TDC GROUP OF COMPANIES

TDC

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

ANNUAL REPORT 2011

Passion to Serve

FOR SERVICE...
FOR QUALITY...
YOUR COMPANY...

ANNUAL REPORT 2011

PASSION TO SERVE

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

Table of Contents

Corporate Information

(Photograph taken at the 2010 Annual General Meeting)

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

Front Row (l - r) **Myrna R. Walwyn**, B.Sc., M.A., Dip. Law; **Charles L. A. Wilkin**, Q.C., M.A. (Cantab); **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:	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 38th Annual General Meeting of the St Kitts Nevis Anguilla Trading and Development Company Limited will be held at the Fisherman's Wharf, Fortlands, Basseterre, St Kitts, Thursday, June 30th , 2011 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, 2011
3. To receive and consider the Report of Auditors thereon
4. To declare a final Dividend
5. To elect Directors to replace those retiring by rotation and to confirm appointment of a new Director
6. To appoint Auditors and to authorize the Directors to fix their remuneration for the ensuing year

BY ORDER OF THE BOARD

Maritza Bowry

Maritza S Bowry
Company Secretary

May 26, 2011

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

FINANCIAL
SERVICES

for Service... for Quality... your Company...

Directors' Report 2010/2011

TDC Group of Companies performed creditably, despite the exceptionally challenging prevailing circumstances, as turnover grew by over $6 million or 4%. However, there was only a marginal increase of $607,000 in Gross Profit and a reduction in the Gross Profit to Turnover ratio. The contribution from the associated companies fell by 28% from last year. **Net Income Before Taxation**, totalled **$11,742,156** compared to **$11,132,852** last year.

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, 2011. 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

The Home and Building Depot St Kitts must be commended for another solid performance. However, the performances of the other retail departments, which include **Home and Building Depot Nevis, Automotive Divisions, Drinks Depot, City Drug Store (2005) Limited and Business Equipment** fell well below expectation. These departments were affected by the continuing weaknesses in the construction and tourism sectors and the economy in general.

SERVICES

The results of the **Shipping Agencies** were again negatively impacted by the low volume of imported cargo handled at our ports. Both agencies performed well below management's expectations. **TDC Rentals Ltd** and **TDC Rentals (Nevis) Ltd** produced reduced profits for the year for both lines of their businesses. The operations on Nevis were more acutely affected with a drop in profit of 29%.

FINANCE AND INSURANCE

St Kitts Nevis Finance Company Ltd (FINCO) reported slightly improved results for the year. While the growth in the loan portfolio was marginal, the company benefitted from recoveries of loan loss provisions made previously. During the year the company embarked on an initiative to acquire long term funds to assist with the financing of mortgages. Preliminary indications have given reason to be optimistic about the approval of our financing proposal.

St Kitts Nevis Insurance Company Ltd (SNIC) again contributed significantly to the company's overall performance. Motor claims increased by 17% over last year but there were no significant claims in the other insurance classes. The combination of prudent underwriting and effective claims management is clearly a successful formula and is actively encouraged within the company. The life insurance sales force has been expanded and it is anticipated that this will redound to the benefit of Sagicor Life Inc and the company in the medium to long term.

TOURISM

There was little improvement in the state of the land based / stay over segment of the local tourism industry during the year. However, **Ocean Terrace Inn Ltd (OTI)** was able to reduce its losses by 15% mainly through the reduction of operating expenses. Significant investment will be required to maintain and upgrade the hotel

Directors' Report 2010/2011 Cont'd

plant if the company is to continue to attract and satisfy guests. This and other options are under very serious consideration by your Directors and management as we deliberate on the future of this perennial loss maker.

TDC Airline Services Ltd. made a small loss for the year under review despite the addition of another weekly flight by British Airways. General weakness in the corporate aircraft sector, the loss of some business to a competitor and the severing of our relationship with United Parcel Service (UPS) resulted in the significant reduction of revenues.

The aircraft handling division of **TDC Airline Services (Nevis) Ltd.** improved its performance marginally while the travel division experienced significant declines in its business. Towards the end of the financial year, one of our principals, American Eagle resumed its service into Nevis with the re-opening of the Four Seasons Resort.

TDC Tours Ltd. was able to increase its business with several cruise lines during the year. In addition, with the re-opening of the Four Seasons Resort, the company resumed its ground transportation service provided to the resort's guests.

REAL ESTATE DEVELOPMENT

The initiatives to attract sales of products offered by **TDC Real Estate and Construction Ltd** at Sunrise Hills and **Conaree Estates Ltd** at Atlantic View Residences resulted in varying degrees of success. Two homes at Atlantic View and six at Sunrise Hills were sold. This brings the total number of units sold to date to twenty eight at Sunrise Hills and nine at Atlantic View. At year's end, five units at Sunrise Hills and two at Atlantic Views were under construction.

The Cable Bay Hotel Development Company. Unfortunately, there was no substantial progress made in the planned construction of the 70 unit condominium block comprising Phase III of the company's development known as Oceans Edge at Frigate Bay. A major redesign and financial restructuring was required after the exit of Newfound Developers. The company is now back on course, but is however reliant on the recovery of the tourism sector for success.

ASSOCIATED COMPANIES

The Net Income of the **St Kitts Bottling Company Ltd** fell by 21% compared to the previous year. Local sales were reduced in almost every drink category and exports decreased by 68% over the prior year due to the absence of any major export contracts.

