St. Kitts Nevis Anguilla Trading and Development Co. Ltd.

BUILDING A STRONGER FUTURE

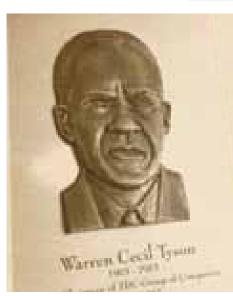
ANNUAL REPORT 2012

BUILDING A STRONGER FUTURE

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

SCHOLORSHIPS & EDUCATION
BUILDING A STRONGER FUTURE

“Investing in the Nation's future, fostering academic excellence through the Warren C. Tyson Memorial Scholarship, and the Michael L. King Scholarship Grant.”



Mission Statement

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

Vision Statement

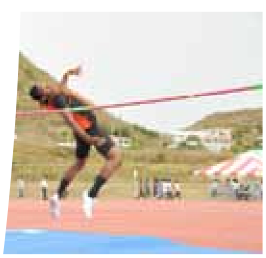
To be the leading public Company
in the OECS as measured by:

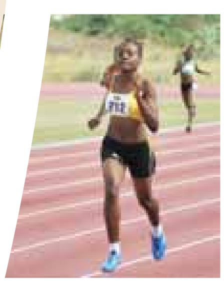
- Customer Satisfaction
- Return on Investment (ROI)
- Human Resource Development
- Good Corporate Citizenship

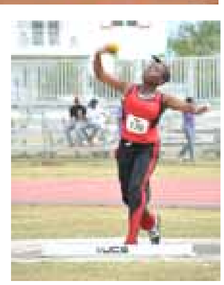
COMMUNITY & SPORTS

BUILDING A STRONGER FUTURE

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







"Building stronger Communities by forming partnerships with Social and Civic Organizations while promoting Athletic advancement."

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Corporate Information

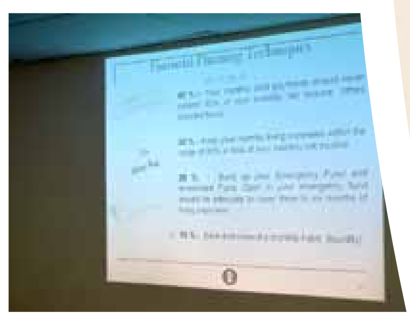
(Photograph taken at the 2011 Annual General Meeting)

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

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

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

TRAINING
BUILDING A STRONGER FUTURE



"Providing professional and vocational training for all employees to enhance the overall Customer shopping experience."

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

Notice of Meeting

Notice is hereby given that the 39th Annual General Meeting of the St Kitts Nevis Anguilla Trading and Development Company Limited will be held at the Fisherman's Wharf, Fortlands, Basseterre, St Kitts, Monday, July 30th , 2012 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, 2012
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

Maritza S Bowry
Company Secretary

July 02, 2012

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

Directors' Report 2011/2012

The thirty-ninth year of operations of the TDC Group of Companies was one of its most challenging. In the face of a continued weak economy and reduced spending power, total Turnover and Gross Margin for the year fell 5.75% and 7% respectively while there were increases in every category of expenses. The contribution from the associated companies increased by 16.6% from last year. **Net Income Before Taxation**, totaled **$4,234,555** compared to **$11,742,156** last year.

In addition to the poor economic conditions, several events occurred during the year that had debilitating effects on the company's results. These included substantial write downs of investments in government bonds, available for sale investments, goodwill and inventories.

A comprehensive strategic plan is under development which will emphasize ongoing efforts to reverse the decline. The plan will identify growth opportunities and set key performance objectives. These objectives include the management of inventories, receivables and risks of all types, as well as the strengthening of internal controls and processes which are so vital in the prevailing adverse economic climate.

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, 2012. 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.

PERFORMANCE REVIEW

GENERAL TRADING

While the **Home and Building Depot** in St Kitts performed creditably, albeit with substantially reduced profits as a result of the decline in construction activity, all the remaining retail departments, including **Home and Building Depot** in Nevis, **Automotive Divisions, Drinks Depot, City Drug Store and Business Equipment** turned in disappointing results for varying reasons.

SERVICES

Our **Shipping Agencies** have not recovered from the continuing low volumes of imported cargo handled at our ports and, as they did last year, performed well below forecasts.

TDC Rentals Ltd recorded a decline in profitability. There were increases in its vehicle rental revenues and its operating costs. Hire purchase financing activities and revenues contracted.

TDC Rentals (Nevis) Ltd experienced a dramatic fall-off in profitability as its vehicle rental revenues and the sale of used vehicles declined while expenses grew. There was some marginal growth in the Hire Purchase business.

FINANCE & INSURANCE

St Kitts and Nevis Finance Company Limited (FINCO) reported improved results for the year with growth in its loan portfolio and customers' deposits. During the year, the company embarked on an initiative to acquire funds from the Sugar Industry Diversification Foundation (SIDF) to finance mortgage lending. Subsequent to year-end, an agreement was signed under which the SIDF will make available one third of qualifying mortgages of $400,000.00 or less. Under this scheme, financing will be extended at concessionary rates. We are also happy to report that we were successful in our efforts to acquire a line of credit for mortgage financing from a reputable regional financial institution. This will boost the company's capacity to offer long term financing.

Directors' Report 2011/2012 Cont'd

During the year, the staff received extensive training in Risk Management and Credit Analysis. A complete review of the company's operations was conducted by a team of two experienced former bankers to ensure that the best practices relevant to financial institutions were being observed. They have now been engaged as consultants to assist with the implementation of recommended improvements and to advise on the future development of the company.

