

PROSPECTUS

by

PROVEN**Investments Limited**

on its own behalf for a Renounceable Rights Issue of 1 new ordinary share of US\$0.01 each in the capital of the Company for every block of 8 ordinary shares held at a subscription price of US\$0.24 or J\$31.20 per share.

Dated as of June 20, 2017

This Prospectus is only being issued to Shareholders (as defined herein) of **PROVEN INVESTMENTS LIMITED**, a company incorporated in and under the laws of St. Lucia ("PIL" or the "Company"). In accordance with section 372(10) of the Companies Act, 2004 of Jamaica, registration of this Prospectus with the Registrar of Companies of Jamaica is not required in respect of the issue of this Prospectus in Jamaica to such persons, nor has such registration been effected.

The distribution or publication of this Prospectus and the offering of the securities contained herein is prohibited by law in certain jurisdictions outside of Jamaica. This Prospectus is intended for use in Jamaica and is not to be construed as an offer of any of the offered securities outside of Jamaica. The Company does not intend to, nor has it authorised any person to distribute or publish this Prospectus outside of Jamaica.

The Company was registered on May 31, 2017 with the Financial Services Commission of Jamaica (the "FSC") with respect to the offered securities pursuant to section 26 (1) of the Securities Act, and a copy of this Prospectus has also been delivered to the FSC. The FSC has neither approved the offered securities nor has it passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence under the laws of Jamaica.

The Directors whose names appear in Section 9 accept full responsibility, collectively and individually, for all the information in this document relating to **PROVEN INVESTMENTS LIMITED**, its subsidiaries and associated companies. The Directors have taken all reasonable care to ensure that, to the best of their knowledge and belief, the information given herein or in those portions for which they have particular responsibility, is in accordance with the facts and does not omit anything likely to affect, in a material way, the import of such information. No person is authorised to provide information or to make any representation whatsoever in connection with this Prospectus, which information or representation is not contained in this Prospectus.

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IMPORTANT NOTICE ABOUT THIS OFFER

This Prospectus is being issued and the Offer contained herein is being made only to Shareholders of the Company.

For the purposes of this Prospectus, a “Shareholder” is defined as an existing ordinary shareholder of the Company as recorded on the share registry records of the Company as at the Record Date (as defined herein).

Applications for Shares by persons who are not Shareholders of the Company will not be accepted. However, any Shareholder of the Company who applies for Shares in this Offer may elect to renounce the provisional allotment of some or all of the Shares allocated to that Shareholder in the Offer, in favour of a person of that Shareholder’s choice, whether or not such person is a Shareholder of the Company. Such renunciation may be made in the manner provided in paragraph 5 of Section 23 below, by appropriately completing the relevant part of the Application Form enclosed with this Prospectus.

The application lists with respect to the Shares will open at **9:00am** on the Opening Date. The application lists with respect to the Shares will close at **4:00 p.m.** on the Closing Date. Applications submitted prior to the Opening Date will be received, but not processed until the application lists open on the Opening Date. The Company reserves the right to close any application list at any time without notice, if Applications have been received for the full amount of the 68,949,472 Shares offered pursuant to the Rights Issue.

Applications for Shares should be made on the original Application Form provided with this Prospectus or on the Application Forms available for download at www.weareproven.com and www.jamstockex.com. The procedure for completing the Application Form and the terms and conditions of the Prospectus are set out in Section 23 and on the Application Form.

Completed Application Forms must be received by **4:00pm** on the **Closing Date**. Each Application must be accompanied/supported by payment (or, where applicable, evidence of payment, as stated at Section 23) for the full amount payable on subscription utilising one of the payment methods described in Section 23 effected and/or delivered to the Lead Broker as listed in Section 5 of this document entitled “Professional Advisors to the Offer”.

The Company intends to apply to the Jamaica Stock Exchange for the listing of all of the Shares, and to make such application as soon as conveniently possible following the closing of the Offer and the allocation of the Shares. It is the Company’s intention to list all of its shares, including the Shares issued arising from this Offer, on both the Jamaican dollar (J\$) and United States dollar (US\$) denominated markets of the Jamaica Stock Exchange. **These statements must not be construed as a guarantee that any of the Shares will be so listed, nor as an indication that this Prospectus is intended to be issued, or the offer contained herein is intended to be made, to persons other than existing members of Proven Investments Limited.**

1. MESSAGE FROM CHAIRMAN

Dear Members,

On behalf of the Board of Directors of Proven Investments Limited (“PIL” or the “Company”), I am pleased to offer you the opportunity to further expand your participation in the company, by participating in this Rights Issue of Ordinary Shares.

From time to time, we return to the Jamaican capital market to raise additional funds to execute our investment strategy. The very satisfying results of our deployment of the funds we have raised so far is extensively documented in the Management Discussion and Analysis sections of this Prospectus, and would also have been addressed in our quarterly and annual filings on the Jamaica Stock Exchange and notified to you as part of our shareholder communication.

We intend to use the proceeds of this rights issue to further strengthen the Company’s capital base in order to better position it to take advantage of the tremendous opportunities for investment we see in the region, and in doing so, continuing to provide an enhanced level of income, above average returns, and preservation of capital for you, our shareholders. We continue to work closely with our Investment Manager, Proven Management Limited, to examine and pursue viable opportunities for investment that are aligned with our strategic goals.

We would like to thank you for your continued support and look forward to your participation in this Offer.

Yours truly,



Hon. Hugh Hart, O.J.
Chairman, Proven Investments Limited

2. DISCLAIMER & NOTE ON FORWARD-LOOKING STATEMENTS

Neither the FSC nor any Governmental agency or regulatory authority in Jamaica has made any determination on the accuracy or adequacy of this Prospectus.

- (a) This Prospectus has been reviewed and approved by the Directors of PIL and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief:
 - (i) the information is true and accurate in all material respects and is not misleading in any material respect,
 - (ii) any opinions, predictions or intentions expressed herein on the part of PIL are honestly held or made and are not misleading in any material respect,
 - (iii) that all proper inquiries have been made to ascertain and to verify the foregoing, and
 - (iv) this Prospectus does not contain any untrue statement of a material fact or fail to state a material fact necessary in order to make the statements herein, in the light of the circumstances under which they are made, not misleading.
- (b) Each Applicant acknowledges and agrees that:
 - (i) such Applicant has received and has been afforded a meaningful opportunity to review all additional information considered by such Applicant to be necessary to verify the accuracy of the information contained in this Prospectus,
 - (ii) such Applicant has not relied on PIL, the Investment Manager, the Arranger, the Lead Broker, the legal or other professional advisors to PIL or any persons affiliated with the Investment Manager in connection with the Applicant's investigation of the accuracy of such information or investment decision, and
 - (iii) no person has been authorized to give information or to make any representation concerning PIL or the Offer comprised in this Prospectus or the Shares intended to be issued pursuant thereto or to provide information or to make any representation whatsoever in connection with this Prospectus (other than as contained in this Prospectus and information given by duly authorized officers and employees of the Investment Manager in connection with the Applicant's verification of the information contained in this Prospectus) and that, if given or made, such other information or representation should not be relied upon as having been authorized by PIL or the Investment Manager.
- (c) Neither the delivery of this Prospectus nor the offering, sale or allotment of any Shares hereunder shall under any circumstances imply that there has been no change in the business, results of operations, financial condition or prospects of PIL since the date of this Prospectus.
- (d) In making an investment decision, persons intending to apply for Shares are expected to make their own assessment of PIL and the terms of the offer for subscription herein, including the merits and risks involved.

- (e) No representation or warranty, expressed or implied, is made by the Investment Manager or by the legal or other professional advisors to the Investment Manager or PIL, as to the accuracy or completeness of the information set forth herein including, without limitation, information in respect to PIL and nothing contained in this Prospectus is, or shall be relied upon, as a promise or representation by them, whether as to the past or future. The Investment Manager and their legal and other professional advisors have not independently verified any such information and assume no responsibility for its accuracy or completeness.
- (f) This Prospectus contains summaries believed to be accurate with respect to certain terms of certain documents, but where copies of such documents are made available for inspection by potential applicants in accordance with Section 21 hereof, reference should be made to the actual documents (upon request made to PIL or the Investment Manager) for complete information with respect thereto, and all such summaries are qualified in their entirety by such complete information.
- (g) Each Applicant should consult with its own advisors as to the legal, tax, business, financial and related aspects of subscribing for Shares in this offering. Notwithstanding the inclusion in this Prospectus of such information in respect thereof as the Directors believe to be accurate, neither the Investment Manager nor their legal or other professional advisors nor PIL, or any of their respective representatives, is making any representation to any Applicant or any other person regarding legal, tax, business, financial and related aspects of any person's subscription for shares in PIL in this offering. Persons should not consider this Prospectus as a recommendation by PIL or the Investment Manager that they should subscribe for or purchase any Shares. Each Applicant must make its own investigation and evaluation of PIL.
- (h) This Prospectus is intended to be used in Jamaica only, and is not to be construed as making an offer to persons outside of Jamaica to subscribe for any of the Shares. The distribution of this Prospectus and the offering of the Shares in certain jurisdictions is restricted by law. PIL and the Investment Manager require that Applicants and anyone who receives this Prospectus inform themselves about and observe such restrictions. This Prospectus does not constitute, and may not be used for or in connection with, any offer to, or solicitation by, anyone in any jurisdiction in which, or to or by any person whom, such offer or solicitation would be unlawful.

FORWARD-LOOKING STATEMENTS

Certain matters discussed in this Prospectus, including without limitation the discussions of future plans and financial projections, contain forward-looking statements. Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made. Although in making any such statements PIL believes that its expectations are based on reasonable assumptions, any such statement may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Applicants are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. Future events or circumstances could cause actual results to differ materially from historical or anticipated results.

Forward-looking statements are typically identified by words such as "believe", "expect", "foresee", "forecast", "anticipate", "intend", "estimate", "goal", "plan" and "project" and similar expressions of future or conditional verbs such as "will", "may", "should", "could" or "would". When used in this Prospectus, such words and similar verbal expressions, as they relate to PIL and its business, are intended to identify those

forward-looking statements. By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct and that our forward-looking statements will not be achieved.

All phases of our business are subject to important uncertainties, risks and other influences, certain of which factors are beyond PIL's control. Any one of these factors, or a combination of them, could cause actual results to differ materially from those in forward-looking statements. These factors include, without limitation, the following:

- economic, social and other conditions in any jurisdiction in which PIL may invest, including actual rates of economic growth in such economies, local, regional or global instability, interest rate or exchange rate volatility;
- adverse climatic events and natural disasters;
- PIL's ability to gain access to capital financing at an acceptable cost, or business opportunities that meet PIL's investment criteria;
- changes in regulatory policy adversely affecting the business model expected to be employed by PIL;
- any other factor negatively impacting on the realisation of the assumptions on which PIL's financial projections are based, and
- other factors identified in this Prospectus

We caution that the foregoing list of risk factors is not exhaustive and other factors not set out above could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us, Applicants and others should carefully consider the foregoing factors and other uncertainties and potential events. Once this Prospectus has been signed by or on behalf of PIL, PIL undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in PIL's anticipated financial or actual or anticipated regulatory position, or to reflect the occurrence of unanticipated events.

3. DEFINITIONS

“Allotment”	the allocation and issuance of the Shares to Applicants
“Applicant”	the person (whether individual(s), company or other legal entity) by whom an Application is made, being a Shareholder of PIL
“Application”	an application to subscribe for the Shares in the Offer, made on the Application Form enclosed with this Prospectus or available for download at www.weareproven.com and www.jamstockex.com and duly completed and delivered to the Lead Broker together with payment in full of the Subscription Price for the amount of Shares for which the Applicant has applied
“Arranger”	Proven Wealth Limited
“CARICOM Double Taxation Treaty”	The Agreement among the Governments of the Member States of the Caribbean Community for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion With Respect to Taxes on Income, Profits or Gains and Capital Gains and for the Encouragement of Regional Trade and Investment
“Closing Date”	the date of closing of the Offer, as set forth in Section 4 of this document (subject to such extension as the Directors may determine)
“Company”	Proven Investments Limited
“Directors”	the Directors of the Company
“Existing Ordinary Shares”	the 551,595,777 ordinary stock units of a par value of US\$0.01 each in the capital of the Company currently in issue as at the date hereof
“FSC” or “Commission”	the Financial Services Commission, duly established and existing under the Financial Services Commission Act of Jamaica
“IBC”	International Business Company incorporated pursuant to the International Business Companies Act, Cap. 12.14 of St. Lucia.
“Investment Manager”	Proven Management Limited
“J\$” or “Jamaican Dollars”	Dollars denominated in the lawful currency of Jamaica
“JSE” or “the Exchange”	Jamaica Stock Exchange
“Lead Broker”	Proven Wealth Limited

“12-month LIBOR rate”	means the rate for 12-month US Dollar inter-bank deposits published by the British Bankers’ Association (as to which the Investment Manager’s determination thereof shall, in the absence of manifest error, be final and binding on the Company)
“Offer”	the offer of the Shares for subscription comprising the rights issue described herein
“Offer Price” or “Subscription Price”	United States \$0.24 per Share or J\$31.20 per Share
“Opening Date”	the date on which the Offer opens, as set forth in Section 4 of this Prospectus
“Shares”	all or any of the 68,949,472 ordinary shares having a par value of US\$0.01 each in the capital of the Company (and ranking <i>pari passu</i> with the Existing Ordinary Shares), which are the subject of this Offer, and which will be converted to ordinary stock units upon issue.
“Record Date”	The 30th day of June 2017
“Shareholder(s)”	Existing ordinary shareholder(s) in the Company as recorded on the share registry records of the Company as at the Record Date
“Proven Investments” or “PIL” or the “Company”	Proven Investments Limited, a company incorporated under the International Business Companies Act of St. Lucia (Chapter 12.14)
“Proven Management” or “PML”	Proven Management Limited, a company incorporated under the Companies Act of Jamaica
“US\$” or “United States Dollars”	Dollars denominated in the lawful currency of the United States of America

4. SUMMARY OF KEY INFORMATION

The following summary information is derived from and should be read in conjunction with, and is qualified in its entirety by, the full text of this Prospectus, including the Appendices.

Recipients are advised to read this entire Prospectus carefully before making an investment decision about this transaction. Each recipient's attention is specifically drawn to the Risk Factors in Sections 16 and 17 of this Prospectus and the Disclaimer and Note on Forward-Looking Statements at the beginning of this Prospectus.

If you have any questions arising out of this document or if you require any explanations, you should consult your stock broker, licensed investment advisor, attorney-at-law, accountant or other professional advisor.

This Offer is made solely for the benefit of Shareholders of the Company (as defined herein) and Applications for the Shares by persons who are not Shareholders of the Company will not be accepted.

ISSUER:	Proven Investments Limited (the "Company")
ISSUE:	Rights issue of One (1) Share for every Eight (8) ordinary shares of US\$0.01 par value held by Shareholders in the capital of the Company as at the Record Date ranking <i>pari passu</i> with the Existing Ordinary Shares.
SECURITY:	Ordinary shares having a par value of US\$0.01 each in the capital of the Company and ranking <i>pari passu</i> with the Existing Ordinary Shares.
OFFER PRICE:	i. 24 US cents (US\$0.24) per Share, or ii. Thirty-one Dollars and Twenty Cents Jamaican currency (J\$31.20) per Share
HOW PAYABLE:	In full on Application.
NO. OF OFFERED SHARES:	68,949,472 ordinary shares having a par value of US\$0.01.
OFFER CAPITALIZATION:	US\$16,547,873.00 (While this sum is expressed in United States Dollars, the terms of the Offer permit the subscription price to be paid in United States Dollars or Jamaican Dollars, as set out herein.)
ARRANGER:	Proven Wealth Limited
LEAD BROKER & LISTING AGENT:	Proven Wealth Limited
USE OF PROCEEDS:	The net proceeds from the Offer will be used by the Company to build its capital base. The Company intends to use the capital raised to pursue expansion and acquisition opportunities as they arise.
PURPOSE OF OFFER:	To build the capital base of the Company and to give Shareholders (and other prospective investors in favour of whom such Shareholders may elect to renounce their provisional allotment in accordance with the

terms hereof) the opportunity to participate in the Company's continued success.

RENUNCIATION

Each Applicant for Shares, being a Shareholder of the Company (as defined herein), shall be entitled to renounce the provisional allotment of some or all of the Shares allocated to that Applicant in the Offer, in favour of a person of that Applicant's choice, whether or not such person is a Shareholder. (See paragraph 5 of Section 23 below.)

DIVIDENDS

Dividends will be paid by the Company without withholding of tax. Based on the current state of Jamaican law, by virtue of the CARICOM Double Taxation Treaty, persons resident in Jamaica will not be subject to tax on dividends paid to them by the Company.

INTENTION TO LIST ON JSE

PIL intends to apply to the JSE for the listing on the Exchange on both the Jamaican dollar denominated and United States dollar denominated markets of the Exchange of all of the Shares, and to make such application as soon as conveniently possible following the closing of the Offer and the allocation of Shares. These statements must not be construed as a guarantee that any of the Shares will be listed, nor as an indication that this Prospectus is intended to be issued to, or the offer contained herein is intended to be made to, persons other than Shareholders of the Company.

TIMETABLE:

- (1) Distribution of Prospectus – June 20, 2017
- (2) Offer opens – 9:00am on July 3, 2017
- (3) The Closing Date (Application Forms to be received by) – 4:00pm on July 14, 2017
- (4) Allocations will be determined by July 19, 2017
- (5) Refund cheques will be distributed to the Lead Broker by July 28, 2017

The above timetable is indicative and will be implemented on a best efforts basis, with the Directors however reserving the right (in consultation with the Investment Manager, the Arranger and Lead Broker to change the dates that the Offer opens and closes based on market conditions and other relevant factors.

5. PROFESSIONAL ADVISORS TO THE OFFER**LEGAL ADVISORS TO PROVEN INVESTMENTS LIMITED****HART MUIRHEAD FATTA**

Attorneys-at-Law
2nd Floor
Victoria Mutual Building
53 Knutsford Boulevard
Kingston 5

AUDITORS TO PROVEN INVESTMENTS LIMITED**KPMG**

First Floor
National Insurance Services Headquarters
Upper Bay Street
Kingstown
St. Vincent and the Grenadines

ARRANGER**PROVEN WEALTH LIMITED**

26 Belmont Road
Kingston 5

LEAD BROKER**PROVEN WEALTH LIMITED**

26 Belmont Road
Kingston 5

REGISTRAR TO THE OFFER**JAMAICA CENTRAL SECURITIES DEPOSITORY LIMITED**

40 Harbour Street
Kingston

6. THE OFFER

THE RIGHTS ISSUE

Proven Investments Limited is seeking to raise US\$16.547 million (whether wholly in United States dollars or in the Jamaican dollar equivalent, or a combination of both currencies) by offering to its Shareholders, as recorded on the share registry records of the Company on the Record Date, the right to participate in a rights issue of One (1) Share for every block of eight (8) ordinary shares already held at a subscription price of US\$0.24/J\$31.20 per Share. Fractions of a block shall be disregarded in calculating the Shareholder's right of participation in the Rights Issue. By way of illustration, if a Shareholder owns 32,250 ordinary shares at the Record Date, that Shareholder will only be entitled to participate in the Rights Issue to the extent of 4,031 Shares.

The Rights Issue will be in respect of an additional 68,949,472 ordinary shares in the capital of the Company. If a Shareholder, by renouncing his provisional allotment of Shares as provided for herein does not exercise the right to subscribe for his or her entitlement, the unsubscribed Shares will become available to be issued and allotted by the Directors to other investors for subscription at the Rights Issue price.

EXPENSES OF THE OFFER

The Directors believe that the expenses associated with the Offer will not exceed 3% of the maximum Offer Amount. This figure is inclusive of arranger fees, lead broker fees, legal fees, accounting fees, listing fees and marketing expenses.

USE OF PROCEEDS

The net offer proceeds will be used by the Company to build its capital base. The Company intends to use the capital raised to pursue expansion and acquisition opportunities.

LISTING ON A STOCK EXCHANGE

It is the intention of the Company to apply for the Shares to be listed on the Jamaica Stock Exchange on both the United States Dollar denominated market and the Jamaican Dollar denominated market. This statement of intention is not a guarantee that the Shares will be so listed as the acceptance of the Company's application for the listing of the Shares will depend on whether the Council of the Jamaica Stock Exchange is satisfied that the rules of the Jamaica Stock Exchange have been complied with, and that the application is in compliance with these rules. If the Shares are listed on the JSE, then transfers thereof made in the ordinary course of business across the JSE will be made free of transfer tax and stamp duty, pursuant to provisions of the Transfer Tax Act and Stamp Duty Act of Jamaica.

In addition, Section 12(v) of the Income Tax Act of Jamaica provides that profits or gains from transactions in shares carried out on the JSE that accrue to an individual that does not hold himself out as a dealer are exempt from income tax, where such profits or gains do not exceed one half of that person's statutory income from all other sources for the year of assessment, or (where the person so elects) those profits or gains which, taken with profits or gains (or losses) on such transactions by him/her in the two immediately preceding years of assessment, do not exceed one half of that person's statutory income from all other sources for the year of assessment and those two preceding years.

7. THE COMPANY

PIL was incorporated in St. Lucia on November 25, 2009 as an IBC. Its registered office is located at McNamara Corporate Services Inc., 20 Micoud Street, Castries, St. Lucia.

In February 2010, PIL successfully raised US\$20 million in equity capital through its fully subscribed private placement of ordinary shares which was at the time one of the largest private or public US Dollar equity offerings in the history of Jamaica’s capital market. The Company subsequently raised approximately US\$9.7 million from a rights issue of ordinary shares in August of the same year. The ordinary shares in the Company were listed on the JSE in July 2011. This was also the JSE’s first US Dollar denominated ordinary share listing.

The Company has successfully returned to the Jamaican capital market on a number of occasions since then in order to strengthen its capital base pending subsequent acquisitions and execution of business strategies. These are summarised below:

Date	Offering	Amount raised
December 2011	8% 5-year Preference Shares	J\$1.0 billion
May 2014	Rights issue of ordinary shares	US\$10.3 million
April 2015	Rights issue of ordinary shares	US\$29.2 million
December 2016 – January 2017	8.25% Cumulative Redeemable Preference Shares over two tranches.	J\$2.10 billion

PIL’s primary business is the holding of tradable securities for investment purposes as well as the pursuit of private equity opportunities as they arise, provided they are consistent with the overall aims and objectives of the Company. PIL invests its capital for the ultimate benefit of its shareholders, and provides its shareholders with:

- The prospect of US\$ dividend returns
- international and regional diversification
- a tax-efficient investment structure
- an excellent currency hedge

The interests of PIL’s shareholders are protected by our policies which promote strong risk management and embrace a robust corporate governance structure.

PRIVATE EQUITY HOLDINGS:

Access Financial Services Limited: PIL acquired a 49.72% stake in Access Financial Services Limited (“AFS”), making it the largest shareholder in the micro-lending company. Established in 2000 and listed on the Junior Market of the JSE, AFS operates from seventeen locations in Jamaica offering a wide range of lending solutions through its personal and business loan suite of products. With this acquisition, PIL’s stake in the microfinance industry was cemented, with AFS being one of the largest microcredit lenders in the island. In 2015, the entire

loan portfolio of Asset Management Company Limited (“AMCL”) which was owned by Proven Investments Limited was sold to Access Financial Services Limited.

PROVEN Wealth Limited: Proven Wealth Limited (“PWL”) is a securities dealer and investment advisor, licensed with the FSC, which has regulatory control over the securities industry in Jamaica under the Securities Act. The PWL team is experienced and has managed billions of dollars of investments and delivered consistent returns and expert advice over the last twenty years in the financial services sector. Their know-how spans asset management, corporate finance, financial advisory services, merchant banking, stock brokerage, pension fund management and unit trust management.

PROVEN Fund Managers Limited: In June 2014, PIL purchased 100% shareholdings in First Global Financial Services Limited (“FGFS”) which was then renamed Proven Fund Managers Limited. With this acquisition PIL has realized an expansion in the Wealth Management services offered by its subsidiaries to now include Pension Fund Management. Proven Fund Managers Limited is also a licensed Securities Dealer with the FSC.

PROVEN REIT Limited: Proven REIT Limited was formed as the vehicle for both residential and commercial real estate related investments for PIL. In February 2012, the first of these investments was completed with a residential property being purchased through Proven Kingsway Limited, a wholly owned subsidiary of Proven REIT Limited. With the successful completion and sale of this development property, “ei8ht”, the company embarked on another residential development on Sullivan Avenue, Kingston 8. The company continues to monitor the local and regional real estate markets for new opportunities.

BOSLIL Bank Limited: PIL entered into an agreement for Sale and Purchase of shares to acquire 100% of the common equity of Bank of St. Lucia International, which has since been renamed “BOSLIL Bank Limited”, (“BOSLIL”) from Eastern Caribbean Financial Holding Company Limited. The acquisition of the shares was completed in March 2017. Simultaneous with the completion of the acquisition of BOSLIL, PROVEN entered into a Share Sale Agreement with Ryan Devaux, who has been head of BOSLIL since September 2005. Under that agreement, Ryan Devaux acquired 17.18% of the shares of BOSLIL and PIL holds the remaining 82.82%. Ryan Devaux continues in the position as Chief Executive Officer.

