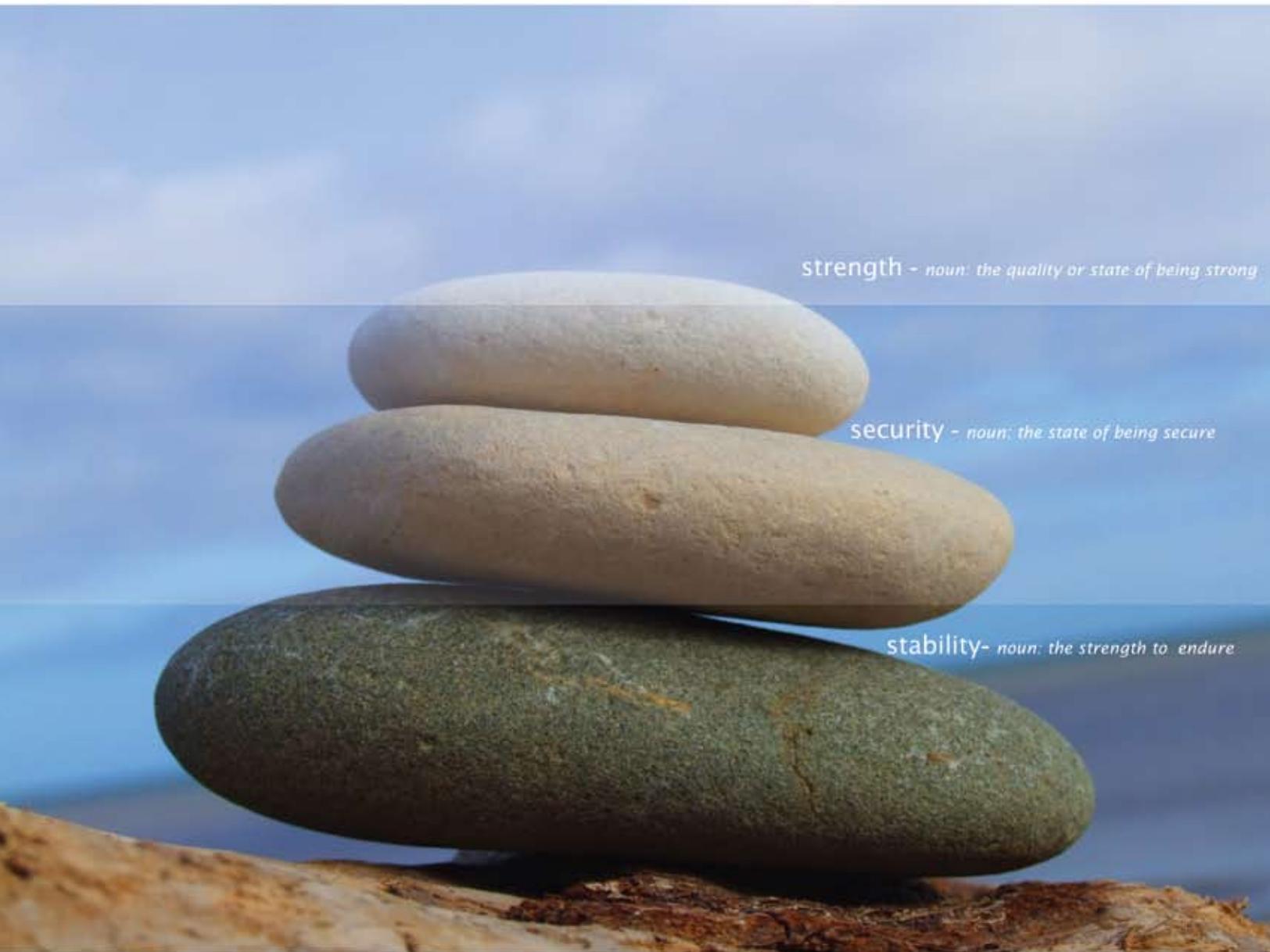




Annual Report 2009



strength - *noun: the quality or state of being strong*

security - *noun: the state of being secure*

stability- *noun: the strength to endure*

Trading Finance Insurance Tourism Real Estate Manufacturing

Strength

Pronunciation: \strenj(k)th, stren(t)th\

the quality or state of being strong : capacity for exertion or endurance

Security

Pronunciation: \si-kyu`r-ə-tē\

the quality or state of being secure: as freedom from fear or anxiety

Stability

Pronunciation: \stə-bi-lə-tē\

the quality, state, or degree of being stable: the strength to stand or endure

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

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Corporate Information

2008 Annual General Meeting



- Back row (l - r);** Clive E. R. Ottley M.B. B.S., (Lond) F. R. C. O. G; Kenneth N. Kelly;
Ernie A. France B. A.; Charles L. A. Wilikin Q.C., M. A. (Cantab);
Melvin R. Edwards B. A., MSc.;
- Front row (l - r);** Jacques A. C. Cramer; 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;** Nicolas N. Menon B. Sc.(Hons), M. B.A.

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

Notice of Meeting

Notice is hereby given that the 36th 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, on Thursday 16 July, 2009 at 5.00 p.m.

AGENDA

1. To receive the Report of the Directors
2. To receive and consider the Financial Statements for year ended 31 January 2009
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

BY ORDER OF THE BOARD



Maritza Bowry
Company Secretary

12 June, 2009

TDC & Berger gives to The Special Education Unit



When it comes to helping out, I don't believe in doing it for the media attention. My goal is to support the organizations that need help.

Paul Allen

Directors' Report

The thirty sixth year of the company was another successful one, even though it generated lower results than the previous year. Net Income Before Taxation, totalled \$13,564,500 compared to \$15,560,317 last year, which was restated. For the first time, the company accounted for depreciation of its buildings, accumulated vacation, and deferred taxation. As a result, the depreciation on company buildings and vacation pay resulted in charges to Income Before Taxation of \$1,453,554.00 and \$607,169.00 respectively. The charge for Deferred Taxation of \$4,429,828 had a dramatic impact on the Income After Taxation. The Deferred Taxation is not actually payable but is required to comply with International Financial Reporting Standards (IFRS).

The Board recommends a final dividend of 3.25 cents per share, following the interim dividend of 2.75 cents per share that was paid in January 2009. If the shareholders approve, the total dividend for the year will be 6.00 cents per share with a total payout for dividend of \$3,120,000.00, which is the same as last year. This will be the first dividend since the stated value of the company's shares was changed to \$1.00 each.