St Kitts Nevis Insurance Company Ltd (SNIC) was a major contributor to the Group's profit for the period under review despite the substantial loss sustained as a result of the "haircut" taken on the Company's investment in Government bonds. There were no catastrophic losses during the year and motor claims were minimal. The company has commenced the process to become rated by A.M. Best, a leading international rating agency in the insurance industry. We believe that this will augur well for the company's reputation and future development.

TOURISM

Ocean Terrace Inn Ltd (OTI) continued to experience many challenges, some of which are common in the local industry. Low occupancy levels and depressed rates, especially in the "dull" season have severely impacted the hotel's revenues. Despite several cost cutting measures the hotel made another substantial loss for the year.

In order to resuscitate the hotel and stem these losses the Directors (while not ruling out all other options), hired a consulting firm headed by an experienced and reputable former hotelier with many years of experience in the industry in the Caribbean. The consultants have reviewed and are assisting with the implementation of their recommendations on all aspects of the hotel plant and operations, including food and beverage, reservations, guest relations and sales and marketing.

TDC Airline Services Ltd did not perform as expected and again made a small loss for the year under review. There were some reductions in flights by one of our principals due to lack of demand for regional travel. During the year, the company took over the management of the provision of the aircraft equipment handling service at the R L B International Airport, formerly provided by the St Christopher Air and Sea Ports Authority. Management continues to aggressively pursue all available opportunities and is optimistic of a turnaround.

After resuming its service into Nevis towards the end of the previous financial year, American Eagle, a major principal of **TDC Airline Services (Nevis) Ltd** discontinued its service into the island early in the year under review. Cape Air, a small airline that utilizes nine seater aircrafts, has filled the void. The other carriers that service the island also reduced their flights. The flight reductions, use of smaller aircrafts, low sales volumes and debt write-offs caused the company to perform poorly.

TDC Tours Ltd performed well as it maintained its business relationships with the cruise lines and the Four Seasons Resort during the year. We expect further improvement in the company's performance as the cruise sector continues to expand.

During the year, the company increased its shareholding in the **St Kitts Bottling Company Ltd** to 51.67% of its outstanding shares. As a subsidiary, the year end was changed to make it co-terminus with the rest of the Group so the reporting period spans nineteen months. The company's profits improved appreciably over last year's.

REAL ESTATE DEVELOPMENT

The level of sales generated by TDC Real Estate and Construction Ltd at Sunrise Hills and Conaree Estates Ltd at Atlantic View Residences was disappointing. Three of the five units that were started in the previous

Directors' Report 2011/2012 Cont'd

year at Sunrise Hills and the two at Atlantic Views were delivered. No new home or villa construction at either development was started during the year.

The Cable Bay Hotel Development Company. Following a major redesign and restructuring of the project, Phase III at Oceans Edge commenced with the construction of 30 beach front and poolside units. However, due to the dramatic reduction in demand from lifestyle purchasers, the project was forced to target the highly competitive economic citizenship market.

The success of Oceans Edge is heavily dependent on the improved prospects for tourism and the longevity of the Economic Citizenship Programme.

ASSOCIATED COMPANIES

St Kitts Masonry Products Ltd reported reduced sales and profits for the year as it took the brunt of the impact of the downturn in activity in the construction sector.

MAICO, our associate insurance company in Anguilla, improved its performance and made an increased contribution to the company's results.

SOCIAL CONTRIBUTION

Despite the economic recession the company continued to exhibit its corporate social responsibility by supporting various causes and organizations. These included National Carnival, Culturama, St Kitts Music Festival, Green Valley Festival, Black San' Festival, Advancement for Children Foundation and the Interschool Track and Field Championships. It continued, at considerable costs, to honour its long standing commitments to the Warren Tyson Scholarship Program for high school students and the Michael L. King Scholarship Grant Program, from which sixteen university students have benefited so far.

HUMAN RESOURCES

During the year, several training modules were delivered to directors, managers, supervisors and staff on topics such as Inventory Management, Customer Service, Fundamentals of Marketing, Credit Analysis and Management, Supervisory Management and Managing in Tough Economic Times.

In addition, the Michael L. King Advanced Educational Assistance Programme provided financial assistance to eighteen employees who were pursuing studies locally, overseas and through distance education programmes.

THE ECONOMY

The growth outlook for the Federation appears uncertain. Our economy continues to suffer from a protracted worldwide recession, weak tourism and investment flows. Recovery remains constrained by high taxes and high government debt levels, despite the recent debt restructuring.

The company has previously expressed its concern about the impact that the escalation of violent criminal activity has had on business costs, investor confidence, the economy and the safety of residents and visitors. We are, therefore, very pleased that the government has heeded the call of a wide cross section of the community and has recruited an experienced professional to head our Police Force. We are heartened by the progress that has been made since the new Police Commisioner took office and we stand ready and willing to further assist the Police, where possible.

Directors' Report 2011/2012 Cont'd

STATUTORY REPORT

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

	2012	2011
Profit for the year, after providing for Taxation	2,374,355	8,210,883
The Board recommends a total Dividend of 6 cents per share free of tax (2011– 6 cents per share)	(3,120,000)	(3,120,000)
Retained Earnings	**(745,645)**	**5,090,883**

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

The Auditors, PKF, Chartered Accountants 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 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

Earle A. Kelly
Director

CUSTOMER SERVICE

BUILDING A STRONGER FUTURE

"Nurturing meaningful relationships with Customers and Clients through value added programmes and incentives."

