

DREAM BELIEVE ACHIEVE
35th Annual Report



**FOR SERVICE FOR QUALITY
YOUR COMPANY**

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 Resources Development
- Good Corporate Citizenship

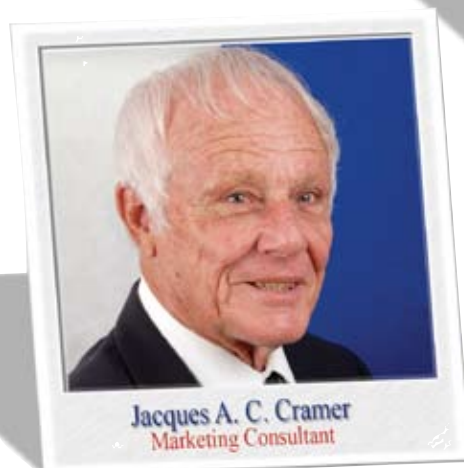


Table of Contents

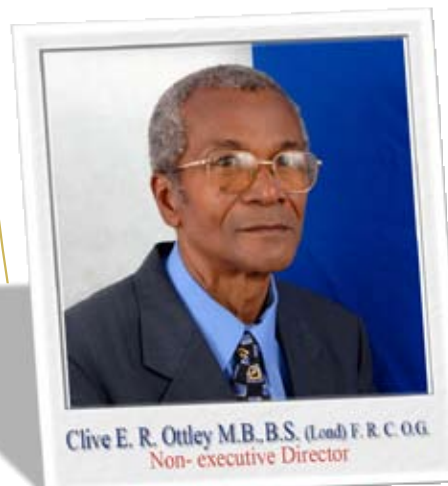
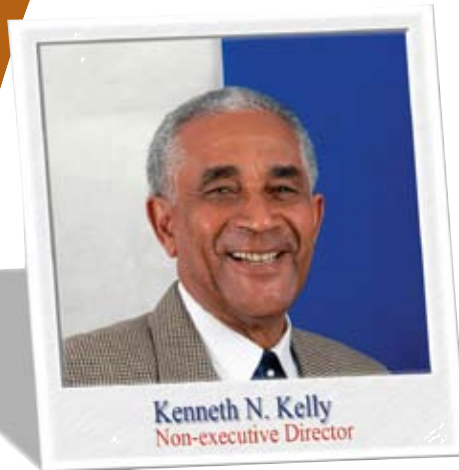
Corporate Information	pg 2
Notice of Meeting	pg 4
Directors' Report	pg 5
Financial Information	pg 10
Auditors' Report	pg 11
Consolidated Balance Sheet	pg 12
Consolidated Profit and Loss	pg 13
Consolidated Statement of Changes in Equity	pg 14
Consolidated Statement of Cash Flows	pg 15
Notes to the Consolidated Financial Statements	pg 16
Our Future	pg 33
Our Partners	pg 34



Corporate Information



Registered Office:
Fort Street, Basseterre, St. Kitts



Bankers:

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

Notice of Meeting

Notice is hereby given that the 35th Annual General Meeting of the St Kitts Nevis Anguilla Trading and Development Company Limited will be held at the Fisherman's Wharf Restaurant, Fortlands, Basseterre, St Kitts, Tuesday, June 24, 2008 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 31, 2008
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
6. To appoint Auditors and to authorize the Directors to fix their remuneration for the ensuing year
7. To consider and, if thought fit, pass the following special resolution:
"Be it resolved that the stated value of the Company's shares be changed from \$5.00 to \$1.00 each and that each of the existing shares of a stated value of \$5.00 each in the capital of the Company be subdivided into five shares of a stated value of \$1.00".
8. To consider and, if thought fit, pass the following special resolution authorizing a bonus issue:
"Be it resolved that the sum of \$26,000,000 being part of the amount standing to the credit of the reserves of the Company be capitalized and that the same be applied in making payment in full at stated value for 26,000,000 shares of \$1.00 each in the Capital of the Company such shares to be distributed as fully paid among the persons who were registered as holders of the ordinary shares of the Company in the capital of the Company on the 24th day of June 2008 at the rate of one fully paid share for every one ordinary share of \$1.00 each of the Company held by such holders respectively such fully paid shares to rank for dividend as from the 1st day of August 2008".

BY ORDER OF THE BOARD

Maritza Bowry

Maritza S Bowry
Company Secretary

May 21, 2008

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.



Ocean Terrace
Inn

DIRECTORS' REPORT

The Directors are pleased to report an improvement in results over last year as our company celebrated thirty-five years of operations. After minority interests and taxation, Net Income for the year totaled **\$10,544,690** compared to **\$7,946,040** last year, which was restated.

The Board recommends a final dividend of 6.5% (32.50 cents per share), following the interim dividend of 5.50% (27.50 cents per share) that was paid in January 2008, making the total dividend 12% (60 cents per share) for the year. The total payout for dividend will, therefore, be **\$3,120,000.00**.

During the year, the company commenced the process towards full compliance with the International Financial Reporting Standards (IFRSs) and is on track to complete it early in the new financial year.

PERFORMANCE REVIEW

GENERAL TRADING

Our Automotive Divisions continued to lead the market in sales as a result of the popularity of the two major brands: Toyota and Suzuki. The departments continue to keep abreast of innovations and new technologies in the auto industry and have positioned themselves to introduce more energy efficient vehicles, including hybrids, as soon as they become available to our market. Further investment is required in an industry specific management information system to improve the management of the spares inventory.