PERFORMANCE REVIEW

GENERAL TRADING

The Home and Building Depots again performed well. Buoyed by the strong performance of the construction sector for most of the year, the segments that serve the building industry generated increased sales and profits. However, for the first time in many years, the Home Furnishings and Appliances department's sales for the Christmas holiday season were lower than the previous year.

The results of our Automotive Divisions were mixed. The

sales and profits for the St. Kitts operations rose quite appreciably. However, the results of the Nevis operations fell far short of management's expectations.

City Drug Store (2005) Ltd results were negatively impacted by continuing inventory variances and weakness in sales of business equipment, related supplies and stationery. The results of the Business Equipment and Stationery business, in Nevis, were again very disappointing. The business equipment side of that department has now been amalgamated with the Home and Building Depot, in an effort to reduce costs.

SERVICES

The results of the Shipping Agencies were flat compared to last year. The industrial actions taken by port workers were resolved early in the year. However, due to the economic downturn in the last quarter of the year revenues were reduced as the volume of cargo handled at the ports fell.

TDC Rentals Ltd and TDC Rentals (Nevis) Ltd produced marginally improved results. There was little growth in the hire purchase business throughout the year and the car rental operations were severely affected by the reduction in long stay visitor arrivals during the latter part of the year.

FINANCE & INSURANCE

St Kitts and Nevis Finance Company Limited (FINCO) experienced growth in loans, deposits and profits and continued to establish itself firmly as a solid financial services provider. The company is actively pursuing ways to expand its suite of services and products to serve its growing customer base.

St Kitts Nevis Insurance Company Ltd (SNIC) again contributed significantly to the Group's overall performance as its net profit increased over the previous year. There were no catastrophic events during the year and the claims – primarily motor – were very well managed. The company applauds the passage of legislation mandating the use of seat belts and prohibiting the use of mobile phones by drivers.

TOURISM

Ocean Terrace Inn Ltd (OTI), like most other hotels in the Federation suffered from the fallout from the international financial and economic crises which caused, among other things, the dramatic downturn in tourism travel. The company suffered a substantial loss for the year.

TDC Airline Services Ltd had another very difficult year. In addition to the effects of the global financial and economic crises, the company had to grapple with the loss of the XL Airways service out of the United Kingdom and the contraction of the corporate jet business due to the closure of the Four Seasons Resort. However, towards the end of the year the company was successful in securing the contract to handle the British Airways flights that replaced the XL Airways service.

The travel services division of TDC Airline Services (Nevis) Ltd completed its first full year of trading as Carib World Travel. Even though the volume of aircraft handled was not consistent throughout the year, airline ticket sales helped the company to contribute positively to the overall performance of the Group.

The results of TDC Tours Ltd, for the year, were very disappointing. In October, immediately before the start of the tourist season it lost a significant part of its business due to the closure of the Four Seasons Resort because of hurricane damage. In addition, very stiff competition from local tour operators and the pricing pressures from the cruise lines reduced margins on tours offered by the company.

REAL ESTATE DEVELOPMENT

TDC Real Estate and Construction Company Ltd. The company's Sunrise Hills Villas development overlooking the golf course at Frigate Bay continued during the year. The first six units in the second phase have been completed and transferred to owners. This brings the total of units sold to date to nineteen. Sales prospects have been eroded

as the impact of the current global economic environment takes its toll on the local real estate market.

Sales of homes in the development being constructed by Conaree Estates Ltd, have been disappointing. Only two homes were sold during the year. A total of six homes have been completed.

The Cable Bay Hotel Development Company's condominium and villa development continued during the year. Over forty condominium units have been completed and several others are at various stages of construction. Nine of the villa lots on the hillside, above the condominiums, have been pre-sold with contracts for construction by the company on these lots.

ASSOCIATE COMPANIES

St Kitts Bottling Company Ltd recorded a small profit as the new PET plant completed its first full year of operation. The company appears well set to contribute significantly to the Group's profit in the future as it pursues new opportunities at home and abroad.

St Kitts Masonry Products Ltd reported very good results due to increases in the sales of concrete blocks and concrete. The company continued to invest in plant and equipment, including a new state of the art concrete pump truck.

MAICO, our associate insurance company in Anguilla turned in a stellar performance even after settling the claims that arose from hurricane Omar in October, 2008.

SOCIAL CONTRIBUTION

The company continued its support to several worthy causes and organizations. Assistance was provided to the various national and community cultural festivals and sports tournaments staged throughout the Federation last year.

During the year, the company committed itself to contribute \$25,000.00 annually to the Advancement of Children Foundation which was established by the Rotary clubs in the Federation. It also provided invaluable financial aid to four deserving university students through its newly established Michael L. King Scholarship Grant Programme with grants of US\$5,000.00 each.

HUMAN RESOURCES

The company continued its commitment to the development and training of staff at all levels to ensure a competitive edge in the marketplace. Towards this end, our human resources team was strengthened by the addition of an experienced Training and Development Manager, who is focused on the development and delivery of relevant programmes throughout the company.

was and continues to be a major blow to the tourism industry and the overall economy. Tourism, the key contributor to our Gross Domestic Product (GDP) experienced a marked slowdown. Credit is be given to the government for successfully getting British Airways to fill the void on the London to St. Kitts route when XL Airways went out of service. This service and those from the United States have ensured that traveling to the Federation is more convenient than in the past.

THE ECONOMY

During the last quarter of the year, our economy began to feel the direct effects of the global recession, which has since deepened. The closure of the Four Seasons Resort

The construction industry and the building supplies trade have been severely impacted by the lack of demand for second or holiday homes, the more stringent credit policies of the local banking sector and the general uncertainty in the economy.

STATUTORY REPORT

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

	2009	2008
Profit for the year, after providing for Taxation	4,458,938	10,441,832 (Restated)
The Board recommends a total Dividend of 60 cents per share free of tax (2008– 60 cents per share)	<u>(3,120,000)</u>	<u>(3,120,000)</u>
Retained Earnings	<u>1,338,938</u>	<u>7,321,832</u>

In accordance with Article 99 of the Articles of Association, Messrs Melvin Edwards, Kenneth Kelly and Mrs Myrna Walwyn retire and, being eligible, offer themselves for re-appointment.