Report of the Auditors

TO THE SHAREHOLDERS

ST KITTS-NEVIS-ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

We have audited the accompanying consolidated financial statements of **St Kitts-Nevis-Anguilla Trading and Development Company Limited and its Subsidiaries ('the Group')** which comprise the Consolidated Statement of Financial Position as at 31 January 2012, and the Consolidated Statement of Income, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF

PKF
Chartered Accountants:

BASSETERRE - ST KITTS
9 July 2012

Consolidated Statement of Income

For the Year Ended 31 January 2012 *(Expressed in Eastern Caribbean Dollars)*

	Notes	2012	2011
TURNOVER	2(q)	171,699,107	182,178,948
Cost of Sales and Related Costs		(125,294,248)	(134,824,618)
Gross Profit		46,404,859	47,354,330
Other Operating Income		11,786,760	9,979,686
Operating Costs		(15,969,054)	(14,821,852)
Distribution Costs		(5,854,364)	(3,102,070)
Administrative Costs		(22,168,373)	(21,252,628)
Finance Costs		(6,631,941)	(5,492,863)
Other Expenses	4	(5,213,607)	(2,534,605)
Share of Results of Associated Companies		1,880,275	1,612,158
INCOME BEFORE TAXATION		4,234,555	11,742,156
Income Tax Expense:	14		
Provision for Taxation - Parent and Subsidiary Companies		(2,959,879)	(3,556,943)
- Associated Companies		(587,896)	(616,299)
		(3,547,775)	(4,173,242)
Deferred Taxation (Notes 2(p), 13 & 14)		1,687,575	641,969
		(1,860,200)	(3,531,273)
INCOME FOR THE YEAR		$2,374,355	$8,210,883
Attributable to:			
Equity holders of the Parent		2,288,524	7,993,745
Non-controlling Interest		85,831	217,138
		$2,374,355	$8,210,883
Basic Earnings per Share	15	$0.05	$0.16

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

Consolidated Statement of Comprehensive Income

For the Year Ended 31 January 2012 *(Expressed in Eastern Caribbean Dollars)*

	2012	2011
Income for the year	2,374,355	8,210,883
OTHER COMPREHENSIVE INCOME:		
Adjustment – Re: Derecognition of interest in associated company (see Note 4)	1,451,377	-
Negative goodwill on acquisition of interest in subsidiary company	714,260	-
Reversal of reserves in associated company derecognized (see Note 4)	(2,098,589)	-
Unrealised Holding Gain	(289,005)	(57,058)
Other	(40,577)	(60,373)
Bonus Shares Received	-	56,232
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$2,111,821	$8,149,684
Attributable to:		
Equity holders of Parent	2,063,379	7,937,691
Non-controlling interest	48,442	211,993
	$2,111,821	$8,149,684

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

Consolidated Statement of Financial Position

As at 31 January 2012 *(Expressed in Eastern Caribbean Dollars)*

	NOTES	2012	2011
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3 & 10	137,832,935	126,320,950
Investments	4	50,766,760	47,921,230
Accounts Receivable – Non-Current	5	60,593,008	47,278,355
Insurance Statutory Deposit	6	2,315,864	2,315,864
Intangibles	7 & 2(y)	952,653	1,355,721
		252,461,220	225,192,120
Current Assets			
Cash and Short-term Investments	8	20,172,276	25,432,726
Accounts Receivable - Current	5	36,182,015	33,088,115
Inventories and Goods in transit	2(f)	66,114,633	62,132,659
Total Current Assets		122,468,924	120,653,500
TOTAL ASSETS		$374,930,144	$345,845,620

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

Consolidated Statement Of Financial Position (cont'd)

As At 31 January 2012 *(Expressed in Eastern Caribbean Dollars)*

EQUITY AND LIABILITIES	Notes	2012	2011
Equity			
Share Capital	9	52,000,000	52,000,000
Reserves		103,087,218	104,094,174
		155,087,218	156,094,174
Non-controlling interest		4,527,281	1,886,878
Total Equity		159,614,499	157,981,052
Non-current Liabilities			
Bank Loans – Non-current	10	26,904,142	13,246,318
Insurance and Other Funds	11	32,099,429	31,637,884
Accounts Payable – Non-Current	12	705,606	3,222,571
Deferred Tax Liability	13	2,316,442	3,325,128
		62,025,619	51,431,901
Current Liabilities			
Loans and overdrafts	10	29,703,738	25,197,097
Accounts Payable	12	121,564,091	110,003,057
Provision for Taxation	14	2,022,197	1,232,513
Total Current Liabilities		153,290,026	136,432,667
Total Liabilities		215,315,645	187,864,568
TOTAL EQUITY AND LIABILITIES		$374,930,144	$345,845,620

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

Approved by the Board of Directors on 9 July 2012.

