



# HALF-YEAR REPORT

## Chairman's Review:

### INTRODUCTION

Growth at the Corporation was better than expected in the first six months of 2009. Total assets grew by TT\$1.61 billion in the first six months of 2009 to a total of TT\$21.51 billion. Net contribution to retained earnings for the Corporation was TT\$65.44 million, which shows an increase compared to last year's TT\$64.97 million. The increase was due to income from our corporate banking business, since we had reduced the income from management charges from the Funds in order to strengthen distribution to unitholders. Also of significance is that the active customer base of the Corporation increased by over 10,376 with the total base surpassing 508,000.

### ECONOMIC ENVIRONMENT

As predicted by most economists, GDP contracted worldwide. However, there were signs that stability was returning to most markets. Economic contraction was slowing and oil and gas prices appeared to have recovered from their lower rates earlier in the year. Current energy prices are trading around the Government's revised budget levels.

The local financial markets continue to experience surplus liquidity despite actions by the Central Bank. With interest rates in the international markets at historically low levels, local rates have now fallen quite dramatically, with the three-month Treasury Bill rate hitting 2.51% compared to 7.06% six months earlier. Other key interest rates also fell. Prime commercial bank rate has fallen from 13% to 11% as at July 16, 2009. One year certificates of deposit are yielding 3% for TT dollars and 1% for US dollars. Lower rates in all markets have affected returns on mutual funds.

### FUND PERFORMANCE

Moves to secure opportunities presented in the local and international equity markets in the first half of 2009 have led to a slightly above market performance in the UTC equity portfolio. The local stock market continued to post negative returns of 7.52%. Investors who chose to ride out the volatility offered by the UTC Energy Fund in 2008 are already seeing benefits as the first half of 2009 presented these investors with a Year To Date return of 9.52% (as at June 30, 2009). As energy prices continue to fluctuate, we anticipate therefore that the performance of this sector specific fund will remain in line with global energy price trends.

Investments into the Funds continued to grow during the period under review as investors showed increased favour for Mutual Funds despite the volatility in the local and international markets. Investors were rewarded by the First Unit Scheme (FUS) distributing TT\$0.40 per share and the Income Funds (TTD Income Fund and USD Income Fund) holding competitive yields of 3.88% and 3.35% respectively which continues to be better than deposit rates.

While the equity funds performed in line with market conditions through the first half of 2009, actions taken by our team to build customer value are already giving rise to enhanced performance, particularly in the UTC North American Fund (formerly Chaconia Income & Growth Fund). The UTC North American Fund posted a 3.4% return as at June 30, 2009.

### OUTLOOK

Going forward it is anticipated that unit prices will be dependent on the performance of equity and bond markets which are expected to grow, albeit slowly. The income funds will see stable returns at current levels since the low levels of international interest rates are expected to be maintained for some time.

**Amoy Chang Fong**  
Chairman  
July 27, 2009

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 2009

	Unaudited 30-Jun-09 \$ '000	Unaudited 30-Jun-08 \$ '000	Audited 31-Dec-08 \$ '000
<b>ASSETS</b>			
Investment funds	16,894,079	16,611,021	15,574,492
Cash and cash equivalents	465,545	491,533	389,394
Other current assets	151,446	142,052	168,961
Long term assets	3,997,918	2,734,010	3,769,837
<b>TOTAL ASSETS</b>	<b>21,508,988</b>	<b>19,978,616</b>	<b>19,902,684</b>
<b>LIABILITIES</b>			
Current liabilities	3,452,285	2,308,123	3,209,651
Non-current liabilities	329,556	318,391	323,840
<b>TOTAL LIABILITIES</b>	<b>3,781,841</b>	<b>2,626,514</b>	<b>3,533,491</b>
<b>CAPITAL</b>			
<b>RESERVES</b>	<b>16,894,079</b>	<b>16,611,021</b>	<b>15,574,492</b>
Minority Interest	80	41	78
<b>TOTAL LIABILITIES, CAPITAL AND RESERVES</b>	<b>21,508,988</b>	<b>19,978,616</b>	<b>19,902,684</b>

Chairman

Executive Director

## CONDENSED CONSOLIDATED INCOME STATEMENT For the Six Months Ended June 30, 2009

	Unaudited 30-Jun-09 \$ '000	Unaudited 30-Jun-08 \$ '000	Audited 31-Dec-08 \$ '000
Gross Income	629,415	827,690	1,439,083
Expenses	(118,448)	(101,925)	(219,348)
<b>Net income before finance charges</b>	<b>510,967</b>	<b>725,765</b>	<b>1,219,735</b>
Finance charges	(5,011)	(5,295)	(10,441)
<b>Net income after finance charges</b>	<b>505,956</b>	<b>720,470</b>	<b>1,209,294</b>
Undistributed income at start of period	33,143	21,736	21,736
Distributions	(452,770)	(464,525)	(1,029,039)
Transfer from investment funds to reserves	(3,145)	(3,135)	(26,293)
Income capitalized	(5,578)	(7,985)	(11,149)
Undistributed income at end of period	(11,918)	(202,116)	(33,143)
Net income before taxation	65,688	64,445	131,406
Taxation	(182)	(169)	(382)
Net income after taxation	65,506	64,276	131,024
Minority interest	40	(103)	(184)
Net income after minority interest	65,546	64,173	130,840

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the Six Months Ended June 30, 2009

	Unaudited 30-Jun-09 \$ '000	Unaudited 30-Jun-08 \$ '000	Audited 31-Dec-08 \$ '000
Opening Equity January 1st	794,623	706,924	706,924
Unrealized capital appreciation (depreciation) on "available for sale" financial assets	1,463	10,334	2,495
Currency translation differences	132	(940)	(843)
Net income after minority interest	65,546	64,174	130,840
Transfer from investment funds to reserves	3,145	3,135	26,293
Interest on fund reserves	966	318	1,692
Guarantee reserves payments	(32,887)	(42,905)	(72,778)
	<b>832,988</b>	<b>741,040</b>	<b>794,623</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS For the Six Months Ended June 30, 2009

	Unaudited 30-Jun-09 \$ '000	Unaudited 30-Jun-08 \$ '000	Audited 31-Dec-08 \$ '000
<b>NET INCOME BEFORE TAXATION</b>	<b>65,688</b>	<b>64,445</b>	<b>131,406</b>
Net cash inflow from operating activities	83,752	50,400	124,582
Net cash outflow from investing activities	(235,340)	(464,565)	(1,518,179)
Net cash inflow from financing activities	227,739	720,223	1,597,516
Net cash inflow (outflow) for the period	76,151	306,058	203,919
Cash & cash equivalents:			
Beginning of period	389,394	185,475	185,475
End of period	465,545	491,533	389,394

### NOTE

#### Significant accounting policies

The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of the Consolidated financial statements for the year ended 31 December 2008 except for the impact of the adoption of IAS 1 (revised 2007) Presentation of Financial Statements. This Standard is effective for annual periods beginning on or after 1 January 2009.

IAS 1 (revised 2007) Presentation of Financial Statements

The revised Standard has introduced a number of terminology changes (including revised titles for the condensed financial statements).