

IML West Indies Union
Investment Management Limited

**FINANCIAL STATEMENTS
DECEMBER 2009**

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2009

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INDEPENDENT AUDITORS' REPORT

To the Members of
West Indies Union Investment Management Limited

Report on the Financial Statements

We have audited the financial statements of West Indies Union Investment Management Limited set out on pages 3 to 29, which comprise the balance sheet as at 31 December 2009 and the statements of comprehensive income, changes in equity and 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 financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and consistently 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 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 about 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 auditors consider internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness 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 opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position as at 31 December 2009 and of its financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
West Indies Union Investment Management Limited

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept and the financial statements are in agreement therewith, and give the information required by the Act, in the manner so required.

Chartered Accountants
19 May 2010

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

31 DECEMBER 2009

	<u>Note</u>	<u>2009</u> ₹	<u>2008</u> ₹
Net Interest Income and Other Expenses			
Interest income		205,457,433	157,523,537
Interest expense		<u>(153,379,951)</u>	<u>(105,674,276)</u>
Net interest income	5	52,077,482	51,849,261
Net foreign exchange gain		11,640,306	10,232,943
Commitment fees		375,786	82,434
Other income		<u>76,051</u>	<u>268,525</u>
		<u>64,169,625</u>	<u>62,433,163</u>
Operating expenses			
Salaries, statutory contributions and other staff costs	6	16,604,582	15,119,948
Operating expense		<u>14,802,313</u>	<u>14,885,023</u>
		<u>31,406,895</u>	<u>30,004,971</u>
Profit before taxation	7	32,762,730	32,428,192
Taxation	8	<u>(14,046,557)</u>	<u>(5,817,377)</u>
Profit for the year		18,716,173	26,610,815
Other Comprehensive Income Net of Taxes:			
Unrealised Valuation gain/(loss) on financial instruments		<u>(93,373)</u>	<u>(3,284,850)</u>
Total Comprehensive Income for the year		<u>18,622,800</u>	<u>23,325,965</u>

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2009

	<u>Note</u>	<u>2009</u> \$	<u>2008</u> \$
ASSETS:			
Cash resources	9	5,112,424	2,840,812
Investment securities	10	123,183,040	103,139,990
Securities purchased under resale agreements	11	1,280,635,535	1,004,077,563
Interest receivable		22,571,792	36,600,870
Loans and other receivables	12	112,532,942	103,930,067
Related entities	13	4,190	90,562
Property, plant and equipment	14	<u>1,394,024</u>	<u>786,611</u>
Total assets		<u>1,545,433,947</u>	<u>1,251,466,475</u>
LIABILITIES:			
Securities sold under repurchase agreements	15	1,394,680,710	1,087,524,455
Accounts payable	16	2,483,195	2,624,345
Related entities	13	4,200,000	2,260,128
Interest payable		27,208,464	17,045,589
Loan		-	54,894,758
Deferred tax liability	17	77,679	50,180
Redeemable preference shares		<u>-</u>	<u>24,063,000</u>
Total liabilities		<u>1,428,650,048</u>	<u>1,188,462,455</u>
STOCKHOLDERS' EQUITY:			
Share capital	18	97,376,169	27,773,000
Investment revaluation reserve	19	(3,378,223)	(3,284,850)
Retained earnings		<u>22,785,953</u>	<u>38,515,870</u>
Total Stockholders' equity		<u>116,783,899</u>	<u>63,004,020</u>
Total Liabilities and Stockholders' Equity		<u>1,545,433,947</u>	<u>1,251,466,475</u>

Approved for issue by the Board of Directors on 19 May 2010 and signed on its behalf by:

.....
 Danieto Murray Director

.....
 Herman S. Ming Director

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
YEAR ENDED 31 DECEMBER 2009

	<u>Note</u>	<u>Share Capital</u> ₡	<u>Investment Revaluation Reserve</u> ₡	<u>Retained Earnings</u> ₡	<u>Total</u> ₡
Balance at 1 January 2008		20,273,000	-	11,905,055	32,178,055
Total comprehensive income		-	(3,284,850)	26,610,815	23,325,965
Issue of shares		<u>7,500,000</u>	-	-	<u>7,500,000</u>
Balance at 31 December 2008		<u>27,773,000</u>	<u>(3,284,850)</u>	<u>38,515,870</u>	<u>63,004,020</u>
Total comprehensive income		-	(93,373)	18,716,173	18,622,800
Issue of shares	18	69,603,169	-	(29,603,169)	40,000,000
Distribution	20	-	-	<u>(4,842,921)</u>	<u>(4,842,921)</u>
Balance at 31 December 2009		<u>97,376,169</u>	<u>(3,378,223)</u>	<u>22,785,953</u>	<u>116,783,899</u>