In closing, the Board expresses its appreciation for the patronage and loyalty of all of our customers and clients during the last year. We also take this opportunity to recognize the solid support of our shareholders and the dedication, commitment and hard work of all our managers and staff as we continue to promote our motto:

TDC for Service
TDC for Quality
TDC your Company



D Michael Morton
Chairman



Nicolas N. Menon
Director

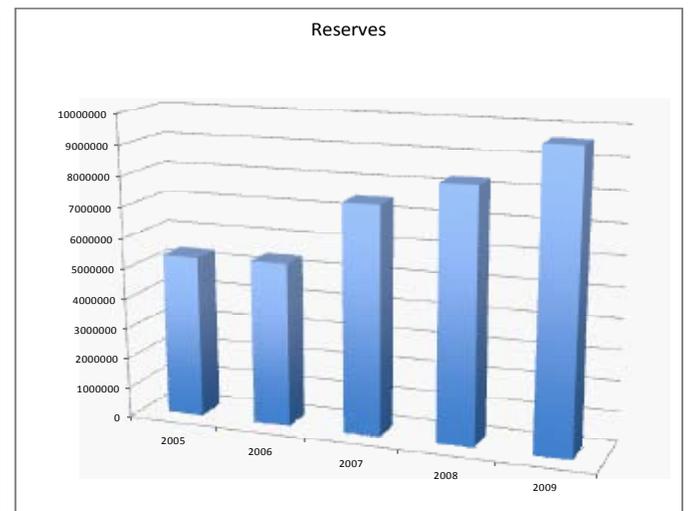
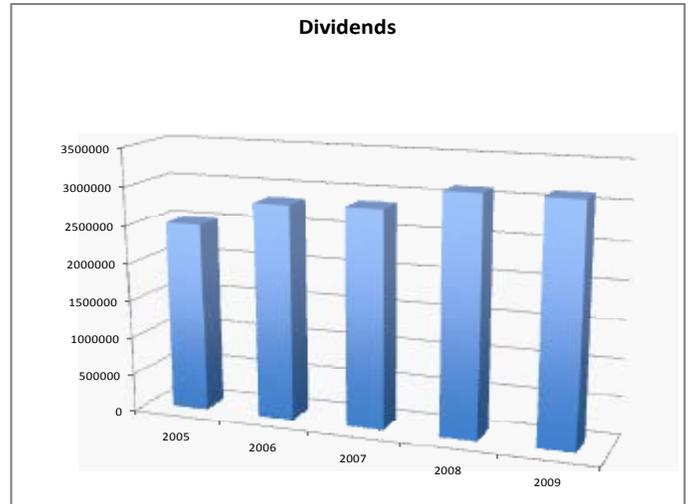
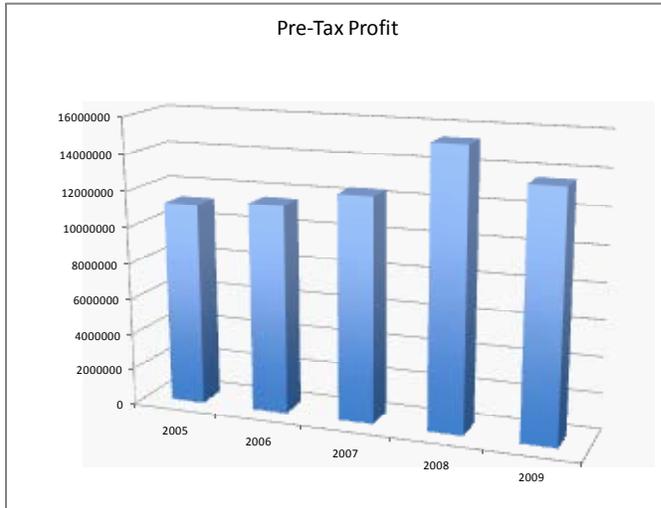
Donation of State Car to the Prime Minister of St. Kitts & Nevis
Hon. Dr. Denzil Douglas, on the 25th Anniversary of the Nation's Independence



If we are together nothing is impossible. If we are divided all will fail.
Winston Churchill

FINANCIAL INFORMATION

trading
finance
insurance
tourism
real estate
manufacturing



TDC Coca-Cola 2009 Interschool Championships,
held at the Silver Jubilee Stadium.



The price of success is hard work, dedication to the job at hand, and the determination that whether we win or lose, we have applied the best of ourselves to the task at hand.

Vince Lombardi

Report of the Auditors

Omax A E Gardner Wilbur A Harrigan

PKF
WORLDWIDE

P O Box 335
"Independence House"
North Independence Square
BASSETERRE
St Kitts
West Indies

PANNELL KERR FORSTER
Chartered Accountants
ST KITTS-NEVIS-ANGUILLA

Tel: (869) 465-2746/2215
(869) 466-4925
Fax: (869) 466-2091/465-1098
E-mail: Pannels@caribsurf.com

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 Balance Sheet as at 31 January 2009, 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 2009, 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
15 June 2009

Leeward Islands (Anguilla, Antigua & Barbuda, Montserrat and St Kitts & Nevis)

Consolidated Balance Sheet

AS AT 31 JANUARY 2009 (Expressed in Eastern Caribbean Dollars)

CURRENT ASSETS	<u>NOTES</u>	<u>2009</u>	<u>2008</u>
Cash and Short Term Investments	3	16,712,702	21,560,315
Accounts Receivable	4	72,015,276	69,307,383
Inventories and Goods in Transit	2(e)	<u>67,158,907</u>	<u>65,352,548</u>
		<u>155,886,885</u>	<u>156,220,246</u>
CURRENT LIABILITIES			
Current Loans and Bank Overdrafts	5	23,676,246	27,667,520
Accounts Payable	6	99,002,514	103,255,001
Provision for Taxation	7	<u>2,681,948</u>	<u>5,072,437</u>
		<u>125,360,708</u>	<u>135,994,958</u>
WORKING CAPITAL		30,526,177	20,225,288
LOAN RECEIVABLE	8	-	2,773,783
INVESTMENTS	9	45,348,024	36,006,510
PROPERTY, PLANT AND EQUIPMENT	10	127,345,836	89,642,868
INSURANCE STATUTORY DEPOSIT	11	805,348	760,208
INTANGIBLES	12 & 2(x)	<u>1,591,741</u>	<u>1,650,000</u>
TOTAL		<u>\$205,617,126</u>	<u>\$151,058,657</u>
FINANCED BY:			
SHARE CAPITAL	13	52,000,000	26,000,000
RESERVES		<u>96,275,567</u>	<u>81,831,586</u>
SHAREHOLDERS' EQUITY		148,275,567	107,831,586
MINORITY INTEREST		<u>1,585,389</u>	<u>1,522,514</u>
TOTAL EQUITY		149,860,956	109,354,100
LOANS – NON-CURRENT	5	21,751,057	14,237,552
INSURANCE AND OTHER FUNDS	14	29,227,358	27,119,078
DEFERRED TAX LIABILITY	15	<u>4,777,755</u>	<u>347,927</u>
FUNDS EMPLOYED		<u>\$205,617,126</u>	<u>\$151,058,657</u>

