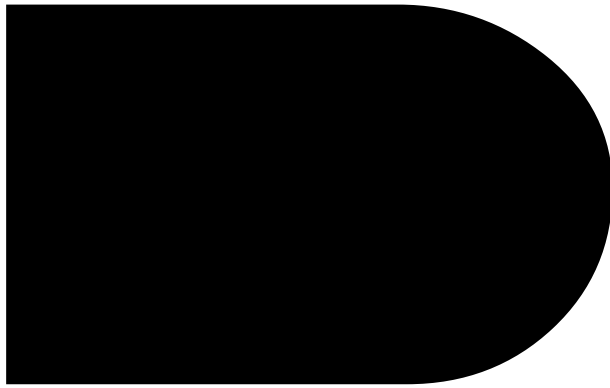


**THE INVESTMENT
MAGAZINE**

by: PROVEN Investments Limited

JUNE 2018 EDITION



UNAUDITED FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 2018

PROVEN INVESTMENT LIMITED REPORTS AUDITED FINANCIAL RESULTS

The Board of Directors of PROVEN Investments Limited ("PIL") is pleased to report its unaudited financial statements for the quarter ended June 30, 2018.

FINANCIAL HIGHLIGHTS

US\$1.79 million	—	Net Profit attributable to shareholders
US\$0.0029	—	Earnings Per Share
US\$575.12 million	—	Consolidated Total Assets
8.56%	—	Annualized Return on Equity
65.22%	—	Efficiency Ratio
US\$0.0025 per share	—	Quarter Proposed Dividend

FINANCIAL PERFORMANCE

PROVEN Investments Limited Net Profit attributable to shareholders for the quarter amounted to US\$1.79 million. This represents a 58.43% increase from the US\$1.13 million earned in the same period last year. Net Revenue for the quarter ended June 30, 2018 (1Q18) experienced a 17.39% increase to US\$8.52 million compared to US\$7.25 million earned during the quarter ended June 2017 (1Q17). This was mainly due to a more efficient carry trade strategy and significant improvement in foreign exchange gains.

NET PROFIT

Net Profit attributable to shareholders amounted to US\$1.79 million or \$0.0029 per share versus US\$1.13 million or \$0.0020 per share reported for the same period last year. Annualized Return on Average Equity of 8.56% was achieved for the quarter ended June 2018.

NET INTEREST INCOME

Spread income was the major contributor to revenue during the period, with a 16.97% improvement compared with the same period last year as net interest income totalled US\$5.28 million. This increase reflects success in the carry trade strategy as the company was able to concurrently increase interest income while reducing interest expense by 18.30%, despite a marginal reduction in total interest-bearing assets over the quarter. Dividend income also increased by 13.38% to US\$0.27 million from US\$0.24 million reported for 1Q17.

UNAUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2018

CURRENCY & SECURITIES TRADING

Net foreign exchange gains totalled US\$1.20 million, more than a five-fold increase compared to US\$0.20 million reported for the same period last year. Realized gains from the trading of securities for the quarter amounted to US\$0.041 million compared to the US\$0.46 million earned for 1Q17. This fall was due to the realignment of the portfolio to reduce the overall duration and interest rate risk.

PRIVATE EQUITY

Private equity investments that fit our risk to reward objectives are a strong area of focus as we explore vast opportunities throughout the region. Our current private equity holdings continue to boost the bottom-line:

PROVEN Wealth Limited

Proven Wealth Limited ("PWL") net income totalled US\$0.93 million for the quarter, representing more than a six -times increase compared to the same period last year. The firm continues its strategy to offer innovative investment products to clients and reduce the issuing of repurchase agreements. Total Assets of the company as at June 30, 2018 stood at US\$120.46 million.

PROVEN Fund Managers Limited

Proven Fund Managers Limited continues to be one of the top players in the Asset and Pension Fund Management and Administration business. Profitability increased by 67.57% compared to the same period last year, as net profit for the 1Q18 was US\$0.22 million compared to US\$0.13 million for the 1Q17.