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2009

	<u>2009</u>	<u>2008</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	18,716,173	26,610,815
Adjustments for:		
Investment revaluation	(93,374)	(3,284,850)
Deferred taxation	27,501	17,580
Depreciation	<u>301,869</u>	<u>181,767</u>
	18,952,169	23,525,312
Change in operating assets and liabilities -		
Investment securities	(20,043,050)	121,181,252
Securities purchased under repurchase agreements	(276,557,972)	(291,783,111)
Interest receivables	14,029,078	(23,252,736)
Loans and other receivables	(8,602,875)	(62,789,751)
Securities sold under repurchase agreements	307,156,255	201,373,190
Accounts payable	(141,150)	742,861
Related company	2,026,244	2,290,469
Interest payable	<u>10,162,875</u>	<u>17,442,499</u>
Net cash used in operating activities	<u>46,981,574</u>	<u>(11,270,015)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Loans repaid	(54,894,758)	-
Additions to property, plant and equipment	<u>(909,282)</u>	<u>(526,158)</u>
Net cash provided by investing activities	<u>(55,804,040)</u>	<u>(526,158)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issue of ordinary shares	40,000,000	7,500,000
Redemption of preference shares	(24,063,000)	-
Distribution to shareholders	<u>(4,842,922)</u>	<u>2,944,020</u>
Cash provided by financing activities	<u>11,094,078</u>	<u>10,444,020</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,271,612	(1,352,153)
Cash and cash equivalents at beginning of year	<u>2,840,812</u>	<u>4,192,965</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>5,112,424</u>	<u>2,840,812</u>
Represented by:		
Cash resources	<u>5,112,424</u>	<u>2,840,812</u>

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

1. STATUS AND PRINCIPAL ACTIVITY:

(a) West Indies Union Investment Management Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is located at 125 Manchester Road, Mandeville, Manchester.

(b) The principal activities of the company are the provision of services as asset managers and financial advisor in accordance with licenses issued by the Financial Services Commission.

2. REPORTING CURRENCY:

These financial statements are presented using the Jamaican dollars which is considered the currency of the primary economic environment in which the company operates (“the functional currency”).

3. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the year presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

(a) Basis of preparation -

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention except for available-for-sale investments which are stated at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company’s accounting policies. Although these estimates are based on management’s best knowledge of current events and actions, actual results could differ from those estimates and any adjustments that may be necessary would be reflected in the year in which actual results are known.

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd) -

Standards, interpretations and amendments to published standards effective on or after 1 January 2009.

The following standards, amendments and interpretations, which are effective in 2009, are relevant to the company.

Amendments to IFRS 7: Financial Instruments: Disclosures

The IASB published amendments to IFRS 7 in March 2009. The amendment requires enhanced disclosures about fair value measurements and liquidity risk. In particular the amendment requires disclosures of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the financial position or comprehensive income of the company.

IAS 1 (Revised): Presentation of Financial Statements

A revised version of IAS 1 was issued in September 2007. It prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity. The standard requires "non-owner changes in equity" to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the company presents in the statements of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been represented so that it also conforms to the revised standards. According to the amendment of IAS 1 in January 2008, each component of equity, including each item of other comprehensive income, should be reconciled between carrying amount at the beginning and the end of the period. Since the change in accounting policy only impact presentation aspects, there is no impact on retained earnings.

IAS 23: Borrowing costs

A revised version of IAS 23 was issued in March 2007. It eliminates the option of immediate recognition of borrowing cost as an expense for assets that require a substantial period of time to get ready for their immediate use. The application of IAS 23 amendment does not have a material impact on the result or items of statement of financial position.

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd) -

Standard, interpretation and amendments to published standards that are not yet effective.

At the date of authorisation of the financial statements, the following new standards and interpretations, which were issued are not yet effective or have been adopted early. Those standards and interpretations are effective for the accounting period beginning on or after the dates indicated below:

IFRS 9: Financial Instruments (effective January 1 2013)

IFRS 9 introduces requirements for classifying and measuring financial assets. The standard also amends some of the requirements of IFRS 7 Financial Instruments: Disclosures; including added disclosures about investments designated as fair value through other comprehensive income.

IAS 24: Related Party Disclosure, revised (effective January 1 2011)

IAS 24 introduces changes to the related party disclosure requirements for government related entities and amends the definition of a related party. The standard also expands the list of transactions that require disclosure.