D M Morton - Chairman

E A Kelly – Finance Director

Consolidated Statement of Changes in Equity

For the Year Ended 31 January 2012 *(Expressed in Eastern Caribbean Dollars)*

	Share Capital	Unrealised Holding Gain	Capital Reserve	Retained Earnings	Total	Non-controlling Interest	Total Equity
Balance at 31 January 2010							
- As previously reported	52,000,000	1,793,370	10,430,663	88,039,736	152,263,769	1,674,885	153,938,654
- Prior Year Adjustments (Note 16)	-	-	(1,068,942)	211,656	(857,286)	-	(857,286)
- As restated	52,000,000	1,793,370	9,361,721	88,251,392	151,406,483	1,674,885	153,081,368
Total Comprehensive Income	-	(51,913)	(4,141)	7,993,745	7,937,691	211,993	8,149,684
Dividend paid (6.25 cents per share)	-	-	-	(3,250,000)	(3,250,000)	-	(3,250,000)
Balance at 31 January 2011	$ 52,000,000	$ 1,741,457	$ 9,357,580	$ 92,995,137	$ 156,094,174	$ 1,886,878	$ 157,981,052
Balance at 31 January 2011	52,000,000	1,741,457	9,357,580	92,995,137	156,094,174	1,886,878	157,981,052
Share of reserves relative to non-controlling interest at takeover	-	-	-	-	-	2,637,232	2,637,232
Adjustment between capital and revenue reserves re: derecognition of associated company			29,210	(29,210)	-	-	-
Pre-acquisition profits included in income	-	-	(34,315)	(46,020)	(80,335)	(45,271)	(125,606)
Transfer of realised revaluation gain to retained earnings	-	-	(905,394)	905,394	-	-	-
Total Comprehensive Income	-	(251,615)	(40,577)	2,355,571	2,063,379	48,442	2,111,821
Dividend paid (5.75 cents per share)	-	-	-	(2,990,000)	(2,990,000)	-	(2,990,000)
Balance at 31 January 2012	$ 52,000,000	$ 1,489,842	$ 8,406,504	$ 93,190,872	$ 155,087,218	$ 4,527,281	$ 159,614,499

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

Consolidated Statement of Cash Flows

For the Year Ended 31 January 2012 *(Expressed in Eastern Caribbean Dollars)*

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before Taxation	4,234,555	11,742,156
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH FROM OPERATING ACTIVITIES		
Depreciation	5,364,216	4,999,200
Gain on disposal of Property, Plant and Equipment	(437,503)	(704,913)
Amortisation of Intangibles	409,129	228,502
Share of results of Associated Companies	(1,880,275)	(1,612,158)
Increase in Employment and Insurance Funds	461,545	903,359
Non-controlling interest in earnings of subsidiaries	(85,831)	(217,138)
Realised Gain - revalued land inventory	-	(46,184)
Impairment of Investments	1,454,442	-
	9,520,278	15,292,824
Increase in Inventories	(3,981,974)	(2,425,257)
Increase in Accounts Receivable	(3,093,900)	(6,361,253)
Increase in Accounts Payable - Current	11,561,034	6,214,266
Taxation paid	(3,548,522)	(4,355,312)
Net cash inflow from operating activities	10,456,916	8,365,268
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of Property, Plant and Equipment	2,752,347	1,256,149
Purchase of Property, Plant and Equipment	(19,191,049)	(5,585,925)
Purchase of Investments net)	(6,412,910)	(5,043,225)
Dividends from Associated Companies	331,937	671,769
Unconsolidated investment in Subsidiary now consolidated	-	4,393,653
Insurance Statutory Deposit	-	(1,482,340)
Intangible Assets purchased	(6,061)	(37,645)
Proceeds from disposal of Intangibles	-	1,625
Acquisition of Subsidiary	5,456,719	-
Negative Goodwill on acquisition of Subsidiary	(714,260)	-
Net cash outflow from investing activities	(17,783,277)	(5,825,939)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease)/Increase in non-current payables	(2,516,965)	2,453,457
Increase/(decrease) in non-current loans and overdrafts	13,657,824	(3,662,782)
Increase in current loans and overdrafts	4,506,641	6,851,295
Increase in non-controlling interest	2,723,063	217,138
Dividends paid to shareholders	(2,990,000)	(3,250,000)
Increase in non-current receivables	(13,314,652)	(1,913,957)
Net cash inflow from financing activities	2,065,911	695,151
Net increase in cash and cash equivalents	(5,260,450)	3,234,480
Cash and cash equivalents at beginning of year	25,432,726	22,198,246
Cash and cash equivalents at end of year	$20,172,276	$ 25,432,726

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

1 **PRINCIPAL ACTIVITIES**

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

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

The Company is listed on the Eastern Caribbean Securities Exchange.

2 **SIGNIFICANT ACCOUNTING POLICIES**

a) **Basis of Accounting**:

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

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

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

Standards and Interpretations in effect and applicable

IFRS 1	First-time Adoption of International Financial Reporting Standards – Amendment resulting from May 2010 Annual Improvements to IFRSs - effective 1 January 2011
IFRS 3	Business Combinations – Amendments resulting from May 2010 Annual Improvements to IFRSs - effective 1 July 2010
IFRS 7	Financial Instruments: Disclosures – Amendments resulting from May 2010 Annual Improvements to IFRSs – effective January 2011
IAS 1	Presentation of Financial Statements- Amendments resulting from May 2010 Annual Improvements to IFRSs – effective 1 January 2011
IAS 24	Related Party Disclosures – Revised definition of related parties – effective 1 January 2011
IAS 27	Consolidated and separate Financial Statements – Amendments resulting from May 2010 Annual Improvements to IFRS - effective 1 July 2010
IFRIC 13	Customer Loyalty Programmes – Amendments resulting from May 2010 Annual Improvements to IFRSs – effective 1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments – effective 1 July 2010

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

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

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

Standards and interpretations in issue and effective but not applicable

IAS 34	Interim Financial Reporting – Amendments resulting from May 2010 Annual Improvements to IFRSs – effective 1 January 2011
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – November 2009 Amendments with respect to Voluntary prepaid contributions - effective 1 January 2011

Standards and interpretations in issue but not yet effective and not early adopted