PROVEN’S CAPITAL STRUCTURE

PIL’s current capital structure is as follows:

CLASS	AUTHORISED	ISSUED	AUTHORIZED CAPITAL
ORDINARY SHARES HAVING US\$0.01 PAR VALUE	2,999,990,000	551,595,777	US\$29,999,900.00
MANAGERS’ PREFERENCE SHARES HAVING US\$0.01 PAR VALUE	10,000	10,000	US\$100.00
CUMULATIVE REDEEMABLE PREFERENCE SHARES HAVING US\$0.01 PAR VALUE	1,000,000,000	419,593,412	US\$10,000,000.00
TOTAL AUTHORIZED CAPITAL			US\$40,000,000.00

TAX EFFICIENT STRUCTURE

As stated earlier, PIL is incorporated in St. Lucia and domiciled there as an IBC, and it has elected to pay corporate income tax at the rate of 1% in that country. Under the CARICOM Double Taxation Treaty, based on that election, dividends paid by PIL are not taxable in other CARICOM states that are parties to the treaty (including Jamaica). Furthermore, St. Lucia does not tax distributions by St. Lucia IBC's to residents of other countries.

While the above statements represent the Directors' understanding of the relevant taxation issues as at the date of this Prospectus, persons intending to apply for the Shares are encouraged to seek independent tax advice regarding their potential investment in the Company.

8. DIVIDEND POLICY

The Shares will entitle the holders to receive all ordinary dividends and capital distributions declared and paid by PIL after the close of the Offer and the issuing and allotment of the Shares for which persons have subscribed. The amount of dividends paid on the Shares by PIL will be primarily based on the Company's future profitability.

The Directors anticipate that not less than 50% of the Company's annual after-tax profits will be distributed as dividends, subject to the requirement for re-investment of its profits to finance potential growth and to ensure sustained development, as well as due compliance with the solvency and liquidity criteria set by the Company's Investment Policies. It is anticipated that dividends will be paid either quarterly or semi-annually.

The dividend policy will be subject to review from time to time by the Directors of the Company. The Company may pay dividends in either Jamaican Dollars or United States Dollars, at the sole discretion of the Directors. While shareholders may indicate to the Company their preferred currency of payment of dividends by making an election at the time of applying for Shares, the Directors retain the right to make, and shall make the final determination as to the currency of payment of such dividends as may be declared from time to time in respect of the ordinary shares in the capital of the Company.

9. PROFILE OF DIRECTORS

<p>Hon. Hugh Hart, O.J. (Chairman)</p>	<p>Admitted to the Bar at Grays Inn, England in 1953 and admitted as a Solicitor in Jamaica in April 1956, Mr. Hart is a former Senior Partner and Consultant with the firm of Clinton Hart & Co. He has considerable experience in government, having served as a member of the Jamaican Senate from 1980-1993, as Minister of Mining & Energy from 1983 -1989 and as Minister of Tourism from 1984 –1989. Mr. Hart is a founding Partner in Hart Muirhead Fatta, where he currently practises commercial law, mainly in the areas of taxation, real estate development, mining and corporate restructuring. In 2011, the prestigious national honour of the Order of Jamaica was conferred on Mr. Hart by the Government of Jamaica in recognition of his services to the bauxite and alumina industry and the legal profession, and in 2013, Mr. Hart was honoured by the Jamaican Bar Association in recognition of over 50 years of sterling service at the Jamaican Bar.</p>
<p>Rhory McNamara (Independent Director & Company Secretary)</p>	<p>Rhory McNamara is an attorney-at-law by profession and a Partner in the law firm of McNamara & Co. located in St. Lucia, where he specializes in corporate and banking law and property acquisition. He is also the Manager of McNamara Corporate Services Inc. where he has amassed several years of experience in the formation and management of International Business Companies, International Insurance Companies and International Mutual Funds formed under the respective governing legislation in Saint Lucia.</p>
<p>Yvor Nassief (Independent Director) Member of Audit Sub-Committee</p>	<p>Yvor Nassief is a well accomplished Dominican businessman and former Executive Director of Dominica Coconut Products Limited from 1987-1995 and Fort Young Hotel from 1986-2009, both in Dominica. He is currently the Managing Director and owner of Archipelago Trading Ltd., Dominica, involved in money services, insurance, duty-free retail, real estate development and distribution. Between 1995 and 1997, he served in the Dominican Senate as Minister of Tourism. He has also served as Chairman of Invest Dominica, the island’s investment promotion agency. He holds a Bachelor of Arts degree from York University, Toronto.</p>
<p>Garfield Sinclair (Director) Member of Audit Sub-Committee</p>	<p>Garfield Sinclair is currently President, Caribbean for Cable & Wireless Communications. The position has responsibility for operations in 15 territories across the region, including their Jamaica, Trinidad and Barbados markets. Prior to joining Cable & Wireless in 2010, he was the President & Chief Operating Officer for Dehring Bunting & Golding Limited (“DB&G”) from 1994 to 2007. He was responsible for overall performance of the operations, treasury & asset trading, brokerage, marketing and information technology units of DB&G inclusive of the subsidiaries DB&G Unit Trusts Managers Limited and DB&G Merchant Bank Limited.</p> <p>Mr. Sinclair’s educational achievements include the Executive Certificate in Strategy and Innovation from Massachusetts Institute of Technology Sloan School of Management, Executive Development Program at the University of Pennsylvania (Wharton), California Board of Accountancy – CPA licence (non-practising), Uniform Certified Public Accounting examination and a Bachelor of Science degree in Business Administration (accounting) from the San Diego State University. Board positions he has held include: Chairman of the Jamaica Stock Exchange (JSE) Pension Fund (Board of Trustees), Kingston Properties Limited and the Statistical Institute of Jamaica.</p>
<p>John A. Collins (Independent Director)</p>	<p>John Collins has had a distinguished career in Trust banking, spanning over 40 years. During this time, he served in senior positions in Trust companies in England, Kenya and Jamaica, before moving to Cayman in 1966 to open and manage the Bank of Nova Scotia Trust Company (Cayman) Limited. In 1973, he moved to Ansbacher (Cayman) Limited, where he stayed until retiring as Executive Director in 1995, but continued as non-Executive Director until October 2000. Since 2000 he has acted as consultant and director to a private group of Trusts and Companies. Mr. Collins is a Fellow of the Chartered Institute of Bankers and was appointed a Member of the Most Excellent Order of the British Empire in Her Majesty the Queen’s New Year’s Honour Listing 1986.</p>

<p>Jeffrey Gellineau (Independent Director) Chairman of Audit Sub-Committee</p>	<p>Jeffrey Gellineau has had over 27 years of extensive audit experience at KPMG, Barbados, from which firm he retired in 2006. He has been the engagement partner in managing and providing audit and advisory services to clients, both regionally and internationally. This involved assessment of client’s internal controls and business risks to ensure that they are adequately addressed.</p> <p>During the period January 2009 to November 2010, he was the Project Coordinator for a World Bank funded project “Strengthening Institutional Capacity for Project Implementation” which addressed Capacity Building for Financial Management and Procurement for Capital Projects in the OECS Countries.</p>
<p>Prof. Avinash D Persaud (Director)</p>	<p>Professor Avinash Persaud’s career spans finance, academia and public policy. He is the Chairman of Intelligence Capital Ltd, a company specializing in analyzing, managing and creating financial liquidity in investment projects and portfolios, and serves as Co-Chair of the OECD Emerging Market Network. He was a Director (2002–2009) of the Global Association of Risk Professionals (GARP). In 2008 he was appointed member of a French Presidential Commission on the global credit crunch. He was the economic expert on the UK Government’s Advisory Panel on Public Sector Information (APPSI) from 2005–2009 and in 2001 he was made a Distinguished Visitor of the Republic of Singapore.</p> <p>He has received several major awards and honours in international finance and economics. He was ranked one of the top three public intellectuals in the world on the financial crisis by a panel of leading experts.</p> <p>After a career as a senior executive in large international investment banks, he now plays mainly advisory roles in the public and private sectors in the areas of finance, economics and development and expert witness roles relating to financial markets and the resolution of financial institutions.</p>

10. THE INVESTMENT MANAGER

Proven Management Limited (“PML”), which was incorporated in Jamaica, manages all aspects of the investment of PIL’s investable resources, and manages the Company’s assets and liabilities. PML is licensed and regulated by the FSC as a securities dealer. PIL has entered into an Investment Management Agreement with PML, which provides for PML to be paid a management fee of 2% per annum of the average net asset value of PIL as compensation.

Manager’s Preference Shares

MPS Holdings Limited (“MPS”), an investment holding company incorporated in St. Lucia as an IBC, with the same shareholders as PML, holds the 10,000 Manager’s Preference Shares in PIL which carry the rights, terms and conditions set out in PIL’s Memorandum of Association, an extract from which is set forth in Appendix 1 to this Offering Memorandum. The Manager’s Preference Shares collectively hold 50% of the voting rights in PIL on matters other than the Investment Manager’s fees (on which each Manager’s Preference Share carries one vote).

The Manager’s Preference shares also carry the right to a dividend equal to 25% of PIL’s profits earned in excess of the hurdle rate, payable quarterly. The hurdle rate is a percentage return on PIL’s average equity in each financial year, set annually at the 12 Month LIBOR rate prevailing at the beginning of the financial year plus 200 bps, with a permanent ceiling of 6%.

The PML Team

PML brings together one of the most experienced teams in the local financial sector, who in aggregate have successfully managed billions of dollars of investments, delivering consistent returns and expert financial advice over the past two decades. Members of the PML team have had significant prior experience in establishing, managing and developing new businesses and returning significant financial benefits to their investors. The team’s experience spans asset management, corporate finance, financial advisory services, merchant banking, stock brokerage, pension fund management, unit trust management and includes the following persons:

PROVEN MANAGEMENT LIMITED'S TEAM	
Christopher Bicknell Chairman	<p>Christopher Bicknell is a successful Jamaican entrepreneur and is currently the Group CEO and Finance Manager of Tank-Weld Ltd. He has been a part of the board and senior management team of Tank-Weld for the past 20 years.</p> <p>Mr. Bicknell is a Certified Public Accountant (CPA), and has held several significant board seats including the Bank of Jamaica and RBTT Bank Jamaica Limited (now Sagicor Bank Jamaica Limited). He is currently the Vice Chairman of Food for the Poor, and is the Founding Treasurer of the Premier League Clubs Association.</p>
Garfield Sinclair Director	(See biography under Section 9)
Peter Bunting Director	<p>Peter Bunting plays an advisory strategic role in PML's development. He was a co-founder, CEO and Chairman of Dehring Bunting & Golding Limited (DB&G).</p> <p>He has contributed significantly to national life having served as Minister of National Security from 2012 to 2016. He has also served as General Secretary for the People's National Party, Chairman of the National Water Commission, Parliamentary Secretary in the Ministry of Health, President and CEO of the National Investment Bank of Jamaica, and Chairman of JAMPRO. He is currently Member of Parliament for Central Manchester.</p>
Mark Golding Director	<p>Senator Mark Golding, a prominent Jamaican commercial attorney-at-law, was also a founding shareholder and director of DB&G in 1993, and played an integral role in the success of that company. He is a Partner in the law firm Hart Muirhead Fatta, where he practises with an emphasis on capital markets, corporate finance, and mergers and acquisitions.</p> <p>Senator Golding was appointed to the Jamaican Senate in 2007, and served as the Minister of Justice for Jamaica from 2012 to 2016. He is the Chairman of the Mona Rehabilitation Foundation and a past Director of Caribbean Information & Credit Rating Services Limited (CariCRIS), the first regional ratings agency for the Caribbean, Scotia Group Jamaica Limited and GraceKennedy Limited.</p>
Christopher Williams President & CEO	<p>Christopher Williams is responsible for overseeing the operations of Proven Management Limited and giving strategic direction and leadership towards the achievement of the organization's overall goals and objectives, as set by the Board of Directors.</p> <p>Mr. Williams was formerly the Managing Director of NCB Capital Markets Limited and was charged with the responsibility to strategically lead, grow and manage the wealth management business of National Commercial Bank Jamaica Limited. NCB Capital Markets Limited, under Chris' guidance, grew into one of Jamaica's most successful securities dealers and brokerage houses.</p>
Johann Heaven Senior Vice President Investments	<p>Johann Heaven is responsible for leading PML's investment team, including overseeing the research and analysis on local, regional and global investment opportunities across all asset classes, leading to the decision making and execution process. He provides strategic direction and oversees new product development, including the design, evaluation and valuation of structured products.</p> <p>Mr. Heaven was the Vice President for Strategic Planning, Projects and Product Development at Scotia DBG Investments Limited, where he was responsible for the strategic development process of the Group, the management of strategic projects and overseeing the research, analysis and product development process.</p> <p>Mr. Heaven is a Chartered Financial Analyst (CFA) charterholder, holds the Financial Risk Manager (FRM) certification, and has a Master's Degree in Finance from the University of London.</p>
Sherri Murray Vice President Operations & Human Resources	<p>Sherri Murray is responsible for providing operational and board support along with strategic human resource management. Prior to this, Mrs. Murray was a Vice President at DB&G. Mrs. Murray has an MBA from McGill University, Canada and a B.Sc. (First Class Hons) from the University of the West Indies.</p>

11. PRESENTATION OF HISTORICAL FINANCIAL DATA FOR THE YEAR ENDED MARCH 31, 2017

The following is a presentation of financial data (in US\$) from the Audited consolidated financial statements of PIL ("Company") and its subsidiaries ("Group") for the year ended March 31, 2017.

PROVEN INVESTMENTS LIMITED

Group Statement of Financial Position

Year ended March 31, 2017
(Presented in United States dollars, except as otherwise stated)

	<u>2017</u> \$'000	<u>2016</u> \$'000
ASSETS		
Cash and cash equivalents	151,314	13,721
Resale agreements	38,498	38,767
Investment securities	362,259	232,158
Inventory	-	643
Loans receivable	39,421	24,993
Other assets	11,571	10,602
Owed by related parties	-	338
Income tax recoverable	51	51
Property development in progress	200	210
Investment property	6,148	6,013
Intangible assets	21,190	19,853
Property, plant and equipment	965	597
Deferred tax asset	<u>796</u>	<u>440</u>
Total assets	<u>632,413</u>	<u>348,386</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Repurchase agreements	142,999	159,830
Due to related parties	949	-
Notes payable	96,687	96,529
Current income tax payable	1,623	198
Other liabilities	12,843	11,540
Due to banks	2,210	-
Due to customers	270,055	-
Deferred income	130	-
Preference shares	<u>15,977</u>	<u>7,978</u>
Total liabilities	<u>543,473</u>	<u>276,075</u>
Stockholders' equity:		
Share capital	69,248	69,248
Fair value reserve	(4,297)	(13,190)
Foreign exchange translation reserve	(7,564)	(5,809)
Retained earnings	<u>13,693</u>	<u>9,400</u>
Equity attributable to owners of the company	71,080	59,649
Non-controlling interest	<u>17,860</u>	<u>12,662</u>
Total stockholders' equity	<u>88,940</u>	<u>72,311</u>
Total liabilities and shareholders' equity	<u>632,413</u>	<u>348,386</u>

PROVEN INVESTMENTS LIMITED

Group Statement of Profit or Loss and Other Comprehensive Income

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

	<u>2017</u> \$'000	<u>2016</u> \$'000
Net interest income and other revenue		
Interest income	24,149	25,726
Interest expense	(9,646)	(12,000)
	14,503	13,726
Dividends	1,357	1,325
Fees and commissions	2,368	2,042
Net fair value adjustments and realised gains/(losses)	1,720	(1,035)
Net foreign exchange gains	1,902	1,503
Pension management income	<u>1,966</u>	<u>1,887</u>
Operating revenue, net of interest expense	23,816	19,448
Other income	<u>1,006</u>	<u>1,548</u>
Total	<u>24,822</u>	<u>20,996</u>
Operating expenses		
Staff costs	8,310	4,506
Depreciation and amortisation	1,343	1,887
Impairment losses of loans and other assets	1,156	889
Impairment (reversal)/loss on investments	(921)	1,744
Property expenses	565	844
Other operating expenses	<u>7,796</u>	<u>6,969</u>
Total	<u>18,249</u>	<u>16,839</u>
Operating profit	6,573	4,157
Preference share dividend	(2,184)	(331)
Gain on acquisition of subsidiary	8,030	-
Gain on disposal of associate	<u>-</u>	<u>896</u>
Profit before income tax	12,419	4,722
Income tax charge	(957)	(439)
Profit for the year	<u>11,462</u>	<u>4,283</u>
Profit attributable to:		
Owners of the company	8,721	2,344
Non-controlling interest	<u>2,741</u>	<u>1,939</u>
Profit for the year	<u>11,462</u>	<u>4,283</u>
Earnings per stock unit	<u>1.58¢</u>	<u>0.44¢</u>

PROVEN INVESTMENTS LIMITED

Group Statement of Profit or Loss and Other Comprehensive Income

Year ended March 31, 2017
(Presented in United States dollars, except as otherwise stated)

	<u>2017</u> \$'000	<u>2016</u> \$'000
Profit for the year	<u>11,462</u>	<u>4,283</u>
Other comprehensive income/(loss)		
Items that are or may be reclassified to profit or loss:		
Realised gains on available-for-sale securities	10,756	2,216
Unrealised losses on available-for-sale securities, net of tax	(1,139)	(12,788)
Impairment loss on available for sale investment	-	1,744
Deferred tax on unrealised gains on available-for-sale securities	(724)	227
Exchange differences on translation of foreign operations	(1,755)	(2,306)
Total other comprehensive income/(loss)	<u>7,138</u>	<u>(10,907)</u>
Total comprehensive income/(loss) for the year	<u>18,600</u>	<u>(6,624)</u>
Total comprehensive income/(loss) attributable to:		
Owners of the company	15,859	(8,563)
Non-controlling interests	<u>2,741</u>	<u>1,939</u>
Total comprehensive income/(loss) for the year	<u>18,600</u>	<u>(6,624)</u>

PROVEN INVESTMENTS LIMITED
Group Statement of Changes in Equity
Year ended March 31, 2017
(Presented in United States dollars, except as otherwise stated)

	Share capital	Fair value reserve	Foreign exchange translation reserve	Retained earnings	Attributable to equity holders of the Company	Non- controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances at March 31, 2015	<u>39,980</u>	<u>(4,589)</u>	<u>(3,503)</u>	<u>10,420</u>	<u>42,308</u>	<u>11,456</u>	<u>53,764</u>
Total comprehensive loss for the year							
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,344</u>	<u>2,344</u>	<u>1,939</u>	<u>4,283</u>
Other comprehensive loss for the year							
Foreign exchange differences on translation of foreign subsidiary's financial statements	<u>-</u>	<u>-</u>	<u>(2,306)</u>	<u>-</u>	<u>(2,306)</u>	<u>-</u>	<u>(2,306)</u>
Realised gain on available-for-sale securities	<u>-</u>	<u>2,216</u>	<u>-</u>	<u>-</u>	<u>2,216</u>	<u>-</u>	<u>2,216</u>
Unrealised losses on fair value of available-for-sale securities	<u>-</u>	<u>(12,788)</u>	<u>-</u>	<u>-</u>	<u>(12,788)</u>	<u>-</u>	<u>(12,788)</u>
Impairment loss on available-for-sale security reclassified to profit or loss	<u>-</u>	<u>1,744</u>	<u>-</u>	<u>-</u>	<u>1,744</u>	<u>-</u>	<u>1,744</u>
Deferred tax credit on unrealised losses	<u>-</u>	<u>227</u>	<u>-</u>	<u>-</u>	<u>227</u>	<u>-</u>	<u>227</u>
	<u>-</u>	<u>(8,601)</u>	<u>(2,306)</u>	<u>-</u>	<u>(10,907)</u>	<u>-</u>	<u>(10,907)</u>
Total comprehensive loss for the year	<u>-</u>	<u>(8,601)</u>	<u>(2,306)</u>	<u>2,344</u>	<u>(8,563)</u>	<u>1,939</u>	<u>(6,624)</u>
Transactions with owners recorded directly in equity							
Issue of ordinary shares	<u>29,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,268</u>	<u>-</u>	<u>29,268</u>
Dividends to equity holders	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,364)</u>	<u>(3,364)</u>	<u>(616)</u>	<u>(3,980)</u>
Change in ownership interest							
Acquisition of non-controlling interest without change in control	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117)</u>	<u>(117)</u>
Balances at March 31, 2016	<u>69,248</u>	<u>(13,190)</u>	<u>(5,809)</u>	<u>9,400</u>	<u>59,649</u>	<u>12,662</u>	<u>72,311</u>
Total comprehensive income for the year							
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,721</u>	<u>8,721</u>	<u>2,741</u>	<u>11,462</u>
Other comprehensive loss for the year							
Foreign exchange differences on translation of foreign subsidiary's financial statements	<u>-</u>	<u>-</u>	<u>(1,755)</u>	<u>-</u>	<u>(1,755)</u>	<u>-</u>	<u>(1,755)</u>
Realised gains on available-for-sale securities	<u>-</u>	<u>10,756</u>	<u>-</u>	<u>-</u>	<u>10,756</u>	<u>-</u>	<u>10,756</u>
Unrealised losses on fair value of available-for-sale securities	<u>-</u>	<u>(1,139)</u>	<u>-</u>	<u>-</u>	<u>(1,139)</u>	<u>-</u>	<u>(1,139)</u>
Deferred tax charge on unrealised losses	<u>-</u>	<u>(724)</u>	<u>-</u>	<u>-</u>	<u>(724)</u>	<u>-</u>	<u>(724)</u>
Other comprehensive loss for the year, net of tax	<u>-</u>	<u>8,893</u>	<u>(1,755)</u>	<u>-</u>	<u>7,138</u>	<u>-</u>	<u>7,138</u>
Total comprehensive income for the year	<u>-</u>	<u>8,893</u>	<u>(1,755)</u>	<u>8,721</u>	<u>15,859</u>	<u>2,741</u>	<u>18,600</u>
Transactions with owners recorded directly in equity							
Dividends to equity holders	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,360)</u>	<u>(4,360)</u>	<u>(705)</u>	<u>(5,065)</u>
Change in ownership interest							
Acquisition of non-controlling interest without a change in control	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,244</u>	<u>3,244</u>
Acquisition of subsidiary with non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>(68)</u>	<u>(68)</u>	<u>(82)</u>	<u>(150)</u>
Balances at March 31, 2017	<u>69,248</u>	<u>(4,297)</u>	<u>(7,564)</u>	<u>13,693</u>	<u>71,080</u>	<u>17,860</u>	<u>88,940</u>

PROVEN INVESTMENTS LIMITED

Group Statement of Cash Flows

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
Cash flows from operating activities:		
Profit for the year	11,462	4,283
Adjustments for:		
Amortisation	1,139	1,669
Depreciation	204	218
Interest income	(24,149)	(25,726)
Interest expense	9,646	12,000
Dividend income	(1,357)	(1,325)
Impairment gain/(loss) on bond	(921)	1,744
Gain on disposal of property, plant and equipment	-	(1)
Impairment loss on loans	1,156	-
Gain on acquisition of subsidiary	(8,030)	-
Gain on the disposal of investments in associates	-	(896)
Equity-settled share based payment	3,244	-
Unrealised exchange gain on preference shares	-	(496)
Unrealised foreign exchange gain	(1,711)	(2,205)
Income tax charge	<u>957</u>	<u>439</u>
	(8,360)	(10,296)
Change in operating assets and liabilities		
Investment securities	39,582	(34,195)
Loans receivable	(9,139)	765
Other assets	3,685	8,902
Other liabilities	98	(2,468)
Due to customers	(7,946)	-
Due to other banks	(1)	-
Repurchase agreements	(16,831)	(23,981)
Owed by related party	-	-
Resale agreements	269	39,239
Inventory	643	(643)
Owed to related party	<u>1,287</u>	<u>(570)</u>
	3,287	(23,247)
Interest received	20,120	21,900
Dividend received	1,357	1,325
Interest paid	(8,805)	(12,110)
Income tax recovered/(paid)	<u>112</u>	<u>(951)</u>
Net cash provided/(used) by operating activities	<u>16,071</u>	<u>(13,083)</u>
Cash flows from investing activities:		
Acquisition of subsidiaries, net of cash acquired	118,955	-
Acquisition of additional shares in subsidiary	(150)	(117)
Development in progress	10	1,120
Purchase of investment property	(135)	(5,599)
Proceeds from sale of associate	-	1,842
Purchase of property, plant and equipment	(178)	(140)
Proceeds from sale of property plant and equipment	-	187
Purchase of intangible asset	<u>(72)</u>	<u>(92)</u>
Net cash provided/(used) by investing activities	<u>118,430</u>	<u>(2,799)</u>
Net cash flows from operating and investing activities (carried forward to page 26)	<u>134,501</u>	<u>(15,882)</u>

PROVEN INVESTMENTS LIMITED

Group Statement of Cash Flows

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

	<u>2017</u> \$'000	<u>2016</u> \$'000
Cash flows from operating and investing activities (brought forward from page 25)	<u>134,501</u>	<u>(15,882)</u>
Cash flows from financing activities:		
Proceeds from issue of shares	-	29,268
Proceeds from issue of preference shares	15,976	-
Repayment of preference shares	(7,977)	-
Notes payable	158	(6,593)
Dividend paid	<u>(5,065)</u>	<u>(3,980)</u>
Net cash provided by financing activities	<u>3,092</u>	<u>18,695</u>
Net increase in cash and cash equivalents	137,593	2,813
Cash and cash equivalents at beginning of year	<u>13,721</u>	<u>10,908</u>
Cash and cash equivalents at end of year	<u>151,314</u>	<u>13,721</u>

PROVEN INVESTMENTS LIMITED

Note to the Summary Financial Statements

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

Basis of preparation of the summary financial statements

The summary financial statements are derived from the audited financial statements, prepared in accordance with International Financial Reporting Standards, for the year ended March 31, 2017 and March 31, 2016.