The adoption of IFRS 9 and IAS 24 revised is expected to result in adjustments and additional disclosures to the financial statements. Management has not completed its evaluation of the impact of adopting these standards on the financial statements.

(b) Foreign Currency Translation

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("the functional currency").

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate, being the mid-point between the Bank of Jamaica (Central Bank) weighted average buying and selling rates at the date.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of revenue and expenses.

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(b) Foreign Currency Translation (cont'd)-

Exchange differences on monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are recognised in the statement of income (applicable for financial assets at fair value through profit or loss), or within other comprehensive income if non-monetary financial assets are classified as available-for-sale.

(c) Revenue recognition-

Interest income

Interest income is recognised in the statement of revenues and expenses for all interest bearing instruments on the accrual basis, using the effective yield method based on actual purchase price. Interest income includes coupons earned on fixed investments and discount or premium on financial instruments.

When a loan is classified as impaired, recognition of interest in accordance with the original terms and conditions of the loan ceases and interest is taken into account on the cash basis. IFRS requires that where loans become doubtful of collection, they are written down to their recoverable amounts and interest income on the loan is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount. However, such amounts as would have been determined under IFRS are considered to be immaterial.

(d) Interest expense

Interest expense is recognised in the statement of comprehensive income for all interest bearing instruments on the accrual basis, using the effective yield method based on the actual purchased price.

(e) Investments

Investments are classified as available-for-sale financial assets. Management determines the appropriate classification of investments at the time of purchase. Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any other category. They are initially recognised at cost, which includes transaction costs and subsequently re-measured at fair value. Unrealised gains and losses arising from changes in fair value of available-for-sale securities are recognised in other comprehensive income. There is no recycling of fair value gain or loss to profit or loss account.

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Investments (cont'd) -

The fair values of quoted investments are based on current bid prices. For unquoted investments, the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants. Where fair value cannot be measured reliably, unquoted securities are recognised at cost less impairment.

Financial assets are assessed at each balance sheet date for objective evidence of impairment. A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset.

All purchases and sales of investment securities are recognised at settlement date.

(f) Repurchase and reverse purchase agreements

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralized financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the lives of the agreements using the effective yield method.

(g) Loans and receivables and provisions for impairment

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money directly to a debtor with no intention of trading the receivable. Loans are recognised when cash is advanced to borrowers. They are initially recorded at cost, which is the cash given to originate the loan including any transaction costs and subsequently measured at amortised cost using the effective interest rate method.

An allowance for loan impairment is established if there is evidence that the company will not be able to collect all amounts according to the original contractual terms of the loan. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(g) Loans and receivables and provisions for impairment (cont'd)

A loan is classified as impaired when, in management's opinion there has been deterioration in credit quality to the extent that there is no longer reasonable assurance of timely collection of the full amount of principal and interest. When a loan is classified as impaired, recognition of interest in accordance with the original terms and conditions of the loan ceases and interest is taken into account on a cash basis.

Write offs are made when all or part of a loan is deemed uncollectible. Write offs are charged against previously established provisions for loan losses and reduce the principal amount of the loan. Recoveries in part or full of amounts previously written off are credited to provision for loan losses in the statements of revenues and expenses.

(h) Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight-line method to write off the cost of each asset or the revalued amount, to their residual values over their estimated useful lives. Annual rates are as follows: -

Computers	10%
Equipment	10% or 20%
Furniture and Fixtures	10%

(i) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

(j) Preference shares

Preference shares, which are redeemable on a specific date or at the option of the shareholder which carry non-discretionary dividends obligations, are classified as long-term liabilities. The dividend on those preference shares are recognised in the statement of comprehensive income as interest expense.

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(k) Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in current year.

(l) Deferred income taxes

Deferred income taxes is provided using the liability method, for all temporary difference arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The currently enacted tax rate is used to determine deferred tax.

Under the liability method the company is required to make provisions for deferred taxes on the revaluation of certain non-current assets acquired and their tax bases.

The principal temporary differences arise from depreciation on property, plant and equipment. Deferred tax asset related to carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax currently enacted, which rates are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also charged or credited in equity.

(m) Financial instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities. Financial instruments carried on the balance sheet include cash resources, loans and other receivables, investments, securities purchased under resale agreements, loans other liabilities and securities sold with agreements to repurchase.

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(n) Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid financial assets with original maturities of less than three months; which are subject to insignificant risk of changes in fair value and are used by the company to manage its short-term commitments. Cash and cash equivalents are carried at amortised cost in the balance sheet.