IFRS 1	First-time Adoption of IFRSs – Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs' - effective 1 July 2011
IFRS 1	First-time Adoption of IFRSs – Additional exemption for entities ceasing to suffer from severe hyperinflation – effective 1 July 2011
IFRS 7	Financial Instruments: Disclosures – Amendments enhancing disclosures about transfers of financial assets - effective 1 July 2011
IFRS 7	Financial Instruments: Disclosures – Amendments – Offsetting Financial Assets and Financial Liabilities – effective 1 January 2013
IFRS 9	Financial Instruments – Classification and Measurement - effective 1 January 2015
IFRS 10	Consolidated Financial Statements – effective 1 January 2013
IFRS 11	Joint Arrangements – effective 1 January 2013
IFRS 12	Disclosure of Interests in Other Entities – effective 1 January 2013
IFRS 13	Fair Value Measurement - 1 January 2013
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented – effective 1 July 2012
IAS 12	Income Taxes – Limited scope amendment (recovery of underlying assets) – effective 1 January 2012
IAS 19	Employee Benefits – Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects – effective 1 January 2013

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

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

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

IAS 27	Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (as amended in 2011) - effective 1 January 2013
IAS 28	Investments in Associates and Joint Ventures – Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in 2011) – effective 1 January 2013
IAS 32	Amendment – Offsetting Financial Assets and Financial Liabilities – effective 1 January 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine – effective 1 January 2013

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.

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.

Rental Income:

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

c) **Basis of Consolidation**:

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

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

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

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

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

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

d) **Investment in Associated Companies**:

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

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

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

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

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

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

e) **Business Combination**:

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

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

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

f) **Inventories and Goods in Transit**:

Inventories and goods in transit are valued at the lower of cost and net realizable value, which have been applied consistently with the previous financial year. The cost of finished products and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

g) **Hire Purchase Transactions**:

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

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

h) **Policyholders' Funds**:

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

i) **Underwriting Profits**:

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

j) **Provisions for Unearned Premiums**:

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

k) **Outstanding Claims**:

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

l) **Claims Equalization Reserve:**

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

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

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

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

n) **Depreciation of Property, Plant and Equipment**:

Depreciation is provided for at varying annual rates calculated to write off the cost of Property, Plant and Equipment other than Leasehold Properties over their expected useful lives.

o) **Foreign Currencies**:

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

p) **Taxation**:

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

q) **Turnover**:

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

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

r) **Borrowing Costs**:

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

The Group capitalizes borrowing costs for all eligible assets where construction was commenced on or after January 1, 2009.

s) **Trade and Other Payables**:

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

t) **Provisions**:

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

Warranty Claims Provision*:*

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

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

u) **Accounts Receivables**:

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

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

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

v) **Use of Estimates**:

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

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

w) **Investments:**

Available-for-Sale:

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

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

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

Held to Maturity:

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

x) **Cash and Cash equivalents**:

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

y) **Intangibles:**

Goodwill and Licences from Travel Agencies:

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

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

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

Software:

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

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

z) Dividends:

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

3 **PROPERTY, PLANT AND EQUIPMENT**

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

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

	Total	Land and Buildings	General Equipment
Year Ended 31 January 2011			
Gross carrying amount - At Beginning of year	159,998,440	116,609,932	43,388,508
Additions at Cost	5,585,925	404,723	5,181,202
Disposals/Transfers at Cost	(3,285,598)	-	(3,285,598)
Gross carrying amount - At End of year	162,298,767	117,014,655	45,284,112
Depreciation - At Beginning of year	33,712,979	2,931,738	30,781,241
Depreciation Charge in year	4,999,200	1,477,502	3,521,698
Depreciation on Disposals	(2,734,362)	-	(2,734,362)
Depreciation - At End of year	35,977,817	4,409,240	31,568,577
Net carrying amount - 31 JANUARY 2011	$126,320,950	$112,605,415	$13,715,535

Revaluation of Freehold and Leasehold Properties:

Revaluation in 2007

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

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

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

Acquisition of a Subsidiary

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

4 INVESTMENTS AT COST AND VALUATION

	2012	2011
Associated Companies	7,240,939	8,963,258
Available-for-Sale Investments	28,803,526	20,900,216
Held-to-Maturity	14,722,295	18,057,756
	$50,766,760	$47,921,230

Associated Companies:	2012	2011
Balance at beginning of Year	8,963,258	8,640,993
Net movement for the year (see below)	958,567	322,265
Disposal	(2,680,886)	-
Balance at end of year	$7,240,939	$8,963,258
Net Movement for the Year		
Income before Taxation	1,880,275	1,612,158
Taxation	(587,896)	(616,299)
	1,292,379	995,859
Dividends	(331,937)	(671,769)
	960,442	324,090
Capital Adjustment	(1,875)	(1,825)
Net Movement	$958,567	$322,265

The Group's investment in associates comprises:

	2012	2011
St Kitts Masonry Products Limited	50%	50%
Malliouhana-Anico Insurance Company Limited	25%	25%
St Kitts Bottling Company Limited	-	49.13%

During the year under review, the Group acquired the controlling interest in St Kitts Bottling Company Limited.

4 INVESTMENTS AT COST AND VALUATION (cont'd)

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

	2012	2011
Assets	$12,896,178	$23,934,410
Liabilities	$5,655,239	$14,971,152
Share of the associates' results:		
Revenue	$10,746,989	$17,976,966
Profit after taxation	$1,292,379	$995,859

Available-for-Sale Investments:	2012	2011
Balance at beginning of year	20,900,216	16,145,028
Additions	9,707,382	4,812,246
Assignment of deposit to Registrar of Insurance (see note 6)	(1,062,500)	-
Impairment	(454,442)	-
Net losses transferred to equity	(287,130)	(57,058)
Balance at end of year	$28,803,526	$20,900,216

Held to Maturity:		
Balance at beginning of year	18,057,756	17,782,905
Additions	-	274,851
Securities matured	(2,335,461)	-
Impairment provision - Government Bonds (See Note Below)	(1,000,000)	-
Balance at end of year	14,722,295	18,057,756
Bonds maturing between 1 to 5 years	10,900,000	13,300,000
Bonds maturing after 5 years	3,822,295	4,757,756
	$14,722,295	$18,057,756