The **Home and Building Depots** performed exceptionally well. Growth in the construction sector, aggressive sales efforts and improved purchasing practices propelled the departments to achieving their best performances ever. Agreement was reached with our partner, DO IT BEST, of the United States to assist the company with the layout of its stores, which we expect will improve the customer shopping experience and increase sales. Work has already started on the store in St Kitts and later in the year will start in Nevis.

During the year, the operations of **City Drug Store (2005) Ltd** and the **Business Equipment Department** in St Kitts were amalgamated. The results have not met management's expectations, mainly as a result of inventory related issues and the reduction of sales of business equipment and related supplies. These have been addressed and an improvement is anticipated in the new year. The **Business Equipment and Stationery** business in Nevis again made a loss for the year. A plan has been formulated to effect a turnaround of the department by the middle of the next financial year.



SERVICES

The **Shipping Agencies**, as a group, produced fair, albeit reduced results for the year. Cargo volumes handled were down and several labour related disruptions at the Port of Basseterre negatively impacted operations. The dry-docking of the company's inter island cargo vessel lasted much longer than expected and resulted in substantial loss of revenues. During the year, the company successfully established an agency relationship with Sea Star Lines, a United States based company with sailings out of Florida and New Jersey to the Caribbean. The service has been fairly successful so far and the prospects appear good. Substantial investments in trucking equipment were made to ensure the continued reliability and efficiency of our services on both islands.

TDC Rentals Ltd and TDC Rentals (Nevis) Ltd generated better results than last year due to improvements in the hire purchase businesses and some cost reductions. The performances of the auto rentals operations were disappointing as the sales remained static in Nevis and actually contracted in St Kitts. That business is being heavily impacted by the proliferation of small non-franchise operators that have entered the market in recent years.

FINANCE & INSURANCE

St Kitts and Nevis Finance Company Limited (FINCO) grew its deposits by 8.6% and loans by 14.15% despite the very competitive environment. The prudent underwriting of loans resulted in the continuing reduction of doubtful loans relative to the overall loans portfolio. Expenses were kept in check and helped to achieve an appreciable increase in Net Income over the previous year.

St Kitts Nevis Insurance Company Ltd (SNIC) continued its policy of conservative underwriting management. A year free of any major losses contributed to another profitable year for the company. The results improved over last year despite increased reinsurance costs and the abnormal practices of some competitors. Road safety remains a growing concern and the company is in favour of legislation or any government action mandating the use of seat belts and prohibiting the use of mobile phones by drivers.

TOURISM

Ocean Terrace Inn (OTI) – The company benefited tremendously from the ICC Cricket World Cup matches that were staged here during the year. This, along with management's success at winning back former corporate customers resulted in higher revenues and improved profits compared to last year. Several initiatives were taken that resulted in solid cost savings in other areas despite high maintenance and utilities costs.

TDC Airline Services Ltd – Despite management's best efforts and increased revenues from the Western Union business, the company made a loss, following a small net profit last year.

TDC Airline Services Nevis Ltd also had a very challenging year in which it again sustained a Net Loss. Lower volume of aircrafts handled and higher personnel costs contributed to these results.



Sunrise Hills
Villas

Both of these companies operate in the very volatile and competitive global airline industry, which continued to make marginal profits or large losses. As a result, the companies were unable to recover much of the increased costs of doing business. However, towards the end of the financial year, management was compelled to commence renegotiations of the aircraft handling rates with all of the airlines that both companies handle. Already, agreement on increased rates has been reached with some airlines and the prospects of the ongoing re-negotiations with the others are positive.

Towards the end of the year the Group purchased Carib World Travel, a small IATA approved travel agency in Nevis. This has assisted in increasing the product offerings to our clients.

TDC Tours Ltd had a very difficult year. The company's lease arrangements at the Marriott Resort, the main source of its business, were terminated during the year. We have intensified our efforts at diversifying the company's business and have made some progress so far.

REAL ESTATE DEVELOPMENT

TDC Real Estate and Construction Company Ltd completed the sales and construction of several villas at the upscale Sunrise Villas development overlooking the golf course at Frigate Bay. The first phase has been completely sold out and sales in the second phase have been brisk so far.

Sales in the middle income housing project being developed by **Conaree Estates Ltd**, have not met management's expectations. Only four of the twenty one single family homes have been sold so far. However, aggressive sales efforts are being made to generate more activity in this development.

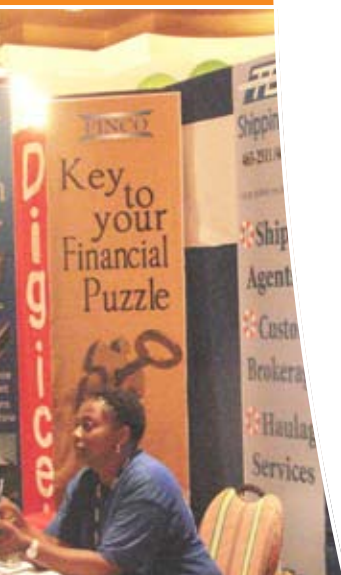
The Cable Bay Hotel Development Company has commenced the construction of the first phase of its Ocean Edge project at Frigate Bay. This phase comprises fifteen buildings housing thirty condominium units.