For the purpose of the cash flow statement, cash and cash equivalents comprise balances with original maturities of less than three months from the date of acquisition, including cash resources net of bank overdraft.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES:

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment losses on loans and advances

In determining amounts recorded for impairment of loan losses in the financial statements, management makes judgement regarding indicators of impairment that is whether there are indicators that suggest there may be a measureable decrease in the estimated future cash flows from loans, for example, repayment default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired loans as well as timing of such cash flows including amount recoverable from guarantees and collaterals. Historical loss experience is implied where indicators of impairment are not observable on individual significant loans and loans portfolio with similar characteristics, such as credit risks.

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

5. NET INTEREST INCOME:

	<u>2009</u>	<u>2008</u>
	\$	\$
Interest income:		
Resale agreements and investment securities	195,597,560	152,501,946
Loans and advances	<u>9,859,873</u>	<u>5,021,591</u>
	<u>205,457,433</u>	<u>157,523,537</u>
Interest expenses:		
Repurchase agreements	150,595,576	104,085,326
Others	<u>2,784,375</u>	<u>1,588,950</u>
	<u>153,379,951</u>	<u>105,674,276</u>
	<u>52,077,482</u>	<u>51,849,261</u>

6. SALARIES, STATUTORY CONTRIBUTIONS AND OTHER STAFF COSTS:

	<u>2009</u>	<u>2008</u>
	\$	\$
Salaries and wages	7,732,128	6,407,618
Pension contributions	1,387,925	1,415,563
Statutory contributions	669,638	689,150
Other staff benefits	<u>6,814,891</u>	<u>6,607,617</u>
	<u>16,604,582</u>	<u>15,119,948</u>

7. PROFIT BEFORE TAXATION:

The following have been charged in arriving at profit before taxation:

	<u>2009</u>	<u>2008</u>
	\$	\$
Directors' emoluments-		
Management remuneration	3,106,965	2,485,572
Auditor's remuneration	660,000	600,000
Depreciation	301,869	181,767
Operating lease rentals	<u>1,956,000</u>	<u>1,956,000</u>

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

8. TAXATION:

- (a) Taxation is based on the profit for the year adjusted for taxation purposes and comprises:

	<u>2009</u>	<u>2008</u>
	\$	\$
Income tax at 33 1/3 %	14,019,055	5,799,797
Deferred tax (Note 17)	27,502	17,580
	<u>14,046,557</u>	<u>5,817,377</u>

- (b) Reconciliation of theoretical tax charge that would arise on profit before tax using the applicable tax rate to actual tax charge.

	<u>2009</u>	<u>2008</u>
	\$	\$
Profit before taxation	<u>32,762,730</u>	<u>32,428,192</u>
Tax calculated at 33 1/3 %	10,919,818	10,809,397
Adjustment for the effect of:		
Expenses not deducted for tax purposes	124,607	(4,047)
Income not subject to tax	(3,879,714)	-
Net interest receivable	3,595,169	77,927
Net interest payable	3,387,286	(6,725,706)
Net effect of other charges and allowances	(100,609)	1,659,806)
	<u>14,046,557</u>	<u>5,817,377</u>

9. CASH RESOURCES:

Cash resources comprise the following:

	<u>2009</u>	<u>2008</u>
	\$	\$
Current accounts - Jamaican dollar	4,034,168	2,399,750
Current accounts - United States dollar	555,809	234,112
Savings account - United States dollar	491,867	162,533
Cash in hand	30,580	44,417
	<u>5,112,424</u>	<u>2,840,812</u>

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

10. INVESTMENT SECURITIES:

	<u>2009</u>	<u>2008</u>
	\$	\$
Available-for-sale securities-		
Debt securities - Government of Jamaica	123,183,040	54,961,051
- Corporate	-	48,178,939
	<u>123,183,040</u>	<u>103,139,990</u>

11. SECURITIES PURCHASED UNDER RESALE AGREEMENTS:

	<u>2009</u>	<u>2008</u>
	\$	\$
Denominated in Jamaican dollars	616,326,710	529,609,760
Denominated in United States dollars	663,307,513	474,467,803
Denominated in Canadian dollars	606,294	-
Denominated in Pound Sterling	395,018	-
	<u>1,280,635,535</u>	<u>1,004,077,563</u>

12. LOANS AND OTHER RECEIVABLES:

	<u>2009</u>	<u>2008</u>
	\$	\$
Promissory notes:		
Denominated in Jamaican dollars	76,172,569	55,418,331
Denominated in United States dollars	17,144,159	30,070,529
Interest receivable	1,167,011	826,287
Taxation recoverable	16,299,203	17,162,494
Other receivables	1,750,000	452,426
	<u>112,532,942</u>	<u>103,930,067</u>

(a) The promissory notes are hypothecated against certain securities sold under repurchase agreements.

