

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

FOR THE NINE MONTHS ENDED

31 OCTOBER 2009

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED
AND ITS SUBSIDIARIES

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ACCOUNTANTS= REPORT

TO THE MEMBERS OF

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIES

On the basis of information provided by management we have compiled, in accordance with the International Standard on Auditing applicable to compilation engagements, the consolidated balance sheet of SKNA Trading and Development Company Limited and its Subsidiaries as of 31 October 2009 and statements of consolidated income, consolidated cash flows and consolidated statement of equity for the three months then ended. Management is responsible for these financial statements. We have not audited or reviewed these financial statements and accordingly express no assurance thereon.

Chartered Accountants

Basseterre - St Kitts
3 March 2010

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIESCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS ENDED 31 OCTOBER 2009

(Expressed in Eastern Caribbean Dollars)

(Unaudited)

	<u>NOTES</u>	Nine Months to 31 October <u>2009</u>	Twelve Months to 31 January <u>2009</u>
TURNOVER	2(p)	128,627,009	215,232,432
Cost of Sales and Related Costs		<u>(94,526,300)</u>	<u>(160,588,077)</u>
Gross Profit		34,100,709	54,644,355
Other Operating Income		6,888,402	9,706,424
Operating Costs		(11,124,108)	(16,815,124)
Distribution Costs		(1,512,466)	(4,358,164)
Administrative Costs		(16,735,612)	(24,068,746)
Finance Costs		(3,848,972)	(5,192,930)
Other Expenses		(1,675,633)	(2,526,498)
Share of Results of Associated Companies		<u>2,157,933</u>	<u>2,175,183</u>
PROFIT BEFORE TAXATION		<u>8,250,253</u>	<u>13,564,500</u>
Less: Income Tax Expense:	7		
Provision for Taxation - Parent and Subsidiary Companies		(2,951,896)	(4,092,941)
- Associated Companies		<u>(651,797)</u>	<u>(582,793)</u>
		(3,603,693)	(4,675,734)
Deferred Taxation (Notes 2(o), 7 & 14)		<u>379,064</u>	<u>(4,429,828)</u>
		<u>(3,224,629)</u>	<u>(9,105,562)</u>
PROFIT FOR THE PERIOD		<u>\$5,025,624</u>	<u>\$4,458,938</u>
Attributable to:			
Equity holders of the Parent		4,950,970	4,356,913
Minority Interest		<u>74,654</u>	<u>102,025</u>
		<u>\$5,025,624</u>	<u>\$4,458,938</u>
Basic Earnings per Share	15	<u>\$0.10</u>	<u>\$0.09</u>

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

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIESCONSOLIDATED BALANCE SHEETAS AT 31 OCTOBER 2009

(Expressed in Eastern Caribbean Dollars)

(Unaudited)

	<u>NOTES</u>	31 October <u>2009</u> (Unaudited)	31 January <u>2009</u> (Audited)
CURRENT ASSETS			
Cash and Short Term Investments	3	21,518,756	16,712,702
Accounts Receivable	4 & 22	28,880,336	29,126,036
Inventories and Goods in Transit	2(e)	<u>59,969,446</u>	<u>67,158,907</u>
		<u>110,368,538</u>	<u>112,997,645</u>
CURRENT LIABILITIES			
Current Loans and Bank Overdrafts	5	16,313,080	23,676,246
Accounts Payable	6	103,974,342	99,002,514
Provision for Taxation	7	<u>3,972,063</u>	<u>2,681,948</u>
		<u>124,259,485</u>	<u>125,360,708</u>
WORKING CAPITAL DEFICIT			
		(13,890,947)	(12,363,063)
ACCOUNTS RECEIVABLE – Non Current	4 & 22	45,177,946	42,889,240
INVESTMENTS	8	48,816,198	45,348,024
PROPERTY, PLANT AND EQUIPMENT	9	124,857,168	127,345,836
INSURANCE STATUTORY DEPOSIT	10	805,348	805,348
INTANGIBLES	11 & 2(x)	<u>1,577,008</u>	<u>1,591,741</u>
TOTAL		<u>\$207,342,721</u>	<u>\$205,617,126</u>
FINANCED BY:			
SHARE CAPITAL	12	52,000,000	52,000,000
RESERVES		<u>99,594,318</u>	<u>96,275,567</u>
SHAREHOLDERS' EQUITY		151,594,318	148,275,567
MINORITY INTEREST		<u>1,618,143</u>	<u>1,585,389</u>
TOTAL EQUITY		153,212,461	149,860,956
LOANS – NON-CURRENT	5	18,283,632	21,751,057
INSURANCE AND OTHER FUNDS	13	31,447,937	29,227,358
DEFERRED TAX LIABILITY	14	<u>4,398,691</u>	<u>4,777,755</u>
FUNDS EMPLOYED		<u>\$207,342,721</u>	<u>\$205,617,126</u>

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

Approved by the Board of Directors on 18 March 2010.