4	**INVESTMENTS AT COST AND VALUATION (**cont'd)	2012	2011
	Interest on bonds is earned at varying rates between 5% and 8%.		
	Impairment provisions		
	Balance at beginning of year	-	-
	Impairment for the year - Available-for-Sale	454,442	-
	- Held-to-Maturity (See Note Below)	1,000,000	-
	Balance at end of year	$1,454,442	-

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

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

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

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

New Discount Bonds

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

One of the Group's wholly-owned subsidiary company, St Kitts Nevis Insurance Company Limited (SNIC) had an 'Eligible Claim' of $2,000,000 which suffered a 50% discount ("haircut") of $1,000,000, which is included in the figure of Other Expenses of $5,213,607 in the Consolidated Statement of Income.

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

Subsidiary Company – St Kitts Bottling Company Limited

St. Kitts Nevis Anguilla Trading and Development Company Limited purchased additional ordinary shares in St Kitts Bottling Company Limited thereby increasing its shareholdings to 51.67%. Effective 29 August 2011, St Kitts Bottling Company Limited became a subsidiary of the TDC Group of Companies (see note 24).

Effect of St Kitts Bottling Company Limited becoming a subsidiary is shown below:

Gain on derecognition of interest in associated company	$1,451,377
Reversal of reserves in associated company	$(2,098,589)

Other Investments:

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

Associated Companies:

Investments in Associated Companies are accounted for on the equity basis as represented in the latest Financial Statements which for one company was 30 June 2011 and the other was 31 December 2011.

Quoted Investments:

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

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

5 **ACCOUNTS RECEIVABLE**

	2012	2011
Trade Accounts Receivable and Loans - Current	29,205,777	27,093,655
Amount due by Associated Companies	624,641	985,094
Other Receivables and Prepayments	6,351,597	5,009,366
TOTAL - Current	$36,182,015	$33,088,115
Accounts Receivable – Non Current	$60,593,008	$47,278,355

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

	2012	2011
Accounts Receivable:		
Within 2 to 5 years	31,572,068	23,985,930
After 5 years	29,020,940	23,292,425
	$60,593,008	$47,278,355

	2012	2011
Movement on Provision for impairment – current and non-current receivables:		
Balance at beginning of year	15,320,146	14,198,885
Increase in provision for impairment	2,251,399	2,350,760
Receivables written off during the year	(197,752)	(477,665)
Impaired losses reversed	(1,667,944)	(751,834)
Balance at end of year	$15,705,849	$15,320,146

Ageing analysis of trade receivables:

		Neither past due	Past due but not impaired	
	Total	nor impaired	30 to 90 days	over 90 days
2012	$29,205,777	$19,520,762	$2,968,532	$6,716,483
2011	$27,093,655	$16,701,221	$2,966,402	$7,426,032

6 **INSURANCE STATUTORY DEPOSIT**

In accordance with the Insurance Act 2009, Section 23, all registered Insurance Companies are required to maintain a Statutory Deposit with the Accountant General. During the year under review, $1,062,500 in the form of a fixed deposit with a commercial bank was assigned to the Registrar of Insurance. This amount increased the statutory deposit held to $1,896,024 (2011 = $833,524) with an outstanding amount of $419,840.

In addition, subsequent to the year end, charges in favour of the Registrar of Insurance were placed on Eastern Caribbean Home Mortgage Bank bonds in the total amount of $550,000 effective 6 February 2012.

7	**INTANGIBLES**	2012	2011
	Goodwill:		
	- At initial recognition	1,250,000	1,250,000
	- Impairment at beginning of year	375,000	250,000
	- Current impairment	250,000	125,000
	- Impairment at end of year	625,000	375,000
	Net carrying amount	625,000	875,000
	Licence – Travel Agency		
	- At initial recognition	400,000	400,000
	- Current impairment	100,000	-
	Net carrying amount	300,000	400,000
	Software:		
	- At initial recognition	515,341	480,410
	- Additions	6,061	37,645
	- Disposals	-	(2,714)
	-		
		521,402	515,341
	- Amortisation at beginning of year	434,620	332,204
	- Current impairment	59,129	103,502
	- Disposals	-	(1,086)
	- Amortisation end of year	493,749	434,620
	Net carrying amount	27,653	80,721
	TOTAL NET CARRYING AMOUNT	$952,653	$1,355,721

7 **INTANGIBLES** (cont'd)

Intangibles represent:

i) Goodwill of $1,250,000 being the excess of the cost of acquisition over the net tangible assets acquired on the purchase of The City Drug Store Limited on 1 May 2005. Effective from year ended 31 January 2009, impairment is assessed annually.

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

iii) Software which is being amortised over 5 years.

In the opinion of the Directors, the fair value of these intangibles is not less than the written down value.

8 **CASH AND SHORT TERM INVESTMENTS**

Included in cash and short term investments is an amount of $12,937,945 (31 January 2011 = $12,937,945) which represents Government of St Kitts and Nevis and Nevis Island Administration Treasury Bills stated at cost [Face Value $13,231,680 (31 January 2011 = $13,231,680)] maturing on a quarterly and annual basis. Interest is earned at rates of 6½% and 6¾% per annum free of tax.