Access Financial Services Limited

Access Financial Services Limited contributed considerably to the results of the Group during the quarter, producing net profits attributable to PIL of US\$0.79 million, representing an increase of 20.55% when compared to 1Q17. Access Financials' loan portfolio was US\$24.43 million as at 1Q18, representing a 22.10% increase when compared to the balance as at 1Q17.

BOSLIL Bank Limited

Proven Investments Limited currently owns 75% of the equity of BOSLIL Bank Limited. We are proud to report that BOSLIL Bank Limited experienced another successful period, contributing net profits attributable to PIL of US\$0.61 million and Total Assets of the Bank as at June 1Q18 stood at US\$271.47 million.

“The only source
of knowledge
is experience.”

Albert Einstein

PROVEN

WEALTH

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Fairview II Shopping Centre

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UNAUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2018

Private Equity - Continued

Real Estate

PROVEN REIT Limited has successfully completed and sold its second residential development on Sullivan Avenue, Kingston 8. The third and fourth developments in the pipeline are scheduled to break ground both on Millsborough Avenue in Kingston 6, Jamaica and are expected to be completed and sold over the next twelve to eighteen months. The company continues to closely monitor the local and international real estate markets for new opportunities

OPERATING EXPENSES

For the 1Q18, consolidated operating expenses increased by 11.48% to US\$5.55 million compared to 1Q17, however, the Efficiency Ratio decreased to 65.22% from 66.63% reported for 1Q17. Expense management and consolidation have been a key focus of management as it seeks to reduce the efficiency ratio closer to the established target of 50%.

BALANCE SHEET

Total assets amounted to US\$575.12 million as at June 30, 2018, which represents a decline of 3.94% from US\$598.73 million as at June 30, 2017. Total liabilities decreased to US\$470.44 million as at June 30, 2018 from US\$509.45 million as at June 30, 2017, representing a 7.66% decline. The balance sheet reduction reflects a deliberate effort to deleverage.

SHAREHOLDERS' EQUITY

Shareholders' Equity attributable to the owners of the company increased by 15.76% to US\$82.08 million as at June 30, 2018 from US\$70.91 million as at June 30, 2017. This increase was mainly a result of an increase in Share Capital.

DIVIDEND PAYMENT

The Board of Directors has approved an interim dividend payment of US\$0.0025 per share to all ordinary shareholders on record as at August 27, 2018 to be paid on September 10, 2018. This represents an annualized tax-free dividend yield of 4.79% based on the average share price of US\$0.21 for the period ended June 30, 2018.

PROVEN Investments Limited takes this opportunity to thank all of our stakeholders for your support and trust. Our continued success is a result of the dedication of our Directors, Management and Staff and we thank them for their loyalty and commitment.

“For me, it’s knowing that I can make someone feel better and for them to know that someone cares. That makes hard work worth it.”

–Lorriane Hutchinson , Nurse



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UNAUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2018

OPERATING ENVIRONMENT

INTERNATIONAL


Global growth remained robust over the quarter with evidence of a broader and stronger upswing across both emerging markets and developed economies. The World Bank Economic Outlook released in April 2018 projects that advanced economies as a group will continue to expand above their potential growth rates this year and next year before decelerating, while growth in emerging market and developing economies are earlier in the cycle thus expected to rise before leveling off. Policymakers are cautioned to take advantage of the favorable conditions given the downside risk associated with central banks normalization of monetary policy and fading fiscal stimulus. The world economy is expected to grow 3.1% in 2018 and 3% in 2019. Against this backdrop, global asset prices had a mixed quarter, though overall improvement observed compared to Q1 2018. Global equities made gains in a volatile quarter, as resilient economic and earnings data contested with an unsettling geopolitical backdrop to establish the market's direction. Bond markets struggled amidst risk aversion and concerns surrounding the flattening yield curve escalated.