ASSOCIATE COMPANIES

St Kitts Bottling Company Ltd recorded a substantial loss for the year under review. The company experienced severe shortages of deposit/returnable bottles for its soft drinks during the peak Christmas season, which negatively impacted sales. It also experienced protracted delays in the installation and commissioning of the new state of the art PET plant. The new plant is now in operation and the initial results, including product quality and customer satisfaction, have been very encouraging.

St Kitts Masonry Products Ltd took advantage of the increased activities in the construction sector during the run up to the ICC Cricket World Cup. The challenges that were encountered in recent years due to the lack of reliable and reasonably priced supplies of local raw materials have abated. As a result, the company generated a generous Net Income for the year.

MAICO, our associate insurance company in Anguilla achieved significant growth in its major business lines and again generated substantial profits.



Staff at Kitittian Expo 2007

SOCIAL CONTRIBUTION

Over the year, the Group, as a good corporate citizen, assisted a number of worthy causes and organizations. Support was provided to various cultural festivals including the National Carnival, Culturama, the Green Valley Festival and the annual Primary Schools Drama Festival. The company not only sponsored, but assisted in the organization of the Berridge-Howell Trophy cricket match between St Kitts and Nevis and provided assistance to the annual Fig Tree Sports meet. The Warren Tyson Scholarship Programme, which assists deserving high school students, the annual Inter High Schools Athletics meet and the reigning champions - Newtown Football Club continued to receive the full support of the company.

HUMAN RESOURCES

During the year, the company continued its program of human resource development for its seven hundred and sixty-two (762) full time employees. In-house training programmes were supplemented by various workshops and seminars facilitated by independent trainers.

In addition, the company indirectly employed, through its contractors and sub-contractors over one hundred and seventy five (175) workers at its two housing developments at Conaree and Frigate Bay.

A comprehensive Management Performance Evaluation Programme was designed to provide a continuous review of the performance of management team members. The remuneration packages of all entry and supervisory level staff were reviewed and improved. Under the aegis of the Michael King Advanced Educational Scholarship Scheme, the company supported thirteen employees who are pursuing undergraduate, postgraduate and professional studies, at a cost of over \$400,000.00.

THE ECONOMY

Buoyed largely by the preparations for the ICC Cricket World Cup and several tourism related projects, the construction industry remained very strong throughout the year. The tourism sector also continued to experience steady expansion. Increased airlift has assisted in the growth of stay over visitors while the rapid expansion in the shopping facilities at Port Zante has made the island more attractive to the cruise lines.

However, we are extremely concerned that the economic gains achieved so far may be reversed by the dramatic increase in the levels of violent crime. We call on the government, civil society and the entire community to redouble their efforts to combat this scourge. Our company stands ready to actively support and participate in any meaningful initiative that seeks to address this problem.



Redi-mix Concrete Trucks at SKMP

STATUTORY REPORT

The Directors have pleasure in submitting their Report and Audited Accounts for the year ended January 31, 2008.

	2008	2007 (Restated)
Profit for the year, after providing for Taxation	10,544,690	7,946,040
The Board recommends a total Dividend of 12% free of tax (2007 – 11%)	<u>(3,120,000)</u>	<u>(2,860,000)</u>
Retained Earnings	<u>\$7,424,690</u>	<u>\$5,086,040</u>

In accordance with Article 99 of the Articles of Association, Messrs Jacques A C Cramer, Clive E R Ottley, Charles L Wilkin and Earle A Kelly retire and, being eligible, offer themselves for re-appointment.

Mr Austin Da Silva retired from the Board of Directors, effective February 1st 2008. The Board expresses its profound thanks and appreciation to him for his contributions to the company and wishes him well in his future endeavours.

The Auditors, Pannell Kerr Forster, Chartered Accountants retire and, being eligible offer themselves for re-appointment.

In closing, the Board wishes to thank all of our customers and clients for their business during the last year and, after 35 years, continues to pledge its commitment to ensuring that their loyalty to our company will never be taken for granted. We also take this opportunity to recognize the support of our shareholders and our hard working managers and staff as we continue to promote our motto:

TDC for Service
TDC for Quality
TDC your Company



D Michael Morton
Chairman



Ernie A. France
Director

Financial Information

	2004	2005	2006	2007	2008
Net Interest Expense	1,910,437	659,034	1,031,638	2,567,795	1,242,065
Depreciation	3,599,151	3,924,935	4,498,909	*4,375,378	4,486,490
Pre-tax Profit	* 8,625,121	* 11,213,516	* 11,527,750	*12,383,880	15,366,989
Corporation Tax	2,588,904	3,317,627	*3,313,769	*4,437,840	4,822,299
Dividends	2,250,000	2,500,000	2,832,500	2,860,000	3,120,000
Retained Income	3,735,834	5,342,269	*5,381,481	*5,086,040	7,424,690
Shareholders' Funds	67,016,481	78,996,817	*95,400,167	*103,355,659	110,470,813

* = 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 2008, 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 consolidated 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 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.

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 2008, 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.