D M Morton - Chairman

E A Kelly – Finance Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2009**

(Expressed in Eastern Caribbean Dollars)

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

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

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 31 OCTOBER 2009

(Expressed in Eastern Caribbean Dollars) (Unaudited)

	Nine Months to 31 October 09 (unaudited)	Twelve Months to 31 January 09 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Taxation	8,250,253	13,564,500
ADJUSTMENTS TO RECONCILE NET PROFIT TO NET CASH FROM OPERATING ACTIVITIES		
Depreciation and amortisation	3,492,579	5,890,561
Gain on Disposal of Property, Plant and Equipment	(302,407)	(445,106)
Amortisation of intangibles	193,453	130,584
Share of results of Associated Companies	(2,157,933)	(2,175,183)
Increase in Employment and Insurance Funds	2,220,578	2,108,280
Minority Interest in earnings of subsidiaries	(74,654)	(102,025)
Realised Capital Reserve	<u>(30,793)</u>	<u>(55,165)</u>
	11,591,076	18,916,446
Decrease/(Increase) in Inventories	7,189,461	(1,806,359)
Decrease/(Increase) in Accounts Receivable	245,700	6,473,181
Increase in Accounts Payable	4,971,828	(4,252,487)
Taxation Paid	<u>(1,661,782)</u>	<u>(6,483,430)</u>
Net cash inflow from operating activities	<u>22,336,283</u>	<u>12,847,351</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in Non-Current Receivable	(2,288,706)	(9,181,074)
Proceeds from sale of Property, Plant and Equipment	1,102,723	1,463,391
Purchase of Property, Plant and Equipment	(1,804,224)	(5,730,792)
Purchase of Investments	(2,201,405)	(8,034,076)
Dividends from associated companies	61,040	627,009
Proceeds from Disposal of Investment	225,000	-
Insurance Statutory Deposit	-	(45,140)
Purchase of Intangible Asset	(178,720)	-
Intangible asset purchased	-	(72,321)
Loan Receivable	<u>-</u>	<u>2,773,783</u>
Net cash outflow from investing activities	<u>(5,084,292)</u>	<u>(18,199,220)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease)/Increase in non-current debt	(3,467,425)	7,513,505
Decrease/(Increase) in current debt	(7,363,166)	(3,991,274)
(Decrease)/Increase in minority Interest	74,654	102,025
Dividends paid to Shareholders	<u>(1,690,000)</u>	<u>(3,120,000)</u>
Net Cash Inflow from Financing Activities	<u>(12,445,937)</u>	<u>504,256</u>
Net Increase in cash and cash equivalents	4,806,054	(4,847,613)
Cash and cash equivalents at beginning of year	<u>16,712,702</u>	<u>21,560,315</u>
Cash and cash equivalents at end of year	<u>\$21,518,756</u>	<u>\$16,712,702</u>

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

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 OCTOBER 2009

(Expressed in Eastern Caribbean Dollars)

(Unaudited)

1 **PRINCIPAL ACTIVITIES**

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

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

2 **SIGNIFICANT ACCOUNTING POLICIES**

a) **Basis of Accounting:**

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

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

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.

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 OCTOBER 2009

(Expressed in Eastern Caribbean Dollars)

(Unaudited)

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

b) **Revenue Recognition:** (cont'd)

Rendering of services:

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

Interest income:

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

Dividend:

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

Premium income:

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

For life insurance business, premium income is accounted for in the profit and loss account on the accrual basis.

Rental income:

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

c) **Basis of Consolidation:**

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

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIESNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFOR THE NINE MONTHS ENDED 31 OCTOBER 2009

(Expressed in Eastern Caribbean Dollars)

(Unaudited)

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:**

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

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

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

f) **Hire Purchase Transactions:**

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

g) **Policyholders' Funds**

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

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIESNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31 OCTOBER 2009

(Expressed in Eastern Caribbean Dollars)

(Unaudited)

2 **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)h) **Underwriting Profits:**

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

i) **Provisions for Unearned Premiums:**

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

j) **Outstanding Claims:**

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

k) **Claims Equalisation Reserve:**

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

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

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

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31 OCTOBER 2009
(Expressed in Eastern Caribbean Dollars)
(Unaudited)

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

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

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

n) **Foreign Currencies:**

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

o) **Taxation:**

The company 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.

q) **Borrowing costs:**

Interest costs on borrowings are recognized as expenses in the period in which they are incurred.