The preparation of these summary financial statements requires management to determine the information that needs to be reflected in them so that they are consistent in all material respects with, or represent a fair summary of, the audited financial statements.

Management prepared these summary financial statements using the following criteria:

- (a) the summary financial statements include a statement for each statement included in the audited financial statements;
- (b) information in the summary financial statements agrees with the related information in the audited financial statements;
- (c) all subtotals, totals and comparative information from the audited financial statements are included; and
- (d) the summary financial statements contain the information from the audited financial statements dealing with matters having a pervasive or otherwise significant effect on the summarized financial statements.

The audited financial statements as at March 31, 2017 of the Company are attached at Appendix 5C.

12. MANAGEMENT DISCUSSION AND ANALYSIS – AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

FINANCIAL HIGHLIGHTS

- **Net Profit attributable to shareholders - US\$8.72m**
- **Earnings per Share - US\$0.0158**
- **Proposed Dividend - US\$0.0042 per share**
- **Annualized Return on Equity – 13.34%**
- **Consolidated Total Assets - US\$632.4m**
- **Efficiency Ratio – 59.51%**

Proven Investments Limited experienced 18.2% growth in Net Revenue for the year ended March 31, 2017, moving to US\$24.8 million compared to US\$21.0 million earned during the year ended March 31, 2016. Net Profit attributable to shareholders for the year ended March 31, 2017 amounted to US\$8.72 million. This represents more than a three-fold increase from the US\$2.34 million earned in the prior year, and is primarily as a result of the one-off gain from the acquisition of the Bank of St. Lucia International Limited (“BOSLIL”), during the final quarter of the financial year. Excluding this one-off gain and related expenses from the results, the profits of the Group would have increased by 148% year over year.

Tradeable Securities

Spread income was the major contributor to revenue during the year, performing consistently when compared with last year, with Net interest income amounting to \$14.50 million compared to \$13.73 million in the year ended March 2016. Dividend income slightly increased 2.4% to US\$1.36 million from US\$1.33 million for the prior year, due to the realignment of the investment portfolio during the period.

Realized gains from the trading of securities for the period amounted to US\$1.72 million, compared to a loss of US\$1.03 million for the same period last year. Net foreign exchange gains increased by 26.5%, to US\$1.90 million from US\$1.50 million reported for the period ended March 2016, as a result of the 5.36% devaluation of the Jamaican Dollar versus the US Dollar during the one year period.

We continue to monitor the investment arena and strategically adjust our positioning to take advantage of opportunities that fit our risk-reward criteria diversifying our portfolio across fixed income sectors and non-bond sources of income with varied risk exposures to lower volatility, while enhancing our expected risk-adjusted returns.

Operating Expenses

For the year ended March 31, 2017, consolidated operating expenses increased by 8.4% to US\$18.2 million from US\$16.8 million in the prior year. However, the Efficiency Ratio, including all income and expense items, decreased significantly to 59.5% compared to 85.2% for last year. Expense management and consolidation has been a key focus of management and we have achieved success in reducing our efficiency ratio closer to the established target of 50%.

Net Profit

Net Profit attributable to shareholders totalled US\$8.73 million or 1.58 cents per share versus US\$2.34 million or 0.44 cents per share in the year ended March 2016. This represents an annualized Return on Equity of 13.34% for the year ended March 31, 2017.

Balance Sheet

Total assets amounted to US\$632.42 million as of March 31, 2017, an 81.5% increase from US\$348.39 million as of March 31, 2016. Total liabilities increased to US\$543.47 million as at March 31, 2017 from US\$276.08 million as of March 31, 2016, primarily as a result of a total of \$270.06 million in acquired customer bank deposits subsequent to the acquisition of BOSLIL during the year.

Shareholder's Equity

Shareholder's Equity attributable to the owners of the company increased by 20.54% from US\$59.65 million as at March 31, 2016 to US\$71.10 million as at March 31, 2017 in line with an increase in Retained Earnings and a positive change in the Investment Revaluation Reserve during the period, following the recovery in the bond market.

Dividend Payment

The Board of Directors has approved a final dividend payment of US\$0.0042 per share to all ordinary shareholders on record as at June 8, 2017 to be paid on June 22, 2017. This dividend will bring the total dividend for the financial year to US\$0.0111 per share, equating to approximately 70% of the profits of the company for the financial year ended March 31, 2017 and representing an annualized tax-free dividend yield of 5.20% based on the average share price of US\$0.2135 for the year ended March 31, 2017.

13. CORPORATE GOVERNANCE STRUCTURE

The Company's corporate governance structure is led by its experienced Board of Directors. Supporting the Board is the investment management team provided by Proven Management Limited. A short description of the key roles and functions of each is set out below:

A. *PIL's Board of Directors*

The Board of Directors has the following responsibilities as it relates to the investment management process –

- I. The engagement of the Investment Manager and the monitoring of its performance.
- II. Overseeing the establishment of appropriate systems and internal controls designed to ensure that the investment activities and holdings are consistent with the strategies of the Company and that the implementation of the strategies remains consistent with the portfolio policy objectives.
- III. The annual review and approval of the Company's investment policies and procedures.
- IV. The review of the Company's investment activities and holdings at Board meetings.

B. *The Investment Manager (PML)*

The Investment Manager is responsible for making recommendations to PIL's Board on investment policies and procedures consistent with Company policy. It also has certain investment decision-making responsibilities, in accordance with the Investment Policy. PML has an Investment Management Committee which meets monthly (or more frequently when necessary), and is accountable to its Board of Directors.

C. *Investment Management Committee (IMC) of PML*

The specific duties of the IMC are to:

- I. receive and review data on current market conditions and economic outlook in regional and international markets
- II. review monthly reports on -
 - a. investment portfolio strategy, objectives and results
 - b. summaries of all portfolio positions and their market values, including details of all major categories of securities held in the portfolio.
 - c. details of portfolio segmentation, mix, yields, cost and market values
 - d. portfolio duration
 - e. cash flow and liquidity
- III. disclose any exceptions to this policy, and the plan and timetable within which compliance will be achieved.

The IMC approves the purchase, sale and exchange of securities, investments and loans, within stipulated policy guidelines and limits.

D. *PML's Management*

The management of Proven Management Limited is responsible for:

- I. formulating investment portfolio strategy, objectives and results in conjunction with the clients;
- II. conducting the necessary due diligence on each asset category and on individual securities;

- III. purchasing and selling investments within the approved portfolio mix and subject to discretionary limits;
- IV. valuation and pricing of the portfolios;
- V. reviewing the portfolios on an ongoing basis; and
- VI. reporting on the portfolios to the Investment Management Committee and PML's Board of Directors

14. RISK EXPOSURES & RISK MANAGEMENT STRATEGIES

By its nature, PIL's activities are principally related to the use of financial instruments. The Company's activities therefore expose it to a variety of financial risks: credit risk, liquidity risk, market risk and operational risk. The aim is, therefore, to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

PIL's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems.

The Board of Directors is ultimately responsible for the establishment and oversight of the risk management framework. Included in this framework are the functions performed by the Investment Management Committee of PML.

As part of PML's contractual responsibilities, the Investment Management Committee of PML oversees PML's compliance with the risk management policies and procedures approved by the Board of PIL and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

In addition to this, PIL's Board of Directors has established the Audit and Compliance Committee, which is responsible for assisting the Board of Directors in fulfilling its oversight responsibilities for:

- The integrity of the Company's financial statements.
- The Company's policies, programs and procedures to ensure compliance with the relevant legal and regulatory requirements, the Company's Code of Ethics and Conduct, policies, other relevant standards and best practice.
- The Company's efforts to comply with legal obligations arising from material agreements and undertakings.
- The qualifications and independence of the Company's external auditors, and
- The performance of PIL's internal audit function and its external auditors

The key risks to which the Company is exposed and the manner in which it manages them are as follows:

Credit Risk - Credit risk is the risk of default by an obligor. This risk is managed primarily by reviews of the financial status of each obligor. Credit risk may be disaggregated into three (3) types of risk:

- i. *Default (Counterparty) risk* – the possibility that the issuer will fail to meet its payment obligations or other contractual covenants. Technical default may occur due to the issuer's violation of other agreed terms (e.g. failure to maintain a certain financial ratio at/above a pre-determined level).
- ii. *Credit spread risk* – measured by the amount of yield differential above the return on a benchmark, default-free security (e.g. Treasury bills) demanded by investors to compensate for buying the riskier security. The risk is that the riskier security might offer a lower than required premium.

- iii. *Downgrade risk* – risk that a bond will be reclassified as a riskier security by a credit rating agency (e.g. Standard & Poor’s). A downgrade in the rating of a security usually leads to a fall in its market price.

To mitigate credit risk exposure, the Company:

- I. Seeks to ensure that no credit rating for an asset falls below the minimum approved rating. Credit ratings are sourced from International rating agencies such as S&P, Moody’s or CariCris, or from internal credit research.
- II. Ensures that the assets are diversified across various issuers (e.g. countries, corporations) subject to limitations on the maximum exposure to any one issuer.

Liquidity Risk - Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. PIL’s approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due under both normal or stressed conditions. Prudent liquidity risk management procedures which are used include maintaining sufficient cash and marketable securities, and monitoring future cash flows and liquidity on a daily basis.

The Company’s liquidity management process includes:

- i. Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;
- ii. Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- iii. Optimising cash returns on investment;
- iv. Monitoring statement of financial position liquidity ratios against internal requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities; and
- v. Managing the concentration and profile of debt maturities. Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for these projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Market Risk - Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market. These arise mainly from changes in interest rate, foreign currency rate and equity prices and will affect the Company’s income or the value of its holdings of financial instruments. Market risk is monitored by the Investment Management Committee which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposure is measured using sensitivity analysis.

- i. **Currency Risk** - Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. PIL is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated

in currencies other than the functional currency. The main currencies giving rise to this risk are the Jamaican dollar (J\$) and Euro (€). The Company manages this risk by matching foreign currency assets with foreign currency liabilities, to the extent practicable. The net foreign currency exposure is kept at the targeted levels by buying or selling currencies at spot rates when necessary to address imbalances.

- ii. **Interest Rate Risk** - Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. PIL manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, where possible and to the extent judged appropriate, the maturity profile of its financial assets is matched by that of its financial liabilities; where gaps are deliberately arranged, management expects that its monitoring will, on a timely basis, identify the need to take appropriate action to close a gap if it becomes necessary.

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

- iii. **Price risk** - Equity price risk arises from equity securities held by the Company as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of PIL's investment strategy is to maximise investment returns.

Operational risk: Operational Risk is the risk arising from execution of an enterprise's business functions and in particular the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events such as:

- i. Internal Fraud - misappropriation of assets, tax evasion, intentional mismarking of positions, bribery;
- ii. External Fraud - theft of information, hacking damage, third-party theft and forgery;
- iii. Employment Practices and Workplace Safety - discrimination, workers compensation, employee health and safety;
- iv. Clients, Products, & Business Practice - market manipulation, antitrust, improper trade, product defects, fiduciary breaches, account churning;
- v. Damage to Physical Assets - natural disasters, terrorism, vandalism;
- vi. Business Disruption & Systems Failures - utility disruptions, software failures, hardware failures;
- vii. Execution, Delivery, & Process Management - data entry errors, accounting errors, failed mandatory reporting, negligent loss of client assets.

PIL's robust corporate governance structure ensures tight and frequent monitoring of operational practices and processes to ensure efficiency and effectiveness and accuracy of the systems and procedures that are in place. It also allows for swift remedial action if and when necessary.

15. OTHER RISK FACTORS

REGULATORY UNCERTAINTIES

Changes in approach by regulators of companies in the Group in relation to existing regulatory requirements or the introduction of new regulations, may affect PIL's operations and affect its profitability.

TAXATION UNCERTAINTIES

The tax structure which provides one of the advantages of investing in PIL to Applicants who are resident in Jamaica or other CARICOM states that are parties to the CARICOM Double Taxation Treaty, may be subject to change in the future, a factor over which PIL has no control.

SHARE PRICE VOLATILITY

The Shares, if listed on the JSE as intended, may experience significant volatility in price, which may extend beyond the short term and which may be dependent on PIL's performance, investors' confidence and other factors over which PIL has no control.

FOREIGN EXCHANGE RISK FACTOR

Investors in the Shares shall assume and bear the full foreign exchange rate risk. An investor's investment, if made in United States Dollars, may be eroded, in Jamaican Dollar terms, if the Jamaican Dollar was to revalue against the United States Dollar.

CONTROL

Pursuant to the terms of the Memorandum and Articles of Association of PIL, all of PIL's ordinary shares collectively hold 50% of the voting rights in PIL, with the Manager's Preference Shares holding the other 50% on matters other than the Investment Manager's fees. The holders of the Shares will therefore not have absolute majority voting control of PIL on such matters.

ISSUE OF ADDITIONAL SHARES

The Directors of the Company may hereafter authorize the issue of additional ordinary shares in the Company. Such shares, once issued, may rank *pari passu* with the existing ordinary shares and may be listed on the JSE or on any other stock exchange(s). Additional shares so issued could affect the market price of the Shares currently being offered.

PAYMENT OF DIVIDENDS

The payment of dividends on the Shares will be primarily dependent on PIL's future profitability, and will be at the discretion of the Directors. In addition, the Company may pay dividends in either Jamaican Dollars or United States Dollars, at the sole discretion of the Directors. While shareholders may indicate to the Company their preferred currency of payment of dividends by making an election at the time of applying for Shares, the Directors retain the right to make, and shall make, the final determination as to the currency of payment of such dividends as may be declared from time to time in respect of the ordinary shares in the capital of the Company.

MACRO-ECONOMIC POLICIES

Changes in fiscal and monetary policies by the Government of Jamaica may create opportunities as well as challenges for PIL.

NEW ACCOUNTING RULES OR STANDARDS

PIL may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require changes in the way PIL reports its financial position, operating results or cash flows. Such changes could be applied retrospectively.

RISKS ASSOCIATED WITH INTERNATIONAL CONDITIONS

PIL's financial results may be adversely affected by international risks, such as:

- international political and economic conditions;
- changes in Government regulations in various countries;
- trade barriers;
- adverse tax consequences

16. LICENSES & REGULATORY FRAMEWORK

PIL does not hold, nor is it required to hold, any licences in Jamaica or in St. Lucia. PIL is registered as an international business company under the International Business Companies Act of St. Lucia, and is of good standing within the meaning of Section 116 of the International Business Companies Act of St. Lucia.

Proven Management Limited (the Investment Manager) is licensed by the Financial Services Commission of Jamaica as a securities dealer and investment advisor.

Proven Wealth Limited and Proven Fund Managers Limited (wholly-owned subsidiaries of Proven Investments Limited) are licensed by the FSC in Jamaica as securities dealers and investment advisors.

BOSLIL Bank Limited (“BOSLIL”) holds a Class A Licence, under the International Banks Act of St. Lucia 1999, Cap. 12:17, which entitles it to carry on international banking business from St. Lucia, and is regulated by the Financial Services Regulatory Authority in St. Lucia.

BOSLIL also has a Representative Office Licence granted by the Superintendency of Banks of Panama, SPB.

17. LITIGATION

Neither the Company nor any of its subsidiaries is currently engaged in any material litigation, nor are they aware of any pending material litigation.

18. CONSENTS

KPMG has given and has not withdrawn its consent (as set out in Appendix 5A) to the issue of this Prospectus with the inclusion therein of its report and the references to its name in the form and context in which they are included.

19. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on any Business Day during the hours of 9:00 am to 4:00 pm, at the offices of Proven Wealth Limited, 26 Belmont Road, Kingston 5:

- (1) the Memorandum and Articles of Association of PIL;
- (2) the Investment Management Agreement between PIL and PML
- (3) the Consolidated Audited Financial Statements for the Company and its Subsidiaries for the financial years ending March 31, 2013 through March 31, 2017.

20. STATUTORY & GENERAL INFORMATION

PIL is a company incorporated under the laws of St. Lucia, and this Prospectus is being issued only to existing members of the Company. Accordingly, its issue of this Prospectus in Jamaica is governed by Sections 372-377 inclusive of the Companies Act of Jamaica 2004 (the "Act").

Pursuant to Section 373 (4) of the Act, the Company is exempt from the requirements to state the matters specified in Part I of the Third Schedule and to set out the reports specified in Part II of the Third Schedule.

The application lists will open at 9:00 a.m. on the Opening Date and will close at 4:00 pm on the Closing Date. The Company reserves the right to close any application list at any time without notice if Applications have been received for the full amount of the respective Shares offered and the right to extend such closing beyond the date(s) above-mentioned and/or offer Ordinary Shares greater in number than originally offered.

All Applicants will be required to pay in full, on Application, the Offer Price per Share in accordance with the provisions of Section 23 hereof. No further sum will be payable on Allotment.

Applicants (being Shareholders of the Company, as defined herein) may elect to renounce the provisional allotment of some or all of the Shares allocated to that member in the Offer, in favour of any person in the manner provided in the Application Form enclosed with this Prospectus, whether or not such person is a Shareholder of the Company.

21. APPLICATION PROCEDURES AND CONDITIONS

1. You may apply for Shares in the Offer by means of the Application Form enclosed with this Prospectus. Applications will be accepted only from Applicants who are Shareholders, (i.e., ordinary shareholder(s) in the Company as recorded on the share registry records of the Company as at the Record Date). However, Applicants may, if they so elect, renounce the provisional allotment of some or all of the Shares allocated to that Applicant in the Offer, in favour of any person in the manner set out in paragraph 5 hereof and in the Application Form, whether or not such person is a Shareholder. Your duly completed and signed Application Form should be delivered to the office of the Lead Broker on or before **4:00 pm** local time on the Closing Date.

The full amount payable for the Shares for which you are applying (being the number of Shares, multiplied by the Offer Price of US\$0.24 per Share in the case of a US\$ subscription or the number of Shares, multiplied by the Offer Price of J\$31.20 per Share in the case of a J\$ subscription) must be paid as follows:

- (i) By Real Time Gross Settlement System (“RTGS System”) or Wire Transfer to the-Lead Broker where your application is being submitted, using the following information. Evidence of such payment must be included on the second page of the completed and signed Application Form:

PROVEN WEALTH LTD

For Jamaican Dollars:

Bank:	Citibank N.A.
Swift code:	CITIJKM1
For Further Credit to:	Proven Wealth Limited
Account No.	0022374222

For US Dollars:

Bank:	Citibank N.A.
Swift code:	CITIJKM1
For Further Credit to:	Proven Wealth Limited
Account No.	0022374311

(Please include the applicant’s name in the transaction details of the RTGS)

- (ii) Applicants who have an investment account with the Lead Broker may submit to them written instructions (in such form as determined by the Lead Broker authorizing the Lead Broker to apply funds standing to the credit of such Applicant against the subscription price payable in respect of their application for Shares.
 - (iii) Payment may also be made via a J\$ Manager’s Cheque drawn on a Jamaican commercial bank and made payable to the Lead Broker where you are submitting your application (for this Rights Issue, **“Proven Wealth Limited”**) in respect of payment of sums **under J\$1,000,000.**
 - (iv) Payment may also be made via a US\$ draft drawn on a Jamaican commercial bank and made payable to the Lead Broker where you are submitting your application (for this Rights Issue, **“Proven Wealth Limited”**).
2. The Directors of PIL in their sole discretion may accept (in whole or in part) or reject any Application, even if the Application is received, validated and processed. The acceptance may be in respect of the whole or any part of the Application and, accordingly, the allocated number of Shares may be less than the amount

specified in the Application Form. The Shares may be allocated and issued to Applicants on a basis determined by the Directors in their sole discretion.

3. The acceptance (in whole or in part) by PIL of an Application for Shares will result in a binding contract for the Applicant's subscription, at the Offer Price, for the number of Shares in respect of which the application has been accepted, (or, where applicable, *mutatis mutandis*, with the person in favour of whom the Applicant has renounced, to the extent of such renunciation).
4. The Directors, in consultation with the Investment Manager, Arranger and Lead Broker, may close the Offer prior to the Closing Date stated herein, or may extend the Closing Date to a date beyond the date stated herein.
5. Each Applicant may elect, by the appropriate completing and signing of the relevant sections of the Application Form enclosed with this Prospectus, to direct the Company that the Applicant is irrevocably renouncing the provisional allotment of the Shares for which the Applicant has applied (or such portion of those Shares as is specified by the Applicant in the Application Form) in favour of a person specified in the Application Form. The person to whom the Applicant so renounces may, but need not be, a Shareholder of the Company (as defined herein). In the event that the Applicant so renounces, the Shares which are the subject of the renunciation (or some of them, in the event such Shares represent Shares in excess of the Applicant's entitlement pursuant to the Rights Issue and the Directors elect only to issue some but not all of the additional Shares applied for) shall be allotted and issued by the Company in the name of the person(s) in favour of whom the Applicant has renounced, and such person(s) shall be irrevocably obliged to accept such allotment.
6. In respect of each Application which is accepted in whole or in part by PIL, PIL will issue a letter(s) of allotment in the name of that Applicant (or in the joint names of joint Applicants), or in the name of the person(s) in whose favour the Applicant has renounced as provided in the preceding paragraph 5, for the number of Shares allotted to the Applicant and/or to such person(s). The letters of allotment will be sent to the Lead Broker through which the corresponding Application was received, who will distribute same (if by mail, at the Applicant's and/or such person's risk) to the Applicant. The letters of allotment are not assignable or otherwise transferable.
7. Cheques for the amounts refundable to Applicants whose Applications are not accepted in whole or in part will be sent to the Lead Broker through which such Application was received, who will distribute same (if by mail, at the Applicant's risk) to the addresses of the relevant Applicants (or of the first-named joint Applicant) as stated in the Application Form. PIL will use its best efforts to send the letters of allotment and refund cheques to the Lead Broker within ten working days after the Closing Date or as soon thereafter as practicable. If the amount to be refunded is equal to or greater than J\$1,000,000.00, refund payments shall only be made to the Applicant using the RTGS System, and where the subscription price in respect of an Application is in excess of J\$1,000,000.00, the required details to facilitate refund payments by that method must be provided on the Application Form.
8. If the application to list the Shares on the Jamaica Stock Exchange is successful, the Shares issued pursuant to the offer will be issued in the JCSD for the credit of the accounts of the successful Applicants and/or, where applicable, to the person(s) to whom Applicants have renounced in accordance with paragraph 5 above (to the extent to which they become entitled to be allotted and issued Shares as a result of such renunciation). If the application to list the Shares on the Jamaica Stock Exchange is not successful, a share certificate comprising the Shares issued to each successful Applicant and/or, where applicable, to persons to whom Applicants have renounced in accordance with paragraph 5 above (to the extent to which they

become entitled to be allotted and issued Shares as a result of such renunciation) will be sent to such Applicant within thirty (30) days after the Offer closes or as soon thereafter as practicable.

9. Letters of allotment and share certificates (where applicable), if mailed by the Lead Broker on behalf of PIL (as the case may be) through the post to the address of the Applicant (or of the first-named joint Applicant) or to the person in whose favour the Applicant has renounced, as stated in the Application Form, are at the risk of the Applicant or such person (as the case may be).
10. Application Forms and Letters of allotment are not renounceable (except insofar as provided herein at paragraph 5), transferable or assignable.

We hereby certify, pursuant to Section 372 (3) of the Companies Act 2004 of Jamaica, that this Prospectus was approved for issue on the date hereof by a resolution of the Board of Directors of Proven Investments Limited.