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

Approved by the Board of Directors on 20th June 2009.



D M Morton
Chairman



E A Kelly
Finance Director

Consolidated Profit and Loss Account

FOR THE YEAR ENDED 31 JANUARY 2009 (Expressed in Eastern Caribbean Dollars)

	<u>NOTES</u>	<u>2009</u>	<u>2008</u>
TURNOVER	2(p)	215,232,432	206,825,560
Cost of Sales and Related Costs		<u>(160,588,077)</u>	<u>(153,850,254)</u>
Gross Profit		54,644,355	52,975,306
Other Operating Income		9,706,424	9,022,484
Operating Costs		(16,815,124)	(14,139,465)
Distribution Costs		(4,358,164)	(4,338,670)
Administrative Costs		(24,068,746)	(21,774,941)
Finance Costs		(5,192,930)	(5,078,918)
Other Expenses		(2,526,498)	(2,469,052)
Share of Results of Associated Companies		<u>2,175,183</u>	<u>1,363,573</u>
PROFIT BEFORE TAXATION		<u>13,564,500</u>	<u>15,560,317</u>
Less: Income Tax Expense:	7		
Provision for Taxation – Parent and Subsidiary Companies		(4,092,941)	(4,567,716)
Deferred Taxation (Notes 2(o), 7 & 15)		<u>(4,429,828)</u>	<u>(228,520)</u>
		(8,522,769)	(4,796,236)
Provision for Taxation – Associated Companies		<u>(582,793)</u>	<u>(322,249)</u>
		<u>(9,105,562)</u>	<u>(5,118,485)</u>
PROFIT FOR THE YEAR		<u>\$4,458,938</u>	<u>\$10,441,832</u>
Attributable to:			
Equity holders of the Parent		4,356,913	10,287,512
Minority Interest		<u>102,025</u>	<u>154,320</u>
		<u>\$4,458,938</u>	<u>\$10,441,832</u>
Basic Earnings per Share	16	<u>\$0.09</u>	<u>\$0.20</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 2009 (Expressed in Eastern Caribbean Dollars)

	Share Capital	Unrealised Holding Gain	Capital Reserve	Retained Earnings	Total	Minority Interest	Total Equity
Balance at 31 January 2007 – As previously reported	26,000,000	1,084,352	1,437,070	71,544,668	100,066,090	2,661,195	102,727,285
- Reclassification	-	-	25,726	(25,726)	-	-	-
- Prior Year Adjustments (Note 17)	-	-	-	(206,591)	(206,591)	(178,890)	(385,481)
- As restated	26,000,000	1,084,352	1,462,796	71,312,351	99,859,499	2,482,305	102,341,804
Reduction in Minority Interest	-	-	-	-	-	(1,224,161)	(1,224,161)
Transfer to Capital Reserves – Associated Companies	-	-	685,777	(685,777)	-	-	-
Increase in Reserves	-	-	33,426	-	33,426	-	33,426
Unrealised Holding Gain – Investment	-	557,195	-	-	557,195	110,050	667,245
Realised Capital Reserve	-	-	(46,046)	-	(46,046)	-	(46,046)
Net Income for the year (Restated)	-	-	-	10,287,512	10,287,512	154,320	10,441,832
Dividend Paid	-	-	-	(2,860,000)	(2,860,000)	-	(2,860,000)
Balance at 31 January 2008 (Restated)	<u>\$26,000,000</u>	<u>\$1,641,547</u>	<u>\$2,135,953</u>	<u>\$78,054,086</u>	<u>\$107,831,586</u>	<u>\$1,522,514</u>	<u>\$109,354,100</u>
Balance at 31 January 2008 – As previously reported	26,000,000	1,641,547	2,135,953	78,991,909	108,769,409	1,701,404	110,470,813
- Prior Year Adjustments (Note 17)	-	-	-	(937,823)	(937,823)	(178,890)	(1,116,713)
- As restated	26,000,000	1,641,547	2,135,953	78,054,086	107,831,586	1,522,514	109,354,100
Decrease in Reserves	-	-	(230,370)	-	(230,370)	-	(230,370)
Unrealised Holding Gain – Investments	-	556,414	-	-	556,414	(39,150)	517,264
Revaluation Reserve (Note 10)	-	-	38,881,024	-	38,881,024	-	38,881,024
Bonus Share Issue (Note 13)	26,000,000	-	(26,000,000)	-	-	-	-
Net Income for the year	-	-	-	4,356,913	4,356,913	102,025	4,458,938
Dividend Paid	-	-	-	(3,120,000)	(3,120,000)	-	(3,120,000)
Balance at 31 January 2009	<u>\$52,000,000</u>	<u>\$2,197,961</u>	<u>\$14,786,607</u>	<u>\$79,290,999</u>	<u>\$148,275,567</u>	<u>\$1,585,389</u>	<u>\$149,860,956</u>

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

trading
finance
insurance
tourism
real estate
manufacturing

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 JANUARY 2009 (Expressed in Eastern Caribbean Dollars)