St Kitts Masonry Products Ltd reported improved results for the year even though the sales dropped marginally. Due mainly to the reduction in the cost of raw materials, the gross margin improved by over 10%.

MAICO, our associate insurance company in Anguilla, made a very small contribution to the company's bottom line as its net income fell precipitously due to the difficult economic and market conditions on that island.

SOCIAL CONTRIBUTION

We are ever cognizant of the tremendous support that your company receives from the communities that it serves. Therefore, despite the challenges that it encountered during the year, the company supported various causes and organizations. These included, but were not

Directors' Report 2010/2011 Cont'd

limited to the various national and community cultural festivals, sports clubs and tournaments. It continued, at considerable costs, to honour its commitments to the Warren Tyson Scholarship Programme for high school students, Rotary's Advancement of Children Foundation and the Michael L. King Scholarship Grant Programme, which has benefited six university students so far.

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. During the year, Directors, managers, supervisors and staff received training in areas such as Performance Management, VAT Implementation and Sensitization, Customer Service and Human Resource Management.

The Michael L. King Advanced Educational Assistance Programme provided financial assistance to **seventeen** employees who were pursuing studies overseas and through distance education programmes.

THE ECONOMY

The effects of the worldwide economic recession that we experienced the previous year continued during the period under review. As a result, there was contraction of activity in the construction, land based tourism and the distributive and retail sectors. Cruise tourism showed appreciable growth in visitor arrivals. Economic activity in the Federation contracted by a further 4.2% in 2010 following the 4.4% recorded in 2009.

Towards the end of the financial year, the Four Seasons Resort re-opened and has been a boon to employment in Nevis, revenues of the Nevis Island Administration, and the economy in general.

The introduction of the Value Added Tax (VAT) in November of 2011, has created considerable hardship for some citizens, particularly lower income earners who are now required to pay taxes on a range of services that were formerly tax exempt. This and the depressed economy have combined to deal a severe blow to consumer demand.

In recent years, the country has been plagued by the continuing escalation of violent criminal activity. We are very concerned about its impact on investor confidence, business costs, the economy and the welfare and safety of residents and visitors. We call on the authorities to take all steps necessary to eradicate this scourge from our midst.

STATUTORY REPORT

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

	2011	2010 (Restated)
Profit for the year, after providing for Taxation	8,210,883	7,765,618
The Board recommends a total Dividend of 6 cents per share free of tax (2010– 6 cents per share)	(3,120,000)	(3,120,000)
Retained Earnings	**$5,090,883**	**$4,645,618**

In accordance with Article 99 of the Articles of Association, Jacques A C Cramer, Clive E R Ottley, Charles L Wilkin and Earle A Kelly retire and, being

Directors' Report 2010/2011 Cont'd

eligible, offer themselves for re-election.

In accordance with Article 106 of the Articles of Association, Glenville R Jeffers, General Manager of the Home and Building Depot, St Kitts was appointed to the Board of Directors on February 1st 2011. Mr Jeffers' appointment is being presented for confirmation.

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

AUTOMOTIVE
SERVICES

for Service...
for Quality...
your Company...

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 2011, 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. 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 2011, 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
31 May 2011

Consolidated Statement of Income

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

	Notes	2011	2010 (Restated)
TURNOVER	2(p)	182,178,948	175,732,130
Cost of Sales and Related Costs		(134,824,618)	(128,985,108)
Gross Profit		47,354,330	46,747,022
Other Operating Income		9,979,686	9,438,774
Operating Costs		(14,821,852)	(14,129,662)
Distribution Costs		(3,102,070)	(3,167,860)
Administrative Costs		(21,252,628)	(22,177,757)
Finance Costs		(5,492,863)	(5,107,880)
Other Expenses		(2,534,605)	(2,709,323)
Share of Results of Associated Companies		1,612,158	2,239,538
INCOME BEFORE TAXATION		11,742,156	11,132,852
Income Tax Expense:	14		
Provision for Taxation - Parent and Subsidiary Companies		(3,556,943)	(3,487,497)
- Associated Companies		(616,299)	(594,667)
		(4,173,242)	(4,082,164)
Deferred Taxation (Notes 2(o), 13 & 14)		641,969	714,930
		(3,531,273)	(3,367,234)
INCOME FOR THE YEAR		$8,210,883	$7,765,618
Attributable to:			
Equity holders of the Parent		7,993,745	7,690,272
Non-controlling Interest		217,138	75,346
		$8,210,883	$7,765,618
Basic Earnings per Share	15	$0.16	$0.15

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

Consolidated Statement of Comprehensive Income

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

	2011	2010 (Restated)
Income for the Year	8,210,883	7,765,618
Other Comprehensive Income:		
Unrealised Holding Gain	(57,058)	(457,108)
Other	(60,373)	(127,178)
Reclassification of Reserves to Insurance Funds(Note 16)	-	(120,821)
Bonus Shares Received (Note 4)	56,232	833,333
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$8,149,684	$7,893,844
Attributable to:		
Equity holders of Parent	7,937,691	7,804,348
Non-controlling interests	211,993	89,496
	$8,149,684	$7,893,844

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

Consolidated Statement of Financial Position

As at 31 January 2011 (Expressed in Eastern Caribbean Dollars)