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIESNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31 OCTOBER 2009

(Expressed in Eastern Caribbean Dollars)

(Unaudited)

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

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31 OCTOBER 2009

(Expressed in Eastern Caribbean Dollars)

(Unaudited)

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 Profit and Loss Account.

Held to maturity:

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

w) **Cash and cash equivalents:**

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

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIESNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFOR THE NINE MONTHS ENDED 31 OCTOBER 2009

(Expressed in Eastern Caribbean Dollars)

(Unaudited)

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 **CASH AND SHORT TERM INVESTMENTS**

Included in cash and short term investments is an amount of \$11,218,445 (31 January 2009 = \$10,718,625) which represents Government of St Kitts and Nevis and Nevis Island Administration Treasury Bills stated at cost [Face Value \$11,431,680 (31 January 2009 = \$10,900,000)] maturing on a quarterly basis. Interest is earned at the rate of 6½% per annum free of tax.

4 ACCOUNTS RECEIVABLE	31 October <u>2009</u> (Unaudited)	31 January <u>2009</u> (Audited)
Trade Accounts Receivable and Loans - Current	25,236,861	25,468,267
Amount due by Associated Companies	730,656	1,201,874
Other Receivables and Prepayments	<u>2,912,819</u>	<u>2,455,895</u>
TOTAL	<u>\$28,880,336</u>	<u>\$29,126,036</u>
Accounts Receivable – Non Current	<u>\$45,177,946</u>	<u>\$42,889,240</u>

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIESNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFOR THE NINE MONTHS ENDED 31 OCTOBER 2009

(Expressed in Eastern Caribbean Dollars)

(Unaudited)

5	LOANS AND BANK OVERDRAFTS	31 October <u>2009</u> (Unaudited)	31 January <u>2009</u> (Audited)
	Overdrafts	12,024,195	19,466,681
	Loans - Current portion	<u>4,288,885</u>	<u>4,209,565</u>
	OVERDRAFTS/LOANS-CURRENT	<u>\$16,313,080</u>	<u>\$23,676,246</u>
	Bank and Other Loans	22,572,517	25,960,622
	Less Current Portion	<u>(4,288,885)</u>	<u>(4,209,565)</u>
	LOANS - NON-CURRENT	<u>\$18,283,632</u>	<u>\$21,751,057</u>
	Non-current Loans:		
		31 October <u>2009</u> (Unaudited)	31 January <u>2009</u> (Audited)
	Amounts Payable:		
	Within 2 to 5 years	13,571,911	15,274,370
	After 5 years	<u>4,711,721</u>	<u>6,476,687</u>
	TOTAL	<u>\$18,283,632</u>	<u>\$21,751,057</u>

Secured loans are repayable over periods varying from one (1) to ten (10) years at rates of interest varying from LIBOR plus 1.5% to 10%.

Collateral:

The Group=s bankers hold debentures creating fixed and floating charges and an equitable mortgage on the Group=s assets, including capital of the Parent Company and certain subsidiaries amounting to approximately \$61,877,000 (2009 = \$61,877,000).

6	ACCOUNTS PAYABLE	31 October <u>2009</u> (Unaudited)	31 January <u>2009</u> (Audited)
	Customer Deposits	51,982,915	49,553,032
	Trade Accounts Payable	12,924,427	11,876,375
	Amount due to Associated Companies	1,245,853	963,791
	Sundry Accounts Payable and Accrued Charges	<u>37,821,147</u>	<u>36,609,316</u>
	TOTAL	<u>\$103,974,342</u>	<u>\$99,002,514</u>

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIESNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFOR THE NINE MONTHS ENDED 31 OCTOBER 2009

(Expressed in Eastern Caribbean Dollars)

(Unaudited)

7	PROVISION FOR TAXATION	31 October <u>2009</u> (Unaudited)	31 January <u>2009</u> (Audited)
	Provision for Taxation		
	- Current Period	2,405,616	1,883,384
	- Previous Years	<u>1,566,447</u>	<u>798,564</u>
	TOTAL	<u>\$3,972,063</u>	<u>\$2,681,948</u>

