

**Schedule 2
FORM ECSRC – OR**

(Select One)

QUARTERLY FINANCIAL REPORT for the period ended 31 October 2020
Pursuant to Section 98(2) of the Securities Act, 2001

OR

TRANSITION REPORT

for the transition period from _____ to _____
Pursuant to Section 98(2) of the Securities Act, 2001
(Applicable where there is a change in reporting issuer's financial year)

Issuer Registration Number: **TDC081098KN**
St Kitts Nevis Anguilla Trading and Development Company Limited

(Exact name of reporting issuer as specified in its charter)
St Christopher and Nevis

(Territory or jurisdiction of incorporation)
Fort Street, Basseterre, St Kitts

(Address of principal executive Offices)

(Reporting issuer's:

Telephone number (including area code): **869-465-2511**

Fax number: **869-465-1099**

Email address: earle.kelly@tdcgrouppltd.com; maritza.bowry@tdcgrouppltd.com

(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report.

CLASS	NUMBER
Issued: Ordinary Shares of EC\$1.00 each	52,000,000

SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.


The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

Earle A. Kelly

Signature

Date



08/12/2020

Name of Director:

Mr. Nicolas N. Menon

Signature

Date


8/12/2020

Name of Finance Director/Chief Financial Officer:

Maritza S. Bowry


Signature

8/12/2020

Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-OR

1. **Financial Statements**

Provide Financial Statements for the period being reported in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

- (a) Condensed Balance Sheet as of the end of the most recent financial year and just concluded reporting period.
- (b) Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with interim three, six and nine months of the current financial year and corresponding period in the previous financial year.
- (c) Condensed Statement of Cash Flows for the just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

2. **Management's Discussion and Analysis of Financial Condition and Results of Operation.**

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures taken or to be taken to address unfavourable trends; key performance indicators; and nonfinancial indicators.

General Discussion and Analysis of Financial Condition

TDC Group of Companies

- The draft unaudited financial statements for the TDC Group for the period 1 February 2020 to 31 October 2020 reflect a Profit Before Tax of \$4,802,378 compared to \$4,816,789 during the period 1 February 2019 to 31 October 2019.
- At the time of writing this report, the spread of the coronavirus has upended lives and communities both through its direct impact on the health of our citizens and the measures taken by governments to curtail its spread. The world is at the cusp of a new normal. COVID-19 and the associated lockdowns across countries have triggered a crisis for society and the economy in 2020. This is a defining period in human and business history, one that will test the resilience of individuals, societies and nations. Companies with quality leadership, sound business fundamentals and a track record of winning in turbulent times will emerge as champions in the new global order. For us at the TDC Group, employees and customers' health and safety is accorded the highest priority. This has been reflected in our proactive response to the coronavirus outbreak and consequent imposition of lockdowns. We are taking every precaution to ensure a seamless and safe shopping experience for our walk-in customers whilst ramping up our digital marketplace to better mirror our customers fast changing needs. Consumers are turning increasingly to omnichannel engagements. Building an e-commerce system involves reforming entire business processes and transforming various frameworks to today's digital society.
- The TDC Group operated for limited hours during the lockdown in April 2020; for example the retails outlets in St Kitts and Nevis, Home and Building Depots and Automotive Divisions and Business Centre were open to the public for 7 days for limited hours.

Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.
- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable

such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.

- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

The Cash and Short-term Investments totaled \$21,984,356 at 31 October 2020 compared to \$19,233,402 at 31 January 2020.

Net Cash Flows used in operating activities were \$15,281,601 for the period under review. Net Cash Flows used in financing activities were \$53,171

Borrowings stood at \$40,952,484 at 31 October 2020 compared to \$42,131,728 at 31 January 2020

Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the offbalance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

N/A

Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations

- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls.

Projects in St Kitts and Nevis that have positively impacted the sales of the Home and Building Depots include:

St Kitts

- Government Printery, Church Street
- Police Station, Sandy Point
- Pirates Nest, Frigate Bay
- Golden Rock Development
- ODB Warehouse, Industrial Site
- Animal Sanctuary, Lime Kiln
- NHC Housing Solution
- Hurricane Roof Repair programme
- Razo Construction, Half Moon Bay.
- Bennett Hofford, South East Peninsula
- Hillsborough, Mattingly Farm

Nevis

- Nevis Housing and Land Development Corporation - 4 homes at University Heights, 1 at Cotton Ground and 8 homes at Maddens
- Anne Bass, Tower Hill
- Deon Daniel, condos at Pinneys Beach; homes at Fern Hill

Ocean Terrance Inn (OTI)

The hotel had been reopened for 5 years with its room stock reduced to 34 since the renovation in 2014. Given the continued losses reported by this entity a decision was taken to close the hotel and restaurant operations in March 2020. Currently, the hotel is rented to the Government of St Kitts and Nevis. The property has been advertised for sale.