(b) Included in promissory notes are debtors with a carrying amount of \$2,377,415 which are past due at the reporting date for which the company has not provided as there has not been any significant change in the client's credit quality and the amounts are still considered recoverable. Note 22 (iii)

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

13. RELATED ENTITIES:

	<u>2009</u>	<u>2008</u>
	\$	\$
Due from -		
West Indies Union Conference of Seventh Day Adventist Church	<u>4,190</u>	<u>90,562</u>
Due to -		
West Indies Union Conference of Seventh Day Adventist Church	<u>4,200,000</u>	<u>2,260,128</u>

Included in the amount due to West Indies Union conference of Seventh Day Adventist church is a loan of \$1,200,000 which attracts interest of 3.5 % per annum and repayable over a period of 5 years.

14. PROPERTY, PLANT AND EQUIPMENT:

	<u>Computers</u>	<u>Furniture and fixtures</u>	<u>Equipment</u>	<u>Total</u>
	\$	\$	\$	\$
At cost or valuation-				
At 1 January 2008	293,268	159,403	130,804	583,475
Additions	<u>358,785</u>	<u>93,114</u>	<u>74,259</u>	<u>526,158</u>
At 31 December 2008	652,053	252,517	205,063	1,109,633
Additions	<u>268,672</u>	<u>20,853</u>	<u>619,757</u>	<u>909,282</u>
At 31 December 2009	<u>920,725</u>	<u>273,370</u>	<u>824,820</u>	<u>2,018,915</u>
Accumulated Depreciation:				
At 1 January 2008	87,214	31,880	22,161	141,255
Charge for the year	<u>136,009</u>	<u>25,252</u>	<u>20,506</u>	<u>181,767</u>
At 31 December 2008	223,223	57,132	42,667	323,022
Charge for the year	<u>192,050</u>	<u>27,337</u>	<u>82,482</u>	<u>301,869</u>
At 31 December 2009	<u>415,273</u>	<u>84,469</u>	<u>125,149</u>	<u>624,891</u>
Net Book Value -				
31 December 2009	<u>505,452</u>	<u>188,901</u>	<u>699,671</u>	<u>1,394,024</u>
31 December 2008	<u>428,830</u>	<u>195,385</u>	<u>162,396</u>	<u>786,611</u>

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

15. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS:

	<u>2009</u>	<u>2008</u>
	\$	\$
Denominated in Jamaican dollars	838,921,226	659,181,973
Denominated in Canadian dollars	606,294	-
Denominated in Pound Sterling	414,795	-
Denominated in United States dollar	554,738,395	428,342,482
	<u>1,394,680,710</u>	<u>1,087,524,455</u>

16. ACCOUNTS PAYABLE:

	<u>2009</u>	<u>2008</u>
	\$	\$
Accrued expenses	2,483,195	1,270,801
Dividend payable	-	1,353,544
	<u>2,483,195</u>	<u>2,624,345</u>

17. DEFERRED TAX LIABILITY:

The deferred tax liability is materially attributable to differences in bases used for tax reporting and financial statement purposes in respect of property, plant and equipment charges are recognised in the statement of comprehensive income (Note 8).

18. SHARE CAPITAL:

	<u>2009</u>	<u>2008</u>
	\$	\$
Authorised - 120,000,000		
Ordinary shares		
- 60,000,000 Redeemable		
cumulative preference		
Issued and fully paid-		
97,376,169 Ordinary Shares (2008: 27,773,000)	97,376,169	27,773,000
300,000 7.5 % Redeemable cumulative preference shares	-	24,063,000
	<u>97,376,169</u>	<u>51,836,000</u>
Less: 7.5 % Redeemable cumulative shares		
classified as liabilities as required by IFRS	-	(24,063,000)
	<u>97,376,169</u>	<u>27,773,000</u>

In December 2009, the company issued 69,603,169 ordinary shares at \$1.00 each comprising 40,000,000 at \$1.00 for cash and 29,603,169 shares as bonus issue. One bonus share was issued to stockholders for every one stock unit held and the shares were converted to ordinary stock units.

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

19. INVESTMENT REVALUATION RESERVE:

This represents net unrealized gain/(losses) on the revaluation of available-for-sale investments. The available-for-sale investment securities are not impaired and the recorded deficit is based on short-term fluctuation in market prices.

20. DISTRIBUTION:

The distribution was made to Northern Caribbean University in accordance with clause 7 of a memorandum of understanding. The amount represents 6 % of profit before taxation retroactive to 2005.