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

Provision for Taxation	2,951,896	4,111,519
Overprovision – previous year	-	(18,578)
Deferred Tax (Note 14)	<u>(379,064)</u>	<u>4,429,828</u>
	2,572,832	8,522,769
Associated Companies	<u>651,797</u>	<u>582,793</u>
TOTAL	<u>\$3,224,629</u>	<u>\$9,105,562</u>

The Group's effective tax rate of 34.9% (31 January 2009 = 67.1%) differs from the Statutory rate as follows:

Profit before Taxation	<u>\$9,250,253</u>	<u>\$13,564,500</u>
Tax at statutory rate of 35%	3,237,589	4,747,575
Tax effect of expenses not deductible in determining taxable profits	1,049,597	748,527
Tax effect of income not assessable for taxation	(1,203,218)	(1,511,409)
Tax effect on revaluation	-	4,995,432
Tax effect of depreciation on non-qualifying assets	125,647	167,531
Other	<u>15,014</u>	<u>(42,094)</u>
	<u>\$3,224,629</u>	<u>\$9,105,562</u>

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8	INVESTMENTS AT COST AND VALUATION	31 October <u>2009</u> (Unaudited)	31 January <u>2009</u> (Audited)
	a) Unconsolidated Subsidiary:		
	TDC REAL ESTATE AND CONSTRUCTION (NEVIS) LIMITED		
	Deposit on Shares	<u>4,393,653</u>	<u>4,393,653</u>
	b) Associated Companies:		
	ST KITTS MASONRY PRODUCTS LIMITED		
	6,500 Ordinary Shares of \$100 each - At Valuation	3,796,774	3,113,052
	ST KITTS BOTTLING COMPANY LIMITED		
	97,663 (31 January 2009 = 91,269) Ordinary Shares of \$5 each - At Valuation	2,381,041	1,837,915
	MALLIOUHANA - ANICO INSURANCE CO LTD		
	131,375 (31 January 2009 = 81,375) Shares of \$10 each - At Valuation	<u>3,850,634</u>	<u>3,503,625</u>
	Sub-total	<u>10,028,449</u>	<u>8,454,592</u>
	c) Available-for-Sale Investments:		
	ST KITTS NEVIS ANGUILLA NATIONAL BANK LTD		
	833,333 (31 January 2009 = 500,000) Ordinary Shares of \$1 each - Quoted	1,999,999	1,375,000
	CARIB BREWERY (ST KITTS & NEVIS) LTD		
	333,000 Ordinary Shares of \$1 each - At Cost	516,151	516,151
	THE BANK OF NEVIS LIMITED		
	37,490 Ordinary Shares of \$1 each – Quoted	224,940	228,689
	THE CABLE BAY HOTEL DEVELOPMENT CO LTD		
	5,523 Ordinary Shares of US \$100 each - At Cost	1,491,210	1,491,210
	Deposit on Shares (See Note 18(d))	137,053	137,053
	CABLE AND WIRELESS ST KITTS-NEVIS LTD		
	151,200 Shares of \$1 each – Quoted	<u>907,200</u>	<u>1,020,600</u>
	Sub-total Carried Forward	5,276,553	4,768,703

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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

	31 October <u>2009</u> (Unaudited)	31 January <u>2009</u> (Audited)
c) Available-for-Sale Investments: (cont'd)		
Sub-total Brought Forward	5,276,553	4,768,703
EASTERN CARIBBEAN HOME MORTGAGE BANK		
3,564 (31 January 2009 = 1,564) Class D Shares of \$100 each - At Cost	517,907	187,907
TRU SERV CORPORATION		
332 Units of Common Stock at US \$100 each - At Valuation	25,777	25,777
FORTRESS CARIBBEAN PROPERTY FUND LTD		
400,000 Ordinary Shares of Bds \$1.50 each – Quoted	496,000	810,000
BANKS BARBADOS BREWERIES LTD		
3,300 Ordinary Shares of Bds \$1 each - At Cost	501	501
NATIONAL BANK OF ANGUILLA LIMITED		
5,000 Shares of no par value - At Cost	202,500	202,500
Fixed Deposits (medium term)	3,947,248	3,754,077
CARIBBEAN COMMERCIAL BANK (ANGUILLA) LTD		
Fixed Deposits (medium term)	2,184,506	2,031,920
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	300,000	445,500
CARIBBEAN SHOE MANUFACTURERS LTD (inactive)		
175 Ordinary Shares of \$1,000 each	1	1
CARIBBEAN INVESTMENTS CORPORATION		
40 Ordinary Shares of \$100 each (In Liquidation)	1	1
WIRELESS VENTURES (ST KITTS –NEVIS) LIMITED		
669 Shares @ US \$1,000 each – At Cost	2,616,160	2,616,160
PORT SERVICES		
50,000 Ordinary Shares of \$1 each – At Cost	<u>50,000</u>	<u>50,000</u>
 Sub-total	 <u>15,817,154</u>	 <u>15,093,047</u>