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2009</u>	<u>2008</u>
Profit before Taxation	13,564,500	15,560,317
ADJUSTMENTS TO RECONCILE NET PROFIT TO NET CASH FROM OPERATING ACTIVITIES		
Depreciation and amortisation	5,896,145	4,486,490
Gain on Disposal of Property, Plant and Equipment	(445,106)	(234,949)
Amortisation of goodwill	125,000	-
Share of results of Associated Companies	(2,175,183)	(1,363,573)
Increase in Employment and Insurance Funds	2,108,280	3,193,402
Minority Interest in earnings of subsidiaries	(102,025)	(154,320)
Realised Capital Reserve	(55,165)	(46,046)
	18,916,446	21,441,321
(Increase)/ Decrease in Inventories	(1,806,359)	280,109
Increase in Accounts Receivable	(2,707,893)	(8,337,171)
(Decrease)/Increase in Accounts Payable	(4,252,487)	11,246,132
Taxation Paid	(6,483,430)	(6,807,315)
Net cash inflow from operating activities	<u>3,666,277</u>	<u>17,823,076</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan Receivable	2,773,783	(2,773,783)
Purchase of Intangible Asset	(72,321)	(400,000)
Proceeds from Disposal of Investment	-	2,700,000
Proceeds from sale of Property, Plant and Equipment	1,463,391	1,367,898
Purchase of Property, Plant and Equipment	(5,730,792)	(7,058,375)
Purchase of Investments	(8,034,076)	(8,375,096)
Dividends from associated companies	627,009	471,943
Insurance Statutory Deposit	(45,140)	(83,926)
Net cash outflow from investing activities	<u>(9,018,146)</u>	<u>(14,151,339)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(Decrease) in non-current debt	7,513,505	(5,913,858)
(Decrease)/Increase in current debt	(3,991,274)	1,862,874
Increase/(Decrease) in Minority Interest	102,025	(1,069,841)
Dividends paid to Shareholders	(3,120,000)	(2,860,000)
Net Cash Inflow from Financing Activities	<u>504,256</u>	<u>(7,980,825)</u>
Net (Decrease)/Increase in cash and cash equivalents	(4,847,613)	(4,309,088)
Cash and cash equivalents at beginning of year	<u>21,560,315</u>	<u>25,869,403</u>
Cash and cash equivalents at end of year	<u>\$16,712,702</u>	<u>\$21,560,315</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 2009 (Expressed in Eastern Caribbean Dollars)

1 PRINCIPAL ACTIVITIES

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting:

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

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS).

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, unless collectibility is in doubt.

Dividend:

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2009 (Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b) Revenue Recognition: (cont'd)

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 profit and loss account on the accrual basis.

Rental income:

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

c) Basis of Consolidation:

The consolidated financial statements comprise the financial statements of St Kitts-Nevis-Anguilla Trading and Development Company Limited (the Company) and its controlled subsidiaries, after the elimination of all material inter-company transactions. Control is achieved where the Parent Company has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities. Subsidiaries are consolidated from the date the Parent Company obtains control until such time as control ceases.

Acquisition of subsidiaries are accounted for using the purchase method of accounting. The cost of acquisition is measured at the fair value of the assets taken up, shares issued or liabilities undertaken at the date of acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Where necessary, accounting policies have been changed to ensure consistency with the policies adopted by the group.

d) Investment in associated companies:

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2009 (Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) Hire Purchase Transactions:

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

g) Policyholders' Funds:

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

h) Underwriting Profits:

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

i) Provisions for Unearned Premiums:

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

j) Outstanding Claims:

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

k) Claims Equalisation Reserve:

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

l) Property, Plant and Equipment:

The Freehold and Leasehold properties were independently and professionally revalued in January 1995 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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2009 (Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l) Property, Plant and Equipment: (cont'd)

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. The buildings of the Group have been depreciated, for the first time, effective 1 February 2008. The effect of this change in policy has resulted in profits being reduced by \$1,453,554.

n) Foreign Currencies:

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

o) Taxation:

The company has, for the first time, adopted International Accounting Standard (IAS) 12 and 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.

As a result of the adoption of IAS 12, the tax charge has been increased by \$4,429,828.

p) Turnover:

Turnover principally comprises 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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2009 (Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

s) Provisions:

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

t) Trade and Other Receivables:

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

u) Use of estimates:

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and 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 equivalents comprise cash on hand and at bank and short term investment.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2009 (Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

x) Intangibles:

Goodwill:

Goodwill is being amortised over a period of 10 years effective from year ended 31 January 2009.

Licences from travel agencies:

The amortisation policy of this intangible asset is yet to be determined by management.

Software:

Intangible assets are identifiable non-monetary assets without physical substance. Computer software meets this description and has been removed from property, plant and equipment in order to comply with International Accounting Standard No. 38. 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.

3 CASH AND SHORT TERM INVESTMENTS

Included in cash and short term investments is an amount of \$10,718,625 (2008 = \$10,718,625) which represents Government of St Kitts and Nevis and Nevis Island Administration Treasury Bills stated at cost [Face Value \$10,895,680 (2008 = \$10,900,000)] maturing on a quarterly basis. Interest is earned at the rate of 6½% per annum free of tax.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2009 (Expressed in Eastern Caribbean Dollars)

4 ACCOUNTS RECEIVABLE	<u>2009</u>	<u>2008</u>
Trade Accounts Receivable and current loans	68,357,507	65,115,524
Amount due by Associated Companies	1,201,874	820,474
Other Receivables and Prepayments	<u>2,455,895</u>	<u>3,371,385</u>
TOTAL	<u>\$72,015,276</u>	<u>\$69,307,383</u>

Included in Accounts Receivable is an amount of \$42,889,240 (2008=\$33,708,166) which is not due within 12 months.

5 LOANS AND BANK OVERDRAFTS	<u>2009</u>	<u>2008</u>
Overdrafts	19,466,681	22,390,565
Loans - Current portion	<u>4,209,565</u>	<u>5,276,955</u>
OVERDRAFTS/LOANS-CURRENT	<u>\$23,676,246</u>	<u>\$27,667,520</u>
Bank and Other Loans	25,960,622	19,514,507
Less Current Portion	<u>(4,209,565)</u>	<u>(5,276,955)</u>
LOANS - NON-CURRENT	<u>\$21,751,057</u>	<u>\$14,237,552</u>
Non-current Loans:		
Amounts Payable:	<u>2009</u>	<u>2008</u>
Within 2 to 5 years	15,274,370	11,265,995
After 5 years	<u>6,476,687</u>	<u>2,971,557</u>
TOTAL	<u>\$21,751,057</u>	<u>\$14,237,552</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 \$61,877,000 (2008 = \$55,820,000).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2009 (Expressed in Eastern Caribbean Dollars)

