	(1,879)
	$2,343,724	$1,301,919

15 EARNINGS PER ORDINARY SHARE

Basic earnings per share is computed by relating income attributable to ordinary shareholders to the number of ordinary shares in issue during the year.

	2013	2012
Net Income for the year	$2,384,689	$2,932,636
Number of ordinary shares in issue	52,000,000	52,000,000
Basic earnings per share	$0.05	$0.05

16 PRIOR YEAR ADJUSTMENTS

	2013	2012
Prior year adjustments comprise the following:		
Tax Overprovision	558,281	-
Reserve on Consolidation	350,000	-
	$908,281	-

17 CONTINGENT LIABILITIES AND COMMITMENTS

a) The Company is committed for calls on the unpaid portion of shares in its wholly-owned subsidiary, TDC Tours Limited, in the amount of $70,000 (2012 = $70,000);

b) At 31 January 2013, the Parent Company guaranteed bank loans and overdrafts on behalf of subsidiary companies;

c) At 31 January 2013, commitments in respect of open Letters of Credit established in the normal course of business amounted to $1,198,800 (2012 = $1,551,987);

d) The Company is committed to the investment in Cable Bay Hotel Development project for an additional amount of $5,480,102 (2012 = $5,480,102).

e) Counsel has advised that there was no pending litigation at 31 January 2013 (2012 = $548,000 approximately).

18 TDC REAL ESTATE AND CONSTRUCTION LIMITED

Construction on twenty eight (28) of the forty-four (44) villas at Sunrise Hill - Frigate Bay, St Kitts was completed. Two (2) villas remained unsold at year end. The project is expected to be completed by July 2015.

It is estimated to cost EC $72 million of which $47,160,724 was expended at year end. The Company was granted a further three year extension of the tax-free holiday in respect of this development. This tax-free holiday extension commenced May 2012.

19 FINANCIAL INFORMATION BY SEGMENT

	REVENUE		PRE-TAX PROFIT	
SEGMENT	2013	2012	2013	2012
General Merchants and Shipping	125,960,017	129,116,458	(1,613,564)	(2,895,696)
Insurance and Finance	17,440,034	19,179,762	7,334,067	6,847,284
Rentals, Airline Agencies and Hotel	15,028,671	15,850,938	(1,241,917)	(974,262)
Real Estate	7,201,649	7,551,949	249,827	1,257,229
	$165,630,371	$171,699,107	$ 4,728,413	$ 4,234,555

	ASSETS		LIABILITIES	
SEGMENT	2013	2012	2013	2012 (Restated)
General Merchants and Shipping	170,185,697	179,003,887	97,235,923	102,550,362
Insurance and Finance	150,565,327	132,944,188	114,811,430	106,172,997
Rentals, Airline Agencies and Hotel	38,573,781	40,549,538	2,541,157	3,796,676
Real Estate	20,586,066	22,432,531	4,549,057	1,887,329
	$379,910,871	$374,930,144	$219,137,567	$214,407,364

	ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT		DEPRECIATION	
SEGMENT	2013	2012	2013	2012
General Merchants and Shipping	3,614,899	17,630,021	3,772,859	3,003,029
Insurance and Finance	427,453	84,822	208,792	169,781
Rentals, Airline Agencies and Hotel	1,464,338	1,440,016	2,278,858	2,126,663
Real Estate	104,877	36,190	58,406	64,743
	$ 5,611,567	$ 19,191,049	$ 6,318,915	$ 5,364,216

20 **FINANCIAL INSTRUMENTS**

a) Interest Rate Risk:

Interest rates and terms of borrowing are disclosed in Note 10.

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, short-term deposits, accounts receivable, investments, 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.

e) Liquidity Risk:

In order to manage liquidity risk, management seeks to maintain sufficient levels of cash and cash equivalents and available credit facilities such as loans and overdrafts to finance its operations and ongoing projects.

20 **FINANCIAL INSTRUMENTS** (cont'd)

e) Liquidity Risk: (cont'd)

The following table summarises the maturity profile of the Group's financial assets and liabilities:

Financial Liabilities:

Year Ended 31 January 2013:

	Due within 1 Year	>1 Yr to 5 Yrs	>5 Years	Total
Overdrafts	22,105,384	-	-	22,105,384
Loans	4,485,947	14,402,264	15,719,576	34,607,787
Trade Payables	91,335,565	5,670,361	-	97,005,926
Other Payables	31,280,984	-	-	31,280,984
	$149,207,880	$20,072,625	$15,719,576	$185,000,081

Year Ended 31 January 2012:

	Due within 1 Year	>1 Yr to 5 Yrs	>5 Years	Total
Overdrafts	25,154,807	-	-	25,154,807
Loans	4,548,931	19,805,772	7,098,370	31,453,073
Trade Payables	85,534,418	705,606	-	86,240,024
Other Payables	35,679,673	-	-	35,679,673
	$150,917,829	$20,511,378	$7,098,370	$178,527,577