Sakara Shipping Inc

In October 2020 the vessel owned by the company, MV Puerto Real was sold.

Cruise Pier

- During the first quarter of the 2018 financial year TDC Insurance and TDC Financial Services each loaned US \$1 million to the St Christopher Air and Sea Ports Authority. The other lenders were the SKNA National Bank US \$34 million; Social Security Board US \$7 million and SIDF US \$5 million – total US \$48 million
- Purpose – to finance the construction of a second pier at Port Zante US \$40.8 million, upland developments US \$ 1.5 million, purchase of a second hand tug US \$3.7 million and professional fees US \$2 million – total US \$48 million
- Term – 15 years

ECCB Audit – TDC Financial Services

- In April 2017, ECCB conducted an audit on TDC Financial Services. On 15 November 2017 the draft report was received, the report addressed corporate governance, credit risk, liquidity risk market risk, capital, earning, operational risk, compliance/anti-money laundering and the financing of terrorism. TDC Financial responded to the draft report received on 16 February 2018 that was subsequently discussed with team at ECCB. TDC Financial Services has addressed several of the draft recommendations. On 11 October 2019 the (draft) revised internal operating policies and procedures sent to the ECCB for review. ECCB has verbally indicated that an on-site examination of the company will be conducted during the first quarter of the financial year, 2021.

Other

Performance Evaluation System

The performance evaluation system has been reviewed and now incorporates a framework to evaluate all levels of staff. It has worked to provide usable data to foster greater teamwork, enhanced productivity, accountability and a more dedicated and motivated workforce. We have developed a set of Key Performance Indicators (KPIs) that will ensure that we remain tightly focused on our purpose.

TDC Insurance and ECRC– AM Best Rating

On 20 November 2020 AM Best indicated that the prior ratings attained by TDC Insurance and ECRC of A- and B+ respectively were maintained. AM Best is a leading international rating agency. The rating, which is valid for one year, is based on the company's Balance Sheet strength, profitability over the years, underwriting and operational performance and mitigation of risks through its reinsurance programmes.

Deposit on 5.69 acres of land at Upper Dewars Estate

In October 2019 TDC finalized the purchase of 5.69 acres of land at Upper Dewars Estate St Kitts which has been divided into 30 lots. The infrastructure has been installed and the construction of homes in the development is expected to commence in December 2020.

Overview of Results of Operations

3. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

The investments held by the various subsidiaries within the TDC Group are exposed to market risk, that is risk of loss in financial instruments on the Balance Sheet due to adverse movements in market factors such as interest rates, prices, spreads, volatilities and/or correlations. For example, the TDC Group held cash and fixed deposits at the Caribbean Commercial Bank (Anguilla) Ltd and the National Bank of Anguilla. Both ECRC and MAICO had deposit balances at the National Bank of Anguilla Ltd and the Caribbean Commercial Bank (Anguilla) Ltd and were negatively impacted by the placement into conservatorship of both banks in August 2013. EC\$2.8 million dollars of the deposits have been recovered but all amounts in excess of that figure have been transferred to a statutory body, the Depositor Protection Trusts, backed by the Government of Anguilla. The deposits in excess of EC\$2.8 million dollars are held by the Trust and will be paid to the companies over 10 years at 2 percent interest per annum, from June 30, 2016.

TDC Insurance Company Ltd, ECRC Ltd and MAICO- risk of loss due to catastrophe claims, pricing and underwriting.

Financial Risk Management and Management of Insurance and Financial Risk – please refer to Notes 5 and 6 in the Financial Statements attached.

4.

Legal Proceedings.

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

There were no legal proceedings that had a material effect on the Company.

5. Changes in Securities and Use of Proceeds.

(a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

There were no changes in securities or use of proceeds that occurred in this period.

(a) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

N/A

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

N/A

- Name and address of underwriter(s)

N/A

- Amount of expenses incurred in connection with the offer N/A

- Net proceeds of the issue and a schedule of its use

N/A

- Payments to associated persons and the purpose for such payments

N/A

(c) Report any working capital restrictions and other limitations upon the payment of dividends.

N/A

<p>N/A</p>

6.

Defaults upon Senior Securities.

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

There was no default in the payment of any security in the period.

- (b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

N/A

7. **Submission of Matters to a Vote of Security Holders.**

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.

N/A

- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

N/A

- (c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

N/A

- (d) A description of the terms of any settlement between the registrant and any other participant.

N/A

- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

8.

N/A

Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC – OR report.

N/A