Dated as of the 16th day of June, 2017

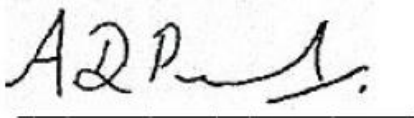
Signed on behalf of PROVEN INVESTMENTS LIMITED by:



DIRECTOR

Name: Garfield Sinclair

(in his own behalf and as agent for Yvor Nassief, John Collins, Hugh Hart and Rhory McNamara)



DIRECTOR

Name: Avinash Persaud



DIRECTOR

Name: Jeffrey Gellineau

22. APPENDIX 1: RIGHTS, TERMS AND CONDITIONS OF THE MANAGER'S PREFERENCE SHARES

The following is an excerpt from PIL's Memorandum of Association:

"7. The authorized capital is made up of two classes of Shares, being:

- (1) 2,999,990,000 Ordinary Shares of a par value of US\$0.01 each; and
- (2) 10,000 Manager's Preference Shares of a par value of US\$0.01 each, which shall the following rights, terms and conditions:
 - (a) the Manager's Preference Shares shall rank *pari passu* as between and among themselves;
 - (b) each Manager's Preference Share be entitled to a cumulative annual preference dividend in the sum which is equal to – (i) **25%** of the profits and gains of the Company (calculated in accordance with International Financial Reporting Standards prevailing from time to time, and expressed in US Dollars) in each financial year in excess of the Annual Earnings Hurdle (expressed in US Dollars) for such financial year, divided by (ii) the number of Manager's Preference Shares in issue when the said cumulative annual preference dividend is paid; and for this purpose the Annual Earnings Hurdle shall be the amount which results when the Hurdle Rate is applied to the average equity of the Company during such financial year;
 - (c) For the purposes of paragraph (b) of sub-clause 7(2), the Hurdle Rate will be determined and reset annually, and the Hurdle Rate applicable to a particular financial year of the Company shall be fixed as at the first day of that financial year and shall be the rate which is 2% per annum above the 12-month LIBOR rate prevailing on that day, provided however that – (i) the Hurdle Rate shall be capped at and shall in no event exceed **6%**, and (ii) during the first two (2) financial years of the Company the Hurdle Rate shall not be less than **5%**;
 - (d) during each financial year of the Company, an amount being equal to the Investment Manager's best estimate of one-fourth (1/4) of the current financial year's cumulative annual preference dividend (calculated by reference to the Company's management accounts for each financial quarter and financial year-to-date and the Investment Manager's good faith projections of the Company's earnings for the remainder of such financial year) shall be paid each financial quarter in arrears to the holders of the Manager's Preference Shares (on account of the cumulative annual preference dividend for that financial year), and any adjustment which may be required based on the Company's annual audited financial statements shall be added or recovered (as the case may require) in equal instalments over the next four successive quarterly payments arising after the Company's annual audited financial statements are finalised;
 - (e) paragraph (b) and/or (c) of sub-clause 7(2) may be varied by an ordinary resolution of members which is supported by the affirmative vote of the holder(s) of a majority of

the Manager's Preference Shares, but shall not otherwise be varied without the approval in writing of the holder(s) of a majority of the Manager's Preference Shares;

- (f) in the event that the cumulative annual preference dividend is not paid in full in respect of any particular financial year of the Company, the unpaid portion thereof shall accumulate and be payable out of the profits and gains of the Company in next ensuing financial years until it has been paid in full;*
- (g) the Manager's Preference Shares shall, apart from the right to the cumulative annual preference dividend, have no economic rights or entitlements save for the right on a winding up to the repayment of the capital paid thereon on a pari passu basis with the capital paid on the Ordinary Shares;*
- (h) the holder(s) of the Manager's Preference Shares shall have the right to receive notices of, attend, vote at and demand a poll at general meetings of the Company;*
- (i) with the intent that on all resolutions and decisions in general meeting (other than those referred to in paragraph (j) of sub-clause 7(2)) the Manager's Preference Shares shall as a class be entitled to not less than the number of votes to which the Ordinary Shares as a class are entitled, each one of the Manager's Preference Share shall be entitled to the number of votes which results when – (i) the total number of votes comprised by all the Ordinary Shares then in issue, is divided by (ii) the total number of Manager's Preference Shares then in issue, and any fraction of a vote that would otherwise be applicable to each Manager's Preference Share shall be rounded up to one additional vote (so that, by way of an hypothetical example only, if there are 30,000,000 Ordinary Shares and 10,000 Manager's Preference Shares in issue, each one of the Manager's Preference Shares shall be entitled to 3,000 votes);*
- (j) on any resolution which, if passed, will result in any variation of either or both of paragraphs (b) and (c) of sub-clause 7(2), each Manager's Preference Share shall be entitled to one vote;*
- (k) in the event that an entity which is (or becomes) the Investment Manager subsequently ceases to be the Investment Manager in accordance with the relevant provisions of the Company's Articles of Association, each one of the Manager's Preference Shares held by that entity (or by a direct or indirect subsidiary of that entity, or by a corporation having the same direct or indirect shareholders as that entity) shall thereupon automatically convert into a fully paid Ordinary Share in the Company (so that, by way of an hypothetical example, if such entity holds 10,000 Manager's Preference Shares, those Manager's Preference Shares will automatically convert into 10,000 fully paid Ordinary Shares upon the entity ceasing to be the Investment Manager as aforesaid); and*
- (l) in sub-clause 7(2), the "12-month LIBOR rate" means the rate for 12-month US Dollar inter-bank deposits published by the British Bankers' Association (as to which the Investment Manager's determination thereof shall, in the absence of manifest error, be final and binding on the Company)."*

26. APPENDIX 3: SHAREHOLDER APPLICATION FORM - RENOUNCING

[TO BE COMPLETED ONLY WHERE APPLICANT IS WHOLLY OR PARTIALLY RENOUNCING]

TO: PROVEN INVESTMENTS LIMITED

I/We hereby apply for , , Shares at a total price of US\$/ JA\$, , . on and subject to the terms and conditions of the Prospectus, and I/We attach a US\$ banker's draft drawn on a Jamaican commercial bank and made payable to "Proven Wealth Limited" for such total price OR where applicable, proof of payment to Proven Wealth Limited made electronically via wire or RTGS transfer. I/We confirm that I/we have read and understood and hereby agree to be bound by the terms and conditions contained in the Prospectus, all of which are incorporated into this Application Form by reference. Capitalized words and expressions used herein shall bear the same meanings as are ascribed thereto in the Prospectus. I/We agree to accept the above or any smaller number of Shares in respect of which this Application may be accepted, subject to the terms and conditions in the Prospectus and the Memorandum and Articles of Association of Proven Investments Limited, by which I/We agree to be bound. I/We request you to issue to me/us the number of Shares which may be allocated to me/us at the close of the Offer upon the terms and conditions governing applications, as set forth in the Prospectus. I/We hereby irrevocably agree to accept the Shares that may be allocated and issued to me/us.

I/We hereby notify the Company that, in respect of the Shares that may be provisionally allotted to me/us in the Offer arising from this Application,

I/we hereby irrevocably renounce my/our provisional allotment to the extent of , , Shares in favour of the following person(s):

Name: _____ Number of Shares: _____

Name: _____ Number of Shares: _____

CURRENCY PREFERENCE FOR DIVIDENDS

J\$	US\$	NB: the Company may pay dividends in either Jamaican Dollars or United States Dollars, at the sole discretion of the Directors. While Shareholders may indicate to the Company their preferred currency of payment of dividends by making an election at the time of applying for Shares, the Directors retain the right to, and shall make the final determination as to the currency of payment of any dividends as may be declared from time to time in respect of the ordinary shares in the capital of the Company.
<input type="checkbox"/>	<input type="checkbox"/>	

PRIMARY HOLDER (Either Company or Individual) (i.e. an ordinary shareholder in the Company as recorded on the share registry records of the Company as at the Record Date) (NB: Please ensure that your name is stated exactly as it currently appears in the share register of the Company)

Name: _____
Surname/Company Name First Name MI

Address: _____

Mailing address (if different): _____

E-mail Address: _____ PHONE#: _____ NATIONALITY: _____ DATE OF BIRTH ____/____/____

TRN #: JCSD ACCOUNT #: BROKER #:

SIGNATURES:

Companies: _____
Director Director/Secretary

Individual: _____
Applicant Date signatures affixed

FIRST JOINT HOLDER:

Name: _____
Surname First Name MI

TRN #: Signature: _____

SECOND JOINT HOLDER:

Name: _____
Surname First Name MI

TRN #: Signature: _____

PAYMENT VERIFICATION INFORMATION

Please complete the relevant section/section(s) to confirm your method of payment.

 MANAGERS CHEQUE or USD DRAFT

Cheque #: _____

Cheque Amount: _____

Institution: _____

 ACH / RTGS / WIRE

Amount: _____

Institution: _____

Confirmation/Reference #: _____

Sender's Account Name: _____

Sender's Account Number & Type: _____

 LEAD BROKER TRANSFER

Amount: _____

Institution: _____

Confirmation/Reference #: _____

Sender's Account Name: _____

Sender's Account Number: _____

FOR USE BY LEAD BROKER ONLY

Processing Date _____ Time Received _____ Payment Method _____

Cheque Number _____ Cheque Value US\$/J\$ _____

Proof of RTGS transfer provided (if applicable): [] Instruction letter for transfer of funds provided (if applicable): []

Lead Broker Stamp and Signature _____

28. APPENDIX 5A: AUDITORS' CONSENT



KPMG

First Floor
 National Insurance Services Headquarters
 Upper Bay Street
 P.O. Box 587, Kingstown
 St. Vincent and the Grenadines
 Telephone (784) 451-1300

The Board of Directors
 Proven Investments Limited
 20 Micoud Street
 Castries
 St. Lucia

June 16, 2017

Gentlemen:

Prospectus for a rights issue of a maximum of 68,949,472 ordinary shares by Proven Investments Limited

With respect to the prospectus for an offering of a maximum of 68,949,472 ordinary shares by Proven Investments Limited, we hereby consent to the inclusion in the prospectus of (i) our audit report, dated May 26, 2017, on the statement of financial position of the Group as of March 31, 2017, and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and (ii) our report on the summary consolidated financial statements as at and for the year ended March 31, 2017, and to the references to our name in the form and context in which they are included in the prospectus.

We confirm that we have not withdrawn such consent before delivery of a copy of the prospectus to the Financial Services Commission for registration.

This letter should not be regarded as in any way updating the aforementioned reports or representing that we performed any procedures subsequent to the date of such reports.

Yours faithfully,

Brian Glasgow
 Partner

29. APPENDIX 5B: INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL STATEMENTS**KPMG**

First Floor
National Insurance Services Headquarters
Upper Bay Street
P.O. Box 587, Kingstown
St. Vincent and the Grenadines
Telephone (784) 451-1300

Report of the Independent Auditor on the Summary Financial Statements

The Board of Directors
PROVEN INVESTMENTS LIMITED

Opinion

The summary financial statements set out in Section 11, which comprise the summary statement of financial position as at March 31, 2017, the summary statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited separate financial statements of Proven Investments Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended March 31, 2017.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with International Financial Reporting Standards.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditors' report thereon, therefore, is not a substitute for reading the audited financial statements and the auditors' report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our reports dated May 26, 2017. The report also includes the communication of key audit matters.

KPMG, a St. Vincent and the Grenadines and Barbados partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International") a Swiss entity.



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The Board of Directors
PROVEN INVESTMENTS LIMITED

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the basis described in the notes to the summary financial statements.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements."

A handwritten signature in black ink that reads 'KPMG' in a stylized, cursive font, with a long horizontal line extending to the right.

Kingstown, Saint Vincent and the Grenadines
June 16, 2017

**30. APPENDIX 5C: CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF PIL AND ITS
SUBSIDIARIES FOR THE YEAR ENDED MARCH 31, 2017**



KPMG
First Floor
National Insurance Services Headquarters
Upper Bay Street
Kingstown
St. Vincent and the Grenadines
Telephone (784) 451-1300

INDEPENDENT AUDITORS' REPORT

To the Members of PROVEN INVESTMENTS LIMITED

Opinion

We have audited the separate financial statements of Proven Investments Limited ("the company") and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages 9 to 79 which comprise the group's and company's statements of financial position as at March 31, 2017, the group's and company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the group and the company as at March 31, 2017, and of the group's and company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

**To the Members of
PROVEN INVESTMENTS LIMITED**

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. *Acquisition of The Bank of St Lucia International Limited*

Key Audit Matter	How the matter was addressed in our audit
<p>Accounting for The Bank of St. Lucia International Limited (BOSLIL) as a subsidiary transaction required significant judgement and estimation to determine the fair value of BOSLIL as an enterprise; the net assets acquired; non-controlling interest; and the net gain arising on the transaction, in accordance with IFRS 3 <i>Business Combinations</i>. The determination of fair values involved judgment in the application of discounted cash flow analysis, including the projected cash flows, discount rates reflecting the business risk and capital structure. These measurements, being judgemental, are therefore, subject to higher risk of error.</p> <p><i>See note 9 of the Financial statements.</i></p>	<p>In performing our audit in respect of this matter, we did the following:</p> <ul style="list-style-type: none"> • Involved our own valuation specialists in challenging the valuation methodologies and assumptions used by management's valuation expert to identify and measure the enterprise value and net assets, including intangible assets and investment securities. We considered historical customer retention rates and growth trends, and reconciled underlying data to customer contracts and relationship databases; • Evaluated the identification and reasonableness of valuations determined by management's for investment securities, by obtaining market prices from reputable sources and comparing to management prices. • Tested the mathematical accuracy of the calculations performed by management's expert and which formed the basis of accounting measurement for the transaction.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

**To the Members of
PROVEN INVESTMENTS LIMITED**

Key Audit Matters (Continued)

2. *Impairment of goodwill and intangible assets*

Key Audit Matter	How the matter was addressed in our audit
<p>The carrying value of the group's goodwill and intangible assets may not be recoverable due to changes in the business and economic environment in which Access Financial Services Limited operates. These factors create inherent uncertainty in forecasting and require significant judgement in estimating and discounting future cash flows that support the assessment of recoverability.</p> <p><i>See Note 11 of the financial statements.</i></p>	<p>Our audit procedures included testing the reasonableness of the group's forecasts and discounted cash flow calculations, including:</p> <ul style="list-style-type: none"> • Using our own valuation specialists to evaluate the assumptions and methodologies used by management, and test the mathematical accuracy of the computations; • Comparing the group's assumptions to externally derived data as well as our own assessments of key inputs, such as projected economic growth, competition, cost inflation and discount rates, as well as performing sensitivity analysis on the assumptions; • Comparing the sum of the discounted cash flows to the subsidiaries' market capitalisation to assess the reasonableness of those cash flows; and • Assessing the adequacy of the group's disclosures about the sensitivity of the impairment assessment to changes in key assumptions.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

**To the Members of
PROVEN INVESTMENTS LIMITED**

Key Audit Matters (Continued)

3. *Valuation of investment securities and derivatives*

Key Audit Matter	How the matter was addressed in our audit
<p>The valuation of the Group's investment securities, including derivatives, requires significant estimation, which is impacted by uncertainty of market factors, pricing assumptions and general business and economic conditions. This is particularly relevant for structured notes, which do not have readily comparable instruments for pricing purposes.</p> <p>See Notes 5 and 34 of the financial statements.</p>	<p>In performing our audit in respect of this matter, we did the following:</p> <ul style="list-style-type: none"> • Involved our own valuation specialists in challenging the valuation methodologies and assumptions used by management in assessing the fair value of investment securities and derivatives. This included independent computations and comparison of the fair value of structured notes and derivatives; • Evaluated indicators of impairment in respect of investment securities. Reviewed management's assessment and considered whether indicators of impairment are appropriately considered and reflected in the fair value of investments; • Performed detailed analysis of material securities exhibiting indicators of impairment to assess whether adequate impairment allowance was recognised in the financial statements. • Assessed the adequacy of the Group's disclosures about impairment allowances and the sensitivity of the impairment assessment to changes in key assumptions.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of PROVEN INVESTMENTS LIMITED

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

**To the Members of
PROVEN INVESTMENTS LIMITED**

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 7-8, forms part of our auditors' report.

The engagement partner on the audit resulting in this independent auditors' report is Brian Glasgow.

A handwritten signature in black ink, appearing to be 'KPMG', with a long horizontal line extending to the right.

May 26, 2017
Kingstown, Saint Vincent and the Grenadines

**INDEPENDENT AUDITORS' REPORT (CONTINUED)****To the Members of
PROVEN INVESTMENTS LIMITED*****Appendix to the Independent Auditors' report***

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of PROVEN INVESTMENTS LIMITED

Appendix to the Independent Auditors' report (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


PROVEN INVESTMENTS LIMITED

Group Statement of Financial Position
Year ended March 31, 2017

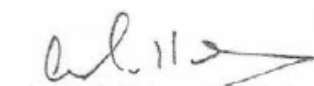
(Presented in United States dollars, except as otherwise stated)

	<u>Notes</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
ASSETS			
Cash and cash equivalents	3(c)(ii)	151,314	13,721
Resale agreements	4	38,498	38,767
Investment securities	5	362,259	232,158
Inventory		-	643
Loans receivable	6	39,421	24,993
Other assets	7	11,571	10,602
Owed by related parties	14	-	338
Income tax recoverable		51	51
Property development in progress	8	200	210
Investment property	10	6,148	6,013
Intangible assets	11	21,190	19,853
Property, plant and equipment	12	965	597
Deferred tax asset	19	<u>796</u>	<u>440</u>
Total assets		<u>632,413</u>	<u>348,386</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Repurchase agreements	13	142,999	159,830
Due to related parties	14	949	-
Notes payable	15	96,687	96,529
Current income tax payable		1,623	198
Other liabilities	16	12,843	11,540
Due to banks		2,210	-
Due to customers	17	270,055	-
Deferred income		130	-
Preference shares	18	<u>15,977</u>	<u>7,978</u>
Total liabilities		<u>543,473</u>	<u>276,075</u>
Stockholders' equity:			
Share capital	20	69,248	69,248
Fair value reserve	21	(4,297)	(13,190)
Foreign exchange translation reserve	22	(7,564)	(5,809)
Retained earnings		<u>13,693</u>	<u>9,400</u>
Equity attributable to owners of the company		71,080	59,649
Non-controlling interest	23	<u>17,860</u>	<u>12,662</u>
Total stockholders' equity		<u>88,940</u>	<u>72,311</u>
Total liabilities and shareholders' equity		<u>632,413</u>	<u>348,386</u>

The financial statements on pages 9 to 79 were approved for issue by the Board of Directors on May 26, 2017 and signed on its behalf by:



Garfield Sinclair Director



Jeffrey Gellineau Director

The accompanying notes form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Group Statement of Profit or Loss and Other Comprehensive Income

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

	<u>Notes</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
Net interest income and other revenue			
Interest income	24	24,149	25,726
Interest expense	24	(9,646)	(12,000)
		14,503	13,726
Dividends		1,357	1,325
Fees and commissions		2,368	2,042
Net fair value adjustments and realised gains/(losses)	25	1,720	(1,035)
Net foreign exchange gains		1,902	1,503
Pension management income		<u>1,966</u>	<u>1,887</u>
Operating revenue, net of interest expense		23,816	19,448
Other income		<u>1,006</u>	<u>1,548</u>
Total		<u>24,822</u>	<u>20,996</u>
Operating expenses			
Staff costs	26	8,310	4,506
Depreciation and amortisation	11,12	1,343	1,887
Impairment losses of loans and other assets	6,7	1,156	889
Impairment (reversal)/loss on investments		(921)	1,744
Property expenses		565	844
Other operating expenses	27	<u>7,796</u>	<u>6,969</u>
Total		<u>18,249</u>	<u>16,839</u>
Operating profit		6,573	4,157
Preference share dividend	29(f)	(2,184)	(331)
Gain on acquisition of subsidiary	9(a)	8,030	-
Gain on disposal of associate	9(d)	-	<u>896</u>
Profit before income tax		12,419	4,722
Income tax charge	28	(957)	(439)
Profit for the year		<u>11,462</u>	<u>4,283</u>
Profit attributable to:			
Owners of the company		8,721	2,344
Non-controlling interest		<u>2,741</u>	<u>1,939</u>
Profit for the year		<u>11,462</u>	<u>4,283</u>
Earnings per stock unit	30	<u>1.58¢</u>	<u>0.44¢</u>

The accompanying notes form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Group Statement of Profit or Loss and Other Comprehensive Income
Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

	<u>2017</u> \$'000	<u>2016</u> \$'000
Profit for the year	<u>11,462</u>	<u>4,283</u>
Other comprehensive income/(loss)		
Items that are or may be reclassified to profit or loss:		
Realised gains on available-for-sale securities	10,756	2,216
Unrealised losses on available-for-sale securities, net of tax	(1,139)	(12,788)
Impairment loss on available for sale investment	-	1,744
Deferred tax on unrealised gains on available-for-sale securities	(724)	227
Exchange differences on translation of foreign operations	(1,755)	(2,306)
Total other comprehensive income/(loss)	<u>7,138</u>	<u>(10,907)</u>
Total comprehensive income/(loss) for the year	<u>18,600</u>	<u>(6,624)</u>
Total comprehensive income/(loss) attributable to:		
Owners of the company	15,859	(8,563)
Non-controlling interests	<u>2,741</u>	<u>1,939</u>
Total comprehensive income/(loss) for the year	<u>18,600</u>	<u>(6,624)</u>

PROVEN INVESTMENTS LIMITED

Group Statement of Changes in Equity
Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

	Share capital	Fair value reserve	Foreign exchange translation reserve	Retained earnings	Attributable to equity holders of the Company	Non- controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	(note 20)	(note 21)	(note 22)				
Balances at March 31, 2015	<u>39,980</u>	<u>(4,589)</u>	<u>(3,503)</u>	<u>10,420</u>	<u>42,308</u>	<u>11,456</u>	<u>53,764</u>
Total comprehensive loss for the year							
Profit for the year	-	-	-	2,344	2,344	1,939	4,283
Other comprehensive loss for the year							
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	(2,306)	-	(2,306)	-	(2,306)
Realised gain on available-for-sale securities	-	2,216	-	-	2,216	-	2,216
Unrealised losses on fair value of available-for-sale securities	-	(12,788)	-	-	(12,788)	-	(12,788)
Impairment loss on available-for-sale security reclassified to profit or loss	-	1,744	-	-	1,744	-	1,744
Deferred tax credit on unrealised losses	-	227	-	-	227	-	227
	-	(8,601)	(2,306)	-	(10,907)	-	(10,907)
Total comprehensive loss for the year	-	(8,601)	(2,306)	2,344	(8,563)	1,939	(6,624)
Transactions with owners recorded directly in equity							
Issue of ordinary shares (note 20)	29,268	-	-	-	29,268	-	29,268
Dividends to equity holders (note 31)	-	-	-	(3,364)	(3,364)	(616)	(3,980)
Change in ownership interest							
Acquisition of non-controlling interest without change in control	-	-	-	-	-	(117)	(117)
Balances at March 31, 2016	<u>69,248</u>	<u>(13,190)</u>	<u>(5,809)</u>	<u>9,400</u>	<u>59,649</u>	<u>12,662</u>	<u>72,311</u>
Total comprehensive income for the year							
Profit for the year	-	-	-	8,721	8,721	2,741	11,462
Other comprehensive loss for the year							
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	(1,755)	-	(1,755)	-	(1,755)
Realised gains on available-for-sale securities	-	10,756	-	-	10,756	-	10,756
Unrealised losses on fair value of available-for-sale securities	-	(1,139)	-	-	(1,139)	-	(1,139)
Deferred tax charge on unrealised losses	-	(724)	-	-	(724)	-	(724)
Other comprehensive loss for the year, net of tax	-	8,893	(1,755)	-	7,138	-	7,138
Total comprehensive income for the year	-	8,893	(1,755)	8,721	15,859	2,741	18,600
Transactions with owners recorded directly in equity							
Dividends to equity holders (note 31)	-	-	-	(4,360)	(4,360)	(705)	(5,065)
Change in ownership interest							
Acquisition of non-controlling interest without a change in control	-	-	-	-	-	3,244	3,244
Acquisition of subsidiary with non-controlling interest [note 9(c)]	-	-	-	(68)	(68)	(82)	(150)
Balances at March 31, 2017	<u>69,248</u>	<u>(4,297)</u>	<u>(7,564)</u>	<u>13,693</u>	<u>71,080</u>	<u>17,860</u>	<u>88,940</u>

The accompanying notes form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Group Statement of Cash Flows

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

	<u>Notes</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
Cash flows from operating activities:			
Profit for the year		11,462	4,283
Adjustments for:			
Amortisation	11	1,139	1,669
Depreciation	12	204	218
Interest income	24	(24,149)	(25,726)
Interest expense	24	9,646	12,000
Dividend income		(1,357)	(1,325)
Impairment gain/(loss) on bond		(921)	1,744
Gain on disposal of property, plant and equipment		-	(1)
Impairment loss on loans		1,156	-
Gain on acquisition of subsidiary	9(a)	(8,030)	-
Gain on the disposal of investments in associates	9(d)	-	(896)
Equity-settled share based payment		3,244	-
Unrealised exchange gain on preference shares		-	(496)
Unrealised foreign exchange gain		(1,711)	(2,205)
Income tax charge	28	<u>957</u>	<u>439</u>
		(8,360)	(10,296)
Change in operating assets and liabilities			
Investment securities		39,582	(34,195)
Loans receivable		(9,139)	765
Other assets		3,685	8,902
Other liabilities		98	(2,468)
Due to customers		(7,946)	-
Due to other banks		(1)	-
Repurchase agreements		(16,831)	(23,981)
Owed by related party		-	-
Resale agreements		269	39,239
Inventory		643	(643)
Owed to related party		<u>1,287</u>	<u>(570)</u>
		3,287	(23,247)
Interest received		20,120	21,900
Dividend received		1,357	1,325
Interest paid		(8,805)	(12,110)
Income tax recovered/(paid)		<u>112</u>	<u>(951)</u>
Net cash provided/(used) by operating activities		<u>16,071</u>	<u>(13,083)</u>
Cash flows from investing activities:			
Acquisition of subsidiaries, net of cash acquired		118,955	-
Acquisition of additional shares in subsidiary	9(c)	(150)	(117)
Development in progress		10	1,120
Purchase of investment property		(135)	(5,599)
Proceeds from sale of associate		-	1,842
Purchase of property, plant and equipment	12	(178)	(140)
Proceeds from sale of property plant and equipment		-	187
Purchase of intangible asset	11	(72)	(92)
Net cash provided/(used) by investing activities		<u>118,430</u>	<u>(2,799)</u>
Net cash flows from operating and investing activities (carried forward to page 14)		<u>134,501</u>	<u>(15,882)</u>

The accompanying notes form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Group Statement of Cash Flows