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8	INVESTMENTS AT COST AND VALUATION (cont'd)	31 October <u>2009</u> (Unaudited)	31 January <u>2009</u> (Audited)
	d) Held to Maturity:		
	10 Year Bonds Maturing between 1 to 5 years:		
	Eastern Caribbean Home Mortgage Bank		
	11 th Issue (6% Interest Rate per annum)	300,000	300,000
	13 th Issue (5½% Interest Rate per annum)	450,000	450,000
	16 th Issue (6% Interest Rate per annum)	8,150,000	8,150,000
	17 th Issue (6% Interest Rate per annum)	700,000	700,000
	19 th Issue (6% Interest Rate per annum)	500,000	-
	Fixed Deposit – Bank of Nevis	800,000	-
	Fixed Deposit – Bank of Nova Scotia	<u>-</u>	<u>200,000</u>
		<u>10,900,000</u>	<u>9,800,000</u>
	10 Year Bonds maturing after 5 years:		
	Government of St Kitts-Nevis (7½% Interest Rate per annum)	2,000,000	2,000,000
	Government of St Lucia (6½% Interest Rate per annum)	4,251,942	4,156,732
	Government of Antigua (8¼% Interest Rate per annum)	<u>1,000,000</u>	<u>1,000,000</u>
		<u>7,251,942</u>	<u>7,156,732</u>
	Property Holding and Development Company Limited (PRODEV) 8% Fixed Rate Bond	<u>425,000</u>	<u>450,000</u>
	Sub-total	<u>18,576,942</u>	<u>17,406,732</u>
	TOTAL INVESTMENTS	<u>\$48,816,198</u>	<u>\$45,348,024</u>

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

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 for the year ended 31 December 2009.

Other Investments:

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

Quoted Investments:

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

Bonus Shares Received:

During the period under review, SKNA National Bank Limited made a bonus share issue of two shares to every three held.

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

9 **PROPERTY, PLANT AND EQUIPMENT**

	<u>Total</u>	<u>Land and Buildings</u>	<u>General Equipment</u>
Cost or Valuation - At Beginning of period	159,604,339	115,399,578	44,204,761
Additions at Cost	1,804,224	261,497	1,542,727
Disposals/Transfers at Cost	<u>(3,967,674)</u>	-	<u>(3,967,674)</u>
Cost or Valuation - At End of period	<u>157,440,889</u>	<u>115,661,075</u>	<u>41,779,814</u>
Depreciation - At Beginning of period	32,258,500	1,461,054	30,797,446
Depreciation Charge in period	3,492,579	1,107,826	2,384,753
Depreciation on Disposals	<u>(3,167,358)</u>	-	<u>(3,167,358)</u>
Depreciation - At End of Period	<u>32,583,721</u>	<u>2,568,880</u>	<u>30,014,841</u>
Net Book Value - 31 October 2009 (Unaudited)	<u>\$124,857,168</u>	<u>\$113,092,195</u>	<u>\$11,764,973</u>
Net Book Value - 31 January 2009 (Audited)	<u>\$127,345,836</u>	<u>\$113,946,025</u>	<u>\$13,399,811</u>

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIESNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFOR THE NINE MONTHS ENDED 31 OCTOBER 2009

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9 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Revaluation of Freehold and Leasehold Properties:

Revaluation in 1995

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

Revaluation in 2007

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

10 INSURANCE STATUTORY DEPOSIT

In accordance with the Insurance (Amendment) Act Section 17(b), all registered Insurance Companies are required to maintain a Statutory Deposit with the Accountant General. The amount of \$676,282 (31 January 2009 = \$676,282) was therefore deposited by St Kitts Nevis Insurance Company Limited in compliance with this legislation requirement. An additional amount of \$129,066 has been accrued for the years 2006 – 2008.