	Notes	2011	2010 (Restated)
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3 & 10	126,320,950	126,285,461
Investments	4	47,921,230	46,962,579
Accounts Receivable – Non-Current	5	47,278,355	45,364,398
Insurance Statutory Deposit	6	2,315,864	833,524
Intangibles	7 & 2 (x)	1,355,721	1,548,206
		225,192,120	220,994,168
Current Assets			
Cash and Short-term Investments	8	25,432,726	22,198,246
Accounts Receivable - Current	5	33,088,115	26,726,862
Inventories and Goods in transit	2 (e)	62,132,659	59,707,402
Total Current Assets		120,653,500	108,632,510
TOTAL ASSETS		$345,845,620	$329,626,678

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

Consolidated Statement Of Financial Position (cont'd)

As At 31 January 2011 (Expressed in Eastern Caribbean Dollars)

	Notes	2011	2010 (Restated)
EQUITY AND LIABILITIES			
Equity			
Share Capital	9	52,000,000	52,000,000
Reserves		104,094,174	99,406,483
		156,094,174	151,406,483
Non-controlling interest		1,886,878	1,674,885
Total Equity		157,981,052	153,081,368
Non-current Liabilities			
Bank Loans – Non-current	10	13,246,318	16,909,100
Insurance and Other Funds	11	31,637,884	30,734,525
Accounts Payable – Non-Current	12	3,222,571	769,115
Deferred Tax Liability	13	3,325,128	3,967,097
		51,431,901	52,379,837
Current Liabilities			
Loans and overdrafts	10	25,197,097	18,345,802
Accounts Payable	12	110,003,057	103,788,791
Provision for Taxation	14	1,232,513	2,030,880
Total Current Liabilities		136,432,667	124,165,473
Total Liabilities		187,864,568	176,545,310
TOTAL EQUITY AND LIABILITIES		$345,845,620	$329,626,678

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

Approved by the Board of Directors on 31st May, 2011

D M Morton - Chairman

E A Kelly – Finance Director

Consolidated Statement of Changes in Equity

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

	Share Capital	Unrealised Holding Gain	Capital Reserve	Retained Earnings	Total	Non-Controlling Interest	Total Equity
Balance at 31 January 2009							
– As previously reported	52,000,000	2,197,961	14,786,607	79,290,999	148,275,567	1,585,389	149,860,956
- Prior Year Reclassification	-	-	(4,995,432)	4,995,432	-	-	-
- Prior Year Adjustments (Note 16)	-	-	(948,121)	(605,311)	(1,553,432)	-	(1,553,432)
- As restated	52,000,000	2,197,961	8,843,054	83,681,120	146,722,135	1,585,389	148,307,524
Total Comprehensive Income							
- Restated	-	(404,591)	518,667	7,690,272	7,804,348	89,496	7,893,844
Dividend Paid	-	-	-	(3,120,000)	(3,120,000)	-	(3,120,000)
Balance at 31 January 2010							
- Restated	$52,000,000	$1,793,370	$9,361,721	$88,251,392	$151,406,483	$1,674,885	$153,081,368
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	-	-	-	(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

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

Consolidated Statement of Cash Flows

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

CASH FLOWS FROM OPERATING ACTIVITIES	2011	2010
Income before Taxation	11,742,156	11,132,852
ADJUSTMENTS TO RECONCILE NET PROFIT TO NET CASH FROM OPERATING ACTIVITIES		
Depreciation	4,999,200	4,777,930
Gain on Disposal of Property, Plant and Equipment	(704,913)	(286,852)
Amortisation of Intangibles	228,502	275,607
Share of results of Associated Companies	(1,612,158)	(2,239,538)
Increase in Employment and Insurance Funds	903,359	1,507,165
Non-controlling Interest in earnings of subsidiaries	(217,138)	(75,346)
Realised Gain – revalued land inventory	(46,184)	(49,626)
	15,292,824	15,042,192
(Increase)/Decrease in Inventories	(2,425,257)	9,301,965
(Increase)/Decrease in Accounts Receivable	(6,361,253)	2,399,174
Increase in Accounts Payable - Current	6,214,266	4,285,554
Taxation Paid	(4,355,312)	(4,138,568)
Net cash inflow from operating activities	8,365,268	26,890,317
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of Property, Plant and Equipment	1,256,149	1,276,329
Purchase of Property, Plant and Equipment	(5,585,925)	(4,707,027)
Purchase of Investments	(5,043,225)	(1,382,367)
Dividends from associated companies	671,769	442,414
Proceeds from Disposal of Investment	-	200,000
Unconsolidated Investment in subsidiary now consolidated	4,393,653	-
Insurance Statutory Deposit	(1,482,340)	(28,176)
Intangible asset purchased	(37,645)	(232,072)
Proceeds from disposal of Intangibles	1,625	-
Net cash outflow from investing activities	(5,825,939)	(4,430,899)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase /(Decrease) in non-current payables	2,453,457	(1,281,661)
Decrease in non-current loans and overdrafts	(3,662,782)	(4,841,957)
Increase/(Decrease) in current loans and overdrafts	6,851,295	(5,330,444)
Increase in non-controlling interest	217,138	75,346
Dividends paid to Shareholders	(3,250,000)	(3,120,000)
Increase in non-current receivables	(1,913,957)	(2,475,158)
Net Cash Inflow/(Outflow) from Financing Activities	695,151	(16,973,874)
Net Increase in cash and cash equivalents	3,234,480	5,485,544
Cash and cash equivalents at beginning of year	22,198,246	16,712,702
Cash and cash equivalents at end of year	$25,432,726	$22,198,246

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

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (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.