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

	<u>Notes</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
Cash flows from operating and investing activities (brought forward from page 13)		<u>134,501</u>	<u>(15,882)</u>
Cash flows from financing activities:			
Proceeds from issue of shares	20	-	29,268
Proceeds from issue of preference shares	18	15,976	-
Repayment of preference shares	18	(7,977)	-
Notes payable		158	(6,593)
Dividend paid	31	(5,065)	(3,980)
Net cash provided by financing activities		<u>3,092</u>	<u>18,695</u>
Net increase in cash and cash equivalents		137,593	2,813
Cash and cash equivalents at beginning of year		<u>13,721</u>	<u>10,908</u>
Cash and cash equivalents at end of year		<u>151,314</u>	<u>13,721</u>


PROVEN INVESTMENTS LIMITED

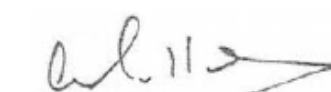
Company Statement of Financial Position
Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

	<u>Notes</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
ASSETS			
Cash and cash equivalents	3(c)(ii)	320	1,625
Resale agreements	4	-	164
Investment securities	5	112,062	126,871
Loans receivable	6	18,888	7,142
Other assets	7	2,262	1,690
Owed by related parties	14	-	259
Income tax recoverable		51	51
Investment in subsidiaries	9	56,988	46,403
Investment property	10	-	5,623
Total assets		<u>190,571</u>	<u>189,828</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Repurchase agreements	13	14,845	23,810
Owed to subsidiaries	14	737	215
Owed to related parties	14	1,094	-
Notes payable	15	87,315	86,610
Preference shares	18	15,977	7,978
Other liabilities	16	2,100	4,342
Total liabilities		<u>122,068</u>	<u>122,955</u>
Shareholders' equity:			
Share capital	20	69,248	69,248
Fair value reserve	21	(3,250)	(11,019)
Retained earnings		2,505	8,644
Total shareholders' equity		<u>68,503</u>	<u>66,873</u>
Total liabilities and shareholders' equity		<u>190,571</u>	<u>189,828</u>

The financial statements on pages 9 to 79 were approved for issue by the Board of Directors on May 26, 2017 and signed on its behalf by:


 _____ Director
 Garfield Sinclair


 _____ Director
 Jeffrey Gellineau

PROVEN INVESTMENTS LIMITED

Company Statement of Profit or Loss and Other Comprehensive Income
Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

	<u>Notes</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
Net interest income and other revenue			
Interest income	24	6,980	7,464
Interest expense	24	<u>(4,938)</u>	<u>(5,379)</u>
		2,042	2,085
Dividends		3,288	3,197
Net fair value adjustments and realised losses	25	<u>(759)</u>	<u>(1,822)</u>
Net foreign exchange gains		<u>1,083</u>	<u>1,082</u>
Operating revenue, net of interest expense		5,654	4,542
Other income		<u>134</u>	<u>409</u>
Total		<u>5,788</u>	<u>4,951</u>
Operating expenses			
Staff costs	26	2,248	51
Impairment losses/(gains) on loans and other assets	7	202	<u>(333)</u>
Impairment (reversal)/loss on investments		<u>(921)</u>	1,744
Other operating expenses	27	<u>3,854</u>	<u>2,220</u>
Total		<u>5,383</u>	<u>3,682</u>
Operating profit		405	1,269
Preference share dividend	29(f)	(2,184)	<u>(331)</u>
Gain on disposal of associate	9(d)	<u>-</u>	<u>929</u>
(Loss)/profit before income tax		(1,779)	1,867
Taxation	28	<u>-</u>	<u>57</u>
(Loss)/profit for the year		<u>(1,779)</u>	<u>1,924</u>

The accompanying notes form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Company Statement of Profit or Loss and Other Comprehensive Income
 Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

	<u>2017</u> \$'000	<u>2016</u> \$'000
(Loss)/profit for the year	(<u>1,779</u>)	<u>1,924</u>
Other comprehensive income		
Items that are or may be reclassified to profit or loss:		
Realised gain on available-for-sale securities	11,059	2,039
Unrealised losses on available-for-sale securities, net of tax	(3,290)	(11,856)
Impairment loss on available for sale investment reclassified to profit	<u> -</u>	<u>1,744</u>
Total other comprehensive income/(loss)	<u>7,769</u>	(<u>8,073</u>)
Total comprehensive income/(loss) for the year	<u>5,990</u>	(<u>6,149</u>)

The accompanying notes form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Company Statement of Changes in Equity

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

	Share capital \$'000 (note 20)	Fair value reserve \$'000 (note 21)	Retained earnings \$'000	Total \$'000
Balances at March 31, 2015	<u>39,980</u>	<u>(2,946)</u>	<u>10,084</u>	<u>47,118</u>
Total comprehensive loss for the year				
Profit for the year	-	-	<u>1,924</u>	<u>1,924</u>
Other comprehensive income for the year				
Realised losses on available-for-sale securities	-	2,039	-	2,039
Unrealised loss on fair value of available-for-sale securities	-	<u>(10,112)</u>	-	<u>(10,112)</u>
	-	<u>(8,073)</u>	-	<u>(8,073)</u>
Total comprehensive income	-	<u>(8,073)</u>	<u>1,924</u>	<u>(6,149)</u>
Transactions with owners recorded directly in equity				
Issue of ordinary shares (note 20)	29,268	-	-	29,268
Dividends to equity holders (note 31)	-	-	<u>(3,364)</u>	<u>(3,364)</u>
Balances at March 31, 2016	<u>69,248</u>	<u>(11,019)</u>	<u>8,644</u>	<u>66,873</u>
Total comprehensive income for the year				
Loss for the year	-	-	<u>(1,779)</u>	<u>(1,779)</u>
Other comprehensive income for the year				
Unrealised loss on fair value of available-for-sale securities	-	(3,290)	-	(3,290)
Realised gain in fair value of available-for-sale securities	-	<u>11,059</u>	-	<u>11,059</u>
	-	<u>7,769</u>	-	<u>7,769</u>
Total comprehensive income	-	<u>7,769</u>	<u>(1,779)</u>	<u>5,990</u>
Transactions with owners recorded directly in equity:				
Dividends to equity holders (note 31)	-	-	<u>(4,360)</u>	<u>(4,360)</u>
Balances at March 31, 2017	<u>69,248</u>	<u>(3,250)</u>	<u>2,505</u>	<u>68,503</u>

PROVEN INVESTMENTS LIMITED

Company Statement of Cash Flows
Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

	<u>Notes</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
Cash flows from operating activities:			
(Loss)/profit for the year		(1,779)	1,924
Adjustments for:			
Impairment (reversal)/loss on bonds		(921)	1,744
Interest income	24	(6,980)	(7,464)
Interest expense	24	4,938	5,379
Dividend income		(3,288)	(3,197)
Equity-settled share-based payment		2,165	-
Unrealised exchange loss on preference shares		-	(496)
Unrealised foreign exchange gain		(1,083)	(1,082)
Income tax credit	28	-	(57)
Gain on disposal of associate	9(d)	-	(929)
		<u>(6,948)</u>	<u>(4,178)</u>
Change in operating assets and liabilities			
Investment securities		23,499	(21,574)
Loans receivable		(11,746)	2,363
Other assets		1,592	194
Owed by related party		-	1,028
Other liabilities		(1,797)	880
Repurchase agreements		(8,965)	1,944
Resale agreements		164	164
Owed to related party		<u>1,875</u>	<u>(116)</u>
		<u>(2,326)</u>	<u>(19,295)</u>
Interest received		4,816	7,105
Dividend received		3,288	3,197
Interest paid		(5,383)	(5,020)
Income tax paid		-	(15)
Net cash used by operating activities		<u>395</u>	<u>(14,028)</u>
Cash flows from investing activities:			
Proceeds from issue of preference shares	18	15,977	-
Repayment of preference shares	18	(7,978)	-
Acquisition of subsidiaries, net of cash acquired		(12,600)	-
Acquisition of additional shares in subsidiaries	9(c)	(150)	(764)
Disposal of interest in associate		-	1,842
Disposal/(purchase) of investment property		<u>5,623</u>	<u>(5,623)</u>
Net cash provided/(used) by investing activities		<u>872</u>	<u>(4,545)</u>
Cash flows from financing activities:			
Proceeds of issue of shares	20	-	29,268
Notes payable		1,788	(6,652)
Dividend paid	31	(4,360)	(3,364)
Net cash (used)/provided by financing activities		<u>(2,572)</u>	<u>19,252</u>
Net (decrease)/increase in cash and cash equivalents		<u>(1,305)</u>	<u>679</u>
Cash and cash equivalents at beginning of year		<u>1,625</u>	<u>946</u>
Cash and cash equivalents at end of year		<u><u>320</u></u>	<u><u>1,625</u></u>

The accompanying notes form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

1. Identification

Proven Investments Limited (“the Company”) is incorporated and domiciled in Saint Lucia under the International Business Companies Act, with registered office at 20 Micoud Street, Castries, Saint Lucia.

The Company’s shares are listed on the Jamaica Stock Exchange.

The primary activities of the Company are the holding of tradable securities for investment purposes and holding equity in investments.

The Company has the following subsidiaries:

<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Nature of Business</u>	<u>Percentage ownership</u>	
			<u>2017</u>	<u>2016</u>
Proven Wealth Limited	Jamaica	Fund management, investment advisory services, and money market and equity trading	100	100
Real Properties Limited and its wholly-owned subsidiary	Saint Lucia	Real estate investment	100	85
Proven Kingsway Limited	Saint Lucia	Real estate investment	100	100
Real Millsborough Limited	Saint Lucia	Real estate investment	100	-
Real Bloomfield Limited	Saint Lucia	Real estate investment	100	-
Proven Reit Limited	Jamaica	Management services	100	-
Asset Management Company Limited	Jamaica	Hire purchase financing	100	100
Proven Fund Managers Limited	Jamaica	Pension fund management	100	-
Access Financial Services Limited	Jamaica	Retail lending	49.72	49.72
Bank of St. Lucia International Limited	Saint Lucia	Private Banking	82.82	-

2. Basis of preparation

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

Certain new and amended standards came into effect during the year. None of them had any significant effect on the amount and disclosures in the financial statements.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Group has not early-adopted. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to the Group's operations and has determined that the following are likely to have an effect on its financial statements:

- Amendments to IAS 7, *Statement of Cash Flows*, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.
- Amendments to IAS 12, *Income Taxes*, effective for accounting periods beginning on or after January 1, 2017, clarifies the following:
 - The existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
 - A deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.
 - Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.
 - An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.
 - Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.
- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

- IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue, Barter Transactions Involving Advertising Services*. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two entities in the same line of business exchange non-monetary assets to facilitate sales to other parties.

The Group will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

- IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessees will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with a value of US\$5,000 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers*, is also adopted

IFRIC 22, *Foreign Currency Transactions and Advance Consideration*, effective for annual reporting periods beginning on or after January 1, 2018, addresses how to determine the transaction date when an entity recognises a non-monetary asset or liability (e.g. non-refundable advance consideration in a foreign currency) before recognising the related asset, expense or income. It is not applicable when an entity measures the related asset, expense or income or initial recognition at fair value or at the fair value of the consideration paid or received at the date of initial recognition of the non-monetary asset or liability

An entity is not required to apply this interpretation to income taxes or insurance contracts that it issues or reinsurance contracts held.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

The interpretation clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

- IAS 28, Investments in Associates and Joint Ventures, effective retrospectively for annual reporting periods beginning on or after January 1, 2018, has been amended to clarify or state the following:
 - A venture capital organisation, or other qualifying entity, may elect to measure its investments in an associate or joint venture at fair value through profit or loss. This election can be made on an investment-by-investment basis.
 - A non-investment entity investor may elect to retain the fair value accounting applied by an investment entity associate or investment entity joint venture to its subsidiaries. This election can be made separately for each investment entity associate or joint venture.

The Company is assessing the impact that these new and revised standards will have on the financial statements when they are adopted.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis, except for the inclusion at fair value of available-for-sale securities, financial assets at fair value through profit or loss and investment property at fair value.

(c) Functional and presentation currency

The financial statements are presented in United States dollars (US\$), which is the functional currency of the Company rounded to the nearest thousand; unless otherwise indicated. The financial statements of those subsidiaries which have the Jamaica dollar as their functional currency, are translated into US\$ in the manner set out in note 3(h).

(d) Estimates critical to reported amounts, and judgements made in applying accounting policies:

The preparation of the financial statements in conformity with IFRS requires management to make estimates, based on assumptions and judgements. Management also makes judgements, other than those involving estimations, in the process of applying the accounting policies. The estimates and judgements affect (1) the reported amounts of assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended, and (2) the carrying amounts of assets and liabilities in the next financial year.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

2. Basis of preparation (continued)

- (d) Estimates critical to reported amounts, and judgements made in applying accounting policies (continued):

The estimates, and the assumptions underlying them, as well as the judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities in the next financial year and judgements that have a significant effect on the amounts recognised in the financial statements, include the following:

- (i) Key sources of estimation uncertainty

- Allowance for impairment losses

In determining amounts, if any, to be recorded for impairment of financial assets, management makes assumptions in assessing whether certain facts and circumstances, such as repayment default and adverse economic conditions, are indicators that there may be a measurable decrease in the estimated future cash flows from outstanding balances. Management also makes estimates of the likely estimated future cash flows from balances determined to be impaired, as well as the timing of such cash flows.

In determining the total allowance for impairment, management evaluates financial assets individually for impairment, based on management's best estimate of the present value of the cash flows that are expected to be received from the counterparties. In estimating these cash flows, management makes assumptions about a counterparty's financial situation and the net realisable value of any collateral.

- Fair value of financial instruments

There are no quoted market prices for a significant portion of the Group's financial assets and liabilities. Accordingly, fair values of several financial assets are estimated using prices obtained from a yield curve. The yield curve is, in turn, obtained from a pricing source which estimates the yield curve on the basis of indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach; the fair values determined in this way are classified as Level 2 fair values. Some other fair values are estimated based on quotes published by broker/dealers, and these are also classified as Level 2. The estimates of fair value arrived at from these sources may be significantly different from the actual price of the instrument in an actual arm's length transaction (see notes 5 and 34).

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
 Year ended March 31, 2017

2. Basis of preparation (continued)

(d) Estimates critical to reported amounts, and judgements made in applying accounting policies (continued):

(i) Key sources of estimation uncertainty (continued)

- Impairment of goodwill and other intangible assets

Impairment of goodwill and other intangibles is dependent upon management's internal assessment of future cash flows from the intangibles and cash-generating units that gave rise to the goodwill. That internal assessment determines the amount recoverable from future use of cash generating units in respect of goodwill. The estimate of the amount recoverable from future use of those units is sensitive to the discount rates used (note 11).

(ii) Critical judgements in applying the Group's accounting policies

For the purpose of these financial statements, prepared in accordance with IFRS, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS.

Management is sometimes also required to make critical judgements in applying accounting policies. These include the following judgements:

- Whether the criteria are met for classifying financial assets. For example, the determination of whether a security may be classified as 'loans and receivables' (note 5) or whether a security's fair value may be classified as 'Level 1' in the fair value hierarchy (note 34) requires judgement as to whether a market is active.
- In designating a security as 'held-to-maturity', management judges whether the Group has the ability to hold the security to maturity.
- In determining whether the Group has control over an investee and should therefore consolidate that investee, management considers the percentage of the investee's share capital that it holds and makes judgements about other relevant factors affecting control (see note 9).

3. Significant accounting policies

(a) Basis of consolidation:

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is at the date on which control is transferred to the Group.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(i) Business combinations (continued)

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the result is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(ii) Subsidiaries

Subsidiaries are all entities controlled by the Group. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquirees' identifiable net assets at the date of acquisition, plus accumulated share of changes in equity of the relevant subsidiary. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interest to have a deficit balance.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(iv) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

(v) Associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interest in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to Nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations, or made payments on behalf of an associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of profits equals the share of accumulated losses not recognised.

(v) Transactions eliminated on consolidation

Balances and transactions between companies within the Group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions between the Group and its associate and joint ventures are eliminated to the extent of the Group's interest in the associate or joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(b) Financial instruments – Classification, recognition and de-recognition, and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Classification of financial instruments

Financial instruments are classified, recognised and measured in accordance with the substance of the terms of the contracts as set out herein.

The Group classifies non-derivative financial assets into the following categories. Management determines the appropriate classification of investments at the time of purchase, taking account of the purpose for which the investments were purchased.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

3. Significant accounting policies (continued)

(b) Financial instruments – Classification, recognition and de-recognition, and measurement (continued)

(i) Classification of financial instruments (continued)

Loans and receivables: This comprises securities acquired or loans granted with fixed or determinable payments and which are not quoted in an active market.

Held-to-maturity: This comprises securities with fixed or determinable payments and fixed maturities that the Group has the positive intent and ability to hold to maturity.

Fair value through profit or loss: This comprises securities that the Group acquires for the purpose of selling or repurchasing in the near term, or that it holds as part of a portfolio that is managed together for short-term profit or position taking, or that it designates as such at the time of acquisition.

Available-for-sale: The Group's financial instruments included in this classification are securities with prices quoted in an active market or for which the fair values are otherwise determinable, and which are designated as such upon acquisition or not classified in any of the other categories.

The Group classifies non-derivative financial liabilities into the "other financial liabilities" category.

(ii) Recognition and derecognition - non-derivative financial assets and financial liabilities

The Group recognises a financial instrument when it becomes a party to the contractual terms of the instrument.

The Group initially recognises loans and receivables and debt securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership but does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has the legal right to offset the amounts and intends either to settle them on a net basis, or to realise the assets and settle the liabilities simultaneously.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

3. Significant accounting policies (continued)

(b) Financial instruments – Classification, recognition and de-recognition, and measurement (continued)

(iii) Measurement and gains and losses - Non-derivative financial assets

Loans and receivables: On initial recognition these are measured at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses. Where securities classified as loans and receivables become quoted in an active market, such securities will not be reclassified as available-for-sale securities. An active market is one where quoted prices are readily and regularly available from an exchange, dealer, broker or other agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Held-to-maturity: On initial recognition these are measured at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses. Any sale or reclassification of a significant amount of held-to-maturity investments that are not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the financial year in which sale or reclassification occurs and the following two financial years.

Financial assets at fair value through profit or loss: On initial recognition these are measured at fair value, with directly attributable transaction costs recognised in profit or loss as incurred. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value and changes therein, as well as any interest or dividend income, are recognised in profit or loss.

Available-for-sale: On initial recognition, these are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value, with unrealised gains and losses arising from changes in fair value treated as follows:

- Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss and changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income.
- When securities classified as available-for-sale are sold or impaired, the fair value adjustments accumulated in other comprehensive income are reclassified to profit or loss.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

3. Significant accounting policies (continued)

(c) Financial instruments - Other

(i) Non-trading derivatives

Derivatives are financial instruments that derive their value from the price of the underlying items such as equities, interest rates, foreign exchange or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group makes use of derivatives to manage its own exposure to foreign exchange risk.

The Group evaluates financial instruments which it acquires or issues to determine whether derivatives are embedded in any of the contracts (making it a “host contract”). The Group accounts for an embedded derivative separately from the host contract when (i) the host contract is not itself carried at fair value through profit or loss, (ii) the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract, and (iii) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are accounted for depending on their classification, and are presented in the statement of financial position together with the host contract. When an embedded derivative cannot be separated from the host contract, the entire contract is designated as at fair value through profit or loss.

When a derivative is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss as a component of net income from other financial instruments at fair value through profit or loss.

(ii) Cash and cash equivalents

Cash comprises cash in hand and demand and call deposits. Cash equivalents are short-term, highly liquid financial assets that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes. These include certificates of deposit where the maturities do not exceed three months from the date of acquisition.

Cash and cash equivalents are measured at amortised cost.

(iii) Other assets

Other assets are measured at amortised cost less impairment losses.

(iv) Other liabilities

Other liabilities are measured at amortised cost.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

3. Significant accounting policies (continued)

(c) Financial instruments – Other (continued)

(v) Resale and repurchase agreements

Resale agreements are accounted for as short-term collateralised lending, and are classified as loans and receivables. On initial recognition they are measured at fair value. Subsequent to initial recognition they are carried at amortised cost. The difference between the purchase cost and the resale consideration is recognised in profit or loss as interest income using the effective interest method.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retain either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

Repurchase agreements are accounted for as short-term collateralised borrowing, and are classified as other liabilities. On initial recognition and subsequently, the securities given as collateral are retained in the statement of financial position and measured in accordance with their original measurement principles. The proceeds of sale are reported as liabilities and are carried at amortised cost. The difference between the sale consideration and the repurchase cost is recognised in profit or loss over the life of each agreement as interest expense using the effective interest method.

(v) Share capital

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. In the case of its preference share capital, it is classified as:

- (1) equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary; in such a case, dividends thereon are recognised as distributions within equity;
- (2) liability if it is redeemable on a specific date or at the option of the holders, or if dividends are not discretionary; in such a case dividends thereon are recognised as interest in profit or loss.

The Group's preference shares bear contractual entitlements to dividends that are cumulative, and not at the discretion of the directors. Accordingly, they are presented as financial liabilities.

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

3. Significant accounting policies (continued)

(c) Financial instruments – Other (continued)

(vi) Loans and notes receivable and other receivables

Loans and notes receivable and other receivables are measured at amortised cost less impairment provisions.

(vii) Accounts payable

Accounts payable are measured at amortised cost.

(viii) Interest-bearing borrowings

Interest-bearing borrowings, other than repos, which are described in [note 3(c)(v)], are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, with any difference between cost and redemption being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(ix) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Group has a legal right to set off the recognised amounts and it intends to settle on a net basis or to realise the assets and settle the liability simultaneously.

(x) Amortised cost

Amortised cost is calculated using the effective interest method. Premiums, discounts and initial transaction costs are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

(d) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. These costs comprise the value of land contributed to the development, direct costs related to property development activities and indirect costs that are attributable to the development activities and can be allocated to the project.

(e) Investment properties

Investment properties, comprising principally land and buildings, are held for long-term rental yields and capital appreciation and are treated as long-term investments. They are measured initially at cost, including related transaction costs and are subsequently measured at fair value.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

3. Significant accounting policies (continued)

(e) Investment properties (continued)

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Fair value is determined every three years by an independent registered valuer, and in each of the two intervening years by the directors. Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognised in profit or loss.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

(f) Property, plant and equipment

(i) Cost

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the Group and its cost can be reliably measured.

The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

(ii) Depreciation

Property, plant and equipment are depreciated on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rates are as follows:

Computers	25% - 33 $\frac{1}{3}$ %
Furniture, fixtures and equipment	10% - 20%
Leasehold improvements	10% - 20%
Motor vehicles	20% - 25%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

3. Significant accounting policies (continued)

(g) Intangible assets

- (i) Customer relationships and non-compete agreements that are acquired by the group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Trade name, licences and goodwill that have indefinite useful lives and are carried at cost less accumulated impairment losses. The useful lives of such assets are reviewed at each reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment for those assets. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

- (ii) Software

Acquired computer software licenses as well as third party and internal costs directly associated with the development of software are capitalised as intangible assets on the basis of the costs incurred to acquire and bring the specific software to use. These costs are amortised over their estimated useful lives (three to eight years). Internal costs associated with developing or maintaining computer software programs are recognised as expense as incurred.

- (iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

- (iv) Amortisation

Except for goodwill, tradename and license, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives are as follows:

- Customer relationships 6 to 20 years
- Non-compete agreement 2-5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

- (v) Impairment of assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset, or group of operating assets, exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

3. Significant accounting policies (continued)

(h) Foreign currency translation

(i) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. These rates represent the weighted average rates at which the Group trades in foreign currency.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss. Other changes in the carrying amount are recognised in other comprehensive income and presented in fair value reserve.

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are recognised in other comprehensive income and presented in the fair value reserve in stockholders' equity.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into US\$ at the spot exchange rate at the reporting date. The income and expenses of the foreign operations are translated into US\$ at the average exchange rates for the period. Foreign currency differences on the translation of foreign operations are recognised in other comprehensive income and included in foreign exchange translation reserve.

(i) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the reporting date, and any adjustment to income tax payable in respect of previous years.

(ii) Deferred income tax

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted by the reporting date.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

3. Significant accounting policies (continued)

(i) Income tax (continued)

(ii) Deferred income tax (continued)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(j) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognised in profit or loss.

Loans and advances that have been assessed individually and found not to be impaired and all individually performing loans and advances are assessed collectively in groups of assets with similar risk characteristics to determine whether provisions should be made due to incurred loss events which are not yet evident. The collective assessment takes account of data from the loan portfolio such as credit quality, levels of arrears, credit utilization, loan to collateral ratios, concentrations of risks and economic data country risk and the performance of different groups.

(1) Calculation of recoverable amount

The recoverable amount of the Group's investment securities classified as loans and receivables and other receivables such as loans and advances is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

(a) The calculation of the present value of the estimate future cash flows of a collateralised financial asset reflects the expected cash flows from foreclosure less costs for obtaining and selling the collateral, whether or not the foreclosure is probable.

(b) When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amount previously written off decrease the amount of the loan impairment charge in profit or loss.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

3. Significant accounting policies (continued)

(j) Impairment (continued)

(1) Calculation of recoverable amount (continued)

(b) (Continued)

The recoverable amount of other assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(2) Reversals of impairment

An impairment loss in respect of a receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss, but through other comprehensive income. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reverse in profit or loss.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Investment in subsidiaries

Investment in subsidiaries is measured at cost, less impairment losses, if any.

(l) Revenue recognition

Revenue comprises interest income, fees and commissions, dividends and income and gains from holding and trading securities and property sales.