6	ACCOUNTS PAYABLE	<u>2009</u>	<u>2008</u>
	Customer Deposits	49,553,032	45,824,583
	Trade Accounts Payable	11,876,375	19,907,929
	Amount due to Associated Companies	963,791	1,192,352
	Sundry Accounts Payable and Accrued Charges	<u>36,609,316</u>	<u>36,330,137</u>
	TOTAL	<u>\$99,002,514</u>	<u>\$103,255,001</u>

7	PROVISION FOR TAXATION	<u>2009</u>	<u>2008</u>
	Provision for Taxation		
	- Current Period	1,883,384	4,092,469
	- Previous Years	<u>798,564</u>	<u>979,968</u>
	TOTAL	<u>\$2,681,948</u>	<u>\$5,072,437</u>

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

Provision for Taxation	4,111,519	4,567,716
Overprovision – previous year	(18,578)	-
Deferred Tax (Note 15)	<u>4,429,828</u>	<u>228,520</u>
	8,522,769	4,796,236
Associated Companies	<u>582,793</u>	<u>322,249</u>
TOTAL	<u>\$9,105,562</u>	<u>\$5,118,485</u>

The Group's effective tax rate of 67% (2008= 33%) differs from the Statutory rate of 35% as follows:

Profit before Taxation	<u>\$13,564,500</u>	<u>\$15,560,321</u>
Tax at statutory rate of 35%	4,747,575	5,446,112
Tax effect of expenses not deductible in determining taxable profits	748,527	645,154
Tax effect of income not assessable for taxation	(1,511,409)	(995,257)
Tax effect on revaluation	4,995,432	-
Tax effect of depreciation on non-qualifying assets	167,531	-
Other	<u>(42,094)</u>	<u>22,476</u>
	<u>\$9,105,562</u>	<u>\$5,118,485</u>

8 **LOAN RECEIVABLE (Unsecured)**

Newfound Pinneys Limited – Nil (2008 = \$2,773,783)

The loan due from Newfound Pinneys Limited was repaid in full during the year under review.

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9	INVESTMENTS AT COST AND VALUATION	<u>2009</u>	<u>2008</u>
a)	Unconsolidated Subsidiary:		
	TDC REAL ESTATE AND CONSTRUCTION (NEVIS) LIMITED		
	Deposit on Shares	4,393,653	-
b)	Associated Companies:		
	ST KITTS MASONRY PRODUCTS LIMITED		
	6,500 Ordinary Shares of \$100 each - At Valuation	3,113,052	2,754,018
	ST KITTS BOTTLING COMPANY LIMITED		
	91,269 Ordinary Shares of \$5 each - At Valuation	1,837,915	1,794,723
	MALLIOUHANA - ANICO INSURANCE CO LTD		
	81,375 Shares of \$10 each - At Valuation	3,503,625	3,115,677
	Sub-total	8,454,592	7,664,418
c)	Available-for-Sale Investments:		
	ST KITTS NEVIS ANGUILLA NATIONAL BANK LTD		
	500,000 Ordinary Shares of \$1 each - Quoted	1,375,000	1,645,000
	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 \$1.00 each – Quoted	228,689	206,195
	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 18(d))	137,053	137,053
	CABLE AND WIRELESS ST KITTS-NEVIS LTD		
	151,200 (2008= 126,000) Shares of \$1 each – Quoted (31 January 2008 = At Cost)	1,020,600	168,000
	Sub-total Carried Forward	4,768,703	4,163,609

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9 INVESTMENTS AT COST AND VALUATION (cont'd)

	<u>2009</u>	<u>2008</u>
c) Available-for-Sale Investments: (cont'd)		
Sub-total Brought Forward	4,768,703	4,163,609
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	25,777	25,857
FORTRESS CARIBBEAN PROPERTY FUND LTD		
400,000 Ordinary Shares of Bds \$1.50 each - Quoted	810,000	810,000
BANKS BARBADOS BREWERIES LTD		
3,300 Ordinary Shares of Bds \$1 each - At Cost	501	501
NATIONAL BANK OF ANGUILLA LIMITED		
5,000 Shares of no par value - At Cost	202,500	202,500
Fixed Deposits (medium term)	3,754,077	3,559,503
CARIBBEAN COMMERCIAL BANK (ANGUILLA) LTD		
Fixed Deposits (medium term)	2,031,920	1,942,803
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
FIRSTCARIBBEAN INTERNATIONAL BANK LTD		
100,000 Shares of no par value - Quoted	445,500	533,250
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		
669 Shares @ US \$1,000 each – At Cost	2,616,160	2,616,160
PORT SERVICES		
50,000 Ordinary Shares of \$1 each - at Cost	<u>50,000</u>	<u>-</u>
Sub-total	<u>15,093,047</u>	<u>14,242,092</u>

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FOR THE YEAR ENDED 31 JANUARY 2009 (Expressed in Eastern Caribbean Dollars)

9 INVESTMENTS AT COST AND VALUATION (cont'd)	<u>2009</u>	<u>2008</u>
d) Held to Maturity:		
10 Year Bonds Maturing between 1 to 5 years:		
Eastern Caribbean Home Mortgage Bank		
10 th Issue (5½% Interest Rate per annum)	-	200,000
11 th Issue (6% Interest Rate per annum)	300,000	150,000
13 th Issue (5½% Interest Rate per annum)	450,000	450,000
16 th Issue (6% Interest Rate per annum)	8,150,000	8,150,000
17 th Issue (6% Interest Rate per annum)	700,000	-
Fixed Deposit – Bank of Nova Scotia	<u>200,000</u>	<u>-</u>
	<u>9,800,000</u>	<u>8,950,000</u>
10 Year Bonds maturing after 5 years:		
Eastern Caribbean Home Mortgage Bank		
11 th Issue (6% Interest Rate per annum)	-	150,000
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)	4,156,732	2,000,000
Government of Antigua (8¼% Interest Rate per annum)	<u>1,000,000</u>	<u>1,000,000</u>
	<u>7,156,732</u>	<u>5,150,000</u>
Property Holding and Development Company Limited (PRODEV) 8% Fixed Rate Bond	<u>450,000</u>	<u>-</u>
Sub-total	<u>17,406,732</u>	<u>14,100,000</u>
TOTAL INVESTMENTS	<u>\$45,348,024</u>	<u>\$36,006,510</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 2008 and for the other Company was the year ended 31 December 2008.