US equities advanced in the quarter, with positive earnings momentum and supportive economic data ultimately outshining escalating US-China trade posturing. The unemployment rate also reached an 18-year low of 3.8%, accompanied by robust wage growth. Average earnings in May were 2.7% higher than a year earlier. As expected, the Federal Reserve (Fed) raised the target rate for Fed Funds by 0.25% at its June meeting; the second hike for 2018 bringing the benchmark rate to 1.75%. It marginally increased its 2018 forecasts for growth and inflation and reiterated its gradual and data dependent path to rate normalisation. The market hawks now anticipate two further rate increases for this year and three for next year, which may have bullish implications for the dollar and bearish ones for emerging markets and risk assets in general.

The encouraging economic data was tempered by moves from the Trump administration to impose tariffs on Chinese imports and withdraw from the Iran nuclear accord. In combination, these steps amounted to a more combative trade posture from the US, driving oil prices higher, and weighing on long-term growth expectations. The quarter was also marked by the return of political risk in Europe. There were concerns that Italy could need fresh elections following the inconclusive outcome of the March vote. Markets feared that this would turn into an effective referendum on Italy's membership of the European Union, however, a governing coalition was eventually formed between all parties.

PROVEN

REIT Real Estate Investment Trust

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Mandeville, Jamaica



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UNAUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2018

Global bond markets were volatile in the second quarter as investors digest the implication of the geopolitical developments. This led to the 10-year treasury bond yield trading at a high of 3.12%, though eventually retracing to end the period in the 2.80% region where it started the quarter. Credit spreads widened noticeably in the emerging market space, outpacing the investment grade spread change by 4:1 following a 44bps and 10bps move respectively. The accelerated spread widening in emerging market is primarily attributed to the sharp USD appreciation. The US yield curve flattened with two-year yields increasing from 2.27% to 2.53%. The spread between two and 10-year yields reached its lowest point since 2007 ending the period at 32bps.

Looking ahead, steady global growth is expected, however, uncertainty is creeping into forecasts mainly fueled by rising trade tensions and monetary tightening which could slow the recovery. The effects of rising interest rates and a strengthening U.S. dollar will continue to ripple across markets. This is likely to lead to a downward repricing of assets across the globe potentially creating opportunities.

REGIONAL

The region has begun to recover from a two-year contraction, growing by an estimated 1.3% in 2017, supported predominantly by private consumption and the reconstruction efforts now underway in selected countries. Growth is projected to gather momentum, rising to 2.0% in 2018 and 2.6% in 2019 and accelerate in coming years, reaching 2.7% in 2020, as conditions in commodity exporters continue to improve. Several downside risks could derail the recovery, including disruptions from natural disasters, negative spillovers from international financial market disruptions or a rise in U.S. trade protectionism.

The IMF announced the completion of the third review under Jamaica's Stand-By Arrangement. The IMF highlighted that the government achieved progress on macroeconomic policies and outcomes, but economic growth and progress on social outcomes have been weak. The IMF projected that real GDP will increase by 1.9% y/y during 2018/19; to support this the Bank of Jamaica continues to steadily pursue an easy monetary policy resulting in the local benchmark rate being lowered to 2% which now rivals the US Fed Funds rate. The ultra-low interest rate environment fueled a net depreciation of 3.5% amidst investors positioning for a large Jamaican dollar bond maturity in July.

UNAUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2018

Trinidad and Tobago embarked on a fiscal-adjustment plan that includes a reduction of fuel subsidies and the divestments of certain state-owned enterprises (SOEs), which represent a relatively large contingent liability. However, there is much room for progress as the IMF estimates that the country needs to adjust GDP by 6.5% over several years to ensure debt levels remain manageable. An emergency plan has been created to fix Barbados' ailing economy, and it includes getting assistance from the International Monetary Fund (IMF) and suspending payments to external creditors as it restructures government debt. As a result, the country received an S&P downgrade to 'D' from 'CCC' and remains on CreditWatch with negative implications.

The downside medium-term risks for the region calls for further efforts to rebuild buffers and implement structural policies to address growth bottlenecks and improve resilience.