The Company is listed on the Eastern Caribbean Stock Exchange.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting:

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

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

The accounting policies adopted are consistent with those of the previous financial year including the adoption of the new and amended IAS, IFRS and IFRIC (International Financial Reporting Interpretations Committee);

Standards and interpretations adopted in the current period

IFRS 3	Business combinations	- effective 1 July 2009
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	- effective 1 January 2010
IFRS 8	Operation segments	- effective 1 January 2010
IAS 1	Presentation of Financial Statements	- effective 1 January 2010
IAS 7	Statement of Cash Flows	- effective 1 January 2010
IAS 17	Leases	- effective 1 January 2010
IAS 27	Consolidated and Separate Financial Statements	-effective 1 July 2009
IAS 28	Investment in Associates	-effective 1 July 2009
IAS 32	Financial Instruments: Presentation	-effective 1 February 2010
IAS 36	Impairment of Assets	- effective 1 January 2010
IAS 38	Intangible Assets	- effective 1 July 2009
IAS 39	Financial Instruments: Recognition and Measurement	-effective 1 January 2010

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

a) Basis of Accounting: (cont'd)

Standards and interpretations in issue and effective but not applicable

IFRS 1	Amendment relating to oil and gas assets and determining whether an arrangement contains a lease	- effective 1 January 2010
IFRS 2	Share-based Payment – Amendments relating to group cash - settled share-based payment transactions	- effective 1 January 2010
IAS 31	Interest in Joint Ventures – Consequential	- effective 1 July 2009
IFRIC 9	Reassessment of Embedded Derivatives	- effective 1 July 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	- effective 1 July 2009
IFRIC 17	Distribution of Non-cash Assets to Owners	- effective 1 July 2009
IFRIC 18	Transfer of Assets from Customers	- effective 1 July 2009

Standards and interpretations in issue but not yet effective

IAS 12	Income Taxes	- effective 1 January 2012
IAS 24	Related Party Disclosures	- effective 1 January 2011
IFRS 7	Financial Instruments: Disclosures	- effective 1 January 2011
IFRS 9	Financial Instruments – Classification and Measurement	- effective 1 January 2013
IFRIC 13	Customer Loyalty Programmes	- effective 1 January 2011
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	- effective 1 January 2011
IFRIC 19	Extinguishing Financial Liabilities With Equity Instruments	- effective 1July 2010

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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b) Revenue Recognition: (cont'd)

Rendering of services:

Revenue is recognized in the accounting period in which the services are provided by reference to the stage of completion.

Interest income:

Interest from hire purchase is apportioned over the period in which the instalments are received, in the proportion which instalments received bear to total selling price. Other interest income is recognized as the interest accrues, unless collectibility is in doubt.

Dividend:

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

Premium income:

For general insurance business, premium income is accounted for when invoiced, which corresponds to the date insurance cover becomes effective. Any subsequent revisions are accounted for in the year during which these occur.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) Basis of Consolidation: (cont'd)

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:

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 profit or loss.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Inventories and Goods in Transit:

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

f) Hire Purchase Transactions:

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

g) Policyholders' Funds

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

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 Capital Reserve. Property, 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 Leasehold Properties over their expected useful lives.

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 end of the reporting period.

o) 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.

p) Turnover:

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

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

q) Borrowing costs:

Borrowings 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.

r) Trade and Other Payables:

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

s) Provisions:

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

t) Trade and Other Receivables:

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

u) Use of estimates:

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

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 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.

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 investments.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

x) 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.

3 PROPERTY, PLANT AND EQUIPMENT

	Total	Land and Buildings	General Equipment
Year Ended 31 January 2011			
Cost or Valuation - 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)
Cost or Valuation - 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 Book Value - 31 JANUARY 2011	**$126,320,950**	**$112,605,415**	**$13,715,535**

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

3 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Total	Land and Buildings	General Equipment
Year Ended 31 January 2010			
Cost or Valuation - At Beginning of year	159,604,339	115,399,578	44,204,761
Additions at Cost	4,707,027	1,210,354	3,496,673
Disposals/Transfers at Cost	(4,312,926)	-	(4,312,926)
Cost or Valuation - At End of year	159,998,440	116,609,932	43,388,508
Depreciation - At Beginning of year	32,258,500	1,461,054	30,797,446
Depreciation Charge in year	4,777,930	1,470,684	3,307,246
Depreciation on Disposals	(3,323,451)	-	(3,323,451)
Depreciation - At End of year	33,712,979	2,931,738	30,781,241
Net Book Value - 31 JANUARY 2010	$126,285,461	$113,678,194	$12,607,267

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 2010. Subsequent additions have been included at cost.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

