ANNUAL REPORT **2012**

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PROVEN

Investments Limited

PROVEN

INTEGRITY

TEAMWORK

RESPECT &

PERFORMANCE

CONTENTS

1 NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that an Annual General Meeting of Proven Investments Limited will be held at 20 Micoud Street, Castries, St. Lucia, on 13 September 2012 at 10:00 a.m. to consider and, if thought fit, pass the following resolutions:

1.

To receive the Audited Group Accounts for the year ended 31 March 2012 and the Reports of the Directors and Auditors circulated herewith
Resolution No. 1 "THAT the Audited Group Accounts for the year ended 31 March 2012 and the Reports of the Directors and Auditors circulated with the Notice convening the meeting be and are hereby adopted."

2.

To ratify interim dividends and declare them final
Resolution No. 2 "THAT the interim dividends paid on 30 June 2011, 26 September 2011 and 14 March 2012, be and they are hereby declared as final and no further dividend be paid in respect of the year under review."

3.

To appoint Auditors and authorize the Directors to fix the remuneration of the Auditors
Resolution No. 3 "THAT KPMG Eastern Caribbean, having agreed to continue in office as Auditors for the Company, be hereby appointed to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

4.

To fix the remuneration of the Directors
Resolution No. 4 "THAT the amount shown in the Accounts of the Company for the year ended 31 March 2012 as remuneration of the Directors for their services as Directors be and is hereby approved."

Dated the 12th day of July, 2012

By Order of the Board

Rhory McNamara
Company Secretary

NB: Members are reminded of the provisions of Regulations 37-38 of the Articles of Association of the Company, which provide as follows:
37. A member may be represented at a meeting of members by a proxy who may speak and vote on behalf of the member.

38. The instrument appointing a proxy shall be produced at the place appointed for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote. A corporation may execute a form of proxy under the hand of a duly authorised officer of such corporation.

The instrument appointing a Proxy must be in writing and a Proxy Form is attached for your convenience.

1 COMPANY PROFILE

Proven Investments Limited ("PROVEN") is incorporated in St. Lucia as an International Business Company ("IBC") pursuant to the International Business Companies Act, Cap. 12.14 of St. Lucia. Its registered office is located at McNamara Corporate Services Inc., 20 Micoud Street, Castries, St. Lucia.

In February 2010, PIL successfully raised US$20,000,000 in equity capital through its fully subscribed private placement of ordinary shares which was 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$9.6 million from a rights issue in August of the same year. The ordinary shares in the Company were listed on the Jamaica Stock Exchange ("JSE") in July 2011. This was also the JSE's first US Dollar denominated ordinary share listing.

PIL's 8% 5-year Preference share offer successfully closed on December 23, 2011 raising J$1 billion for the Company. The Preference shares were subsequently listed on the JSE on January 31, 2012.

The primary business of the Company is the holding of tradable securities for investment purposes, but the Company is also determined to pursue private equity opportunities as they arise, provided they are consistent with the overall aims and objectives of the Company.

To date PIL has closed three private equity transactions:

PROVEN Wealth Limited: In August 2010, PIL acquired a 100 percent stake in Guardian Asset Management Jamaica Limited, a subsidiary of the Trinidadian conglomerate Guardian Holdings Limited. The entity was renamed Proven Wealth Limited ("PWL"). PWL is a licensed securities dealer with the Financial Services Commission, which has regulatory control over the securities industry in Jamaica under the Securities Act.

Asset Management Company Limited: Proven Investments Limited completed the acquisition of 100% of the Issued Ordinary Shares of Asset Management Company Limited ("AMCL") in February 2012. AMCL, which is incorporated and domiciled in Jamaica, is the owner of the Easy Own brand. Launched in October 2006, Easy Own allows consumers to purchase furniture and major appliances on hire purchase from participating vendors. Easy Own is currently offered through 7 retailers, with a total of 22 stores throughout the island.

PROVEN REIT Limited: PIL is the 85% majority owner of PROVEN REIT Limited, which was recently formed as the vehicle for real estate related investments. In February 2012, the first of these investments was completed with a property being purchased through PROVEN Kingsway Limited, a wholly owned subsidiary of PROVEN REIT Limited. The property houses an apartment complex and currently provides an attractive level of rental income, with the possibility of development or resale in the future.

PROVEN invests its capital for the ultimate benefit of its shareholders, who will share in the returns of the Company and intends to provide shareholders with:

- **above average US$ fixed income returns**
- **international and regional diversification**
- **a tax-efficient investment structure**
- **an excellent currency hedge**
- **strong risk management**
- **a robust corporate governance structure**

The assets and operations of PROVEN are managed by Proven Management Limited ("PML"), who has been engaged as the Investment Manager. The Investment Manager has certain investment decision making responsibilities, in accordance with the Investment Policy.