9 **SHARE CAPITAL**	2012	2011
Authorised		
500,000,000 Ordinary Shares of $1 each	$500,000,000	$500,000,000
Issued and Allotted		
52,000,000 Ordinary Shares of $1 each	$52,000,000	$52,000,000

Dividends:

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

10	**BANK LOANS AND OVERDRAFTS**	2012	2011
	Overdrafts	25,154,807	22,283,423
	Loans - Current portion	4,548,931	2,913,674
	OVERDRAFTS/LOANS-CURRENT	$29,703,738	$25,197,097
	Bank Loans	31,453,073	16,159,992
	Less Current Portion	(4,548,931)	(2,913,674)
	LOANS - NON-CURRENT	$26,904,142	$13,246,318
	Non-current Loans:		
	Amounts Payable:		
	Within 2 to 5 years	19,805,772	12,427,721
	After 5 years	7,098,370	818,597
	TOTAL	$26,904,142	$13,246,318

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 (2011 = $61,877,000).

11	**INSURANCE AND OTHER FUNDS**	2012	2011
	Insurance Funds	25,242,434	24,955,369
	Employee Benefit Funds	3,514,367	3,460,526
	Policyholders' Funds	3,342,628	3,221,989
	TOTAL	$32,099,429	$31,637,884

12	**ACCOUNTS PAYABLE**	2012	2011
	Customer Deposits	69,109,875	56,205,168
	Trade Accounts Payable	15,767,822	14,970,429
	Amount due to Associated Companies	656,721	1,304,357
	Sundry Accounts Payable and Accrued Charges	36,029,673	37,523,103
	TOTAL - Current	$121,564,091	$110,003,057
	ACCOUNTS PAYABLE – Non-Current	$705,606	$3,222,571

13	**DEFERRED TAX LIABILITY**		2012	2011
	Deferred Tax Liability – brought forward		3,325,128	3,967,097
	Acquisition through business combination		678,889	-
	Deferred Tax Credit	(Note 14)	(1,687,575)	(641,969)
	Deferred Tax Liability – carried forward		$2,316,442	$3,325,128
	Deferred Tax Liability (net) comprises:			
	Deferred Tax Assets		(9,065,392)	(5,116,256)
	Deferred Tax Liability		11,381,834	8,441,384
			$2,316,442	$3,325,128

		2012	2011
13	**DEFERRED TAX LIABILITY** (Cont'd)		
	Deferred Tax Assets comprise:		
	Unutilised Capital Allowances	7,370,101	3,959,982
	Unutilised Tax Losses	1,499,108	977,979
	Accelerated Depreciation	196,183	178,295
		$9,065,392	$5,116,256
	Deferred Tax Liability comprises:		
	Accelerated Capital Allowances	$11,381,834	$8,441,384

		2012	2011
14	**PROVISION FOR TAXATION**		
	Provision for Taxation		
	- Current Period	932,894	1,334,996
	- Previous Years	1,089,303	(102,483)
	TOTAL	$2,022,197	$1,232,513

The Charge in the Income Statement comprises the following:

	2012	2011
Provision for Taxation	2,872,048	3,631,921
Under/(over)provision – previous year	87,831	(74,978)
Deferred Tax (Note 13)	(1,687,575)	(641,969)
	1,272,304	2,914,974
Associated Companies	587,896	616,299
TOTAL	$1,860,200	$3,531,273

The Group's effective tax rate of 43.9% (2011 = 29.9%) differs from the Statutory rate as follows:

	2012	2011
Income before Taxation	$4,234,555	$11,742,156
Tax at statutory rate of 35%	1,482,094	4,109,755
Tax effect of expenses not deductible in determining taxable profits	1,875,705	380,167
Tax effect of income not assessable for taxation	(1,667,913)	(1,068,173)
Under/(over)provisions – previous years	87,831	(74,978)
Tax effect of depreciation on non-qualifying assets	145,297	157,709
Tax effect on gain on qualifying assets	(60,935)	-
Other	(1,879)	26,793
	$1,860,200	$3,531,273

15 EARNINGS PER ORDINARY SHARE

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

	2012	2011
Net Income for the year	$2,374,355	$8,210,883
Number of ordinary shares in issue	52,000,000	52,000,000
Basic earnings per share	$0.05	$0.16

16 PRIOR YEAR ADJUSTMENTS

	2012	2011
Prior year adjustments comprise the following:		
Reclassification of Reserves to Insurance Funds	-	(1,068,942)
Deferred Tax	-	211,656
TOTAL	-	$(857,286)

17 CONTINGENT LIABILITIES AND COMMITMENTS

a) The Company is committed for calls on the unpaid portion of shares in its wholly-owned subsidiary, TDC Tours Limited, in the amount of $70,000 (2011 = $70,000);

b) At 31 January 2012, the Parent Company guaranteed bank loans and overdrafts on behalf of subsidiary companies;

c) At 31 January 2012, commitments in respect of open Letters of Credit established in the normal course of business amounted to $1,506,144 (2011 = $1,551,987);

d) The Company is committed to the investment in Cable Bay Hotel Development project for an additional amount of $5,480,102 (2011 = $5,480,102).

e) There was no pending litigation at year end (2011 = $548,000 approximately).

18 TDC REAL ESTATE AND CONSTRUCTION LIMITED

Construction on twenty seven (27) of the forty-three (43) villas at Sunrise Hill - Frigate Bay, St Kitts was completed. Two (2) villas remained unsold at year end. The project is expected to be completed by July 2015.

It is estimated to cost EC $72 million of which $43,248,515 was expended at year end. The Company was granted a five year tax-free holiday in respect of this development. This tax-free holiday has expired. As the project has not been completed, the Company has applied for a further extension of the tax-free holiday status.