4 INVESTMENTS AT COST AND VALUATION	2011	2010 (Restated)
a) Unconsolidated Subsidiary:		
TDC REAL ESTATE AND CONSTRUCTION COMPANY (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	3,764,768	3,496,774
ST KITTS BOTTLING COMPANY LIMITED 98,269 (2010 = 97,663) Ordinary Shares of $5 each - At Valuation	2,289,824	2,171,477
MALLIOUHANA - ANICO INSURANCE CO LTD 137,745 (2010 = 131,375) Shares of $10 each - At Valuation	2,908,666	2,972,742
Sub-Total	8,963,258	8,640,993
c) Available-for-Sale Investments:		
ST KITTS NEVIS ANGUILLA NATIONAL BANK LTD		
833,333 Ordinary Shares of $1 each - Quoted	2,066,666	2,074,999
Fixed Deposit	210,000	-
CARIB BREWERY (ST KITTS & NEVIS) LTD 333,000 Ordinary Shares of $1 each - At Cost	516,151	516,151
THE BANK OF NEVIS LIMITED		
46,862 (2010 = 37,490) Ordinary Shares of $1 each – Quoted	281,172	224,940
Fixed Deposit	2,550,000	-
THE CABLE BAY HOTEL DEVELOPMENT CO LTD		
5,523 Ordinary Shares of US $100 each - At Cost	1,491,210	1,491,210
Deposit on Shares (See Note 17(d))	137,053	137,053
CABLE AND WIRELESS ST KITTS-NEVIS LTD 151,200 Shares of $1 each – Quoted	876,960	907,200
Sub-Total Carried Forward	8,129,212	5,351,553

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

4 INVESTMENTS AT COST AND VALUATION (cont'd)	2011	2010
c) Available-for-Sale Investments: (cont'd)		
Sub-Total Carried Forward	8,129,212	5,351,553
EASTERN CARIBBEAN HOME MORTGAGE BANK 4,876 (2010 = 3,626) Class D Shares of $100 each At Cost	717,907	517,907
TRU SERV CORPORATION 392 (2010 = 332) Units of Common Stock at US $100 each At Valuation	32,305	28,401
FORTRESS CARIBBEAN PROPERTY FUND LTD 400,000 Ordinary Shares of Bds $1.50 each – Quoted	618,691	675,000
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)	4,164,697	3,947,248
CARIBBEAN COMMERCIAL BANK (ANGUILLA) LTD Fixed Deposits (medium term)	3,743,072	2,184,506
EASTERN CARIBBEAN SECURITIES EXCHANGE 10,000 Class D Shares of $10 each fully paid - At Cost	100,000	100,000
FEDERATION MEDIA GROUP - Fully paid up 1,000 Ordinary Shares of $100 each - At Cost	100,000	100,000
FIRST CARIBBEAN INTERNATIONAL BANK LTD 100,000 Shares of no par value – Quoted	405,169	371,250
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
Sub-Total Carried Forward	18,214,056	13,478,868

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

		2011	2010
4	**INVESTMENTS AT COST AND VALUATION (cont'd)**		
c)	**Available-for-Sale Investments: (cont'd)**		
	Sub-Total Carried Forward	18,214,056	13,478,868
	WIRELESS VENTURES (ST KITTS –NEVIS) LIMITED 669 Shares @ US $1,000 each – At Cost	2,616,160	2,616,160
	PORT SERVICES LIMITED 50,000 Ordinary Shares of $1 each – At Cost	50,000	50,000
	OECS Distribution and Transportation Co Ltd Deposit on Shares	20,000	-
		20,900,216	16,145,028
d)	Held to Maturity:		
	10 Year Bonds Maturing between 1 to 5 years:		
	Eastern Caribbean Home Mortgage Bank		
	11th Issue (6% Interest Rate per annum)	300,000	300,000
	13th Issue (5½% Interest Rate per annum)	450,000	450,000
	17th Issue (6% Interest Rate per annum)	700,000	700,000
	18th Issue (6% Interest Rate per annum)	-	500,000
	19th Issue (6% Interest Rate per annum)	8,650,000	8,150,000
	20th Issue (6% Interest Rate per annum)	200,000	-
	Sub-Total Carried Forward	10,300,000	10,100,000

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

4 INVESTMENTS AT COST AND VALUATION (cont'd)	**2011**	**2010**
d) Held to Maturity: (cont'd)		
Sub-Total Brought Forward	10,300,000	10,100,000
Government of St Kitts-Nevis (7½% Interest Rate per annum)	2,000,000	2,000,000
Government of Antigua (8¼% Interest Rate per annum)	1,000,000	1,000,000
	13,300,000	13,100,000
10 Year Bonds maturing after 5 years:		
Government of St Lucia (5½% Interest Rate per annum)	4,407,756	4,282,905
Property Holding and Development Company Limited (PRODEV) (8% Fixed Rate Bond)	350,000	400,000
Sub-Total	18,057,756	17,782,905
TOTAL INVESTMENTS	$47,921,230	$46,962,579

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 2010 and for one Company was for the year ended 31 December 2010.

Malliouhana-Anico Insurance Company Limited

During the year under review, Malliouhana-Anico Insurance Company Limited made a bonus share issue of .05 shares for every share held.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

4 INVESTMENTS AT COST AND VALUATION (cont'd)

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.

Bonus Shares Received:

The Bank of Nevis Limited:

During the year under review, The Bank of Nevis Limited made a bonus share issue of one share for every four held - 9,372 Shares @ $6.00 = $56,232.

St Kitts-Nevis-Anguilla National Bank Limited:

During the previous year, St Kitts-Nevis-Anguilla National Bank Limited made a bonus share issue of two shares for every three held – 333,333 shares of $2.50 each.