PML is incorporated in Jamaica for the purpose of managing the investments and operations of Proven Investments Limited. PML is licensed and regulated by the FSC as a securities dealer and holds the 10,000 Manager's Preference Shares in PROVEN, which collectively hold 50% of the voting rights in PROVEN on matters other than the Investment Manager's fees (on which each Manager's Preference Share carries one vote).

The Investment Management Agreement between PROVEN and PML provides for the following compensation for PML as the Investment Manager:

1. Management Fee
A management fee of 2% per annum of the average Net Asset Value of PROVEN will be payable monthly for managing PROVEN's assets and operations

2. Performance-based Dividends
The Manager's Preference shares held by PML carry the right to a dividend equal to 25% of PROVEN's profits earned in excess of the hurdle rate, payable quarterly. The hurdle rate is a percentage return on PROVEN'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%.

PML brings together one of the most experienced teams in the Caribbean 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.

The team includes:

Christopher Bicknell
Chairman
Christopher Bicknell is widely regarded as one of Jamaica's most successful entrepreneurs and is currently the Group C.E.O. and Finance Manager of Tank-Weld Ltd. Mr. Bicknell is a Certified Public Accountant (CPA).

Garfield Sinclair
Director
Garfield Sinclair is the Country Manager of one of the region's largest telecommunications giants, LIME Jamaica & Cayman. Prior to this Garfield was the President & Chief Operating Officer for Dehring Bunting & Golding Limited ('DB&G").

Mr. Sinclair's educational achievements include 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 – C.P.A licence (non-practising), Uniform Certified Public Accounting examination and a Bachelor of Science degree in Business Administration (accounting) from the San Diego State University.

Christopher Williams
President
Christopher Williams is responsible for overseeing the operations of PML and giving strategic direction and leadership towards the achievement of the organization's overall goals and objectives, as set by the Board of Directors. Mr. Williams has a M.B.A. in Strategic Marketing and Finance from York University.

Johann Heaven
Senior Vice President, Investments
Johann Heaven is responsible for leading the investment team of PML, 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.

Mr. Heaven is a Chartered Financial Analyst (CFA) charter holder, and holds the Financial Risk Manager (FRM) certification, and has a Masters Degree in Finance from the University of London.

ON LEAVE OF ABSENCE

Peter Bunting
Peter Bunting currently serves as Minister of National Security of the Government of Jamaica. He has dedicated his life to three driving principles, Integrity, Respect, and Results. As co-founder, CEO and Chairman of Dehring Bunting & Golding Limited (DB&G), Peter put these principles to work and demonstrated his commitment to excellence in building one of Jamaica's most innovative and successful financial institutions.

Mark Golding
Mr. Golding currently serves as Minister of Justice of the Government of Jamaica and is a specialist corporate Attorney-At-law. He was a founding shareholder and director of DB&G and played an integral role in the success of that company.

“The only source of knowledge is experience.”

- Albert Einstein

1 STATEMENT FROM THE CHAIRMAN

Over the past year, PROVEN Investments Limited has remained focused on achieving its main objective of maximizing the returns for our shareholders. We were successful in our thrust, despite the considerable instability that was experienced in the global markets during the year.

Excluding the extraordinary gain from the acquisition of Guardian Asset Management Jamaica Limited from last year's results, net profit increased by 15.4% year-over-year, while net revenue increased by 5.37%. This was achieved as we continued to execute on three main strategies:

Carry-trade also known as spread income grew by 16.1%, as a result of a restructuring of our liability structure, with short-term funding being replaced with more stable long-term funding raised from the market to better match the maturity profile of our assets and liabilities.
Portfolio positioning or securities trading grew by 7.8%, as we continued to concentrate on building a portfolio of solid regional and international sovereign and corporate securities.
Private equity transactions, which in keeping with our drive to diversify and expand our portfolio across the areas of Tourism, Healthcare, Security, Education, Real Estate and Financial Services, we were successful in expanding our business segments.

Asset Management Company Limited, a consumer financing company and the owner of the EasyOwn and eZEEas123 brands, was acquired in February 2012 and is now a 100% owned subsidiary of PROVEN Investments Limited. Additionally, an 85% owned subsidiary, PROVEN REIT Limited was formed and incorporated in St. Lucia and will serve as a vehicle for PROVEN's real estate investments.

Our wealth management subsidiary, PROVEN Wealth Limited ("PWL"), has also continued to realize optimal returns and performance, and was expanded in May 2012 to now include a Montego Bay Branch located in Fairview, Bogue. This has enabled us to better serve our clientele in the western region of Jamaica.