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	31 October <u>2009</u> (Unaudited)	31 January <u>2009</u> (Audited)
11 INTANGIBLES - \$1,577,008 (31 January 2009 = \$1,591,741)		
Goodwill – City Drug Store (2005) Limited (see Note (i) below)	1,250,000	1,250,000
<u>Less: Amortisation</u>	<u>(218,750)</u>	<u>(125,000)</u>
	<u>1,031,250</u>	<u>1,125,000</u>
Licence from Travel Agency (See Note (ii) below)	<u>400,000</u>	<u>400,000</u>
Software:		
Brought Forward/Reclassification of software from plant and equipment (see note 2 (x))	248,338	176,017
Additions	<u>178,720</u>	<u>72,321</u>
	<u>427,058</u>	<u>248,338</u>
<u>Less: Amortisation</u>		
- Accumulated Amortisation Brought Forward/ Reclassification	181,597	114,856
- Amortisation for Current Period	<u>99,703</u>	<u>66,741</u>
	<u>281,300</u>	<u>181,597</u>
	<u>145,758</u>	<u>66,741</u>
TOTAL	<u>\$1,577,008</u>	<u>\$1,591,741</u>

Intangibles represent:

- i) Goodwill of \$1,250,000 represents the excess of the cost of acquisition over the net tangible assets acquired on the purchase of The City Drug Store Limited on 31 October 2005. Effective year ended 31 January 2009, goodwill is being amortised over 10 years.
- ii) Purchase of licences from a travel agency in the amount of \$400,000. Amortisation policy of this intangible asset has not yet been determined by management.

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12	SHARE CAPITAL	31 October <u>2009</u> (Unaudited)	31 January <u>2009</u> (Audited)
	Authorised		
	500,000,000 Ordinary Shares of \$1 each	<u>\$500,000,000</u>	<u>\$500,000,000</u>
	Issued and Allotted		
	52,000,000 Ordinary Shares of \$1 each	<u>\$52,000,000</u>	<u>\$52,000,000</u>

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

- i) “Be it resolved that the stated value of the Company’s shares be changed from \$5.00 to \$1.00 each and that each of the existing shares of a stated value of \$5.00 each in the capital of the Company be subdivided into five shares of a stated value of \$1.00”.
- ii) “Be it resolved that the sum of \$26,000,000 being part of the amount standing to the credit of the reserves of the Company be capitalized and that the same be applied in making payment in full at stated value for 26,000,000 shares of \$1.00 each in the Capital of the Company such shares to be distributed as fully paid among the persons who were registered as holders of the ordinary shares of the Company in the capital of the Company on the 24th day of June 2008 at the rate of one fully paid share for every one ordinary share of \$1.00 each of the Company held by such holders respectively such fully paid shares to rank for dividend as from the 1st day of August 2008”.

Dividends:

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

13	INSURANCE AND OTHER FUNDS	31 October <u>2009</u> (Unaudited)	31 January <u>2009</u> (Audited)
	Insurance Funds	25,302,947	23,568,630
	Employee Benefit Funds	3,091,000	2,786,259
	Policyholders= Funds	<u>3,053,990</u>	<u>2,872,469</u>
	TOTAL	<u>\$31,447,937</u>	<u>\$29,227,358</u>

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIESNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFOR THE NINE MONTHS ENDED 31 OCTOBER 2009

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14	DEFERRED TAX LIABILITY	31 October 2009 (Unaudited)	31 January 2009 (Audited)
	Deferred Tax Liability – brought forward	4,777,755	347,927
	Deferred Tax (Credit)/Charge (Note 7)	<u>(379,064)</u>	<u>4,429,828</u>
	Deferred Tax Liability – carried forward	<u>\$4,398,691</u>	<u>\$4,777,755</u>
	Deferred Tax Liability (net) comprises:		
	Deferred Tax Asset	(3,643,018)	(3,127,329)
	Deferred Tax Liability	<u>8,041,709</u>	<u>7,905,084</u>
		<u>\$4,398,691</u>	<u>\$4,777,755</u>
	Deferred Tax Asset comprises:		
	Unutilised Capital Allowances	2,839,192	2,476,740
	Unutilised Tax Losses	520,564	317,794
	Accelerated Depreciation	<u>283,262</u>	<u>332,795</u>
		<u>\$3,643,018</u>	<u>\$3,127,329</u>
	Deferred Tax Liability comprises:		
	Accelerated Capital Allowances	<u>\$8,041,709</u>	<u>\$7,905,084</u>

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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 at the period end.