PANNELL KERR FORSTER
Chartered Accountants:
BASSETERRE - ST KITTS
15 May 2008

CONSOLIDATED BALANCE SHEET

AS AT 31 JANUARY 2008 (Expressed in Eastern Caribbean Dollars)

CURRENT ASSETS	NOTES	2008	2007 (Restated)
Cash and Short Term Investments	3	21,560,315	25,869,403
Accounts Receivable	4	69,307,383	60,970,212
Inventories and Goods in Transit	2(e)	<u>65,352,548</u>	<u>65,632,657</u>
		<u>156,220,246</u>	<u>152,472,272</u>
CURRENT LIABILITIES			
Current Loans and Bank Overdrafts	5	27,667,520	25,804,646
Accounts Payable	6	103,448,334	92,008,874
Provision for Taxation	7	<u>4,110,318</u>	<u>6,417,583</u>
		<u>135,226,172</u>	<u>124,231,103</u>
WORKING CAPITAL		20,994,074	28,241,169
LOAN RECEIVABLE	8	2,773,783	-
INVESTMENTS	9	36,006,510	29,061,363
PROPERTY, PLANT AND EQUIPMENT	10	89,642,868	88,203,931
INSURANCE STATUTORY DEPOSIT	11	760,208	676,282
INTANGIBLES	12 & 2(x)	<u>1,650,000</u>	<u>1,250,000</u>
TOTAL		<u>\$151,827,443</u>	<u>\$147,432,745</u>
FINANCED BY:			
SHARE CAPITAL	13	26,000,000	26,000,000
RESERVES		<u>82,769,409</u>	<u>74,694,464</u>
SHAREHOLDERS' EQUITY		108,769,409	100,694,464
MINORITY INTEREST		<u>1,701,404</u>	<u>2,661,195</u>
TOTAL EQUITY		110,470,813	103,355,659
LOANS – NON-CURRENT	5	14,237,552	20,151,410
INSURANCE AND OTHER FUNDS	14	<u>27,119,078</u>	<u>23,925,676</u>
FUNDS EMPLOYED		<u>\$151,827,443</u>	<u>\$147,432,745</u>

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

Approved by the Board of Directors on 28 May 2008.



D M Morton
Chairman



E A Kelly
Finance Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2008 (Expressed in Eastern Caribbean Dollars)

	NOTES	2008	2007 (Restated)
TURNOVER	2 (p)	206,825,560	190,520,261
Cost of Sales and Related Costs		(154,010,606)	(141,464,256)
Gross Profit		52,814,954	49,056,005
Other Operating Income		8,989,508	7,703,323
Operating Costs		(14,139,465)	(13,033,586)
Distribution Costs		(4,338,670)	(5,240,610)
Administrative Costs		(21,774,941)	(21,479,481)
Finance Costs		(5,078,918)	(5,122,972)
Other Expenses		(2,469,052)	(1,255,267)
Share of Results of Associated Companies		<u>1,363,573</u>	<u>1,756,468</u>
PROFIT BEFORE TAXATION		15,366,989	12,383,880
Income Tax Expense	7	(4,822,299)	(4,437,840)
PROFIT FOR THE YEAR AFTER TAXATION		<u>\$10,544,690</u>	<u>\$7,946,040</u>
Attributable to:			
Equity holders of the Parent		10,390,370	7,840,931
Minority Interest		<u>154,320</u>	<u>105,109</u>
		<u>\$10,544,690</u>	<u>\$7,946,040</u>
Earnings per Share	15	<u>\$2.03</u>	<u>\$1.53</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 2008 (Expressed in Eastern Caribbean Dollars)

	Share Capital	Unrealised Holding Gain	Capital Reserve	Retained Earnings	Total	Minority Interest	Total Equity
Balance at 31 January 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 16)	-	-	-	<u>12,408,410</u>	<u>12,408,410</u>	-	<u>12,408,410</u>
- As restated	26,000,000	1,084,352	1,273,920	67,444,535	95,802,807	2,556,086	98,358,893
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	-	-	-	7,840,931	7,840,931	105,109	7,946,040
Dividend Paid	-	-	-	<u>(2,975,000)</u>	<u>(2,975,000)</u>	-	<u>(2,975,000)</u>
Balance at 31 January 2007	<u>\$26,000,000</u>	<u>\$1,084,352</u>	<u>\$1,462,796</u>	<u>\$72,147,316</u>	<u>\$100,694,464</u>	<u>\$2,661,195</u>	<u>\$103,355,659</u>
Balance at 31 January 2007							
– As previously reported	26,000,000	1,084,352	1,437,070	1,544,668	100,066,090	2,661,195	1 02,727,285
- Reclassification	-	-	25,726	(25,726)	-	-	-
- Prior Year Adjustments (Note 16)	-	-	-	<u>628,374</u>	<u>628,374</u>	-	<u>628,374</u>
- As restated	26,000,000	1,084,352	1,462,796	72,147,316	100,694,464	2,661,195	103,355,659
Reduction in Minority Interest (Note 22)	-	-	-	-	-	(1,224,161)	(1,224,161)
Increase in Reserves	-	-	33,426	-	33,426	-	33,426
Unrealised Holding Gain – Investments	-	557,195	-	-	557,195	110,050	667,245
Transfer to Capital Reserves							
– Associated companies	-	-	685,777	(685,777)	-	-	-
Realised Capital Reserve	-	-	(46,046)	-	(46,046)	-	(46,046)
Net Income for the year	-	-	-	10,390,370	10,390,370	154,320	10,544,690
Dividend Paid	-	-	-	<u>(2,860,000)</u>	<u>(2,860,000)</u>	-	<u>(2,860,000)</u>
Balance at 31 January 2008	<u>\$26,000,000</u>	<u>\$1,641,547</u>	<u>\$2,135,953</u>	<u>\$78,991,909</u>	<u>\$108,769,409</u>	<u>\$1,701,404</u>	<u>\$110,470,813</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2008 (Expressed in Eastern Caribbean Dollars)