PROVEN Wealth Limited has also undergone structural changes over the period 2011/12. In October 2011, Chorvelle Johnson was appointed Chief Executive Officer for PWL, and has assumed responsibility for the execution of the company's strategy.

Additionally, on January 6, 2012 the Honourable Peter Bunting, MP and Honourable Mark Golding, MP rescinded their positions on the board of PWL as Chairman and Director respectively, as they moved to become holistically involved in serving in the public sector as Ministers of Government.

The board of PROVEN Investments Limited is grateful for the dedication, service and support that these directors have given we thank them for their invaluable contribution and wish them the very best in their current and future endeavours.

Lisa Gomes Director of Finance and Planning for the Sandals and ATL Group has since been appointed to the position of Chairperson and John Bell, Chairman of Salada Foods Jamaica Limited appointed as a Director. PROVEN Wealth Limited's Chief Executive Officer, Chorvelle Johnson, was also appointed to the Board of Directors. They have all commenced their new posts and I have every confidence that they, along with the rest of the board, will continue to steer PROVEN Wealth Limited toward success.

...net profit increased by

+15.4%

year-over-year, while net revenue increased by

+5.37%

As Chairman of the Board of Directors, I will continue to provide leadership and direction to effect the further growth of PROVEN Investments Limited and all its subsidiaries; whilst strengthening our existing business relationships.

We, the board, are committed to continuously identifying new opportunities to expand into regional markets and identify private transactions that will further stimulate our growth and propel us forward maximizing stakeholder value.

I wish to express sincere gratitude to our shareholders, clients, customers and other stakeholders for their continued support and trust in our company. I also thank my fellow directors, management and staff for their loyalty and dedication as we continue to chart our vision for PROVEN.

Sincerely,

Hugh Hart
Chairman, PROVEN Investments Limited

2 BOARD OF DIRECTORS

Hugh Hart
Chairman

Admitted to the Bar at Grays Inn, England in1953 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.

Rhory McNamara
Director & Company Secretary

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 nine 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.

Yvor Nassief
Director

Yvor Nassief is a well accomplished Dominican businessman and former Executive Director of Dominica Coconut products 1987-1995 and Fort Young Hotel 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 and currently serves as Chairman of Invest Dominica, the island's investment promotion agency. He holds a Bachelor of Arts degree from York University, Toronto.

Garfield Sinclair
Director

Garfield Sinclair is the Country Manager of one of the region's largest telecommunications giants, LIME Jamaica & Cayman. Prior to this, Garfield was the President & Chief Operating Officer of Dehring Bunting & Golding Limited where he was responsible for the overall performance of the operations, treasury and asset trading, brokerage, marketing and information technology units.

He has an Executive Certificate in Strategy and Innovation from Massachusetts Institute of Technology Sloan School of Management, Executive Development Program at the University of Pennsylvania (Wharton); the California Board of Accountancy – C.P.A license (non-practising), Uniform Certified Public Accounting examination and a Bachelor of Science degree in Business Administration from the San Diego State University.

The board positions he has held include Chairman of the Jamaica Stock Exchange (JSE) Pension Fund (Board of Trustees), Kingston Properties Limited, a JSE-listed company and the Statistical Institute of Jamaica.

John A. Collins
Director

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.

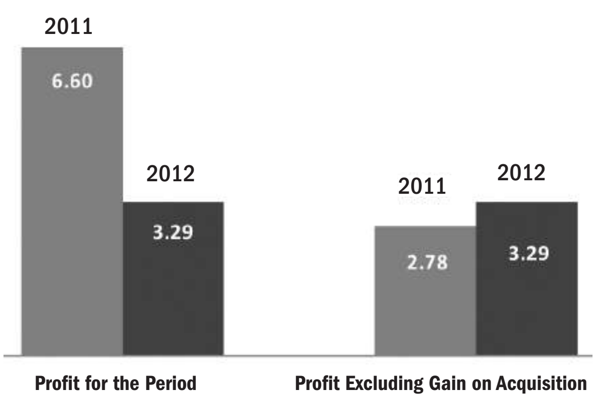
Mr. Collins is a Fellow of the Chartered Institute of Bankers and was appointed a Member of the Most Excellent Order of the British Empire in Her Majesty the Queen's New Year's Honour Listing 1986.

2 MANAGEMENT DISCUSSION & ANALYSIS

Consolidated Net Profit after tax for the financial year ended March 31, 2012 amounted to US$3.29 million. This decline, when compared with the prior year's net profit of US$6.6 million, is primarily attributable to the inclusion of a US$5 million gain from the acquisition of Guardian Asset Management Jamaica Limited in the March 2011 consolidated results.