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UNAUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2018

UN-AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION JUNE 30, 2018

	June 2018 US\$	June 2017 US\$	March-Restated 2018 US\$
ASSETS			
Cash and cash equivalents	93,618,881	113,105,543	89,364,052
Available-for-sale investments	385,841,661	404,507,886	392,569,887
Loans Receivable	45,016,616	40,771,863	44,885,255
Other Receivables	11,659,407	8,889,977	10,818,414
Property Development In Progress	1,025,637	2,003,523	971,731
Investment Property	17,326,941	7,584,354	17,347,798
Intangible Assets	19,649,431	20,586,571	20,014,035
Property, plant and equipment	983,986	1,278,375	1,042,299
Total Assets	575,122,560	598,728,092	577,013,471
LIABILITIES			
Client liabilities	92,297,728	130,716,096	93,709,227
Related company	479,076	63,736	98,237
Notes Payable	111,536,413	92,482,313	110,960,294
Preference shares	-	15,999,728	16,415,159
Other liabilities	16,760,315	8,810,687	7,549,487
Due to Customers	249,364,214	261,375,999	240,829,193
Total Liabilities	470,437,746	509,448,559	469,561,597
SHARE HOLDERS' EQUITY			
Share capital	86,716,754	69,248,762	86,716,754
Investment revaluation reserve	(8,994,718)	(3,169,803)	(6,142,803)
Foreign exchange translation	(8,174,644)	(7,676,474)	(6,875,478)
Retained earnings	12,536,596	12,505,465	11,496,009
Total Shareholders' Equity	82,083,988	70,907,950	85,194,482
Minority Interest	22,600,826	18,371,583	22,257,392
Total Shareholders' Equity and Liabilities	575,122,560	598,728,092	577,013,471

Approved for Issue by the Board of Directors and signed on its behalf by



Director



UNAUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2018

UN-AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY						
JUNE 30, 2018						
	Share capital	Minority Interest	Investment Revaluation reserve	Foreign exchange translation	Retained earnings	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at April 1, 2018	86,716,754	22,257,392	(8,193,783)	(6,875,478)	13,448,213	107,353,098
Cumulative transition effect of IFRS 9 Adoption			2,050,980		(1,952,204)	98,776
Balance at April 1, 2018 as restated	<u>86,716,754</u>	<u>22,257,392</u>	<u>(6,142,803)</u>	<u>(6,875,478)</u>	<u>11,496,009</u>	<u>107,451,874</u>
Total Comprehensive (Loss)/Income for the period		1,059,361	(2,851,915)	(1,299,166)	1,789,827	(1,301,893)
Adjustment to NCI without change in ownership		(286,000)			-	(286,000)
Dividends to equity holders		(429,927)			(749,238)	(1,179,167)
Balance at June 30, 2018	<u>86,716,754</u>	<u>22,600,826</u>	<u>(8,994,718)</u>	<u>(8,174,644)</u>	<u>12,536,596</u>	<u>104,684,814</u>

UN-AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY						
JUNE 30, 2017						
	Share capital	Minority Interest	Investment Revaluation reserve	Foreign exchange translation	Retained earnings	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at April 1, 2017	69,248,762	17,859,529	(4,297,400)	(7,564,271)	13,693,002	88,939,622
Total Comprehensive Income for the period		855,432	1,127,597	(112,203)	1,129,717	3,000,543
Dividends to equity holders		(343,378)			(2,317,254)	(2,660,632)
Balance at June 30, 2017	<u>69,248,762</u>	<u>18,371,583</u>	<u>(3,169,803)</u>	<u>(7,676,474)</u>	<u>12,505,465</u>	<u>89,279,533</u>

UNAUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2018

UN-AUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED JUNE 30, 2018			
	Quarter ended June 2018	Quarter ended June 2017	Audited March 2018
	US\$	US\$	US\$
INCOME			
Interest Income	7,207,322	6,873,922	28,489,641
Interest expense	(1,929,476)	(2,361,775)	(8,098,733)
Net Interest income	<u>5,277,846</u>	<u>4,512,147</u>	<u>20,390,908</u>
Other income			
Gains on securities trading	41,087	455,561	4,292,323
Dividend Income	273,777	241,467	807,689
Pension Management Income	701,092	538,798	2,360,307
Fees & Commissions	893,779	1,213,699	5,075,676
Foreign exchange translation gains/(losses)	1,197,851	196,048	(443,245)
Other Income	129,586	95,944	1,558,888
	<u>3,237,172</u>	<u>2,741,517</u>	<u>13,651,638</u>
NET REVENUE	8,515,018	7,253,664	34,042,546
OPERATING EXPENSES			
Preference dividend	266,322	148,431	975,863
Depreciation and Ammortization of Intangibles	442,640	441,376	1,659,080
IFRS 9 Provisioning	408,224	-	-
Administrative and General Expenses	4,436,063	4,391,526	19,794,090
	<u>5,553,249</u>	<u>4,981,332</u>	<u>22,429,033</u>
OPERATING PROFIT	2,961,769	2,272,332	11,613,514
Extra Ordinary Activities			
Gain on purchase of subsidiary	-	-	-
Extra ordinary Share based payment	-	-	48,000
	-	-	<u>48,000</u>
Profit before income tax	2,961,769	2,272,332	11,661,514
Income tax	(112,581)	(287,184)	(2,154,514)
NET PROFIT	<u>2,849,188</u>	<u>1,985,148</u>	<u>9,507,000</u>
Less income attributable to non-controlling interest	(1,059,361)	(855,432)	(3,825,000)
Profit attributable to owners of the company	<u>1,789,827</u>	<u>1,129,716</u>	<u>5,682,000</u>
EARNINGS PER STOCK UNIT - US cents	0.29	0.20	0.94

UN-AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2018			
	Quarter ended June 2018	Quarter ended June 2017	Audited March 2018
	US\$	US\$	US\$
NET PROFIT	2,849,188	1,985,148	9,507,000
OTHER COMPREHENSIVE (LOSS)/INCOME			
Items that are or may be reclassified to profit or loss:			
Unrealised (loss)/Gain on available-for-sale investments	(2,851,915)	1,127,597	8,892,357
Foreign exchange translation reserve	(1,299,166)	(112,203)	(1,755,267)
Total Comprehensive (loss)/ income	<u>(1,301,893)</u>	<u>3,000,542</u>	<u>16,644,090</u>

UNAUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2018

UN-AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS			
FOR THE PERIOD ENDED JUNE 30 2018			
	Period ended June 2018	Period ended June 2017	Audited March 2018
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	1,789,827	1,129,717	5,682,000
Foreign Exchange Translation	(1,299,166)	(112,203)	688,793
Depreciation and Amortization	442,640	363,087	1,659,080
Income Tax Charge	112,581	287,184	2,154,514
Operating cashflow before movements in working capital	<u>1,045,882</u>	<u>1,667,785</u>	<u>10,184,387</u>
Changes in operating assets and liabilities			
Receivables	(1,307,172)	543,785	(2,320,160)
Client Liabilities	10,303,030	11,283,812	(15,100,139)
Payables	8,107,221	(21,948,413)	(59,997,144)
Related company	380,841	(885,683)	(851,183)
Net cash provided by/(used in) operating activities	<u>18,529,802</u>	<u>(9,338,714)</u>	<u>(68,084,238)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Loans	(1,118,056)	(1,350,828)	(4,477,525)
Purchase of property ,plant and equipment	(73,630)	(422,790)	121,621
Investments	5,113,761	(23,361,108)	(21,496,463)
Cash provided by/(used in) investing activities	<u>3,922,075</u>	<u>(25,134,726)</u>	<u>(25,852,366)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Notes payable	576,119	(1,952,222)	16,525,757
(Redemption)/Issue of Preference Shares	(16,415,159)	22,774	438,205
Minority Interest	343,434	512,054	3,936,863
Dividend Paid	(749,238)	(2,317,254)	(6,381,794)
Cumulative transition effect of IFRS 9 Adoption	(1,952,204)	-	-
Issue of Ordinary Shares	-	-	17,467,992
Net cash (used in)/provided by financing activities	<u>(18,197,048)</u>	<u>(3,734,648)</u>	<u>31,987,024</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,254,829	(38,208,088)	(61,949,580)
Cash and cash equivalents at beginning of period	89,364,052	151,313,632	151,313,632
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>93,618,881</u>	<u>113,105,543</u>	<u>89,364,052</u>

UNAUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2018

1. Identification

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

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

Subsidiaries	Country of incorporation	Nature of Business	% ownership	
			2018	2017
Proven Wealth Limited	Jamaica	Fund management, investment advisory services, and money market and equity trading	100	100
Proven REIT Limited and its wholly-owned subsidiary:	Saint Lucia	Real estate investment	100	100
Proven Kingsway Limited	Saint Lucia	Real estate investment	100	100
Asset Management Company Limited	Jamaica	Hire purchase financing	100	100
Proven Fund Management Limited	Jamaica	Pension funds management	100	100
Access Financial Services Limited	Jamaica	Retail lending	49.72	49.72
BOSLIL Bank Limited	Saint Lucia	Banking	75	82.82

2. Statement of compliance and basis of preparation

Interim financial reporting

The condensed consolidated interim financial statements for the three months ended June 30, 2018 have been prepared in accordance with IAS 34, ‘Interim financial reporting’. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended March 31, 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, applicable to its operations. The nature and effects of the changes are as follows:

UNAUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2018

IFRS 15

- Effective January 1, 2018 the Group adopted IFRS 15 'Revenue from contracts with Customers'. The standard introduces core principle that revenue must be recognized when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognized and any discounts or rebates on the contract price must generally be allocated to the separate elements. The Group has reviewed transactions which may be affected and concluded that there was no material impact on adoption of IFRS 15.

IFRS 9

- Effective January 1, 2018 the Group adopted IFRS 9 Financial Instruments. The Company has restated comparative information for March 2018 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for March 2018 is reported under IAS 39 and is not comparable to the information presented for June 2018. Differences arising from the adoption of IFRS 9 have been recognized directly in retained earnings as of March 31, 2018 and are disclosed in Note 10.

Certain investments that were previously carried as fair value through other comprehensive income (FVOCI) are now being fair valued through profit and loss (FVTPL).

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 largely retains the existing requirement in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held-to-maturity, loans and receivables and available for sale.

(i) Classification and measurement

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt instruments; FVOCI – equity; or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

UNAUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2018

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.

A debt investment is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest.

On initial recognition of an equity investment that is not held for trading, the group irrevocably elects, on an investment-by-investment basis, to present subsequent changes in the investment's fair value in OCI. All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL.

(ii) Impairment of financial assets

FRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL model). The new impairment model applies to financial assets measured at amortised cost and debt instruments at FVOCI, but not to investments in equity instruments.

Under IFRS 9, loss allowances are measured on either of the following bases:

(i) 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and (ii) Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not.

The group has determined that the application of IFRS 9 impairment requirements at June 30, 2018 results in impairment losses of \$408,224 on financial assets.

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 and financial assets at fair value through profit or loss.

UNAUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2018

Functional and presentation currency:

The financial statements are presented in United States dollars (US\$), which is the functional currency of the Company, unless otherwise indicated. The financial statements of the subsidiaries, which has the Jamaica dollar as its functional currency, are translated into US\$. All financial information has been rounded to the nearest thousand.

Accounting estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the period then ended. Actual amounts could differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going 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.

SIGNIFICANT ACCOUNTING POLICIES

3. Basis of consolidation:

The consolidated financial statements combine the financial position, results of operations and cash flows of the Company and its subsidiaries (note 1), subject to the eliminations described at note 3(b).