CASH FLOWS FROM OPERATING ACTIVITIES	2008	2007 (Restated)
Profit before Taxation	15,366,989	12,383,880
ADJUSTMENTS TO RECONCILE NET PROFIT TO NET CASH FROM OPERATING ACTIVITIES		
Depreciation	4,486,490	4,375,378
Gain on Disposal of Property, Plant and Equipment and Investments	(234,949)	(223,736)
Share of results of Associated Companies	(1,363,573)	(1,756,468)
Increase in Employment and Insurance Funds	3,193,402	3,217,054
Minority Interest in earnings of subsidiaries	(154,320)	(105,109)
Realised Capital Reserve	(46,046)	-
	21,247,993	17,890,999
Decrease/(Increase) in Inventories	280,109	(6,459,817)
Increase in Accounts Receivable	(8,337,171)	(4,846,761)
Increase in Accounts Payable	11,439,460	13,787,396
Taxation Paid	(6,807,315)	(9,180,624)
Net cash inflow from operating activities	<u>17,823,076</u>	<u>11,191,193</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan Receivable	(2,773,783)	-
Purchase of Intangible Asset	(400,000)	-
Proceeds from Disposal of Investment	2,700,000	-
Proceeds from sale of Property, Plant and Equipment	1,367,898	726,369
Purchase of Property, Plant and Equipment	(7,058,375)	(11,271,050)
Purchase of Investments	(8,375,096)	(4,960,702)
Dividends from associated companies	471,943	281,375
Insurance Statutory Deposit	(83,926)	(41,143)
Net cash outflow from investing activities	<u>(14,151,339)</u>	<u>(15,265,151)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease)/Increase in non-current debt	(5,913,858)	5,312,810
Increase in current debt	1,862,874	5,549,840
(Decrease)/Increase in Minority Interest	(1,069,841)	105,109
Dividends paid to Shareholders	(2,860,000)	(2,975,000)
Net Cash (Outflow)/Inflow from Financing Activities	<u>(7,980,825)</u>	<u>7,992,759</u>
Net (Decrease)/Increase in cash and cash equivalents	(4,309,088)	3,918,801
Cash and cash equivalents at beginning of year	<u>25,869,403</u>	<u>21,950,602</u>
Cash and cash equivalents at end of year	<u>\$21,560,315</u>	<u>\$25,869,403</u>

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2008 (Expressed in Eastern Caribbean Dollars)

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.



Automotive Division

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2008 (Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b) Revenue Recognition (cont'd)

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, 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. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit and loss account.



TDC Airline Services

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2008 (Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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. 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).

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.



Ocean Terrace Inn

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2008 (Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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



TDC- Berger
Scholarship Awardee
Kazrano Gumbs

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2008 (Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 of accounting, however, is not in accordance with the International Accounting Standard No. 12.

p) Turnover:

Turnover principally 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.



Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2008 (Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

u) 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.

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 and short term investments.

x) Intangibles:

The amortisation policies of intangible assets are yet to be determined by management.



TDC Shipping

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2008 (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 (2007 = \$10,718,625) which represents Government of St Kitts and Nevis and Nevis Island Administration Treasury Bills stated at cost [Face Value \$10,900,000 (2007 = \$10,900,000)] maturing on a quarterly basis. Interest is earned at the rate of 6½% and 7% per annum respectively, free of tax.

4 ACCOUNTS RECEIVABLE	2008	2007
Trade Accounts Receivable	65,115,524	55,904,675
Amount due by Associated Companies	820,474	1,157,636
Other Receivables and Prepayments	<u>3,371,385</u>	<u>3,907,901</u>
TOTAL	<u>\$69,307,383</u>	<u>\$60,970,212</u>

5 LOANS AND BANK OVERDRAFTS	2008	2007
Overdrafts	22,390,565	20,340,850
Loans - Current portion	<u>5,276,955</u>	<u>5,463,796</u>
OVERDRAFTS/LOANS-CURRENT	<u>\$27,667,520</u>	<u>\$25,804,646</u>
Bank and Other Loans	19,514,507	25,615,206
Less Current Portion	<u>(5,276,955)</u>	<u>(5,463,796)</u>
LOANS - NON-CURRENT	<u>\$14,237,552</u>	<u>\$20,151,410</u>
Non-current Loans:		
Amounts Payable:		
Within 2 to 5 years	11,265,995	16,232,117
After 5 years	<u>2,971,557</u>	<u>3,919,293</u>
	<u>\$14,237,552</u>	<u>\$20,151,410</u>

Secured loans are repayable over periods varying from one (1) to ten (10) years at rates of interest varying from LIBOR plus 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 (2007 = \$55,820,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2008 (Expressed in Eastern Caribbean Dollars)

6	ACCOUNTS PAYABLE	2008	2007
	Customer Deposits	45,824,583	42,197,915
	Trade Accounts Payable	20,101,262	15,413,444
	Amount due to Associated Companies	1,192,352	757,420
	Sundry Accounts Payable and Accrued Charges	<u>36,330,137</u>	<u>33,640,095</u>
	TOTAL	<u>\$103,448,334</u>	<u>\$92,008,874</u>