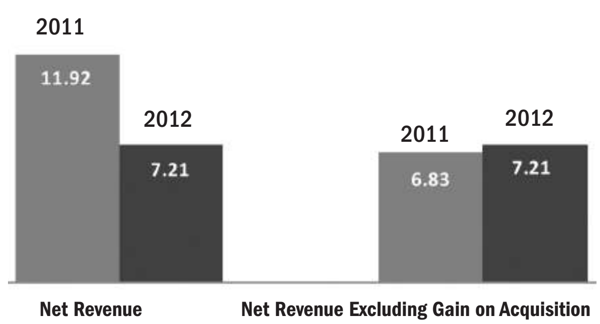
Excluding this gain (net of any associated costs) from last year's results, net profit would have increased by 15.4% year-over-year. Nonetheless, the profit recorded for the period translates to a Return on Average Equity of 9.88% and Earnings per Share of US$0.0112.

Net Profit (US$ Millions)



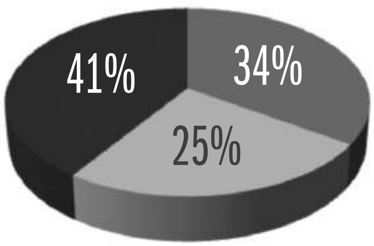
Consolidated Net Revenue amounted to US$7.2 million for the financial year, a decline of 39% when compared to the same period last year. Again, this decline reflected the aforementioned acquisition gain in the prior year and if excluded from the results would have resulted in a year-over year increase of 5.37%.

Net Revenue (US$ Millions)



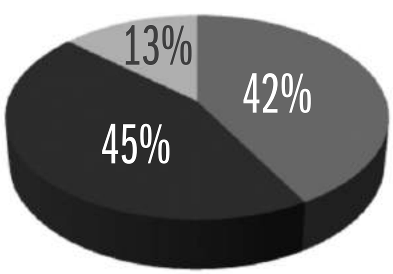
Net Interest Income and Gains on Securities Trading continue to dominate our results, contributing 45% and 42% respectively to overall Net Revenue. During the year, we acquired Asset Management Company Limited ("AMCL") and incorporated PROVEN REIT Limited ("PRL"), both of which have contributed positively to the results of the Company, with a gain of US$179,000 realized from the revaluation of properties in PRL. We continue to execute our strategy of focusing on three main revenue drivers (i) carry-trade also known as spread income, (ii) portfolio positioning and (iii) private equity transactions.

Net Revenue Breakdown 2011



- **25%** - Gain on Securities Trading
- **34%** - Net Interest Income
- **41%** - Other

Net Revenue Breakdown 2012



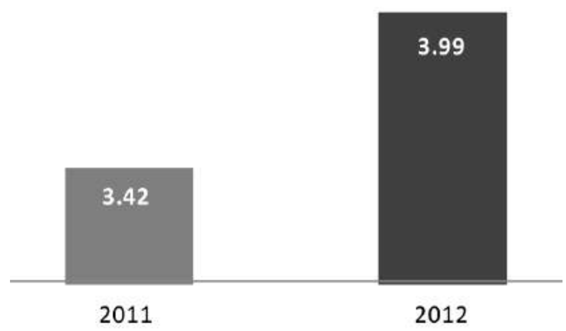
- **45%** - Gain on Securities Trading
- **42%** - Net Interest Income
- **13%** - Other

CARRY TRADE

The carry-trade strategy performed well during the period, with Net Interest Income plus Dividend Income from our fixed income mutual fund holdings aggregating to US$3.99 million, compared to US$3.44 million last year. This 16.1% growth is a result of a restructuring of our liability structure.

During the year, we raised just over US$4m in notes issued by the company via private placement and also successfully raised J$1 billion from the public offering of our 5-year 8% JMD Preference Share offer. These funds were invested in regional and international securities at a positive spread.