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

5 ACCOUNTS RECEIVABLE

	2011	2010
Trade Accounts Receivable and Loans - Curren	27,093,655	23,071,072
Amount due by Associated Companies	985,094	1,516,036
Other Receivables and Prepayments	5,009,366	2,139,754
TOTAL - Current	$33,088,115	$26,726,862
Accounts Receivable – Non Current	$47,278,355	$45,364,398
Accounts Receivable:		
Within 2 to 5 years	23,985,930	24,118,018
After 5 years	23,292,425	21,246,380
	$47,278,355	$45,364,398

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

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. The amount of $2,315,864 (2010 = $833,524) was therefore deposited by St Kitts Nevis Insurance Company Limited in compliance with this legislation requirement.

7 INTANGIBLES - $1,355,721 (2010 = $1,548,206)

	2011	2010
Goodwill – City Drug Store (2005) Limited (see Note (i) below)	1,250,000	1,250,000
Less: Amortisation	(375,000)	(250,000)
	875,000	1,000,000
Licence from Travel Agency (See Note (ii) below)	400,000	400,000
Software:		
Brought Forward (see note 2 (x))	480,410	248,338
Additions	37,645	232,072
Disposals	(2,714)	-
	515,341	480,410
Less: Amortisation		
- Accumulated Amortisation Brought Forward	332,204	181,597
- Amortisation for Current Period	103,502	150,607
- Disposals	(1,086)	-
	434,620	332,204
	80,721	148,206
TOTAL	$1,355,721	$1,548,206

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 (2005) Limited on 1 May 2005. Effective from 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.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

8 CASH AND SHORT TERM INVESTMENTS

Included in cash and short term investments is an amount of $12,937,945 (2010 = $11,218,445) which represents Government of St Kitts and Nevis and Nevis Island Administration Treasury Bills stated at cost [Face Value $13,231,680 (2010 = $11,431,680)] maturing on a quarterly and annual basis. Interest is earned at rates of 6½% and 6¾% per annum, free of tax.

9 SHARE CAPITAL

	2011	2010
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

	2011	2010
Overdrafts	22,283,423	14,813,193
Loans - Current portion	2,913,674	3,532,609
OVERDRAFTS/LOANS-CURRENT	$25,197,097	$18,345,802
Bank Loans	16,159,992	20,441,709
Less Current Portion	(2,913,674)	(3,532,609)
LOANS - NON-CURRENT	$13,246,318	$16,909,100
Non-current Loans:		
Amounts Payable:		
Within 2 to 5 years	12,427,721	14,008,464
After 5 years	818,597	2,900,636
TOTAL	$13,246,318	$16,909,100

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

10 BANK LOANS AND OVERDRAFTS (Cont'd)

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 (2010 = $61,877,000).

11 INSURANCE AND OTHER FUNDS

	2011	2010
Insurance Funds	24,955,369	24,312,937
Employee Benefit Funds	3,460,526	3,308,569
Policyholders' Funds	3,221,989	3,113,019
TOTAL	$31,637,884	$30,734,525

12 ACCOUNTS PAYABLE

	2011	2010
Customer Deposits	56,205,168	51,260,833
Trade Accounts Payable	14,970,429	17,257,973
Amount due to Associated Companies	1,304,357	875,383
Sundry Accounts Payable and Accrued Charges	37,523,103	34,394,602
TOTAL - Current	$110,003,057	$103,788,791
ACCOUNTS PAYABLE – Non-Current	$3,222,571	$769,115

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

		2011	2010 (Restated)
13	**DEFERRED TAX LIABILITY**		
	Deferred Tax Liability – brought forward	3,967,097	4,682,027
	Deferred Tax Credit (Note 14)	(641,969)	(714,930)
	Deferred Tax Liability – carried forward	$3,325,128	$3,967,097
	Deferred Tax Liability (net) comprises:		
	Deferred Tax Asset	(5,116,256)	(4,131,259)
	Deferred Tax Liability	8,441,384	8,098,356
		$3,325,128	$3,967,097
	Deferred Tax Asset comprises:		
	Unutilised Capital Allowances	3,959,982	3,191,595
	Unutilised Tax Losses	977,979	752,822
	Accelerated Depreciation	178,295	186,842
		$5,116,256	$4,131,259
	Deferred Tax Liability comprises:		
	Accelerated Capital Allowances	$8,441,384	$8,098,356

		2011	2010 (Restated)
14	**PROVISION FOR TAXATION**		
	Provision for Taxation		
	- Current Period	1,334,996	2,163,277
	- Previous Years	(102,483)	(132,397)
	TOTAL	**$1,232,513**	**$2,030,880**

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

14 PROVISION FOR TAXATION (Cont'd)

The Charge in the Income Statement comprises the following:

	2011	2010 (Restated)
Provision for Taxation	3,631,921	3,800,038
Overprovision – previous year	(74,978)	(312,541)
Deferred Tax (Note 13)	(641,969)	(714,930)
	2,914,974	2,772,567
Associated Companies	616,299	594,667
TOTAL	**$3,531,273**	**$3,367,234**

The Group's effective tax rate of 29.9% (2010 = 30.2%) differs from the Statutory rate as follows:

	2011	2010
Profit before Taxation	$11,742,156	$11,132,852
Tax at statutory rate of 35%	4,109,755	3,896,498
Tax effect of expenses not deductible in determining taxable profits	380,167	1,238,768
Tax effect of income not assessable for taxation	(1,068,173)	(1,523,100)
Overprovisions – previous years	(74,978)	(312,541)
Tax effect of depreciation on non-qualifying assets	157,709	165,296
Prior Year Adjustment	-	(115,928)
Other	26,793	18,241
	$3,531,273	$3,367,234

15 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 during the year.