(a) Subsidiaries:

Subsidiaries are all entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable, or exercisable after conversion of convertible instruments, are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(b) Transactions eliminated on consolidation:

Intra-Group balances and any unrealised gains and losses and income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment of the Group's interest.

UNAUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2018

4. Investments:

Available-for-sale financial assets:

The Group's investments in equity securities and certain debt securities are classified as available-for-sale and are carried at fair value except for unquoted equity securities whose fair value cannot be reliably measured, which are carried at cost. Changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in other comprehensive income. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Investments at fair value through profit or loss:

The Group carries some investment securities at fair value through profit or loss if they are held for trading or designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market, and that the Group does not intend to sell immediately or in the near term. Loans and receivables are measured at amortized cost using the effective interest method, except when the Group chooses to designate the loans and receivables at fair value through profit or loss.

5. Resale agreements

The company purchases government and corporate securities and agrees to resell them at a specified date at a specified price. On making payment the company takes delivery of the securities from the vendor although title is not transferred unless the company does not resell the securities on the specified date or other conditions are not honoured. Resale agreements result in credit exposure, in that the counterparty to the transaction may be unable to fulfil its contractual obligations.

UNAUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2018

6. Interest income:

Interest income is recognised in profit or loss for all interest-earning instruments on the accrual basis 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.

7. Interest expense:

Interest expense is recognised in profit or loss on the accrual basis 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 amortization of premium on instruments issued at other than par.

8. 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:

- (i) 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;
- (ii) liability if it is redeemable on a specific date or at the option of the stockholders, 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 a financial liability.

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

UNAUDITED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2018

9. Earnings per Stock Unit

PROVEN Investments Limited's Earning per Stock Unit "EPS" is computed by dividing the profit attributable to stockholders of the parent of US\$1,789,827 by the weighted average number of ordinary stock units in issue during the reporting period numbering 625,307,963 shares.

10. Effect of IFRS 9 Adoption

PROVEN INVESTMENTS LIMITED			
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
JUNE 30th 2018			
	MARCH AUDITED	EFFECT OF IFRS 9	MARCH RESTATED
	2018	2018	2018
	US\$	US\$	US\$
ASSETS			
Cash and cash equivalents	89,364,052	-	89,364,052
Available-for-sale investments	393,457,806	(887,919)	392,569,887
Loans receivable	43,898,560	986,695	44,885,255
Other Receivables	10,818,414	-	10,818,414
Investment Property	17,347,798	-	17,347,798
Property Development in Progress	971,731	-	971,731
Intangible assets	20,014,035	-	20,014,035
Property, plant and equipment	1,042,299	-	1,042,299
Total Assets	576,914,695	98,776	577,013,471
LIABILITIES			
Repurchase agreements	93,709,227	-	93,709,227
Related party	98,237	-	98,237
Notes payable	110,960,294	-	110,960,294
Preference shares	16,415,159	-	16,415,159
Other liabilities	7,549,487	-	7,549,487
Due to Customers	240,829,193	-	240,829,193
Total Liabilities	469,561,597	-	469,561,597
SHARE HOLDERS' EQUITY			
Share capital	86,716,754	-	86,716,754
Investment revaluation reserve	(8,193,783)	2,050,980	(6,142,803)
Foreign exchange translation	(6,875,478)	-	(6,875,478)
Retained earnings	13,448,213	(1,952,204)	11,496,009
Total Shareholders' Equity	85,095,705	98,776	85,194,482
Minority Interest	22,257,392	-	22,257,392
Total Shareholders' Equity and Liabilities	576,914,695	98,776	577,013,471

PROVEN


Investments Limited

We would like to take this opportunity to thank all of our stakeholders for your support and trust.

Our continued success is as a result of the dedication of our Directors, Management and Staff and we thank them for their loyalty and commitment.



Director



Director

Are your
dividend
returns
PROVEN?

Listed on the Jamaica Stock Exchange

20 Micoud Street, Castries, St. Lucia • E-mail: info@weareproven.com

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