7	PROVISION FOR TAXATION	2008	2007
	Provision for Taxation		
	- Current Year	4,024,800	3,341,975
	- Previous Years	<u>85,518</u>	<u>3,075,608</u>
	TOTAL	<u>\$4,110,318</u>	<u>\$6,417,583</u>

The Charge in the Profit and Loss Account comprises the following:

Parent and Subsidiaries:

Provision for Taxation	4,500,050	3,855,326
Sundry underprovision	<u>-</u>	<u>90,441</u>
	4,500,050	3,945,767
Associated Companies	<u>322,249</u>	<u>492,073</u>
TOTAL	<u>\$4,822,299</u>	<u>\$4,437,840</u>

Income Tax re-assessments: (See Note 17 (e))

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 years, 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. These taxes have been fully paid. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2008 (Expressed in Eastern Caribbean Dollars)

8 LOAN RECEIVABLE (Unsecured)

Newfound Pinneys Limited - \$2,773,783

The loan shall be due and payable to the lender on or before January 31, 2012. Newfound Pinneys Limited may repay the loan in whole or in part, at any time up to, and including the repayment date without notices and without penalty.

The principal amount of the loan from time to time outstanding shall bear interest calculated daily at a rate of twelve percent (12%) per annum.

9 INVESTMENTS AT COST AND VALUATION

a) Associated Companies:	2008	2007
ST KITTS MASONRY PRODUCTS LIMITED		
6,500 Ordinary Shares of \$100 each - At Valuation	2,754,018	2,403,917
ST KITTS BOTTLING COMPANY LIMITED		
91,269 (2007 = 90,477) Ordinary Shares		
of \$5 each - At Valuation	1,794,723	1,954,222
MALLIOUHANA - ANICO INSURANCE CO LTD		
81,375 Shares of \$10 each - At Valuation	<u>3,115,677</u>	<u>2,679,352</u>
Sub-total	<u>7,664,418</u>	<u>7,037,491</u>
b) Available-for-Sale Investments:		
ST KITTS NEVIS ANGUILLA NATIONAL BANK LTD		
500,000 Ordinary Shares of \$1 each - Quoted	1,645,000	1,500,000
Fixed Deposit (Medium Term)	-	2,700,000
CARIB BREWERY (ST KITTS & NEVIS) LTD		
333,000 Ordinary Shares of \$1 each - At Cost	516,151	516,151
THE BANK OF NEVIS LIMITED		
37,490 Ordinary Shares of \$10 each – Quoted	206,195	187,450
THE CABLE BAY HOTEL DEVELOPMENT CO LTD		
5,523 Ordinary Shares		
of US \$100 each - At Cost	1,491,210	1,491,210
Deposit on Shares (See Note 17 (d))	137,053	137,053
CABLE AND WIRELESS ST KITTS-NEVIS LTD		
126,000 Shares of \$1 each - At Cost	<u>168,000</u>	<u>168,000</u>
Sub-total Carried Forward	<u>4,163,609</u>	<u>6,699,864</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2008 (Expressed in Eastern Caribbean Dollars)

9 INVESTMENTS AT COST AND VALUATION (cont'd)

	2008	2007
b) Available-for-Sale Investments: (cont'd)		
Sub-total Brought Forward	4,163,609	6,699,864
EASTERN CARIBBEAN HOME MORTGAGE BANK 1,564 Class D Shares of \$100 each - At Cost	187,907	187,907
TRU SERV CORPORATION 332 Units of Common Stock at US \$100 each - At Valuation	25,857	22,572
FORTRESS CARIBBEAN PROPERTY FUND LTD (400,000 Ordinary Shares of Bds \$1.50 each – Quoted (2007 = At Cost)	810,000	567,000
BANKS BARBADOS BREWERIES LTD 3,300 Ordinary Shares of Bds \$1 each - At Cost	501	501
NATIONAL BANK OF ANGUILLA 5,000 Shares of no par value - At Cost	202,500	202,500
Fixed Deposits (medium term)	3,559,503	3,385,042
CARIBBEAN COMMERCIAL BANK (Anguilla) LTD Fixed Deposits (medium term)	1,942,803	1,808,324
EASTERN CARIBBEAN SECURITIES EXCHANGE 10,000 Class D Shares of \$10 each fully paid - At Cost	100,000	100,000
FEDERATION MEDIA GROUP - Fully paid up 1,000 Ordinary Shares of \$100 each - At Cost	100,000	100,000
FIRST CARIBBEAN INTERNATIONAL BANK LTD 100,000 Shares of no par value @ Bds \$3.95 Quoted (2007 = At Cost)	533,250	284,000
CARIBBEAN SHOE MANUFACTURERS LTD (inactive) 175 Ordinary Shares of \$1,000 each	1	1
CARIBBEAN INVESTMENTS CORPORATION 40 Ordinary Shares of \$100 each (In Liquidation)	1	1
WIRELESS VENTURES (ST KITTS –NEVIS) LIMITED 969 Shares @ US \$1,000 each – At Cost	2,616,160	2,616,160
NEWFOUND PINNEYS LIMITED 10 Class “B” Common Shares (See Note 17 (g))	-	-
Sub-total	<u>14,242,092</u>	<u>15,973,872</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2008 (Expressed in Eastern Caribbean Dollars)