	2011	2010 (Restated)
Net Income for the year	$8,210,883	$7,765,618
Number of ordinary shares in issue	52,000,000	52,000,000
Basic earnings per share	$0.16	$0.15

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

16	PRIOR YEAR ADJUSTMENTS	2011	2010
	Prior year adjustments comprise the following:		
	Cancellation of Sale of villas	-	(701,039)
	Reclassification of Reserves to Insurance Funds	(1,068,942)	(948,121)
	Deferred Tax	211,656	95,728
	TOTAL	**$857,286**	**$(1,553,432)**

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 (2010 = $70,000);

b) At 31 January 2011, the Parent Company guaranteed bank loans and overdrafts on behalf of subsidiary companies;

c) At 31 January 2011, commitments in respect of open Letters of Credit established in the normal course of business amounted to $1,551,987 (2010 = $3,456,000);

d) The Company is committed to the investment in Cable Bay Hotel Development project for an additional amount of $5,480,102 (2010 = $5,480,102).

e) Pending Litigation – Parent Company

At 31 January 2011, there was a threat of legal action against the Parent Company in the approximate amount of EC $48,000.

18 TDC REAL ESTATE AND CONSTRUCTION LIMITED

Construction on twenty one (21) of the forty-three (43) villas at Sunrise Hill - Frigate Bay, St Kitts was completed. Another five (5) villas were under construction at year's end. The project is expected to be completed by July 2015.

It is estimated to cost EC $72 million of which $33,541,922 was expended at end of the year. 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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

19 FINANCIAL INFORMATION BY SEGMENT

	REVENUE		PRE-TAX PROFIT	
SEGMENT	**2011**	**2010**	**2011**	**2010**
General Merchants and Shipping	139,683,609	40,222,446	4,174,452	4,230,763
Insurance and Finance	15,453,142	14,265,532	7,103,255	6,127,396
Rentals, Airline Agencies and Hotel	15,517,089	16,011,756	1,181,026	1,314,308
Real Estate	11,525,108	5,232,396	(716,577)	(539,615)
	$182,178,948	$175,732,130	$11,742,156	$11,132,852

	ASSETS		LIABILITIES	
SEGMENT	**2011**	**2010** (Restated)	**2011**	**2010** (Restated)
General Merchants and Shipping	165,775,559	169,265,750	78,963,336	75,912,744
Insurance and Finance	118,018,369	104,533,725	98,669,622	89,261,830
Rentals, Airline Agencies and Hotel	42,932,846	41,495,039	4,376,072	4,369,864
Real Estate	19,118,846	14,332,164	5,855,538	7,000,872
	$345,845,620	$329,626,678	$187,864,568	$176,545,310

	ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT		DEPRECIATION	
SEGMENT	**2011**	**2010**	**2011**	**2010**
General Merchants and Shipping	2,159,262	1,934,589	2,705,010	2,846,343
Insurance and Finance	334,573	274,954	166,239	144,577
Rentals, Airline Agencies and Hotel	3,079,870	1,579,586	2,013,747	1,638,407
Real Estate	12,220	917,898	114,204	148,603
	$5,585,925	$4,707,027	$4,999,200	$4,777,930

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

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 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	-	-	72,479,954
Other Payables	37,523,103	-	-	37,523,103
	$135,200,154	$12,427,721	$818,597	$148,446,472

Year Ended 31 January 2010:

	Due within 1 Year	>1 Yr to 5 Yrs	>5 Years	Total
Overdrafts	14,813,193	-	-	14,813,193
Loans	3,532,609	14,008,464	2,900,636	20,441,709
Trade Payables	69,394,189	769,115	-	70,163,304
Other Payables	34,394,602	-	-	34,394,602
	$122,134,593	$14,777,579	$2,900,636	$139,812,808

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

20 FINANCIAL INSTRUMENTS (cont'd)

e) Liquidity Risk: (cont'd)

Financial Assets:

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

Year Ended 31 January 2010:

	Due within 1 Year	>1 Yr to 5 Yrs	>5 Years	Total
Cash and Short term Investments	22,198,246	-	-	22,198,246
Trade Receivables and Loans	24,587,108	24,118,018	21,246,380	69,951,506
Other Receivables	2,139,754	-	-	2,139,754
Investments	-	13,100,000	33,862,579	46,962,579
	$48,925,108	$37,218,018	$55,108,959	$141,252,085

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

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 period:

	2011 $	2010 $
Sales of goods and services	16,080,578	16,677,530
Purchases of goods and services	3,399,812	4,041,740
Dividends received	671,769	442,414
Management and Administrative Fees	110,800	112,860

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

	2011	2010
Short-term employee benefits and retirement contributions	$2,427,572	$2,601,722

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 SKNA TDC Limited was indebted to the TDC Pension Savings Plan in the amount of $3,547,292 (2010 =$3,023,992). 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.