(i) Interest income

Interest income is recognised in profit or loss for all interest-earning instruments, using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset to its carrying amount. The effective interest rate is established on initial recognition of the financial asset and is not revised subsequently. Interest income includes coupons earned on fixed income investments, accretion of discount on treasury bills and other discounted instruments, and amortisation of premium on instruments bought at a premium.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

3. Significant accounting policies (continued)

(l) Revenue recognition (continued)

(ii) Fee and commission income

Fee and commission income are recognised on the accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportioned basis. Asset management fees related to investment funds are recognised over the period in which the service is provided. Performance linked fees or fee components are recognised when the performance criteria are fulfilled.

(iii) Dividends

Dividend income is recognised when the right to receive income is established. For quoted securities, this is usually the ex-dividend date.

(iv) Gain or loss on holding and trading securities:

Gain or loss on securities trading is recognised when the Group becomes a party to a contract to dispose of the securities, or, in the case of financial assets measured at fair value, upon re-measurement of those assets.

(m) Interest expense

Interest expense is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability to its carrying amount. The effective interest rate is established on initial recognition of the financial liability and not revised subsequently. Interest expense includes coupons paid on fixed rate liabilities and accretion of discount or amortisation of premium on instruments issued at other than par.

(n) Employee benefits:

Employee benefits comprise all forms of consideration given by the Company in exchange for service rendered by employees. These include current or short-term benefits such as salaries, National Insurance Scheme contributions, annual vacation leave, and non-monetary benefits, such as medical care and housing; post-employment benefits, such as pensions and medical care; other long-term employee benefits, such as long service awards; and termination benefits.

(i) General benefits

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

3. Significant accounting policies (continued)

(n) Employee benefits (continued):

(i) General benefits (continued)

Post-employment benefits are accounted for as described in (ii) below. Other long-term benefits, including termination benefits, which arise when either (1) the employer decides to terminate an employee's employment before the normal retirement date or (2) an employee decides to accept voluntary redundancy in exchange for termination benefits, are accrued as they are earned and charged as an expense, unless not considered material, in which case they are charged when they fall due.

(ii) Share-based payment transaction

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is recognised as staff costs

4. Resale agreements

The Company purchases government and corporate securities and agrees to resell them at a specified date at a specified price.

Resale agreements result in credit exposure, in that the counterparty to the transaction may be unable to fulfill its contractual obligations. At the reporting date, the fair value of the securities held as collateral for resale agreements was \$40,403,442 (2016: \$45,332,612) for the Group and \$Nil (2016: \$178,000) for the Company.

5. Investment securities

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Quoted equities	98	65	-	-
Credit linked notes	1,941	2,000	1,941	2,000
Foreign currency forward contracts	70	70	70	70
	<u>2,109</u>	<u>2,135</u>	<u>2,011</u>	<u>2,070</u>
Available-for-sale securities				
Global bonds	152,421	49,388	24,511	29,615
Government of Jamaica securities	63,725	75,318	-	-
Corporate bonds	53,072	58,733	51,270	57,135
Mutual funds	38,869	24,116	21,313	24,116
Credit linked notes	11,551	12,120	11,551	12,120
Certificate of deposits	4,523	-	-	-
Equities - Jamaica	9	27	9	10
Global equities	3,770	1,805	1,397	1,805
Treasury bills	-	1,000	-	-
Commercial paper	150	3,968	-	-
	<u>328,090</u>	<u>226,475</u>	<u>110,051</u>	<u>124,801</u>

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

5. Investment securities (continued)

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Loans and receivables				
Term deposits	29,148	-	-	-
Global bonds	1,785	-	-	-
Government of Jamaica securities	1,127	3,548	-	-
	<u>362,259</u>	<u>232,158</u>	<u>112,062</u>	<u>126,871</u>

6. Loans receivable

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Loans and advances to customers	29,462	19,999	-	-
Margin loans [see (a) below]	3,912	5,876	-	-
Corporate notes	9,641	1,820	18,888	7,142
	43,015	27,695	18,888	7,142
Less allowance for impairment [see (c)]	(3,594)	(2,702)	-	-
	<u>39,421</u>	<u>24,993</u>	<u>18,888</u>	<u>7,142</u>

- (a) Margin loans represent advances made by the Group to facilitate the purchase of securities by its clients. The securities purchased are pledged as collateral for the outstanding advances. Certain of these securities have been re-pledged by the Group (see note 15).

At the reporting date, the fair value of the collateral pledged by the clients and re-pledged by the Group was \$2,357,000 (2016: \$36,159,000).

- (b) Loans receivable, net of allowance for impairment, are due, from the reporting date, as follows:

	<u>Group</u>				<u>Total</u>
	<u>Within</u>	<u>3-12</u>	<u>1-5</u>	<u>Over</u>	
	<u>3 months</u>	<u>months</u>	<u>years</u>	<u>5 years</u>	
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
	<u>2017</u>				
Margin loans	2,823	1,089	-	-	3,912
Hire purchase loans	3,487	7,989	9,100	-	20,576
Corporate notes	-	9,352	-	289	9,641
Loans and advances to customers	-	5,292	-	-	5,292
	<u>6,310</u>	<u>23,722</u>	<u>9,100</u>	<u>289</u>	<u>39,421</u>

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

6. Loans receivable (continued)

(b) Loans receivable, net of allowance for impairment, are due, from the reporting date, as follows:

	<u>2016</u>				
Margin loans	790	5,086	-	-	5,876
Hire purchase loans	-	17,297	-	-	17,297
Corporate notes	<u>-</u>	<u>-</u>	<u>1,820</u>	<u>-</u>	<u>1,820</u>
	<u>790</u>	<u>22,383</u>	<u>1,820</u>	<u>-</u>	<u>24,993</u>

	<u>Company</u>				
	<u>Within</u>	<u>3-12</u>	<u>1-5</u>	<u>Over</u>	<u>Total</u>
	<u>3 months</u>	<u>months</u>	<u>years</u>	<u>5 years</u>	<u>\$'000</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>

	<u>2017</u>				
Corporate notes	<u>-</u>	<u>10,291</u>	<u>8,308</u>	<u>289</u>	<u>18,888</u>

	<u>2016</u>				
Corporate notes	<u>-</u>	<u>5,642</u>	<u>1,500</u>	<u>-</u>	<u>7,142</u>

(c) Impairment losses

(i) The aging of loans receivable is as follows:

	<u>Group</u>			
	<u>2017</u>		<u>2016</u>	
	<u>Gross</u>	<u>Allowance</u>	<u>Gross</u>	<u>Allowance</u>
	<u>\$'000</u>	<u>for</u>	<u>\$'000</u>	<u>for</u>
		<u>impairment</u>		<u>impairment</u>
		<u>\$'000</u>		<u>\$'000</u>
Not past due and not impaired	38,971	-	23,560	-
Less than 90 days past due and not impaired	1,924	1,741	2,609	1,176
More than 90 days past due and impaired	<u>2,120</u>	<u>1,853</u>	<u>1,526</u>	<u>1,526</u>
	<u>43,015</u>	<u>3,594</u>	<u>27,695</u>	<u>2,702</u>

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

6. Loans receivable (continued)

(c) Impairment losses (continued)

(ii) The movement on the impairment allowance is as follows:

	<u>Group</u>	
	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
Balance at the beginning of the year	2,702	1,851
Impairment losses recognised	1,009	980
Effect of exchange rate movements	(117)	(129)
Balance at the end of the year	<u>3,594</u>	<u>2,702</u>

7. Other assets

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Withholding tax recoverable	3,518	4,389	-	-
Due from joint operation partner	-	446	-	-
Due from clients	-	761	-	-
Interest receivable	4,029	3,826	2,212	1,644
Other [see (a)]	<u>4,132</u>	<u>1,687</u>	<u>50</u>	<u>47</u>
	11,679	11,109	2,262	1,691
Less allowance for impairment [see (b)]	(108)	(507)	-	(1)
	<u>11,571</u>	<u>10,602</u>	<u>2,262</u>	<u>1,690</u>

(a) Included in this amount is \$1,653,000 (2016: \$106,000) expended on planning for the development of investment property.

(b) Allowance for impairment is made in respect of the following:

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Due from clients	-	505	-	-
Other	<u>108</u>	<u>2</u>	-	<u>1</u>
	<u>108</u>	<u>507</u>	<u>-</u>	<u>1</u>

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

7. Other assets (continued)

(b) Allowance for impairment is made in respect of the following (continued):

The movement in the allowance for impairment during the year was as follows (continued):

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of year	507	452	1	354
Bad debt recovered	-	(333)	-	(333)
Write-offs	(288)	(83)	(1)	(20)
Bad debts reversals	-	242	-	-
Effect of exchange rate movements	(111)	229	-	-
Balance at end of year	<u>108</u>	<u>507</u>	<u>-</u>	<u>1</u>

During the year trade receivables of \$147,000 for the Group and \$202,000 for the company were recognised directly in the income statements.

8. Property development in progress

The Group is a participant with another party in a joint operation to develop and sell property comprising residential apartment units. Under the terms of the agreement dated March 28, 2014, the Group contributed land and undertook certain other activities. The Group and the other joint operator share equally in the net profits of the development. The amount of \$297,000 represents the Group's contribution to the joint operation less the other party's interest therein; the other party, in return for its interest in the transferred property, is obligated to contribute certain expertise, services and other things. The value to the Group of this obligation is included in other assets. (Note 7).

	<u>Group</u>	
	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
At beginning of year	210	1,330
Cost of property transferred	-	(1,120)
Effect of exchange rate movements	(10)	-
At end of year	<u>200</u>	<u>210</u>

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

9. Investment in subsidiaries

	<u>Company</u>	
	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
Ordinary shares at cost:		
Proven Wealth Limited	16,567	16,567
Real Properties Limited (formerly Proven REIT Limited [see (c) below])	641	491
Asset Management Company Limited	412	412
The Bank of St. Lucia International Limited [see (a) below]	10,435	-
Proven Fund Managers Limited (formerly PWL Transition Limited)	18,176	18,176
Access Financial Services Limited	<u>10,757</u>	<u>10,757</u>
	<u>56,988</u>	<u>46,403</u>

(a) Acquisition of The Bank of St. Lucia International Limited.

Effective March 13, 2017, Proven Investments Limited acquired the entire issued share capital of The Bank of St. Lucia International Limited (BOSLIL). The principal activities of BOSLIL are investment management and banking. The acquisition is expected to provide an enhanced level of income, above-average returns, and preservation of capital for shareholders of the Company.

Since the date of acquisition, BOSLIL has contributed revenue of \$468,000 and attributable post-acquisition profit of \$336,000 to the Group's results in the period to March 31, 2017. If the acquisition had occurred on April 1, 2016, management estimates that consolidated revenue from BOSLIL would have been \$3,729,000, and consolidated profit for the year would have been \$2,726,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on April 1, 2016. The following summarises the fair value of the identifiable assets and liabilities recognised by the Group at the date of acquisition.

(i) Identifiable assets acquired and liabilities assumed:

	<u>2017</u>
	\$'000
Cash and cash equivalents	132,959
Investments	159,869
Loans receivable	5,285
Other receivables	625
Intangible assets	2,200
Property, plant and equipment	398
Deposits from other banks	(2,211)
Due to customers	(278,001)
Other liabilities	<u>(494)</u>
	20,630
Consideration transferred:	
Cash	<u>(12,600)</u>
Gain on acquisition	<u>8,030</u>

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

9. Investment in subsidiaries (continued)

(a) Acquisition of The Bank of St. Lucia International Limited (continued)

(ii) Cash flow on acquisition

	<u>2017</u> \$'000
Total consideration transferred	12,600
Less: cash acquired [note (9(a)(i))]	<u>(132,959)</u>
Net cash generated on acquisition	<u>(120,359)</u>

(iii) Share based payment

Effective March 13, 2017, Proven Investments Limited transferred 17.18% of its shareholding in BOSLIL to the managing director. This was accounted for as a share-based payment valued at \$3,244,000 [see note (26)].

(iv) The fair value of certain material asset categories was established as follows:

1. Property, plant and equipment: The value of land was assessed through market comparison techniques by qualified independent valuation assessors. The value of buildings and certain equipment was assessed through cost techniques, specifically the depreciated replacement cost methodology to account for physical deterioration as well as functional and economic obsolescence.
2. Intangible assets: The value of brands and trademarks was assessed through market benchmarking information provided by independent data specialists. The value of customer relationships was assessed through the multi-period excess earnings method, performed by a qualified independent valuator. The value of non-compete agreements was valued using the incremental cashflow method.

The other receivables comprise gross contractual amounts due of \$5,285,000, which \$Nil was expected to be fully collectible at the date of acquisition.

(v) Acquisition-related costs

The Group incurred acquisition-related costs of \$653,000 on legal fees and due diligence costs. These costs have been included in 'administrative expenses' in profit for the year.

(vi) Bargain purchase

The consideration of \$12.6 million is less than the net assets of the business of \$20.6 million thereby resulting in a gain of \$8.03 million, recognised in the statement of profit and loss and other comprehensive income. The reasons for the bargain purchase are as follows:

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

9. Investment in subsidiaries (continued)

(a) Acquisition of The Bank of St. Lucia International Limited (continued)

(vi) Bargain purchase (continued)

- The loss of certain correspondent banking relationships (“CBR”) and the uncertainty regarding the favorable resolution of CBR issues that may have negatively impacted BOSLIL and hence the seller’s negotiating position.
- Seller wanted to realise gains on its initial investment in BOSLIL, while disposing of the business as a going concern.

(b) Acquisition from Damark Limited

On May 27, 2016, Access Financial Services acquired the business of Damark Limited. The principal activities of Damark Limited is retail lending. The acquisition is expected to provide and enhance income, above-average returns, and preservation of capital for shareholders of the Group.

Identifiable assets acquired and liabilities assumed:

	<u>2017</u> \$'000
Loans receivables	1,160
Intangible assets	191
Property, plant and equipment	<u>17</u>
	1,368
Consideration transferred:	
Cash	(1404)
Goodwill	<u>(36)</u>

The loan and other receivables comprise gross contractual amounts due of \$1,160,000 which was expected to be fully recoverable at the date of acquisition.

- (c) During the year, the Group acquired an additional 15% interest in Real Properties Limited (formerly Proven REIT Limited) for \$150,000 in cash, increasing its ownership from 85% to 100%. The carrying amount of Real Properties Limited’s net assets in the Group’s consolidated financial statements on the date of the acquisition was \$547,000. The Group recognised a decrease in NCI and retained earnings of \$82,000 and \$68,000 respectively.

	<u>2017</u> \$'000
Carrying amount of NCI acquired	82
Consideration paid to NCI	<u>(150)</u>
A decrease in equity attributable to owners of the company	<u>(68)</u>

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

9. Investment in subsidiaries (continued)

- (d) In the prior year, the Group disposed of its interest in Knutsford Express Limited effective December 30, 2015 and recognised a gain on disposal of \$896,000 for the Group and \$929,000 for the Company.

10. Investment property

	Group		Company	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
At beginning of year	6,013	414	5,623	-
Investment property acquired	128	4,212	-	4,212
Fair value adjustment	27	1,411	-	1,411
Disposal	-	-	(5,623)	-
Foreign exchange translation adjustment	(20)	(24)	-	-
	<u>6,148</u>	<u>6,013</u>	<u>-</u>	<u>5,623</u>

The company's land and buildings were last revalued in February 2016 and December 2015 by independent valuers, Allison Pitter & Co. and NAI Jamaica Langford and Brown. The valuations were done on the basis of open market value. The fair value of the investment property is categorised into Level 3 of the fair value hierarchy.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p>Market approach. This model takes into account:</p> <ul style="list-style-type: none"> The fact that the intention is to dispose of the property in an open market transaction. The expected sale would take place on the basis of a willing seller and willing buyer. A reasonable period in which to negotiate a sale, taking into account the nature of the property and state of the market. Values are expected to remain stable throughout the period of market exposure and disposal by of sale (hypothetical). The property will be freely exposed to the market; and The potential rental value of the property in the current investment climate. 	<ul style="list-style-type: none"> Judgements about whether the property can be sold, exchanged, transferred, let, mortgaged or used for any other economic activity, within its use class. The strength of demand for the property, given its condition, location and range of potential uses. The potential rental value of the property in the current investment climate 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> The level of current and future economic activity in the location and the impact on the strength of the demand is greater/(less) than judged. The potential rental income from the property is greater /(less) than judged.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

11. Intangible assets

	Group						
	Customer relationships	Non-compete agreements	Trade name	Goodwill	License	Computer software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:							
March 31, 2015	9,452	1,570	2,269	7,633	490	310	21,724
Adjustment [see note 9(d)]	(2,722)	-	-	2,722	-	-	-
Additions	-	-	-	-	-	92	92
Translation adjustment	-	-	-	-	(28)	(20)	(48)
March 31, 2016	6,730	1,570	2,269	10,355	462	382	21,768
Acquired through business combination	1,582	99	265	36	-	445	2,427
Additions	-	-	-	-	-	72	72
Translation adjustment	-	-	-	-	(23)	(12)	(35)
March 31, 2017	<u>8,312</u>	<u>1,669</u>	<u>2,534</u>	<u>10,391</u>	<u>439</u>	<u>887</u>	<u>24,232</u>
Amortisation:							
March 31, 2015	-	-	-	-	-	264	264
Amortisation for the year	1,099	465	-	-	-	105	1,669
Translation adjustment	-	-	-	-	-	(18)	(18)
March 31, 2016	1,099	465	-	-	-	351	1,915
Amortisation for the year	666	434	-	-	-	39	1,139
Translation adjustment	-	-	-	-	-	(12)	(12)
March 31, 2017	<u>1,765</u>	<u>899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>378</u>	<u>3,042</u>
Net book values:							
March 31, 2017	<u>6,547</u>	<u>770</u>	<u>2,534</u>	<u>10,391</u>	<u>439</u>	<u>509</u>	<u>21,190</u>
March 31, 2016	<u>5,631</u>	<u>1,105</u>	<u>2,269</u>	<u>10,355</u>	<u>462</u>	<u>31</u>	<u>19,853</u>
March 31, 2015	<u>9,452</u>	<u>1,570</u>	<u>2,269</u>	<u>7,633</u>	<u>490</u>	<u>46</u>	<u>21,460</u>

In testing goodwill for impairment, recoverable amounts of cash-generating units are estimated based on value-in-use. Where the recoverable amounts exceed the carrying amounts, no impairment allowance is made. The recoverable amounts of cash-generating units are arrived at by estimating their future cash flows and discounting those cash flows using long-term discount rates applicable to the countries in which the businesses operate.

Future sustainable cash flows are estimated based on the most recent forecasts, after taking account of past experience. In all cases projected cash flows are taken over 5 years and the long-term growth rate is applied following the immediately following year, within a terminal value calculated based on the discount rate and growth rate applied. Each cash generating unit is regarded as saleable to a third party at any future date at a price sufficient to recover its carrying amount of goodwill. Key assumptions are set out below:

We calculated the fair value of the Access Financial Services trade name using the relief from royalty method and compared the fair value to the carrying value of the trade name as at March 31, 2017.

	<u>2017</u>	<u>2016</u>
<u>Retail lending cash generating units (CGUs)</u>		
Discount rate	24.6%	24.6%
Growth rate	6%	6%

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

12. Property, plant and equipment

	Group						Total
	Leasehold	Furniture,	Motor	Computer	Work	Art-	
	<u>improvements</u>	<u>fixtures and</u>	<u>vehicles</u>	<u>equipment</u>	<u>in</u>	<u>work</u>	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Cost:							
March 31, 2015	576	874	275	1,124	10	5	2,864
Additions	55	31	34	8	12	-	140
Disposals	(137)	(16)	-	-	-	-	(153)
Translation adjustment	(14)	(21)	(7)	(27)	-	-	(69)
March 31, 2016	<u>480</u>	<u>868</u>	<u>302</u>	<u>1,105</u>	<u>22</u>	<u>5</u>	<u>2,782</u>
Acquired through business combination	23	160	30	202	-	-	415
Additions	48	65	-	65	-	-	178
Transfers	20	-	-	-	(20)	-	-
Disposals	-	-	(163)	-	-	-	(163)
Translation adjustment	(10)	(17)	(16)	(117)	(2)	-	(162)
March 31, 2017	<u>561</u>	<u>1,076</u>	<u>153</u>	<u>1,255</u>	<u>-</u>	<u>5</u>	<u>3,050</u>
Depreciation:							
March 31, 2015	167	614	260	962	-	-	2,003
Charge for the year	56	56	77	29	-	-	218
Disposals	(1)	(8)	(47)	-	-	-	(56)
Translation adjustment	3	3	12	2	-	-	20
March 31, 2016	<u>225</u>	<u>665</u>	<u>302</u>	<u>993</u>	<u>-</u>	<u>-</u>	<u>2,185</u>
Charge for the year	63	60	2	79	-	-	204
Disposals	-	-	(163)	-	-	-	(163)
Translation adjustment	(21)	(8)	(24)	(88)	-	-	(141)
March 31, 2017	<u>267</u>	<u>717</u>	<u>117</u>	<u>984</u>	<u>-</u>	<u>-</u>	<u>2,085</u>
Net book values:							
March 31, 2017	<u>294</u>	<u>359</u>	<u>36</u>	<u>271</u>	<u>-</u>	<u>5</u>	<u>965</u>
March 31, 2016	<u>255</u>	<u>203</u>	<u>-</u>	<u>112</u>	<u>22</u>	<u>5</u>	<u>597</u>
March 31, 2015	<u>409</u>	<u>260</u>	<u>15</u>	<u>162</u>	<u>10</u>	<u>5</u>	<u>861</u>

13. Repurchase agreements

The Group sells Government and corporate securities and agrees to repurchase them on a specified date and at a specified price.

	Group		Company	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Denominated in Jamaica dollars	50,470	77,507	-	-
Denominated in United States dollars	<u>92,529</u>	<u>82,323</u>	<u>14,845</u>	<u>23,810</u>
	<u>142,999</u>	<u>159,830</u>	<u>14,845</u>	<u>23,810</u>

The Company sells government and corporate securities and agrees to repurchase them on a specified date and at a specified price (note 6).

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

14. Owed by related parties

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Owed by/(to) other related parties				
Current accounts [See (i)]	102	420	(43)	(82)
Dividend payable [See 18(a)]	(1,051)	(82)	(1,051)	341
	<u>949</u>	<u>338</u>	<u>(1,094)</u>	<u>259</u>
Owed by/(to) subsidiaries				
Current accounts	<u>-</u>	<u>-</u>	<u>(737)</u>	<u>(215)</u>

- (i) Current accounts represents the net of accrued management fees and amounts receivable from Proven Management Limited and property management fee receivable by Real Properties Limited

15. Notes payable

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Structured notes [See (i)]	64,400	63,348	64,400	63,348
Equity-linked notes [See (ii)]	1,699	6,259	1,699	6,259
Secured investment note [See (iii)]	-	6,750	-	6,750
Margin loans payable [See (iv)]	14,075	10,101	18,962	7,878
Other	14,259	7,696	-	-
Short-term loan [See (v)]	<u>2,254</u>	<u>2,375</u>	<u>2,254</u>	<u>2,375</u>
	<u>96,687</u>	<u>96,529</u>	<u>87,315</u>	<u>86,610</u>

- (i) Structured notes represent short to medium-term debt obligations issued by the Group. The notes are secured by a basket of securities and typically have fixed quarterly coupon payments, with bullet payments of principal at maturity.

- (ii) Equity-linked notes are medium-term debt instruments issued by the Group, which pay a return that is linked to the performance of the underlying securities.

- (iii) The secured investment note issued in March 2015, ended on March 30, 2017, was secured by the assignment of equity shares held by the Company in Access Financial Services Limited. Interest was paid quarterly at a fixed rate of 10.5% per annum.

- (iv) Margin loans payable represent short-term debt facilities provided by brokerage firms to the Group:

- acquire securities on its own account. The facilities are collateralised by the securities held with the brokerage firms.
- fund facilities offered to its clients. The clients have agreed with the Group that the securities purchased may be re-pledged or otherwise offered by the Group as collateral for the margin facility extended to the Group by the brokerage firm [note 6(a)].

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

15. Notes payable

(v) This is a short term revolving facility granted by First Global Bank Limited on September 28, 2015. The facility is set to revolve at least once annually. Each draw down under the revolving line is to be fully repaid within twelve (12) months. Interest rates were initially set to 8.9% per annum and re-priced thereafter at six months Weighted Average Treasury Bill Yield, plus a margin of 255 basis point.