21. RELATED PARTY TRANSACTIONS AND BALANCES:

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

The following are the balances and transactions carried out with related parties:

	<u>2009</u>	<u>2008</u>
	\$	\$
Directors and key management personnel:		
Securities sold under repurchase agreements	23,174,474	2,965,531
Loans and receivables	<u>3,805,842</u>	<u>-</u>

22. FINANCIAL RISK MANAGEMENT:

(a) Financial risk factors

The company's activity exposes it to a variety of financial risks: currency risk, credit risk, liquidity risk and interest rate risk. Management seeks to minimise potential adverse effects on the financial performance of the company by applying procedures to identify, evaluate and manage these risks based on guidelines agreed by the Board of Directors.

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

22. FINANCIAL RISK MANAGEMENT (CONT'D):

(a) Financial risk factors (cont'd) -

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows.

The company manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximising foreign currency earnings and holding foreign currency balances. The following foreign currency balances are included in the financial statements.

	<u>2009</u>		
	<u>GBP</u>	<u>US\$</u>	<u>CAN\$</u>
Assets			
Cash resources	-	11,456	-
Investment securities	-	196,000	-
Interest receivable	-	37,313	-
Loans	-	191,875	-
Securities purchased under resale agreement	<u>2,822</u>	<u>7,422,848</u>	<u>6,890</u>
Total	<u>2,822</u>	<u>7,859,492</u>	<u>6,890</u>
Liabilities			
Securities sold under repurchase agreement	-	6,205,208	-
Interest payable	<u>-</u>	<u>63,602</u>	<u>-</u>
Total	<u>-</u>	<u>6,268,810</u>	<u>-</u>
Net position	<u>2,822</u>	<u>1,590,682</u>	<u>6,890</u>
As at 31 December 2008			
Total assets	-	7,431,460	-
Total liabilities	<u>-</u>	<u>6,389,648</u>	<u>-</u>
Net position	<u>-</u>	<u>1,041,812</u>	<u>-</u>

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

22. FINANCIAL RISK MANAGEMENT (CONT'D):

(a) Financial risk factors (cont'd) -

(ii) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. The company manages this risk by holding a high proportion of financial assets in liquid form.

The table below analyses the assets and liabilities of the company into relevant maturity groupings based on the remaining period of balance sheet date to the contractual maturity date.

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

22. FINANCIAL RISK MANAGEMENT (CONT'D):

(a) Financial risk factors (cont'd)

(ii) Liquidity risk (cont'd) -

	Within 1 Month ₤	1 to 3 Months ₤	3 to 12 Months ₤	12 Months and over ₤	Non-Specific Maturity ₤	Total ₤
Assets						
Cash resources	30,579	-	-	-	5,081,845	5,112,424
Securities purchased under resale agreement	846,003,513	279,202,878	155,429,144	-	-	1,280,635,535
Investment securities	-	-	86,749,120	36,433,920	-	123,183,040
Interest receivable	22,571,792	-	-	-	-	22,571,792
Loans and other receivables	21,877,802	18,222,895	17,707,080	53,525,165	1,200,000	112,532,942
Related entities	-	-	-	-	4,190	4,190
Property, plant and Equipment	-	-	-	-	1,394,024	1,394,024
Total assets	890,483,686	297,425,773	259,885,344	89,959,085	7,680,059	1,545,433,947
Liabilities						
Securities sold under repurchase agreements	853,044,088	288,504,210	253,117,138	15,274	-	1,394,680,710
Accounts payable	2,483,195	-	-	-	-	2,483,195
Related entities	-	-	-	-	4,200,000	4,200,000
Interest payable	27,208,464	-	-	-	-	27,208,464
Deferred tax liability	-	-	-	-	77,679	77,679
Total liabilities	882,735,747	288,504,210	253,117,138	15,274	4,277,679	1,428,650,048
Net liquidity gap	7,747,939	8,921,563	6,768,206	89,943,811	3,406,570	116,783,899
Cumulative liquidity Gap	7,747,939	16,669,502	23,437,708	113,381,519	116,783,899	-
As at 31 December 2008:						
Total assets	137,151,135	203,971,319	845,658,609	60,997,451	3,687,961	1,251,466,475
Total liabilities	114,527,689	201,464,924	844,652,023	24,063,000	3,754,819	1,188,462,455
Net liquidity gap	22,623,446	2,506,395	1,006,586	36,934,451	(66,858)	63,004,020
Cumulative liquidity gap	22,623,446	25,129,841	26,136,427	63,070,878	63,004,020	-

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

22. FINANCIAL RISK MANAGEMENT (CONT'D):

(a) Financial risk factors (cont'd) -

(iii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to suffer a financial loss. The company limits its exposure to credit risk by investing mainly in liquid assets which are held with entities that have a high credit quality, included in these are Government of Jamaica securities. Management does not expect any of these counterparties to fail to meet its obligations. The company manages the levels of credit risk undertaken by placing limits on the amount of risk accepted in relation to any one borrower. The company also manages the levels of credit risk through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by establishing lending limits.