9 INVESTMENTS AT COST AND VALUATION (cont'd)

	2008	2007
c) Held to Maturity:		
10 Year Bonds Maturing between 1 to 5 years:		
Eastern Caribbean Home Mortgage Bank		
10th Issue (5½% Interest Rate per annum)	200,000	300,000
11th Issue (6% Interest Rate per annum)	150,000	-
13th Issue (5½% Interest Rate per annum)	450,000	-
16th Issue (6% Interest Rate per annum)	<u>8,150,000</u>	<u>-</u>
	<u>8,950,000</u>	<u>300,000</u>
10 Year Bonds maturing after 5 years:		
Eastern Caribbean Home Mortgage Bank		
11th Issue 300,000 (6% Interest Rate per annum)	150,000	-
13th Issue 450,000 (5 ½ % Interest Rate per annum)	-	750,000
Government of St Kitts-Nevis (7½% Interest Rate per annum)	2,000,000	2,000,000
Government of St Lucia (6½% Interest Rate per annum)	2,000,000	2,000,000
Government of Antigua (8¼% Interest Rate per annum)	<u>1,000,000</u>	<u>1,000,000</u>
	<u>5,150,000</u>	<u>5,750,000</u>
Sub-total	<u>14,100,000</u>	<u>6,050,000</u>
TOTAL INVESTMENTS	<u>\$36,006,510</u>	<u>\$29,061,363</u>

Associated Companies:

Investments in Associated Companies are accounted for on the equity basis as represented in the latest Financial Statements, which for two Companies was the year ended 30 June 2007 and for one company was the year ended 31 December 2007.

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 the year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2008 (Expressed in Eastern Caribbean Dollars)

10 PROPERTY, PLANT AND EQUIPMENT

	Total	Land and Buildings	General Equipment
Cost or Valuation - At Beginning of Year	117,853,616	73,403,550	44,450,066
Additions at Cost	7,058,375	1,585,396	5,472,979
Disposals/Transfers at Cost	<u>(4,366,563)</u>	<u>1,973,935</u>	<u>(6,340,498)</u>
Cost or Valuation - At End of Year	<u>120,545,428</u>	<u>76,962,881</u>	<u>43,582,547</u>
Depreciation - At Beginning of Year	29,649,685	1,632,437	28,017,248
Depreciation Charge in Year	4,486,490	-	4,486,490
Depreciation on Disposals	<u>(3,233,615)</u>	<u>-</u>	<u>(3,233,615)</u>
Depreciation - At End of Year	<u>30,902,560</u>	<u>1,632,437</u>	<u>29,270,123</u>
Net Book Value - 31 January 2008	<u>\$89,642,868</u>	<u>\$75,330,444</u>	<u>\$14,312,424</u>
Net Book Value - 31 January 2007	<u>\$88,203,931</u>	<u>\$71,771,113</u>	<u>\$16,432,818</u>

Revaluation of Freehold and Leasehold Properties:

The Parent and Subsidiary Companies' Freehold and Leasehold Properties were independently revalued in January 1995 by Cooper Kauffman Limited, Professional Valuers. The surplus arising on this revaluation was credited to Capital Reserves.

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.

11 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 \$760,208 (2007 = \$676,282) was therefore deposited by St Kitts Nevis Insurance Company Limited in compliance with this legislation requirement.

12 INTANGIBLES

Intangibles represent:

- i) 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.
- ii) Purchase of licences from a travel agency in the amount of \$400,000.

Amortisation policies of these intangible assets have not yet been determined by management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2008 (Expressed in Eastern Caribbean Dollars)

13 SHARE CAPITAL

	2008	2007
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, the final dividend of 27 ½ cents per ordinary share amounting to \$1,430,000 was paid for the year ended 31 January 2007. An interim 27 ½ cents per ordinary share amounting to \$1,430,000 was also paid for the year ended 31 January 2008.

14 INSURANCE AND OTHER FUNDS

	2008	2007
Insurance Funds	21,711,722	19,263,028
Employee Benefit Funds	2,882,088	2,388,221
Policyholders' Funds	<u>2,525,268</u>	<u>2,274,427</u>
TOTAL	<u>\$27,119,078</u>	<u>\$23,925,676</u>

15 EARNINGS PER ORDINARY SHARE

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

	2008	2007
Net Income for the Year	<u>\$10,544,690</u>	<u>\$7,946,040</u>
Weighted average number of ordinary shares in issue – basic	<u>5,200,000</u>	<u>5,200,000</u>
Basic earnings per share	<u>\$2.03</u>	<u>\$1.53</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2008 (Expressed in Eastern Caribbean Dollars)

16 PRIOR YEAR ADJUSTMENTS

Prior year adjustments comprise the following:

	2008	2007
Depreciation	338,947	140,003
Inventory Reserve written back	-	16,602,702
Insurance Fund Written back	-	3,139,290
	338,947	19,881,995
Less: Related tax (See Note 7)	-	(7,736,222)
	338,947	12,145,773
Taxation Overprovision written back (Net)	289,427	262,637
TOTAL	\$628,374	\$12,408,410