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.

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.

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10 PROPERTY, PLANT AND EQUIPMENT

	<u>Total</u>	<u>Land and Buildings</u>	<u>General Equipment</u>
Cost or Valuation - At Beginning of year	120,545,428	76,962,881	43,582,547
Revaluations	37,248,584	37,248,584	-
Additions at Cost	5,730,792	1,188,114	4,542,678
Disposals/Transfers at Cost	<u>(3,920,465)</u>	<u>-</u>	<u>(3,920,465)</u>
Cost or Valuation - At End of Year	<u>159,604,339</u>	<u>115,399,579</u>	<u>44,204,760</u>
Depreciation - At Beginning of Year	30,902,560	1,632,437	29,270,123
Depreciation Charge in Year	5,890,561	1,453,554	4,437,007
Depreciation on Disposals	(2,902,181)	-	(2,902,181)
Revaluations	<u>(1,632,437)</u>	<u>(1,632,437)</u>	<u>-</u>
Depreciation - At End of Year	<u>32,258,503</u>	<u>1,453,554</u>	<u>30,804,949</u>
Net Book Value - 31 January 2009	<u>\$127,345,836</u>	<u>\$113,946,025</u>	<u>\$13,399,811</u>
Net Book Value - 31 January 2008	<u>\$89,642,868</u>	<u>\$75,330,444</u>	<u>\$14,312,424</u>

Revaluation of Freehold and Leasehold Properties:

Revaluation in 1995

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. Subsequent additions have been included at cost.

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 has been credited to Capital Reserve during 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.

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 \$676,282 (2008 = \$676,282) was therefore deposited by St Kitts Nevis Insurance Company Limited in compliance with this legislation requirement. An additional amount of \$129,066 has been accrued for the years 2006, 2007 and 2008.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2009 (Expressed in Eastern Caribbean Dollars)

12 INTANGIBLES - \$1,591,741 (2008 = \$1,650,000)	<u>2009</u>	<u>2008</u>
Goodwill – City Drug Store (2005) Limited (see Note (i) below)	1,250,000	1,250,000
<u>Less: Amortisation</u>	<u>(125,000)</u>	<u>-</u>
	<u>1,125,000</u>	<u>1,250,000</u>
Licence from Travel Agency (See Note (ii) below)	<u>400,000</u>	<u>400,000</u>
Software:		
Reclassification of software from plant and equipment (see note 2 (x))	248,338	-
<u>Less: Amortisation</u>	<u>(181,597)</u>	<u>-</u>
	<u>66,741</u>	<u>-</u>
TOTAL	<u>\$1,591,741</u>	<u>\$1,650,000</u>

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 31 July 2005. Effective year ended 31 January 2009, goodwill is being amortised over 10 years.
- ii) Purchase of licences from a travel agency in the amount of \$400,000. Amortisation policy of this intangible asset has not yet been determined by management.

13 SHARE CAPITAL	<u>2009</u>	<u>2008</u>
Authorised 100,000,000 Ordinary Shares of \$5 each	<u>\$500,000,000</u>	<u>\$500,000,000</u>
Issued and Allotted 52,000,000 Ordinary Shares of \$1 each (2008 = 5,200,000 Ordinary Shares of \$5 each)	<u>\$52,000,000</u>	<u>\$26,000,000</u>

At the Annual General Meeting held on 24 June 2008, the following resolutions were passed:

- i) “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”.
- ii) “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”.

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.

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13 SHARE CAPITAL (cont'd)

The final dividend of 32 ½ cents per ordinary share amounting to \$1,690,000 was paid for the year ended 31 January 2008. Additionally, an interim dividend of \$2.75 per share amounting to \$1,430,000 was paid for the year ended 31 January 2009.

14 INSURANCE AND OTHER FUNDS

	<u>2009</u>	<u>2008</u>
Insurance Funds	23,568,630	21,711,722
Employee Benefit Funds	2,786,259	2,882,088
Policyholders' Funds	2,872,469	2,525,268
TOTAL	<u>\$29,227,358</u>	<u>\$27,119,078</u>

15 DEFERRED TAX LIABILITY

	<u>2009</u>	<u>2008</u>
Deferred Tax Liability – brought forward	347,927	119,407
Deferred Tax Charge (Note 7)	4,429,828	228,520
Deferred Tax Liability – carried forward	<u>\$4,777,755</u>	<u>\$347,927</u>
Deferred Tax Liability (net) comprises:		
Deferred Tax Asset	(3,127,329)	(2,383,860)
Deferred Tax Liability	7,905,084	2,731,787
	<u>\$4,777,755</u>	<u>\$347,927</u>
Deferred Tax Asset comprises:		
Unutilised Capital Allowances	2,476,740	2,133,583
Unutilised Tax Losses	317,794	98,304
Accelerated Depreciation	332,795	151,973
	<u>\$3,127,329</u>	<u>\$2,383,860</u>
Deferred Tax Liability comprises:		
Accelerated Capital Allowances	<u>\$7,905,084</u>	<u>\$2,731,787</u>

16 EARNINGS PER ORDINARY SHARE

Basic earnings per share is computed by relating profit attributable to ordinary shareholders to the number of ordinary shares in issue at the year end. The previous years earnings per share has been restated for comparison.

	<u>2009</u>	<u>2008</u>
Net Income for the year	<u>\$4,458,938</u>	<u>\$10,341,748</u>
Number of ordinary shares In issue	<u>52,000,000</u>	<u>52,000,000</u>
Basic earnings per share	<u>\$0.09</u>	<u>\$0.20</u>

Notes to the Consolidated Financial Statements

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17 PRIOR YEAR ADJUSTMENTS	<u>2009</u>	<u>2008</u>
Prior year adjustments comprise the following:		
Deferred Tax	(347,927)	(119,407)
Depreciation	-	338,947
Insurance Claims Written back (Net of Taxation)	104,226	-
Reversal of Premium (Net of Taxation)	21,438	-
Taxation Underprovision	(894,450)	(894,450)
Taxation Overprovision written back (Net)	<u>-</u>	<u>289,429</u>
TOTAL	\$(1,116,713)	\$(385,481)

18 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 (2008 = \$70,000);
- b) At 31 January 2009, the Parent Company guaranteed bank loans and overdrafts on behalf of subsidiary companies totaling \$4,600,000 (2008 = \$4,600,000);
- c) At 31 January 2009, commitments in respect of open Letters of Credit established in the normal course of business amounted to \$1,438,452 (2008 = \$2,646,000);
- d) The Company is committed to the investment in Cable Bay Hotel Development project for an additional amount of \$5,480,102 (2008 = \$5,480,102).
- e) 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.
- f) The Company is committed to an investment in Newfound Pinney's Limited. The final amount of the investment cannot be determined at this time.