20 **FINANCIAL INSTRUMENTS** (cont'd)

e) Liquidity Risk: (cont'd)

Financial Assets:

Year Ended 31 January 2013:

	Due within 1 Year	>1 Yr to 5 Yrs	>5 Years	Total
Cash and Short Term Investments	26,292,112	-	-	26,292,112
Trade Receivables and Loans	33,160,660	34,659,921	34,760,842	102,581,423
Other Receivables	5,723,451	-	-	5,723,451
Investments	-	11,143,944	34,643,999	45,787,943
	$65,176,223	$45,803,865	$69,404,841	$180,384,929

Year Ended 31 January 2012:

	Due within 1 Year	>1 Yr to 5 Yrs	>5 Years	Total
Cash and Short Term Investments	20,172,276	-	-	20,172,276
Trade Receivables and Loans	29,830,418	31,572,068	29,020,940	90,423,426
Other Receivables	6,351,597	-	-	6,351,597
Investments	-	10,900,000	39,866,760	50,766,760
	$56,354,291	$42,472,068	$68,887,700	$167,714,059

21 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The following transactions were carried out with associated companies during the year.

	2013 $	2012 $
Sales of Goods and Services	6,745,067	12,302,049
Purchases of Goods and Services	2,013,215	2,694,936
Dividends received	400,000	331,937
Management and Administrative Fees	130,800	114,800

	2013	2012
Directors' Balances:		
Due to Directors	$5,799,634	$6,084,561
Due from Directors	$ 464,270	$ 485,691

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

	2013	2012
Short-term employee benefits and retirement contributions	$2,089,224	$2,275,886

SKNA Trading and Development Company Limited manages the TDC Pension Savings Plan for employees of the TDC Group of Companies. There is no liability for any shortfall in the Plan. At the end of the year, the SKNA Trading and Development Company Limited was indebted to the TDC Pension Savings Plan in the amount of $4,266,510 (2012 = $4,811,688). Interest is being charged at the rate of 5 ½ % (2012 = 6 ½%) per annum.

22 SUBSEQUENT EVENT

Subsequent to the year end, the Parent Company, St Kitts-Nevis-Anguilla Trading and Development Company Limited entered into a credit arrangement to borrow the sum of US $5,000,000 to liquidate current loan balances of its subsidiary, Ocean Terrace Inn Limited, which are secured by the properties of that Company which stood at EC $2,972,719 at year's end. The balance will be used on the capital improvement programme at Ocean Terrace Inn Limited.

23 RESERVE FUNDS

Section 14 sub-section (1) of the Banking Act 1991 of Saint Christopher and Nevis, No 6 of 1991, states every licensed financial institution shall maintain a reserve fund and shall, out of its net profits of each year transfer to that fund a sum equal to not less than twenty percent of such profits whenever the amount of the reserve fund is less than a hundred per cent of the paid-up or, as the case may be, assigned capital of the financial institution.

24 ACTUARIAL REVIEW

The accounting policy Re: Policyholders' Funds requires St Kitts Nevis Insurance Company Limited to set aside and maintain funds for both statutory and actuarial reasons to adequately safeguard the policyholders' interests. These funds are shown separately from funds attributable to shareholders and are not available for distribution.

This policy stipulates that an Actuary values the long term insurance funds at intervals not exceeding three (3) years. The last actuarial review was done for the year ended 31 January 2009.

TDC GROUP OF COMPANIES – SUBSIDIARY COMPANIES

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

GENERAL TRADING:
TDC Nevis Limited
City Drug Store (2005) Limited
City Drug Store (Nevis) Limited
St Kitts Bottling Co Limited }
Antillean Beverages Limited } 51.67%

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

INSURANCE AND REINSURERS:
St Kitts Nevis Insurance Co Ltd (SNIC)
SNIC (Nevis) Limited
East Caribbean Reinsurance Co Ltd - (80%) - Anguilla

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

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

REAL ESTATE DEVELOPMENT:
TDC Real Estate and Construction Ltd
Conaree Estates Limited
Dan Dan Garments Limited
TDC Real Estate and Construction (Nevis) Limited

HOTEL OPERATOR:
Ocean Terrace Inn Limited
OTI Pieces of Eight Limited
Pelican Cove Marina Limited

SHIPPING SERVICES:
Sakara Shipping NV – Tortola, BVI

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

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

Our Partners

TOYOTA | SUZUKI | YAMAHA

GOODYEAR | Canon | lenovo

DUPONT | LG Life's Good | Pitney Bowes

Whirlpool | St. Kitts Bottling Company Ltd. | HARRIS

BERGER PAINTS | Digicel | Do it Best

Mercedes-Benz | BRITISH AIRWAYS | Sagicor Wise Financial Thinking for Life

WESTERN UNION FAST, RELIABLE, WORLDWIDE MONEY TRANSFER | Coca-Cola | U·S AIRWAYS

PRINCESS CRUISES escape completely | MITSUBISHI | Thrifty Car Rental

Notes

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TDC for Service, TDC for Quality, TDC your Company