Exposure to credit risk:

The carrying amount of financial assets representing the maximum credit exposure (before collateral held) at the balance sheet date was:

	<u>2009</u>	<u>2008</u>
	\$	\$
Cash resources	5,112,424	2,840,812
Investment securities	123,183,040	103,139,990
Securities purchased under resale agreement	1,280,635,535	1,004,077,563
Interest receivable	22,571,792	36,600,870
Loans and other receivables	112,532,942	103,930,067
	<u>1,544,035,733</u>	<u>1,250,589,302</u>

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

22. FINANCIAL RISK MANAGEMENT (CONT'D):

(a) Financial risk factors (cont'd) -

(iii) Credit risk (cont'd)-

Credit quality of loans:

The credit quality of loans is summarized as follows:

	<u>2009</u>	<u>2008</u>
	\$	\$
Carrying amounts		
Promissory notes	93,316,728	85,488,860
Taxation recoverable and others	<u>19,216,214</u>	<u>18,441,207</u>
	<u>112,532,942</u>	<u>103,930,067</u>
Promissory notes-		
Neither past due nor impaired	<u>90,939,313</u>	<u>82,848,670</u>
Past due but not impaired:		
Within 1 month	-	774,259
1 to 3 months	2,053,144	1,731,265
3 to 12 months	324,271	144,977
Over 12 months	-	900
Total carrying amount	<u>2,377,415</u>	<u>2,651,401</u>
Taxation recoverable and others-		
Past due but not impaired:		
3 to 12 months	<u>19,216,214</u>	<u>18,429,996</u>
Total carrying amounts	<u>112,532,942</u>	<u>103,930,067</u>

(iv) Interest rate risk -

Interest rate risk arises when there is a mismatch between interest -earning assets and interest-bearing liabilities, which are subject to interest rate adjustment within a specified period. The company manages this risk by creating a portfolio of interest-earning assets that exceeds interest-bearing liabilities.

The table below summarises the company's exposure to interest rate risk. Included in the table are the company's assets and liabilities at the carrying amounts, categorized by the contractual re-prizing or maturity date.

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

22. FINANCIAL RISK MANAGEMENT (CONT'D):

(a) Financial risk factors (cont'd) -

(iv) Interest rate risk (cont'd) -

	Within 1 Month ₤	1 to 3 Months ₤	3 to 12 Months ₤	12 Months and over ₤	Non-Interest Bearing ₤	Total ₤
Assets						
Cash resources	491,867	-	-	-	4,620,557	5,112,424
Securities purchased under resale agreement	846,003,513	279,202,878	155,429,144	-	-	1,280,635,535
Investment securities	-	-	86,749,120	36,433,920	-	123,183,040
Interest receivable	22,571,792	-	-	-	-	22,571,792
Loans and other receivables	21,877,802	18,222,895	17,707,080	53,525,165	1,200,000	112,532,942
Related entities	-	-	-	-	4,190	4,190
Property, plant and Equipment	-	-	-	-	1,394,024	1,394,024
Total assets	890,944,974	297,425,773	259,885,344	89,959,085	7,218,771	1,545,433,947
Liabilities						
Securities sold under repurchase agreements	853,044,088	288,504,210	253,117,138	15,274	-	1,394,680,710
Accounts payable	-	-	-	-	2,483,195	2,483,195
Related entities	-	-	-	-	4,200,000	4,200,000
Interest payable	-	-	-	-	27,208,464	27,208,464
Deferred tax liability	-	-	-	-	77,679	77,679
Members' equity	-	-	-	-	116,783,899	116,783,899
Total liabilities and Members' equity	853,044,088	288,504,210	253,117,138	15,274	150,753,237	1,545,433,947
Interest rate sensitivity gap	37,900,886	8,921,563	6,768,206	89,943,811	(143,534,466)	-
Cumulative interest rate sensitivity gap	37,900,886	46,822,449	53,590,655	143,534,466	-	-
As at 31 December 2008:						
Total assets	137,121,111	203,971,319	845,658,609	60,997,451	3,717,985	1,251,466,475
Total liabilities and members' equity	113,347,855	201,464,924	844,652,023	24,063,000	67,938,673	1,251,466,475
Interest rate sensitivity gap	23,773,256	2,506,395	1,006,586	36,934,451	(64,220,688)	-
Cumulative interest rate sensitivity gap	23,773,256	26,279,651	27,286,237	64,220,688	-	-