17 CONTINGENT LIABILITIES AND COMMITMENTS

- The Company is committed for calls on the unpaid portion of shares in its wholly-owned subsidiary, St Kitts Nevis Insurance Company Limited, in the amount of \$500,000 (2007 = \$500,000) and \$70,000 in respect of TDC Tours Limited (2007 = \$70,000);
- At 31 January 2008, the Parent Company guaranteed bank loans and overdrafts on behalf of subsidiary companies totaling \$4,200,000 (2007 = \$4,600,000);
- At 31 January 2008, commitments in respect of open Letters of Credit established in the normal course of business amounted to \$2,963,237 (2007 = \$2,646,000);
- The Company is committed to the investment in The Cable Bay Hotel Development project for an additional amount of \$5,480,102 (2007 = \$5,480,102);
- As explained earlier under Note 7, Management is still in the process of negotiating the group's Income Tax re-assessments 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;
- Pending Litigation:
 - A claim has been made by a guest staying at a subsidiary company. This claim has not been quantified and has been referred to that company's insurers.
 - Counsel has advised that a claim has been made against the Company for personal injuries sustained on the Company's property. This claim thus far has been pursued only in correspondence from the claimant's Solicitors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2008 (Expressed in Eastern Caribbean Dollars)

The claim has not been quantified and it is not expected to exceed the insurance cover.

No provision has been made in these Consolidated Financial Statements for these contingencies;

g) The Company is committed to an investment in Newfound Pinney's Limited. The final amount of the investment cannot be determined at this time.

18 TDC REAL ESTATE AND CONSTRUCTION LIMITED

Construction on six (6) of the thirty-eight (38) villas at Sunrise Hill - Frigate Bay, St Kitts was completed. Another four (4) villas were under construction at year's end. The project is expected to be completed by July 2010.

It is estimated to cost EC \$72 million of which \$15,094,594 was expended at end of year. The Company has been granted a five year tax holiday in respect of this development.

19 FINANCIAL INFORMATION BY SEGMENT

SEGMENT	REVENUE		PRE-TAX PROFIT	
	2008	2007	2008	2007
General Merchants and Shipping	163,369,743	153,174,215	8,901,300	5,629,581
Insurance and Finance	13,555,921	13,069,675	4,464,850	3,089,532
Rentals, Airlines Agencies and Hotel	20,078,013	20,346,653	2,545,714	2,513,340
Real Estate	<u>9,821,883</u>	<u>3,929,718</u>	<u>(544,875)</u>	<u>1,151,427</u>
	<u>\$206,825,560</u>	<u>\$190,520,261</u>	<u>\$15,366,989</u>	<u>\$12,383,880</u>

SEGMENT	ASSETS		LIABILITIES	
	2008	2007	2008	2007
General Merchants and Shipping	144,673,905	131,688,994	80,537,237	81,366,613
Insurance and Finance	92,332,148	90,115,794	80,327,507	74,038,187
Rentals, Airlines Agencies and Hotel	38,829,681	39,397,382	7,596,186	7,328,170
Real Estate	<u>11,217,881</u>	<u>10,461,678</u>	<u>8,121,872</u>	<u>5,575,219</u>
	<u>\$287,053,615</u>	<u>\$271,663,848</u>	<u>\$176,582,802</u>	<u>\$168,308,189</u>

SEGMENT	ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT		DEPRECIATION	
	2008	2007	2008	2007
General Merchants and Shipping	4,590,249	9,075,394	1,756,830	1,778,759
Insurance and Finance	404,137	261,472	209,724	145,652
Rentals, Airlines Agencies and Hotel	1,744,575	1,784,371	2,402,629	2,413,514
Real Estate	<u>319,414</u>	<u>149,813</u>	<u>117,307</u>	<u>37,453</u>
	<u>\$7,058,375</u>	<u>\$11,271,050</u>	<u>\$4,486,490</u>	<u>\$4,375,378</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2008 (Expressed in Eastern Caribbean Dollars)

20 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, 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.

21 RELATED PARTY TRANSACTIONS

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

	2008	2007 (Restated)
Short-term employee benefits and retirement contributions	<u>\$2,269,053</u>	<u>\$2,365,594</u>

22 MINORITY INTEREST

During the year under review, the company acquired the remaining 8.12% shareholding of Ocean Terrace Inn Limited for a consideration of \$921,600. The negative goodwill of \$302,561 arising from this acquisition has been taken to income.

23. RECLASSIFICATIONS

Certain items in the Consolidated Profit and Loss Account and Notes to the Consolidated Financial Statements have been reclassified during the current financial year to improve the financial statement presentation. The previous year's figures have been reclassified to be consistent with this year's presentation. This reclassification has no effect on the results as reported for the current and previous years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2008

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

SHIPPING SERVICES:

Sakara Shipping NV- (Tortola, BVI)

ASSOCIATED COMPANIES:

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

MANUFACTURERS OF AERATED BEVERAGES:

St. Kitts Bottling Co Ltd }
Antillean Beverages Ltd } 45.63%

INSURANCE:

Malliouhana Anico Insurance Co Ltd - 25% (Anguilla)

Our Future

Warren Tyson Memorial Scholarship Awardees 2007-08



*Back... Tel James
Front... (l-r) Sherima Richards,
Shandara Daniel, Nekisha Frazier*

*(l-r) Sasha Herberts,
Lecrisha Samuel, Nyoka Harris,
Carla Williams*



*Back... Zuliannie Bernier
Front... (l-r) Reginald Johnson,
Renicia McDonald,
Angelique Stapleton*



Our Partners



Newtown United Champions



Football Club 2007-2008



**CELEBRATING 35 SUCCESSFUL
YEARS OF SERVING OUR
SHAREHOLDERS, CLIENTS
AND THE NATION**



Group of Companies

TDC for Service TDC for Quality TDC Your Company

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