16. Other liabilities

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest payable	841	958	444	359
Payable to client	6,854	2,230	-	-
Statutory	17	11	-	-
Accrued charges	976	922	138	66
Other	<u>4,155</u>	<u>7,419</u>	<u>1,518</u>	<u>3,917</u>
	<u>12,843</u>	<u>11,540</u>	<u>2,100</u>	<u>4,342</u>

17. Due to customers

	<u>Group</u>	
	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
Time deposits	14,701	-
Interest bearing accounts	6,679	-
Non-interest bearing accounts	248,153	-
Sweep accounts	<u>522</u>	<u>-</u>
	<u>270,055</u>	<u>-</u>

18. Preference shares

	<u>JS'000</u>	<u>Group and Company</u>	
		<u>2017</u>	<u>2016</u>
		<u>\$'000</u>	<u>\$'000</u>
Managers' preference shares [See (a)]		<u>1</u>	<u>1</u>
8.25% Cumulative redeemable preference shares [See (b) at note 20]			
At beginning of year	976,374	7,977	8,473
Repayment	(976,374)	(7,977)	-
Addition	2,097,967	15,976	-
Effect of exchange rate fluctuation	<u>-</u>	<u>-</u>	<u>(496)</u>
At end of year	<u>2,097,967</u>	<u>15,976</u>	<u>7,977</u>
		<u>15,977</u>	<u>7,978</u>

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

18. Preference shares (continued)

- (a) The terms and conditions of the manager's preference shares include the following:
- (i) the manager's preference shares shall rank *pari passu* as between and among themselves;
 - (ii) each manager's preference share is entitled to a cumulative annual preference dividend in the sum which is equal to:
 - (1) 25% of the profits and gains of the Company in each financial year in excess of the Annual Earnings Hurdle (computed in accordance with the formula set out in the terms and conditions of issue) for such financial year, divided by
 - (2) the number of manager's preference shares in issue when the said cumulative annual preference dividend is paid; and for this purpose the Annual Earnings Hurdle shall be the amount which results when the hurdle rate is applied to the average equity of the Company during such financial year.
 - (iii) Apart from the right to the cumulative annual preference dividend, the manager's preference shares have no economic rights or entitlements save for the right on a winding up to the repayment of the capital paid thereon on a *pari passu* basis with the capital paid on the ordinary shares.
 - (iv) Each manager's preference share has votes attaching to it that are a multiple of the votes attaching to each ordinary share on all resolutions and decisions at a general meeting, such that the preference share votes will be at least equal to the votes of the ordinary shares, except on any resolution intended to vary the formula for computing the dividend payable to the preference shareholders, in which case each manager's preference share is entitled to one vote.
- (b) The terms and conditions of the 8.25% (2016: 8%) Cumulative redeemable preference shares include the following:
- (i) The right to a preferential dividend at the agreed annual rate, payable out of the profits of the Company, calculated on the capital paid up on the preference stock units, and any dividend not paid shall accumulate until paid;
 - (ii) The right to preferential repayment of paid-up preference capital, and any arrears of preference dividend upon the winding up or the Company or other return of capital;
 - (iii) No right to vote at any general meeting of the Company except where the dividend on the preference stock units are past due more than twelve months, and/or the notice for the redemption of preference stock units is past due and/or a resolution to wind up the company has been passed;
 - (iv) The Company may redeem all or any of the preference stock units on or before December 15, 2021 at J\$5.00 each.

The dividend on both classes of preference shares is recorded as interest expense in the statement of profit or loss and other comprehensive income.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

19. Deferred tax assets/(liabilities)

	<u>Group</u>			<u>Balance</u> <u>at March</u> <u>31, 2017</u> \$'000
	<u>Balance</u> <u>at March</u> <u>31, 2016</u> \$'000	<u>Recognised</u> <u>in profit</u> <u>and loss</u> \$'000 (note 28)	<u>Recognised</u> <u>in equity</u> \$'000	
Property, plant and equipment	(13)	20	-	7
Other receivables	(694)	(56)	-	(750)
Unrealised foreign exchange gains	14	900	-	914
Investment property	(5)	-	-	(5)
Available-for-sale investment securities	831	202	(724)	309
Other liabilities	197	(54)	-	143
Tax losses	24	-	-	24
Exchange difference on translation	36	(22)	-	14
Other	<u>50</u>	<u>90</u>	<u>-</u>	<u>140</u>
	<u>440</u>	<u>1,080</u>	<u>(724)</u>	<u>796</u>

	<u>2016</u>			<u>Balance</u> <u>at March</u> <u>31, 2016</u> \$'000
	<u>Balance</u> <u>at March</u> <u>31, 2015</u> \$'000	<u>Recognised</u> <u>in profit</u> <u>and loss</u> \$'000 (note 28)	<u>Recognised</u> <u>in equity</u> \$'000	
Property, plant and equipment	(26)	13	-	(13)
Other receivables	(770)	76	-	(694)
Unrealised foreign exchange gains	242	(228)	-	14
Investment property	(5)	-	-	(5)
Available-for-sale investment securities	288	316	227	831
Other liabilities	206	(9)	-	197
Tax losses	211	(187)	-	24
Exchange difference on translation	50	(14)	-	36
Other	<u>36</u>	<u>14</u>	<u>-</u>	<u>50</u>
	<u>232</u>	<u>(19)</u>	<u>227</u>	<u>440</u>

20. Share capital

	<u>2017</u> \$'000	<u>2016</u> \$'000
Authorised:		
2,999,990,000 Ordinary shares, par value US\$0.01 each	29,999,900	29,999,900
10,000 Manager's Preference Shares, par value US\$0.01 each	100	100
300,000,000 8% Cumulative Redeemable Preference Shares, par value US\$0.01 each	3,000,000	3,000,000
700,000,000 cumulative redeemable Preference share, par value US\$0.01 each	<u>7,000,000</u>	<u>-</u>
	<u>40,000,000</u>	<u>33,000,000</u>

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
Year ended March 31, 2017

20. Share capital (continued)

	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	Units	Units	\$'000	\$'000
Issued and fully paid:				
Ordinary shares	551,595,777	551,595,777	69,248	69,248
Manager's Preference Shares 8.25% (2016: 8% Cumulative	10,000	10,000	1	1
Redeemable Preference Shares	<u>419,593,412</u>	<u>200,000,000</u>	<u>15,976</u>	<u>7,977</u>
			85,225	77,226
Less: Preference shares classified as liability (see note 18)			<u>(15,977)</u>	<u>(7,978)</u>
			<u>69,248</u>	<u>69,248</u>

- (a) During 2016, the Company issued an additional 182,905,922 ordinary shares at 0.16¢ per share for the aggregate increase in ordinary share capital of 29,268,000.
- (b) The holders of the ordinary shares are entitled to receive dividends from time to time, and are entitled to one vote per share at meetings of the Company.
- (c) The rights and entitlements of the holders of the preference shares are set out in note 18.

21. Fair value reserve

This represents the cumulative net unrealized gains(losses in fair value, net of taxation, on the revaluation of available-for-sale investment securities, and remains until the securities are disposed of or impaired.

22. Foreign exchange translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in foreign operations.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

23. Non-controlling interest

The following table summarises information relating to each of the group's subsidiaries that has material non-controlling interest (NCI), before any intra-group eliminations.

	2017			
	Access Financial Services \$'000	Bank of St. Lucia International Limited \$'000	Intra-group adjustments \$'000	Total \$'000
NCI percentage	50.28%	17.18%		
Total assets	24,242	292,052		
Total liabilities	(10,848)	(272,566)		
Net assets/(liabilities)	<u>13,394</u>	<u>19,486</u>		
Carrying amount of NCI	<u>6,735</u>	<u>3,348</u>	<u>7,777</u>	<u>17,860</u>
Revenue	<u>9,960</u>	<u>181</u>		
Profit/(loss) for the year	5,334	336		
Profit/(loss) allocated to NCI	<u>3,190</u>	<u>58</u>		<u>2,741</u>
Cash flows from operating activities	2,337	15,258		
Cash flows from investment activities	(377)	-		
Cash flows from financing activities	(1,983)	<u>3</u>		
Net increase/(decrease) in cash and cash equivalents	<u>(23)</u>	<u>15,261</u>		
	2016			
	Access Financial Services \$'000	Real Properties Limited \$'000	Intra-group adjustments \$'000	Total \$'000
NCI percentage	50.28%	15%		
Total assets	21,010	2,006		
Total liabilities	(11,014)	(1,628)		
Net assets/(liabilities)	<u>9,996</u>	<u>378</u>		
Carrying amount of NCI	<u>5,026</u>	<u>57</u>	<u>7,579</u>	<u>12,662</u>
Revenue	<u>9,263</u>	<u>1</u>		
Profit/(loss) for the year	3,878	(71)		
Loss allocated to NCI	<u>1,950</u>	<u>(11)</u>		<u>1,939</u>
Cash flows from operating activities	3,046	(1,273)		
Cash flows from investment activities	(135)	1,124		
Cash flows from financing activities	(1,063)	<u>162</u>		
Net increase/(decrease) in cash and cash equivalents	<u>1,848</u>	<u>13</u>		

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

24. Net interest income

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Interest income:				
BOJ certificates of deposit	-	50	-	-
GOJ benchmark investment notes	2,266	2,967	-	56
Regional and corporate bonds	3,503	4,457	3,508	4,457
Global bonds	6,078	5,732	2,270	2,281
Resale agreements	1,121	2,346	21	8
Corporate note	779	810	1,181	657
Other loans receivable	10,058	9,359	-	-
Other	<u>344</u>	<u>5</u>	<u>-</u>	<u>5</u>
	<u>24,149</u>	<u>25,726</u>	<u>6,980</u>	<u>7,464</u>
Interest expense:				
Interest on margin loans	413	439	413	439
Repurchase agreements	4,425	6,153	360	444
Notes payable	3,845	4,606	3,319	3,694
Preference shares	690	671	690	671
Other	<u>273</u>	<u>131</u>	<u>156</u>	<u>131</u>
	<u>9,646</u>	<u>12,000</u>	<u>4,938</u>	<u>5,379</u>
Net interest income	<u>14,503</u>	<u>13,726</u>	<u>2,042</u>	<u>2,085</u>

25. Net fair value adjustments and realised gains

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Fair value adjustment for investment property	28	1,411	-	1,411
Fair value gains/(losses) on fixed income securities	1,681	(2,414)	(758)	(3,318)
Fair value gains/(losses) equity securities	<u>11</u>	<u>(32)</u>	<u>(1)</u>	<u>85</u>
	<u>1,720</u>	<u>(1,035)</u>	<u>(759)</u>	<u>(1,822)</u>

26. Staff costs

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$'000	\$'000	\$'000	\$'000
Salaries, wages and related costs	3,652	3,325	-	-
Bonus and ex-gratia payments	335	243	-	-
Statutory payroll contributions	211	183	-	-
Pension costs - defined contribution plan	103	100	-	-
Staff welfare	53	69	-	1
Equity-settled share based payment [note (9)(iii)]	3,244	-	2,165	-
Other	<u>712</u>	<u>586</u>	<u>83</u>	<u>50</u>
	<u>8,310</u>	<u>4,506</u>	<u>2,248</u>	<u>51</u>

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

26. Staff costs (continued)

Included in staff costs are the following directors' emoluments:

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Fees	139	121	83	50
Management remuneration	<u>404</u>	<u>260</u>	<u>-</u>	<u>-</u>

27. Other operating expenses

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Audit fees	237	131	103	83
Bad debt recovery, net	(177)	-	-	-
Irrecoverable GCT	278	158	179	72
Insurance	112	82	-	6
Legal and other professional fees	1,211	683	829	-
Licenses and permits	425	476	-	-
Marketing and advertising	681	653	195	208
Miscellaneous	434	399	214	132
Management fees [note 29(f)]	1,363	1,277	1,363	1,277
Irrecoverable income tax withheld	98	37	98	37
Office rent	523	515	-	-
Commission expenses and fees	-	152	251	317
Printing and stationery	150	145	-	-
Repairs and maintenance	451	379	-	-
Subscriptions and donations	20	15	-	-
Travelling	128	118	64	28
Utilities	347	395	-	-
Other operating expenses	<u>1,515</u>	<u>1,354</u>	<u>558</u>	<u>60</u>
	<u>7,796</u>	<u>6,969</u>	<u>3,854</u>	<u>2,220</u>

28. Taxation

(a) The tax charge for income tax is computed at 1%, 25% and 33½% (depending on the jurisdiction) of profit for the year as adjusted for tax purposes, and is made up as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
(i) Current tax charge:				
Charge on current period's profits:				
Income tax at 1%	-	(57)	-	(57)
Income tax at 33½%	1,442	593	-	-
Income tax at 25%	<u>595</u>	<u>349</u>	<u>-</u>	<u>-</u>
	2,037	885	-	(57)
Prior period over accruals	<u>-</u>	<u>(460)</u>	<u>-</u>	<u>-</u>
	<u>2,037</u>	<u>425</u>	<u>-</u>	<u>(57)</u>

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

28. Taxation (continued)

- (a) The tax charge for income tax is computed at 1%, 25% and 33 $\frac{1}{3}$ % (depending on the jurisdiction) of profit for the year as adjusted for tax purposes, and is made up as follows (continued):

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
(ii) Deferred tax:				
Origination and reversal of temporary differences	(1,080)	19	-	-
(iii) Prior year over provision	-	(5)	-	-
Total income tax charge/(credit)	<u>957</u>	<u>439</u>	-	<u>(57)</u>

- (b) Reconciliation of actual tax expense/(credit):

The tax rate for two of the subsidiaries is 25% and 33 $\frac{1}{3}$ % of profit before income tax adjusted for tax purposes, while the tax rate for the Company is 1% of profits. The actual charge for the year is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Profit/(loss) before taxation	<u>13,744</u>	<u>4,722</u>	<u>(454)</u>	<u>1,867</u>
Computed "expected" tax expense at 1%	-	19	-	19
Computed "expected" tax expense at 25%	1,475	1,066	-	-
Computed "expected" tax expense at 33 $\frac{1}{3}$ %	<u>1,424</u>	<u>720</u>	-	-
	2,899	1,805	-	19
Difference between profits for financial statements and tax reporting purposes on				
Depreciation charge and capital allowances	20	52	-	-
Income exempt from income tax	(676)	(597)	-	-
Employer tax credit	(255)	(256)	-	-
Disallowed expenses	164	216	-	-
Tax losses	-	(139)	-	-
Tax remission in subsidiary	(851)	(672)	-	-
Prior period over-accrual	-	(460)	-	-
Other	<u>(344)</u>	<u>490</u>	-	<u>(76)</u>
Actual tax expense	<u>957</u>	<u>439</u>	-	<u>(57)</u>

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

29. Related party transactions

(a) Definition of related party

A related party is a person or entity that is related to the Group.

(i) A person or a close member of that person's family is related to the Group if that person:

- (1) has control or joint control over the Group;
- (2) has significant influence over the Group; or
- (3) is a member of the key management personnel of the Group or of a parent of the Group.

(ii) An entity is related to the Group if any of the following conditions applies:

- (1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (3) Both entities are joint ventures of the same third party.
- (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (6) The entity is controlled, or jointly controlled by a person identified in (i).
- (7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (8) The entity, or any member of a group of companies of which it is a part, provides key management personnel services to the Group.

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

(b) Identity of related parties

The Group has related party relationships with its subsidiaries and associates and with its directors and executive officers and those of its subsidiaries and associates.

(c) The Group has engaged a related party, Proven Management Limited, to provide investment management services in relation to financial instruments held in a number of funds, and the business and operations of the Group, for a fee. The fee is charged at 2% of the Group's Average Net Asset Value in the financial year [see note 29(f)].

	<u>Group and Company</u>	
	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
Investment management fees paid for the year	1,248	1,093
Fees accrued at end of year	<u>115</u>	<u>184</u>
	<u>1,363</u>	<u>1,277</u>

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

29. Related party transactions (continued)

- (d) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Such persons comprise the directors and executive officers. Key management compensation for the year, included in staff costs (note 26), is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Directors' fees	139	121	83	50
Management remuneration	<u>404</u>	260	<u>-</u>	<u>-</u>

- (e) The statement of financial position includes balances, arising in the ordinary course of business, with its related parties, as follows:

	<u>2017</u>
	<u>Directors and key management</u>
	<u>\$'000</u>
Resale agreements	72
Other receivables	217
Repurchase agreements	<u>176</u>

Other amounts with related parties are disclosed in note 14.

- (f) The statement of profit or loss and other comprehensive income includes the following income earned from, and expenses incurred in, transactions with related parties:

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Proven Wealth Limited				
Interest income	<u>-</u>	<u>-</u>	<u>148</u>	<u>61</u>
MPS Holding Limited				
Dividends paid	<u>2,184</u>	<u>331</u>	<u>2,184</u>	<u>331</u>
Proven Management Limited				
Management fees	<u>1,363</u>	<u>1,277</u>	<u>1,363</u>	<u>1,277</u>

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

30. Earnings per stock unit

Earning per stock unit ("EPS") is computed by dividing the profit attributable to stockholders of the parent, of \$8,721,000 (2016: \$2,344,000), by the weighted average number of ordinary stock units in issue during the year, numbering 551,595,777 (2016: 536,353,617).

31. Distribution to equity holders

	<u>Group and Company</u>	
	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
Distribution to ordinary shareholders		
per stock unit - parent at 0.8¢ (2016: 0.6¢)	4,360	3,364
- non-controlling interest at 0.5¢ (2016: 0.56¢)	<u>705</u>	<u>616</u>
	<u>5,065</u>	<u>3,980</u>

32. Lease commitments

At the reporting date, there were operating lease rental commitments payable as follows:

	<u>Group and Company</u>	
	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
Within one year	386	399
Subsequent years	<u>516</u>	<u>512</u>
	<u>902</u>	<u>911</u>

33. Financial instruments - risk management

(a) Introduction and overview:

By their nature, the Group's activities are principally related to the use of financial instruments. The Group's activities therefore expose it to a variety of financial risks: credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and price risk. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board has established committees for managing and monitoring risks, as follows:

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017*(Presented in United States dollars, except as otherwise stated)*33. Financial instruments - risk management (continued)

(a) Introduction and overview (continued):

- (i) Investment Management Committee
- (ii) Audit Committee

The Investment Management Committee oversees management's compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group accepts investments from customers at both fixed and floating rates and for various periods and seeks to earn above average interest margins by investing these funds in high quality assets. The Group seeks to increase these margins by consolidating short-term funds and investing for longer periods at higher rates while maintaining sufficient liquidity to meet claims as they fall due.

The Group also trades in financial instruments where it takes positions to take advantage of short-term market movements in bond prices and in foreign exchange and interest rates. To manage the associated risks, trading limits are placed on the level of exposure that can be taken.

(b) Credit risk:

Credit risk is the risk of default by an obligor. This risk is managed primarily by reviews of the financial status of each obligor. The primary concentration of the Group's credit risks relates to investments in government securities. With the exception of investments in government securities and government-backed securities, there are no significant concentrations of credit risk.

(i) Maximum exposure to credit risk:

The maximum credit exposure, the total amount of loss the Group would suffer if every counterparty to the Group's financial assets were to default at once, is represented by the carrying amount of financial assets exposed to credit risk.

The Group manages its credit risk exposure as follows:

- Cash and cash equivalents

These are held with reputable, regulated financial institutions. Collateral is not required for such accounts, as management regards the institutions as strong.

- Resale agreements

Collateral is held for resale agreements in amounts that secure the collection of both principal and interest.

- Investment securities

The Group manages the level of risk it undertakes by investing substantially in sovereign debts and companies with acceptable credit ratings.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

33. Financial instruments - risk management (continued)

(b) Credit risk (continued):

(i) Maximum exposure to credit risk (continued):

- Accounts receivable

Exposure to credit risk is managed by regular analysis of the ability of the customers and other counterparties to meet repayment obligations.

- Loans receivable

The Group's policy requires that proposed significant loans are approved by the Investment Committee prior to disbursement, with the Committee thereafter monitoring the performance of the credit.

(ii) Concentration of credit risk:

The Group holds significant amounts of debt securities issued by Government of Jamaica and Bank of Jamaica. There is no other significant concentration of credit risk.

(iii) Impairment:

Impairment allowance for financial assets considered impaired at the reporting date are disclosed in notes 6 and 7.

During the year, there was no change in the nature of the Group's exposure to credit risk or to the manner in which it measures and manages the risk.

(c) Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. Prudent liquidity risk management procedures which the Group applies include maintaining sufficient cash and marketable securities, and monitoring future cash flows and liquidity on a daily basis.

(i) Liquidity risk management:

The Group's liquidity management process, as carried out within the Group and monitored by the Investment Management Committee, includes:

- (i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;
- (ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flows;

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

33. Financial instruments - risk management (continued)

(c) Liquidity risk: (continued):

(i) Liquidity risk management (continued):

(iii) Optimising cash returns on investment;

(iv) Monitoring liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities; and

(v) Managing the concentration and profile of debt maturities. Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The table below presents the undiscounted cash flows payable (both interest and principal cash flows) based on contractual repayment obligations. The tables also reflect the expected maturities of the Group's liabilities at the reporting date.

	Group							
	0-30 days	31-90 days	91-365 days	366 days to 5 years	Over 5 years	No specific maturity date	Total contractual outflow	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2017							
Liabilities								
Repurchase agreements	70,484	65,853	4,482	2,318	-	-	143,137	142,999
Notes payable	4,166	2,198	59,973	34,918	-	-	101,255	96,687
Other liabilities	7,393	-	555	-	-	4,895	12,843	12,843
Due to related parties						949	949	949
Due to banks	118	-	-	-	-	2,092	2,210	2,210
Due to customers	13,214	506	7,732	-	-	248,674	270,126	270,055
Preference shares	117	233	1,048	22,613	-	260	24,271	15,977
Total financial liabilities	<u>95,492</u>	<u>68,790</u>	<u>73,790</u>	<u>59,849</u>	<u>-</u>	<u>256,870</u>	<u>554,791</u>	<u>541,720</u>
	2016							
Liabilities								
Repurchase agreements	79,017	58,814	18,781	3,980	-	-	160,592	159,830
Notes payable	125	17,351	67,793	13,347	9,471	11,004	119,091	96,529
Other liabilities	4,765	637	633	-	-	5,505	11,540	11,540
Preference shares	-	157	8,170	274	-	-	8,601	7,978
Total financial liabilities	<u>83,907</u>	<u>76,959</u>	<u>95,377</u>	<u>17,601</u>	<u>9,471</u>	<u>16,509</u>	<u>299,824</u>	<u>275,877</u>

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

33. Financial instruments - risk management (continued)

(c) Liquidity risk (continued):

(i) Liquidity risk management (continued):

	Company							Carrying amount
	0-30 days	31-90 days	91-365 days	366 days to 5 years	Over 5 years	No specific maturity date	Total contractual outflow	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>2017</u>								
Liabilities								
Repurchase agreements	13,563	1,305	-	-	-	-	14,868	14,845
Owed to subsidiaries	-	-	-	-	-	1,094	1,094	1,094
Notes payable	3,953	-	54,945	31,000	-	-	89,898	87,315
Preference shares	117	233	1,048	22,613	-	-	24,011	15,977
Other liabilities	-	-	-	-	-	2,100	2,100	2,100
Total financial liabilities	<u>17,633</u>	<u>1,538</u>	<u>55,993</u>	<u>53,613</u>	<u>-</u>	<u>3,194</u>	<u>131,971</u>	<u>121,331</u>
<u>2016</u>								
Liabilities								
Repurchase agreements	2,013	16,912	4,990	-	-	-	23,915	23,810
Owed to subsidiaries	-	-	-	-	-	215	215	215
Notes payable	18	21,959	55,919	12,062	-	-	89,958	86,610
Preference shares	-	157	8,559	-	-	-	8,716	7,978
Other liabilities	-	-	-	-	-	4,342	4,342	4,342
Total financial liabilities	<u>2,031</u>	<u>39,028</u>	<u>69,468</u>	<u>12,062</u>	<u>-</u>	<u>4,557</u>	<u>127,146</u>	<u>122,955</u>

(d) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market. These arise mainly from changes in interest rate, foreign currency rates and equity prices and will affect the Group's income or the value of its holdings of financial instruments. Market risk is monitored by the Investment Management Committee which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

There has been no major change to the nature of the Group's exposure to market risks or the manner in which it measures and manages the risk.