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

22. FINANCIAL RISK MANAGEMENT (CONT'D):

- (a) Financial risk factor (cont'd)
- (v) Regulatory capital management

The company's lead regulator The Financial Services Commission (FSC) sets and monitors capital requirements. The FSC requires the company to maintain a minimum of 10% capital to total risk weighted assets. At year end the company's capital to total risk weighted assets was 103 % (2008:41 %).

	<u>2009</u>	<u>2008</u>
	\$	\$
Tier 1 Capital		
Ordinary share capital	97,376,169	27,773,000
Revaluation loss	(3,378,223)	(3,284,850)
Retained earnings	<u>22,785,953</u>	<u>38,515,870</u>
Total tier 1 Capital	116,783,899	63,004,020
Tier 2 Capital	-	-
Total Regulatory Capital	<u>116,783,899</u>	<u>63,004,020</u>
Risk Weighted Assets	<u>112,726,966</u>	<u>154,084,663</u>
Capital Ratio to risk Weighted Assets Ratio	<u>103%</u>	<u>41%</u>

The company's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. The company has complied with all imposed capital requirements throughout the year. There has been no material change in the company's management of capital during the year.

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

23. FAIR VALUE OF FINANCIAL INSTRUMENTS:

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arm's length transaction. Market price is used to determine fair value of a financial instrument. However, market prices are not available for a number of the financial assets and liabilities held and issued by the company. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at balance sheet date.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

- (i) Investment securities classified as fair value through profit and loss and available-for-sale are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows or other recognised valuation techniques.
- (ii) The fair values of liquid assets and other assets maturing within one year are assumed to approximate their carrying amount. This assumption is applied to liquid assets and short term elements of all financial assets and financial liabilities.
- (iii) The fair values of variable rate financial instruments are assumed to approximate their carrying amounts.
- (iv) The fair values of fixed rate loans are estimated by comparing market interest rates when the loans were granted with the current market rate offered on similar loans. For match-funded loans the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values as the impact of credit risk is recognised separately by deducting the amount of the provisions for credit losses from both book and fair values.
- (v) Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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24. SUBSEQUENT EVENT:

Subsequent to year end, the Government of Jamaica (GOJ) announced its Debt Exchange Programme (JDX), wherein an exchange of approximately \$700 billion local fixed rate, variable rate and USD denominated bonds would be exchanged for new bonds with extended maturities and reduced interest rates. The objective of the programme was to secure a stand-by credit agreement with the International Monetary Fund (IMF) and will result in a reduction in the Government's debt service costs as well as extend the maturities.

The company participated in the JDX and submitted \$83.344M in securities for exchange. The participation in the JDX has no material impact on the company's capital.

INDEPENDENT AUDITORS' REPORT

To the Directors of
West Indies Union Investment Management Limited

The supplementary information presented on page 31 has been taken from the accounting records of the company and has been subjected to the tests and other auditing procedures applied in our examination of the financial statements of the company for the year ended 31 December 2009.

In our opinion, this information, although not necessary for a fair presentation of the company's state of affairs, results of operations or cash flows is fairly presented in all material respects in relation to the financial statements taken as a whole.

Chartered Accountants
19 May 2010

WEST INDIES UNION INVESTMENT MANAGEMENT LIMITED

OTHER OPERATING EXPENSES

31 DECEMBER 2009

	<u>2009</u>	<u>2008</u>
	\$	\$
Office rental	1,956,000	1,956,000
Licenses, permits and registration fees	754,750	1,686,405
Audit fees	660,000	600,000
Telephone	598,168	643,721
Electricity	64,900	-
General office expenses	1,829,468	2,005,298
Computer expenses	1,783,658	1,591,572
Training and development	186,575	7,000
Subscriptions and donations	206,989	52,010
Insurance	-	151,423
Legal and professional fees	341,799	1,155,746
Advertising and promotions	715,387	827,884
Security services	6,990	-
Janitorial services	412,357	391,210
Tithe contribution	4,242,819	3,000,000
Meetings	290,592	50,885
Travelling and transportation	197,749	228,174
Bank service charges	252,243	355,928
Depreciation	301,869	181,767
	<u>14,802,313</u>	<u>14,885,023</u>