19 FINANCIAL INFORMATION BY SEGMENT

	REVENUE		PRE-TAX PROFIT	
SEGMENT	2012	2011	2012	2011
General Merchants and Shipping	129,116,458	139,683,609	(2,895,696)	4,174,452
Insurance and Finance	19,179,762	15,453,142	6,847,284	7,103,255
Rentals, Airline Agencies and Hotel	15,850,938	15,517,089	(974,262)	1,181,026
Real Estate	7,551,949	11,525,108	1,257,229	(716,577)
	$171,699,107	$182,178,948	$4,234,555	$11,742,156

	ASSETS		LIABILITIES	
SEGMENT	2012	2011	2012	2011
General Merchants and Shipping	179,003,887	165,775,559	102,900,362	78,963,336
Insurance and Finance	132,944,188	118,018,369	106,522,997	98,669,622
Rentals, Airline Agencies and Hotel	40,549,538	42,932,846	3,796,676	4,376,072
Real Estate	2,432,531	9,118,846	2,095,610	5,855,538
	$374,930,144	$345,845,620	$215,315,645	$187,864,568

	ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT		DEPRECIATION	
SEGMENT	2012	2011	2012	2011
General Merchants and Shipping	17,630,021	2,159,262	3,003,029	2,705,010
Insurance and Finance	84,822	334,573	169,781	166,239
Rentals, Airline Agencies and Hotel	1,440,016	3,079,870	2,126,663	2,013,747
Real Estate	36,190	12,220	64,743	114,204
	$19,191,049	$5,585,925	$5,364,216	$4,999,200

20 FINANCIAL INSTRUMENTS

a) Interest Rate Risk:

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

b) Credit Risk:

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

c) Fair Values:

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

d) Currency Risk:

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

e) Liquidity Risk:

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

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

e) Liquidity Risk: (cont'd)

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

Financial Liabilities:

Year Ended 31 January 2012:

	Due within 1 Year	>1 Yr to 5 Yrs	>5 Years	Total
Overdrafts	25,154,807	-	-	25,154,807
Loans	4,548,931	19,805,772	7,098,370	31,453,073
Trade Payables	85,534,418	705,606	-	86,240,024
Other Payables	36,029,673	-	-	36,029,673
	$151,267,829	$20,511,378	$7,098,370	$178,877,577

Year Ended 31 January 2011:

	Due within 1 Year	>1 Yr to 5 Yrs	>5 Years	Total
Overdrafts	22,283,423	-	-	22,283,423
Loans	2,913,674	12,427,721	818,597	16,159,992
Trade Payables	72,479,954	3,222,571	-	75,702,525
Other Payables	37,523,103	-	-	37,523,103
	$135,200,154	$15,650,292	$818,597	$151,446,473

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

e) Liquidity Risk: (cont'd)

Financial Assets:

Year Ended 31 January 2012:

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

Year Ended 31 January 2011:

	Due within 1 Year	>1 Yr to 5 Yrs	>5 Years	Total
Cash and Short Term Investments	25,432,726	-	-	25,432,726
Trade Receivables and Loans	28,078,749	23,985,930	23,292,425	75,357,104
Other Receivables	5,009,366	-	-	5,009,366
Investments	-	13,300,000	34,621,230	47,921,230
	$58,520,841	$37,285,930	$57,913,655	$153,720,426

21 RELATED PARTY TRANSACTIONS

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

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

	2012 $	2011 $
Sales of Goods and Services	12,302,049	16,080,578
Purchases of Goods and Services	2,694,936	3,399,812
Dividends received	331,937	671,769
Management and Administrative Fees	114,800	110,800

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

	2012	2011
Short-term employee benefits and retirement contributions	$2,275,886	$2,427,572

St. Kitts Nevis Anguilla Trading and Development Company Limited manages the TDC Pension Savings Plan for employees of the TDC Group of Companies. There is no liability for any shortfall in the Plan. At the end of the year, the St. Kitts Nevis Anguilla Trading and Development Company Limited was indebted to the TDC Pension Savings Plan in the amount of $4,811,688 (2011 = $3,547,292). Interest is being charged at the rate of 6 ½% per annum.

23 SUBSEQUENT EVENT

No event has occurred or is pending or in prospect subsequent to the end of the reporting period that would require adjustment to, or disclosure in these Consolidated Financial Statements.

24 BUSINESS COMBINATION AND ACQUISITION OF MINORITY INTEREST

On 29 August 2011, the Group obtained control of a subsidiary St Kitts Bottling Company Limited, an unlisted company specializing in the manufacturing of soft drinks.

The fair values of assets acquired and liabilities assumed were as follows:

Cash	547,005
Inventories	2,605,487
Accounts Receivable	3,774,319
Property, Plant and Equipment	14,499,745
	21,426,556
Accounts Payable	6,685,873
Loans and Overdrafts	9,283,964
	15,969,837
Net Assets	$5,456,719
Group's Share of Net Assets	2,819,487
Negative Goodwill on Acquisition	(714,260)
Total Consideration	$2,105,227
Fair Value of Previously Held Shares	2,001,738
Cash Consideration	103,489
Total Consideration	$2,105,227

TDC GROUP OF COMPANIES – SUBSIDIARY COMPANIES

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

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

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

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

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

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

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

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

SHIPPING SERVICES:
Sakara Shipping NV – Tortola, BVI

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

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

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YAMAHA

GOODYEAR

Canon

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Pitney Bowes

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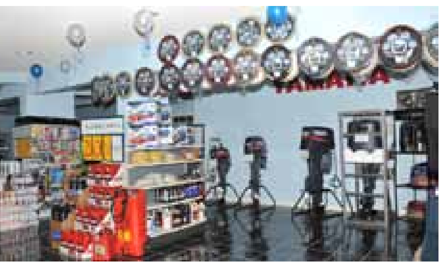

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