Notes to the Consolidated Financial Statements

For the Year Ended 31 January 2011 (Expressed in Eastern Caribbean Dollars)

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

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 Co Ltd - (51%)

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

REAL ESTATE DEVELOPMENT:
TDC Real Estate and Construction Limited
TDC Real Estate and Construction Company (Nevis) 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

HOTEL DEVELOPMENT
Cable Bay Hotel Development Co Ltd –18%

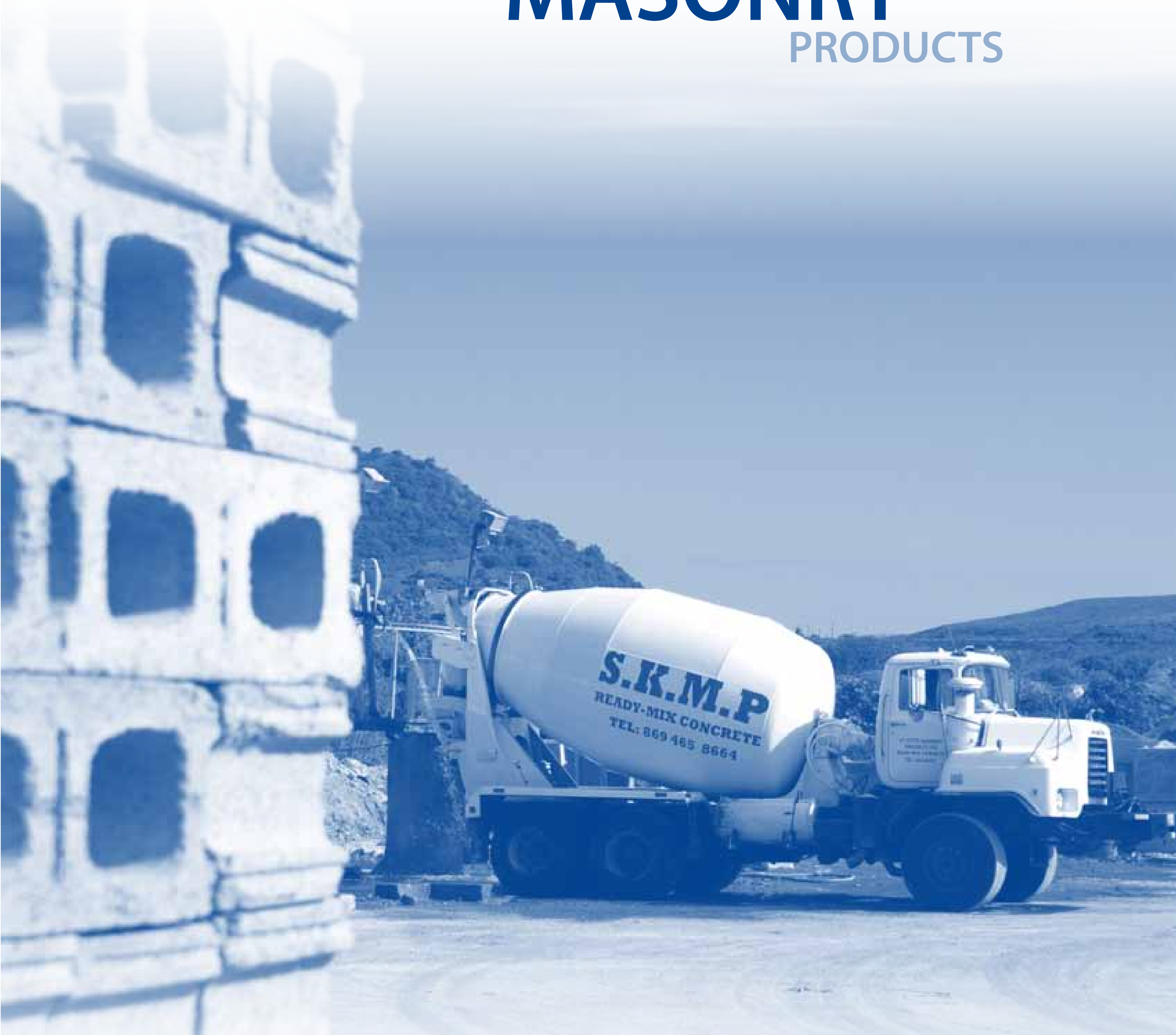
ASSOCIATED COMPANIES:
(Holding between 20% and 50%)

BLOCK MANUFACTURING AND READY MIX CONCRETE
St Kitts Masonry Products Limited - 50%

MANUFACTURERS OF AERATED BEVERAGES
St Kitts Bottling Co Ltd}
Antillean Beverages Ltd} 49.13% }

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

ST. KITTS MASONRY PRODUCTS



for Service... for Quality... your Company...

Our Corporate Partners

Proxy Form

ST. KITTS NEVIS ANGUILLA TRADING AND DEVELOPMENT COMPANY LIMITED

I/We ______________________________ of ________________________________ being a Member/Members of the above named Company hereby appoint ___________________________________ of ___________________________________ or failing him __________________________ of ____________________________as my/our proxy to vote in my/our name and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, June 30^{th}, 2011, and at any adjournment thereof.

Dated this _______________ day of _______________ 2011.

Signature ____________________________________

Passion to Serve

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

P. O. BOX 142, BASSETERRE,
ST. KITTS, WEST INDIES.

PHONE: (869) 465-2511
FAX: (869) 465-1099
E-MAIL: HEADOFFICE@TDCLTD.COM
WEBSITE: WWW.TDCLTD.COM

MAC PENNIES LTD. / www.macpennies.com