(i) Foreign currency risk:

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Group is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the functional currency. The main currencies giving rise to this risk are the Jamaica dollar (JMD), Great Britain Pound (GBP), Canadian Dollar (CAD), Euro (EUR) and the Australian Dollar (AUD). The Group manages this risk by matching foreign currency assets with foreign currency liabilities, to the extent practicable. The net foreign currency exposure is kept to the targeted levels by buying or selling currencies at spot rates when necessary to address imbalances.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

33. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

At the reporting date, exposure to foreign currency risk was as follows:

	<u>Group</u>					
	2017					
	<u>JMD</u>	<u>GBP</u>	<u>CAD</u>	<u>EUR</u>	<u>AUD</u>	<u>Other</u>
	\$'000	£'000	\$'000	\$'000	\$'000	\$'000
Assets:						
Cash and cash equivalents	261,793	13,490	9,151	11,712	20,562	20,137
Resale agreements	4,042,420	-	-	-	-	-
Investment securities	10,586,704	5,738	-	11,650	152	1,305
Loans receivable	353,604	-	-	-	-	-
Other	<u>2,094,834</u>	<u>71</u>	<u>-</u>	<u>-</u>	<u>75</u>	<u>-</u>
	<u>17,339,355</u>	<u>19,299</u>	<u>9,151</u>	<u>23,362</u>	<u>20,789</u>	<u>21,442</u>
Liabilities						
Repurchase agreements	5,925,233	-	-	-	-	-
Notes payable	1,168,705	-	-	-	-	-
Preference shares	2,131,428	-	-	-	-	-
Deposits from other banks	-	2	-	-	-	-
Due to customers	-	18,951	8,990	22,927	21,163	21,410
Other	<u>1,007,422</u>	<u>117</u>	<u>1</u>	<u>4</u>	<u>86</u>	<u>-</u>
	<u>10,232,788</u>	<u>19,070</u>	<u>8,991</u>	<u>22,931</u>	<u>21,249</u>	<u>21,410</u>
Net position	<u>7,106,567</u>	<u>229</u>	<u>160</u>	<u>431</u>	<u>(460)</u>	<u>32</u>
2016						
	<u>JMD</u>	<u>GBP</u>	<u>AUD</u>	<u>Other</u>		
	\$'000	£'000	\$'000	\$'000		
Assets:						
Cash and cash equivalents	264,842	143	121	-		
Resale agreements	25,206	-	-	-		
Investment securities	6,218	-	-	-		
Loans receivable	2,264,035	39	5	-		
Other	<u>40,268</u>	<u>69</u>	<u>-</u>	<u>-</u>		
	<u>2,600,569</u>	<u>251</u>	<u>126</u>	<u>-</u>		
Liabilities						
Repurchase agreements	7,049	-	-	-		
Notes payable	2,816,481	-	-	-		
Preference shares	1,000,000	-	-	-		
Other	<u>223,421</u>	<u>14</u>	<u>2</u>	<u>7</u>		
	<u>4,046,951</u>	<u>14</u>	<u>2</u>	<u>7</u>		
Net position	<u>(1,446,382)</u>	<u>237</u>	<u>124</u>	<u>(7)</u>		

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

33. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

	<u>Company</u>		
	<u>2017</u>	<u>2016</u>	
	<u>JMD</u> \$'000	<u>JMD</u> \$'000	<u>GBP</u> £'000
Assets:			
Cash and cash equivalents	43,741	6,982	-
Resale agreements	-	20,000	20,000
Loans receivable	1,424,193	462,869	-
Investment securities	2,131	1,092	-
Due from related party	12,862	15,341	-
Other	-	3,129	-
	<u>1,482,927</u>	<u>509,413</u>	<u>20,000</u>
Liabilities			
Owed to related parties	43,235	21,330	-
Notes payable	1,168,737	1,970,578	-
Preference shares	2,098,095	1,000,000	-
Repurchase agreement	-	-	-
Other	-	-	-
	<u>3,310,067</u>	<u>2,991,908</u>	<u>-</u>
Net position	<u>(1,827,140)</u>	<u>(2,482,495)</u>	<u>20,000</u>

Sensitivity to exchange rate movements:

The following indicates the sensitivity to changes in foreign currency exchange rates of the Group's profit and shareholders' equity. It is computed by applying a reasonably possible change in exchange rates to foreign currency denominated monetary assets and liabilities as assessed by management at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant.

	% change in currency rate	<u>2017</u>			
		<u>Group</u>		<u>Company</u>	
		Effect on <u>profit</u> \$'000	Effect on comprehensive <u>income</u> \$'000	Effect on <u>profit</u> \$'000	Effect on comprehensive <u>income</u> \$'000
Currency:					
JMD	1% Revaluation	560	-	(144)	-
GBP	1% Revaluation	2	-	-	-
CAD	1% Revaluation	2	-	-	-
AUD	1% Revaluation	-	-	-	-
EUR	1% Revaluation	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

33. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

Sensitivity to exchange rate movements (continued):

		2016			
		Group		Company	
	% change in currency rate	Effect on profit \$'000	Effect on comprehensive income \$'000	Effect on profit \$'000	Effect on comprehensive income \$'000
Currency:					
JMD	1% Revaluation	(120)	-	(206)	-
GBP	1% Revaluation	2	-	-	-
CAD	1% Revaluation	1	-	-	-
Other	1% Revaluation	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>

		2017			
		Group		Company	
	% change in currency rate	Effect on profit \$'000	Effect on comprehensive income \$'000	Effect on profit \$'000	Effect on comprehensive income \$'000
Currency:					
JMD	6% Devaluation	(3,137)	-	806	-
GBP	6% Devaluation	(15)	-	-	-
CAD	6% Devaluation	(12)	-	-	-
AUD	6% Devaluation	-	-	-	-
EUR	6% Devaluation	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>-</u>

		2016			
		Group		Company	
	% change in currency rate	Effect on profit \$'000	Effect on comprehensive income \$'000	Effect on profit \$'000	Effect on comprehensive income \$'000
Currency:					
JMD	6% Devaluation	673	-	1,155	-
GBP	6% Devaluation	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>-</u>

(ii) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, where possible and to the extent judged appropriate, the maturity profile of its financial assets is matched by that of its financial liabilities; where gaps are deliberately arranged, management expects that its monitoring will, on a timely basis, identify the need to take appropriate action to close a gap if it becomes necessary.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

33. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest rate risk management policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-earning financial assets and interest-bearing financial liabilities. The Investment Management Committee sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by management and reported monthly to the Committee.

The table below summarises exposure to interest rate risk. Included in the tables are the carrying amounts of financial assets and financial liabilities, categorised by the earlier of contractual repricing and maturity dates.

	2017						Total \$'000
	Group						
	0-30 days \$'000	31-90 days \$'000	91-365 days \$'000	366 days to 5 years \$'000	Over 5 years \$'000	Non interest sensitive \$'000	
Assets:							
Cash and cash equivalents	-	-	-	-	-	151,314	151,314
Resale agreements	6,400	32,098	-	-	-	-	38,498
Investment securities	626	3,004	55,693	111,686	149,508	41,742	362,259
Loans receivable	5,165	998	15,413	17,408	289	148	39,421
Other assets	-	-	5	376	65	11,125	11,571
Total assets	12,191	36,100	71,111	129,470	149,862	204,329	603,063
Liabilities							
Repurchase agreements	68,683	65,329	4,513	4,474	-	-	142,999
Notes payable	5,811	-	57,773	31,279	-	1,824	96,687
Other liabilities	-	-	-	-	-	12,843	12,843
Due to banks	118	-	-	-	-	2,092	2,210
Customer deposits	13,209	506	7,665	-	-	248,675	270,055
Owed to related parties	-	-	-	-	-	949	949
Preference shares	-	-	-	15,977	-	-	15,977
Total liabilities	87,821	65,835	69,951	51,730	-	266,383	541,720
Interest rate sensitivity gap	(75,630)	(29,735)	1,160	77,740	149,862	(62,054)	61,343
Cumulative interest rate sensitivity gap	(75,630)	(105,365)	(104,205)	(26,465)	123,397	61,343	

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

33. **Financial instruments - risk management (continued)**

(d) **Market risk (continued):**

(ii) **Interest rate risk (continued):**

	Group						
	2016						
	0-30 days \$'000	31-90 days \$'000	91-365 days \$'000	366 days to 5 years \$'000	Over 5 years \$'000	Non interest sensitive \$'000	Total \$'000
Assets:							
Cash and cash equivalents	-	-	-	-	-	13,721	13,721
Resale agreements	4,571	33,742	454	-	-	-	38,767
Investment securities	1,000	-	-	90,717	114,359	26,082	232,158
Loans receivable	107	4,627	1,123	1,628	211	17,297	24,993
Other assets	-	-	-	-	-	10,602	10,602
Owed by related parties	-	-	-	-	-	338	338
Total assets	<u>5,678</u>	<u>38,369</u>	<u>1,577</u>	<u>92,345</u>	<u>114,570</u>	<u>68,040</u>	<u>320,579</u>
Liabilities							
Repurchase agreements	79,007	58,311	18,620	3,892	-	-	159,830
Notes payable	-	21,755	48,090	11,443	-	15,241	96,529
Other liabilities	-	-	-	-	-	11,540	11,540
Preference shares	-	-	7,977	-	-	1	7,978
Total liabilities	<u>79,007</u>	<u>80,066</u>	<u>74,687</u>	<u>15,335</u>	<u>-</u>	<u>26,782</u>	<u>275,877</u>
Interest rate sensitivity gap	<u>(73,329)</u>	<u>(41,697)</u>	<u>(73,110)</u>	<u>77,010</u>	<u>114,570</u>	<u>41,258</u>	<u>44,702</u>
Cumulative interest rate sensitivity gap	<u>(73,329)</u>	<u>(115,026)</u>	<u>(188,136)</u>	<u>(111,126)</u>	<u>3,444</u>	<u>44,702</u>	
Company							
2017							
	0-30 days \$'000	31-90 days \$'000	91-365 days \$'000	366 days to 5 years \$'000	Over 5 years \$'000	Non interest sensitive \$'000	Total \$'000
Assets:							
Cash and bank	-	-	-	-	-	320	320
Investment securities	-	-	12,045	9,238	69,172	21,607	112,062
Loans receivable	-	-	10,291	8,308	289	-	18,888
Other assets	-	-	-	-	-	2,262	2,262
Owed by related parties	-	-	-	-	-	231	231
Total assets	<u>-</u>	<u>-</u>	<u>22,336</u>	<u>17,546</u>	<u>69,461</u>	<u>24,420</u>	<u>133,763</u>
Liabilities							
Repurchase agreements	13,545	1,300	-	-	-	-	14,845
Notes payable	3,952	-	53,980	29,383	-	-	87,315
Other liabilities	-	-	-	-	-	2,100	2,100
Owed to related subsidiaries	-	-	-	-	-	737	737
Owed to related parties	-	-	-	-	-	1,094	1,094
Preference shares	-	-	-	15,977	-	-	15,977
Total liabilities	<u>17,497</u>	<u>1,300</u>	<u>53,980</u>	<u>45,360</u>	<u>-</u>	<u>3,931</u>	<u>122,068</u>
Total interest rate sensitivity gap	<u>(17,497)</u>	<u>(1,300)</u>	<u>(31,644)</u>	<u>(27,814)</u>	<u>69,461</u>	<u>20,489</u>	<u>11,695</u>
Cumulative interest rate sensitivity gap	<u>(17,497)</u>	<u>(18,797)</u>	<u>(50,441)</u>	<u>(78,255)</u>	<u>(8,794)</u>	<u>11,695</u>	

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

33. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

	Company						Total \$'000
	2016						
	0-30 days \$'000	31-90 days \$'000	91-365 days \$'000	366 days to 5 years \$'000	Over 5 years \$'000	Non interest sensitive \$'000	
Assets:							
Cash and bank	-	-	-	-	-	1,625	1,625
Resale agreements	-	164	-	-	-	-	164
Investment securities	-	-	-	36,676	64,194	26,001	126,871
Loans receivable	-	3,944	1,359	1,628	211	-	7,142
Other assets	-	-	-	-	-	1,690	1,690
Owed from related parties	-	-	-	-	-	259	259
Total assets	-	4,108	1,359	38,304	64,405	29,575	137,751
Liabilities							
Repurchase agreements	2,010	16,845	4,955	-	-	-	23,810
Owed to related parties	-	-	-	-	-	215	215
Notes payable	-	21,755	53,412	11,443	-	-	86,610
Preference shares	-	-	7,977	-	-	1	7,978
Other liabilities	-	-	-	-	-	4,342	4,342
Total liabilities	2,010	38,600	66,344	11,443	-	4,558	122,955
Total interest rate sensitivity gap	<u>(2,010)</u>	<u>(34,492)</u>	<u>(64,985)</u>	<u>26,861</u>	<u>64,405</u>	<u>25,017</u>	<u>14,796</u>
Cumulative interest rate sensitivity gap	<u>(2,010)</u>	<u>(36,502)</u>	<u>(101,487)</u>	<u>(74,626)</u>	<u>(10,221)</u>	<u>14,796</u>	<u>-</u>

The table below summarizes the effective interest rate by major currencies for financial instruments at the reporting date.

	Group 2017		Group 2016	
	JMD %	USD %	JMD %	USD %
Assets				
Resale agreements	3.06	1.8	2.37	2.00
Investment securities	7.51	5.18	6.22	6.72
Loans receivable	6.62	4.83	8.70	3.46
Liabilities				
Repurchase agreements	3.16	1.00	9.00	1.79
Notes payable	5.84	2.88	4.52	3.58
Preference shares	<u>8.50</u>	<u>-</u>	<u>8.00</u>	<u>-</u>
	Company 2017		Company 2016	
	JMD %	USD %	J\$ %	USD %
Assets				
Resale agreements	-	-	2.00	-
Investment securities	-	5.87	6.00	-
Loans receivable	7.63	4.83	8.70	3.5
Liabilities				
Repurchase agreements	-	3.75	6.21	3.44
Preference shares	<u>8.50</u>	<u>-</u>	<u>8.00</u>	<u>-</u>

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

33. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

Sensitivity to interest rate movements

The following table indicates the sensitivity to interest rate movements at the reporting date, on the Group's profit or loss and shareholders' equity. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	<u>Group</u>			
	<u>2017</u>		<u>2016</u>	
J\$ interest rates	Increase by 100 bps Decrease by 100 bps		Increase by 250 bps Decrease by 100 bps	
US\$ interest rates	Increase by 100 bps Decrease by 50 bps		Increase by 200 bps Decrease by 50 bps	
	<u>2017</u>		<u>2016</u>	
	Effect on <u>profit</u> \$'000	Effect on <u>equity</u> \$'000	Effect on <u>profit</u> \$'000	Effect on <u>equity</u> \$'000
Direction of change in basis points:				
Increase in interest rates	(1,344)	2,432	(155)	(2,420)
Decrease in interest rates	<u>716</u>	<u>(1,347)</u>	<u>155</u>	<u>11,944</u>
	<u>Company</u>			
	<u>2017</u>		<u>2016</u>	
J\$ interest rates	Increase by 100 bps Decrease by 100 bps		Increase by 250 bps Decrease by 100 bps	
US\$ interest rates	Increase by 100 bps Decrease by 50 bps		Increase by 100 bps Decrease by 50 bps	
	Effect on <u>profit</u> \$'000	Effect on <u>equity</u> \$'000	Effect on <u>profit</u> \$'000	Effect on <u>equity</u> \$'000
Direction of change in basis points:				
Increase in interest rates	(278)	885	-	(5,571)
Decrease in interest rates	<u>2</u>	<u>(443)</u>	<u>-</u>	<u>3,022</u>

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

33. Financial instruments - risk management (continued)

(d) Market risk (continued):

(iii) Price risk:

Sensitivity to equity price movements

Equity price risk arises from equity securities held by the Group as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Group's investment strategy is to maximise investment returns.

The Group's exposure to price risk is represented by the total carrying value of equity investments on the statement of financial position of \$3,877,000 (2016: \$1,897,000) for the Group and \$1,406,000 (2016: \$1,815,000) for the Company.

A 10% increase in stock prices at March 31, 2017 would have increased other comprehensive income by \$3,87,700 (2016: \$189,700) for the Group and \$140,600 (2016: \$181,500) for the Company; an equal change in the opposite direction would have decreased profit by an equal amount.

(e) Capital management:

The Group's objectives when managing capital, as it applies to the regulated subsidiaries, are as follows:

- (i) To comply with the capital requirements set by the Financial Services Commission ("the Commission") in Jamaica and Financial Services Regulatory Authority ("the Authority) in St. Lucia.
- (ii) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- (iii) To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines developed by the Commission and the Authority. The required information is filed with the Commission on a monthly basis and with the Authority on a quarterly basis.

The Commission requires each securities dealer to:

- (i) Hold the level of the regulatory capital at no less than 50% of Tier 1 Capital; and
- (ii) Maintain a ratio of total regulatory capital to the risk-weighted assets at or above 10%.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

33. Financial instruments - risk management (continued)

(e) Capital management (continued):

The Jamaican subsidiary's regulatory capital is managed by its compliance officer and is divided into two tiers:

- (i) Tier 1 capital: issued and fully paid-up capital in the form of ordinary shares, retained earnings and reserves; and
- (ii) Tier 2 capital: redeemable cumulative preference shares.

The risk-weighted assets are measured by means of stipulated weights applied to the risk-based assets and other risk exposures as determined by the Commission.

St. Lucia subsidiary regulator requires each bank or the banking group to:

- (i) hold the minimum level of the regulatory capital of \$1,000,000, and
- (ii) maintain a ratio of total regulatory capital to the risk-weighted asset (the "Basel capital ratio") at or above the prescribed regulatory minimum and maintain a ratio of total regulatory Tier 1 capital to the risk-weighted asset (the "Basel capital adequacy ratio") at or above the prescribed regulatory minimum.

Regulatory capital for the St. Lucia subsidiary as managed by its Treasury is divided into two tiers:

- Tier 1 capital: share capital (net of any book value of treasury shares), minority interests arising on consolidation from interest on permanent equity, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and
- Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on the fair valuation of equity instruments held as available for sale.

Investments in associates are deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of - and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

33. Financial instruments - risk management (continued)

(e) Capital management (continued):

The table below summarises the composition of regulatory capital and the ratios of the Company's subsidiaries that are regulated by the Commission and Authority. These ratios were in compliance with the requirements of the Commission and Authority throughout the year under review:

	<u>Proven Wealth Ltd</u>		<u>Proven Fund Managers</u>		<u>BOSLIL</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Tier 1 capital:						
Ordinary shares	779	779	8,396	8,396	5,000	-
Retained earnings and reserves	<u>20,623</u>	<u>18,070</u>	<u>(4,651)</u>	<u>(4,651)</u>	<u>13,472</u>	<u>-</u>
Total qualifying tier 1 capital	<u>21,402</u>	<u>18,849</u>	<u>3,745</u>	<u>3,745</u>	<u>18,472</u>	<u>-</u>
Tier 2 capital:						
Unrealised loss	-	-	-	-	1,014	-
Redeemable preference shares, Being Total qualifying tier 2 capital	<u>390</u>	<u>390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total regulatory capital	<u>21,792</u>	<u>19,239</u>	<u>3,745</u>	<u>3,745</u>	<u>19,486</u>	<u>-</u>
Total risk-weighted assets	<u>127,840</u>	<u>132,127</u>	<u>2,031</u>	<u>2,724</u>	<u>148,715</u>	<u>-</u>

The Commission requires the subsidiaries to maintain certain specific ratios, as follows:

	<u>Proven Wealth Ltd</u>		<u>Proven Fund Managers</u>		<u>BOSLIL</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>Dec 2015</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
(i) Tier 1 capital to total regulatory capital:						
Minimum required	50.00%	50.00%	50.00%	50.00%		
Actual	<u>99.00%</u>	<u>99.00%</u>	<u>100.00%</u>	<u>100.00%</u>		
(ii) Regulatory capital to total assets:						
Minimum required	6.00%	6.00%	6.00%	6.00%		
Actual	<u>12%</u>	<u>11.13%</u>	<u>86.63%</u>	<u>94.93%</u>		
(iii) Regulatory capital to risk-weighted assets:						
Minimum required	10.00%	10.00%	10.00	10.00%		
Actual	<u>16.12%</u>	<u>14.30%</u>	<u>140.83%</u>	<u>110.65%</u>		
(iv) Basel capital ratio:						
Minimum required					4%	4%
Actual					<u>12.14%</u>	<u>9.64%</u>
(v) Basel capital adequacy ratio:						
Minimum required					8%	8%
Actual					<u>13.10%</u>	<u>8.4%</u>

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017*(Presented in United States dollars, except as otherwise stated)*34. Financial instruments – fair values

(a) Definition and measurement of fair values

The Group's accounting policies on measurement and disclosure require the measurement of fair values for financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value of an asset or liability, where a quoted market price is available, fair value is computed by the Group using the quoted bid price at the reporting date, without any deduction for transaction costs or other adjustments. Where a quoted market price is not available, fair value is computed using alternative techniques, making use of available input data; the Group uses observable data as far as possible.

Fair values are categorised into different levels in a three-level fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable. The different levels in the hierarchy have been defined as follows:

Level 1 refers to financial assets and financial liabilities that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 refers to financial assets and financial liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in funds with fair values obtained via fund managers, and assets that are valued using a model whereby the majority of assumptions are market observable.

Level 3 refers to financial assets and financial liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are based on available market data.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

34. Financial instruments – fair values

(b) Valuation techniques for investment securities classified as Level 2

Type	Valuation techniques
Foreign currency forward contracts	<ul style="list-style-type: none"> • Obtain last traded price of the forward on the date of valuation, provided by the recognised broker/dealer through which the forward contract is obtained. • Apply price to estimate fair value.
Government of Jamaica securities:	
US\$ denominated Securities	<ul style="list-style-type: none"> • Obtain bid price provided by a recognised independent source, namely, Bloomberg. • Apply price to estimate fair value.
J\$ Denominated Securities	<ul style="list-style-type: none"> • Obtain bid price provided by a recognised source (which uses Jamaica-market source indicative bids). • Apply price to estimate fair value.
Global bonds	<ul style="list-style-type: none"> • Obtained bid price provided by recognised independent pricing source, namely, Bloomberg. • Apply price to estimate fair value.
Mutual funds	<ul style="list-style-type: none"> • Obtain prices quoted by unit trust managers. • Apply price to estimate fair value.
Corporate bonds	<ul style="list-style-type: none"> • Obtained bid price provided by recognised independent pricing source, namely, Bloomberg. • Apply price to estimate fair value.
Credit-linked notes	<ul style="list-style-type: none"> • Obtain price based on the quoted price of the underlying credit default swap which is derived from Bloomberg on the valuation date, plus the valuation of the underlying note. • Apply price to estimate fair value.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

34. Financial instruments – fair values

(c) Accounting classifications and fair values:

The following table shows the classification of financial assets and financial liabilities and their carrying amounts.

Where the carrying amounts of financial assets and financial liabilities are measured at fair value, their levels in the fair value hierarchy are also shown. Where the carrying amounts of financial assets and financial liabilities are not measured at fair value, and those carrying amounts are a reasonable approximation of fair value, fair value information (including amounts, and levels in the fair value hierarchy) is not disclosed.

		Group					
		2017					
		Carrying amount			Fair value		
		Fair value through profit or loss					
Notes	Available for sale \$'000	Fair value through profit or loss \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000	
Financial assets measured at fair value							
Quoted equities	5	3,779	98	3,877	3,877	-	3,877
Foreign currency forward	5	-	70	70	-	70	70
Government of Jamaica securities	5	63,725	-	63,725	-	63,725	63,725
Mutual funds	5	38,869	-	38,869	-	38,869	38,869
Global bonds	5	152,421	-	152,421	-	152,421	152,421
Corporate bonds	5	53,072	-	53,072	-	53,072	53,072
Commercial papers	5	150	-	150	-	150	150
Credit link notes	5	11,551	1,941	13,492	-	13,492	13,492
Certificate deposits	5	4,523	-	4,523	-	4,523	4,523
		<u>328,090</u>	<u>2,109</u>	<u>330,199</u>	<u>3,877</u>	<u>326,322</u>	<u>330,199</u>
		2016					
		Carrying amount			Fair value		
		Fair value through profit or loss					
Notes	Available for sale \$'000	Fair value through profit or loss \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000	
Financial assets measured at fair value							
Quoted equities	5	1,832	65	1,897	1,897	-	1,897
Foreign currency forward	5	-	70	70	-	70	70
Government of Jamaica securities	5	75,318	-	75,318	-	75,318	75,318
Mutual funds	5	24,116	-	24,116	-	24,116	24,116
Global bonds	5	49,388	-	49,388	-	49,388	49,388
Commercial papers	5	3,968	-	3,968	-	3,968	3,968
Corporate bonds	5	58,733	-	58,733	-	58,733	58,733
Credit link notes	5	12,120	2,000	14,120	-	14,120	14,120
Treasury bills	5	1,000	-	1,000	-	1,000	1,000
		<u>226,475</u>	<u>2,135</u>	<u>228,610</u>	<u>1,896</u>	<u>226,713</u>	<u>228,610</u>

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2017

(Presented in United States dollars, except as otherwise stated)

34. Financial instruments – fair values (continued)

(c) Accounting classifications and fair values (continued):

		Company					
		2017					
		Carrying amount			Fair value		
	Notes	Available for sale \$'000	Fair value through profit or loss \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial assets measured at fair value:							
Quoted equities	5	1,406	-	1,406	1,406	-	1,406
Foreign currency forward	5	-	70	70	-	70	70
Global bonds	5	24,511	-	24,511	-	24,511	24,511
Mutual funds	5	21,313	-	21,313	-	21,313	21,313
Corporate bonds	5	51,270	-	51,270	-	51,270	51,270
Credit link notes	5	<u>11,551</u>	<u>1,941</u>	<u>13,492</u>	-	<u>13,492</u>	<u>13,492</u>
		<u>110,051</u>	<u>2,011</u>	<u>112,062</u>	<u>1,406</u>	<u>110,656</u>	<u>112,062</u>
2016							
	Notes	Available for sale \$'000	Fair value through profit or loss \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial assets measured at fair value:							
Quoted equities	5	1,815	-	1,815	1,815	-	1,815
Foreign currency forward	5	-	70	70	-	70	70
Global bonds	5	29,615	-	29,615	-	29,615	29,615
Mutual funds	5	24,116	-	24,116	-	24,116	24,116
Corporate bonds	5	57,135	-	57,135	-	57,135	57,135
Credit link notes	5	<u>12,120</u>	<u>2,000</u>	<u>14,120</u>	-	<u>14,120</u>	<u>14,120</u>
		<u>124,801</u>	<u>2,070</u>	<u>126,871</u>	<u>1,815</u>	<u>125,056</u>	<u>126,871</u>

35. Subsequent events

A dividend payment of US\$0.0042 per share was declared at the Board Meeting of Proven Investments Limited which was held on May 25, 2017. Ordinary shareholders who have requested payment in Jamaica dollars will receive the equivalent of J\$0.54615 per share. This dividend payment will be made to all ordinary shareholders on record on June 8, 2017 and will be paid on June 22, 2017.

A dividend payment of J\$0.10312 was also declared for preference shareholders with a record date of June 8, and a payment date of June 15, 2017.

Stockholders' equity for the current financial year does not reflect this resolution, which will be accounted for in stockholders' equity as an appropriation of retained profits in the ensuing financial year.