	31 October <u>2009</u> (Unaudited)	31 January <u>2009</u> (Audited)
Net Income for the period/year	\$ <u>5,025,624</u>	\$ <u>4,458,938</u>
Number of ordinary shares in issue	<u>52,000,000</u>	<u>52,000,000</u>
Basic earnings per share	<u>\$0.10</u>	<u>\$0.09</u>
16 PRIOR YEAR ADJUSTMENTS	31 October <u>2009</u> (Unaudited)	31 January <u>2009</u> (Audited)
Prior year adjustments comprise the following:		
Deferred Tax	-	(347,927)
Insurance Claims Written back (Net of Taxation)	-	104,226
Reversal of Premium (Net of Taxation)	-	21,438
Taxation Underprovision	<u>-</u>	<u>(894,450)</u>
TOTAL	<u>-</u>	<u>\$(1,116,713)</u>

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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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 (31 January 2009 = \$70,000);
- b) At 31 October 2009, the Parent Company guaranteed bank loans and overdrafts on behalf of subsidiary companies totaling \$4,600,000 (31 January 2009 = \$4,600,000);
- c) At 31 October 2009, commitments in respect of open Letters of Credit established in the normal course of business amounted to \$1,438,452 (31 January 2009 = \$2,646,000);
- d) The Company is committed to the investment in Cable Bay Hotel Development project for an additional amount of \$5,480,102 (31 January 2009 = \$5,480,102).
- e) Pending Litigation

A claim has been made by a guest staying at a subsidiary company. This claim has not been quantified and has been referred to that company's insurers.
- f) The Company is committed to an investment in Newfound Pinney's Limited. The final amount of the investment cannot be determined at this time.

18 **TDC REAL ESTATE AND CONSTRUCTION LIMITED**

Construction on fourteen (14) of the thirty-eight (38) villas at Sunrise Hill - Frigate Bay, St Kitts was completed. Another four (4) villas were under construction at year's end. The project is expected to be completed by July 2010.

It is estimated to cost EC \$72 million of which \$24,987,511.58 was expended at end of the period. The Company has been granted a five year tax holiday in respect of this development.

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19 FINANCIAL INFORMATION BY SEGMENT

SEGMENT	REVENUE		PRE-TAX PROFIT	
	Nine Months to 31 October <u>2009</u>	Twelve Months to 31 January <u>2009</u>	Nine Months to 31 October <u>2009</u>	Twelve Months to 31 January <u>2009</u>
General Merchants and Shipping	102,185,139	168,446,495	3,648,795	7,031,937
Insurance and Finance	11,254,716	14,658,318	3,816,387	4,641,156
Rentals, Airline Agencies and Hotel	11,581,466	19,817,607	889,864	985,126
Real Estate	<u>3,605,688</u>	<u>12,310,012</u>	<u>(104,793)</u>	<u>906,281</u>
	<u>\$128,627,009</u>	<u>\$215,232,432</u>	<u>\$8,250,253</u>	<u>\$13,564,500</u>

SEGMENT	ASSETS		LIABILITIES	
	31 October <u>2009</u>	31 January <u>2009</u>	31 October <u>2009</u>	31 January <u>2009</u>
General Merchants and Shipping	175,339,459	185,678,244	76,466,188	83,238,063
Insurance and Finance	103,545,427	89,994,506	90,368,286	86,071,858
Rentals, Airline Agencies and Hotel	41,051,949	42,251,012	5,509,002	7,172,985
Real Estate	<u>11,665,371</u>	<u>13,054,072</u>	<u>6,046,269</u>	<u>4,633,972</u>
	<u>\$331,602,206</u>	<u>\$330,977,834</u>	<u>\$178,389,745</u>	<u>\$181,116,878</u>

SEGMENT	ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT		DEPRECIATION	
	31 October <u>2009</u>	31 January <u>2009</u>	31 October <u>2009</u>	31 January <u>2009</u>
General Merchants and Shipping	1,038,430	4,073,736	2,071,752	3,162,050
Insurance and Finance	44,973	448,563	107,114	166,875
Rentals, Airline Agencies and Hotel	720,821	734,137	1,209,845	2,423,146
Real Estate	<u>-</u>	<u>474,356</u>	<u>103,868</u>	<u>138,490</u>
	<u>\$1,804,224</u>	<u>\$5,730,792</u>	<u>\$3,492,579</u>	<u>\$5,890,561</u>

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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20 **FINANCIAL INSTRUMENTS**

a) Interest Rate Risk

Interest rates and terms of borrowing are disclosed in Note 5.

b) Credit Risk

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

c) Fair Values

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

d) Currency Risk

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

e) Liquidity Risk:

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

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

e) Liquidity Risk: (cont'd)

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

Financial Liabilities:

Nine (9) Months Ended 31 October 2009:

	<u>Due within 1 Year</u>	<u>>1 Yr to 5 Yrs</u>	<u>>5 Years</u>	<u>Total</u>
Overdrafts	12,024,195	-	-	12,024,195
Loans	4,288,885	13,571,911	4,711,721	22,572,517
Trade Payables	66,153,195	-	-	66,153,195
Other Payables	<u>37,821,147</u>	<u>-</u>	<u>-</u>	<u>37,821,147</u>
	<u>\$120,287,422</u>	<u>\$13,571,911</u>	<u>\$4,711,721</u>	<u>\$138,571,054</u>

Year Ended 31 January 2009:

Overdrafts	19,466,681	-	-	19,466,681
Loans	4,209,565	15,274,370	6,476,687	25,960,622
Trade Payables	62,393,198	-	-	62,393,198
Other Payables	<u>36,609,316</u>	<u>-</u>	<u>-</u>	<u>36,609,316</u>
	<u>\$122,678,760</u>	<u>\$15,274,370</u>	<u>\$6,476,687</u>	<u>\$144,429,817</u>

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIESNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSFOR THE NINE MONTHS ENDED 31 OCTOBER 2009

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

e) Liquidity Risk: (cont'd)

Financial Assets:

Nine (9) Months ended 31 October 2009:

	<u>Due within 1 Year</u>	<u>>1 Yr to 5 Yrs</u>	<u>>5 Years</u>	<u>Total</u>
Cash and Short term				
Investments	21,518,756	-	-	21,518,756
Trade Receivables				
and Loans	25,967,517	24,140,225	21,037,721	71,145,463
Other Receivables	2,912,819	-	-	2,912,819
Investments	-	<u>10,900,000</u>	<u>36,103,222</u>	<u>47,003,222</u>
	<u>\$50,399,092</u>	<u>\$35,040,225</u>	<u>\$57,140,943</u>	<u>\$142,580,260</u>

Year Ended 31 January 2009:

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

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 OCTOBER 2009

(Expressed in Eastern Caribbean Dollars)

(Unaudited)

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:

	Nine Months to 31 October <u>2009</u>	Twelve Months to 31 January <u>2009</u>
Management and Administrative Fees	101,700	135,600
Dividends received	61,040	627,009

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

	Nine Months to 31 October <u>2009</u>	Twelve Months to 31 January <u>2009</u>
Short-term employee benefits and retirement contributions	<u>\$2,118,948</u>	<u>\$2,825,264</u>

SKNA TDC Limited manages the TDC Pension Savings Plan for employee of the TDC Group of Companies. There is no liability for any shortfall in the Plan. At the end of the period, the SKNA TDC Limited was indebted to the TDC Pension Savings Plan in the amount of \$3,808,660 (31 January 2009 = \$2,956,050). Interest is being charged at the rate of 6 ½% per annum.

22 RECLASSIFICATION

During the period under review, Accounts Receivable balance has been reclassified to reflect current and non current receivables. The previous year's figures have been reclassified to be consistent with this period's presentation. This reclassification has no effect on the result as reported for the current and previous years.

SKNA TRADING AND DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 OCTOBER 2009

(Expressed in Eastern Caribbean Dollars)

(Unaudited)

TDC GROUP OF COMPANIES – SUBSIDIARY COMPANIES

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

GENERAL TRADING

TDC Nevis Limited
City Drug Store (2005) Limited

RENTAL AND HIRE PURCHASE:

TDC Rentals Limited
TDC Rentals (Nevis) Limited

INSURANCE AND REINSURERS:

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

FINANCE:

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

AIRLINE AGENTS AND TOUR OPERATORS:

TDC Airline Services Ltd
TDC Airline Services (Nevis) Limited
TDC Tours Limited

REAL ESTATE DEVELOPMENT:

TDC Real Estate and Construction Ltd
Conaree Estates Limited
Dan Dan Garments Limited

HOTEL OPERATOR:

Ocean Terrace Inn Limited
OTI Pieces of Eight Limited
Pelican Cove Marina Limited

SHIPPING SERVICES:

Sakara Shipping NV - Tortola, BVI

ASSOCIATED COMPANIES:

(Holding between 20% and 50%)

**BLOCK MANUFACTURING AND
READY MIX CONCRETE**

St Kitts Masonry Products Ltd - 50%

**MANUFACTURERS OF AERATED
BEVERAGES**

St Kitts Bottling Co Ltd	}	
Antillean Beverages Ltd	}	48.83%

INSURERS:

Malliouhana Anico Insurance Co Ltd
- 25% (Anguilla)

HOTEL DEVELOPMENT

Cable Bay Hotel Development Co Ltd –18%