19 TDC REAL ESTATE AND CONSTRUCTION LIMITED

Construction on fourteen (14) 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 \$24,987,511 was expended at end of the period. The Company has been granted a five year tax holiday in respect of this development.

trading
finance
insurance
tourism
real estate
manufacturing

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2009 (Expressed in Eastern Caribbean Dollars)

20 FINANCIAL INFORMATION BY SEGMENT

SEGMENT	REVENUE		PRE-TAX PROFIT	
	2009	2008	2009	2008
General Merchants and Shipping	168,446,495	163,369,743	7,031,937	8,901,300
Insurance and Finance	14,658,318	13,555,921	4,641,156	4,658,178
Rentals, Airline Agencies and Hotel	19,817,607	20,078,013	985,126	2,545,714
Real Estate	<u>12,310,012</u>	<u>9,821,883</u>	<u>906,281</u>	<u>(544,875)</u>

\$215,232,432 \$206,825,560 \$13,564,500 \$15,560,317

SEGMENT	ASSETS		LIABILITIES	
	2009	2008	2009	2008
General Merchants and Shipping	185,678,244	144,673,905	83,238,063	82,353,540
Insurance and Finance	89,994,506	92,332,148	86,071,858	81,100,497
Rentals, Airline Agencies and Hotel	42,251,012	38,829,681	7,172,985	6,189,677
Real Estate	<u>13,054,072</u>	<u>11,217,881</u>	<u>4,633,972</u>	<u>8,055,801</u>

\$330,977,834 \$287,053,615 \$181,116,878 \$177,699,515

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

SEGMENT	EQUIPMENT		DEPRECIATION	
	2009	2008	2009	2008
General Merchants and Shipping	4,073,736	4,590,249	3,162,050	1,756,830
Insurance and Finance	448,563	404,137	166,875	209,724
Rentals, Airline Agencies and Hotel	734,137	1,744,575	2,423,146	2,402,629
Real Estate	<u>474,356</u>	<u>319,414</u>	<u>138,490</u>	<u>117,307</u>

\$5,730,792 \$7,058,375 \$5,890,561 \$4,486,490

21 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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2009 (Expressed in Eastern Caribbean Dollars)

21 FINANCIAL INSTRUMENTS (cont'd)

- e) 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.

The following table summarises the maturity profile of The Group's Financial Assets and Liabilities.

Financial Liabilities:

Year ended 31 January 2009:

	Due within 1 Year	>1Yr to 5 yrs	>5 Years	Total
Overdrafts	19,466,681			19,466,681
Loans	4,209,565	15,274,370	6,476,687	25,960,622
Trade Payables	62,393,198			62,393,198
Other Payables	36,609,316			36,609,316
	<u>122,678,760</u>	<u>15,274,370</u>	<u>6,476,687</u>	<u>144,429,817</u>

Year ended 31 January 2008:

	Due within 1 Year	>1Yr to 5 yrs	>5 Years	Total
Overdrafts	22,390,565			22,390,565
Loans	5,276,955	11,265,995	2,971,557	19,514,507
Trade Payables	66,924,864			66,924,864
Other Payables	36,330,137			36,330,137
	<u>130,922,521</u>	<u>11,265,995</u>	<u>2,971,557</u>	<u>145,160,073</u>

Financial Assets:

Year ended 31 January 2009:

	Due within 1 Year	>1Yr to 5 yrs	>5 Years	Total
Cash and short term investments	16,712,702			16,712,702
Trade Receivables and loans	26,670,141	23,705,560	19,183,680	69,559,381
Other Receivables	2,455,895			2,455,895
Investments		9,800,000	35,548,024	45,348,024
	<u>45,838,738</u>	<u>33,505,560</u>	<u>54,731,704</u>	<u>134,076,002</u>

Year ended 31 January 2008:

	Due within 1 Year	>1Yr to 5 yrs	>5 Years	Total
Cash and short term investments	21,560,315			21,560,315
Trade Receivables and loans	32,227,832	16,363,235	17,344,931	65,935,998
Other Receivables	3,371,385			3,371,385
Investments		8,950,000	27,056,510	36,006,510
	<u>57,159,532</u>	<u>25,313,235</u>	<u>44,401,441</u>	<u>126,874,208</u>

22 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 parties during the year:

	2009	2008
Sales of goods and services	17,296,668	15,112,848
Purchases of goods and services	3,347,955	2,927,201
Dividends received	627,009	471,943
Management and Administrative Fees	135,600	135,600

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

	2009	2008
Short-term employee benefits and retirement contributions	<u>\$2,825,264</u>	<u>\$2,269,053</u>

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2009 (Expressed in Eastern Caribbean Dollars)

22 RELATED PARTY TRANSACTIONS (cont'd)

SKNA TDC 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 Company was indebted to the Plan in the amount of \$2,956,050 (2008=\$3,162,568).

23 SUBSEQUENT EVENT – Subsidiary Company

Subsequent to the year end, Cargo Vessel MV BO owned by a subsidiary company was involved in an accident and sank at the Basseterre Deep Water Port. The claim for damages arising from the event has not yet been determined. Consequently, the extent of the loss, if any, cannot be ascertained at this stage and no provision has been made in these financial statements for this contingency.

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

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 Trust 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

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 Ltd - 50%

MANUFACTURERS OF AERATED BEVERAGES

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

INSURERS:

Malliouhana Anico Insurance Co Ltd
- 25% (Anguilla)

HOTEL DEVELOPMENT

Cable Bay Hotel Development Co Ltd –18%

A villa overlooking the Golf Course and The Atlantic Ocean
at Sunrise Hills Villas.



*I always felt very secure and very safe with real estate. Real estate always appreciates.
Ivana Trump*

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