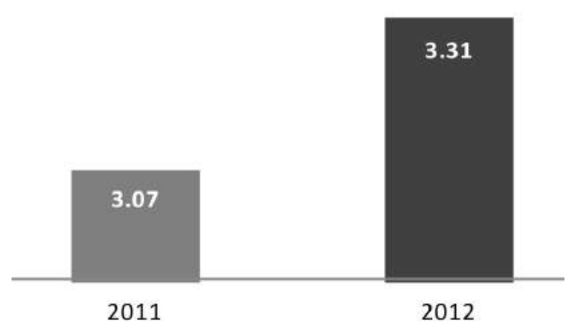
Net Interest Income (US$ Millions)



PORTFOLIO POSITIONING

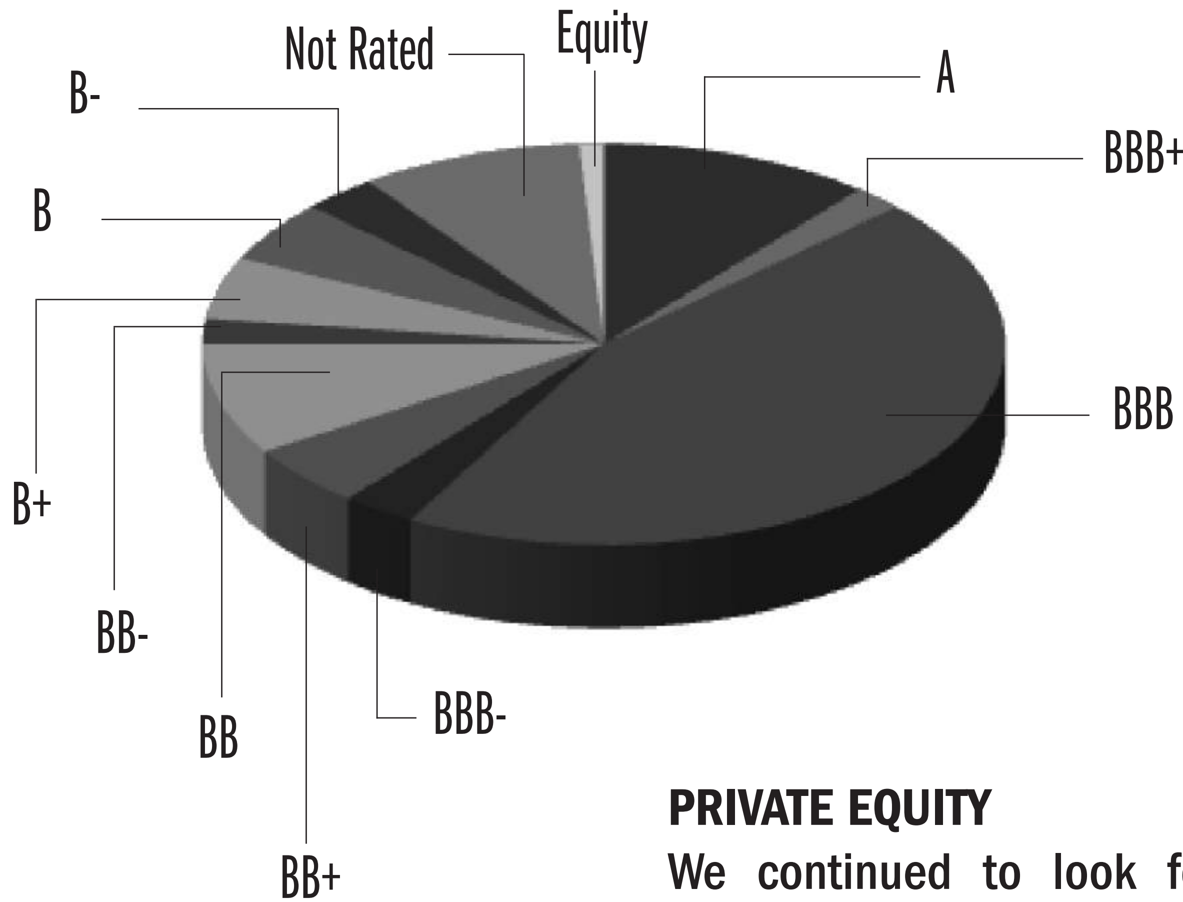
Net Realised Gains amounted to US$3.31 million, a 7.8% increase over the US$3.07 million recorded in 2011. This was achieved even as global markets continued to experience considerable volatility during the financial year.

Net Realized Gains (US$ Millions)



Our strategy continues to concentrate on building a portfolio of solid regional and international sovereign and corporate securities. To this end our equity portfolio has been reduced considerably and as at the end of the financial year, with over 99% of PIL's investment portfolio comprised fixed income instruments, with 57% of the portfolio comprising investment grade securities.

PIL Portfolio Asset Allocation as at March 31, 2012



Fixed Income: Investment Grade (58%)

- A Rated **11%**
- BBB+ Rated **2%**
- BBB Rated **45%**

Fixed Income: Non-Investment Grade (41%)

- BBB- Rated **3%**
- BB+ Rated **5%**
- BB Rated **9%**
- BB- Rated **2%**
- B+ Rated **5%**
- B Rated **5%**
- B- Rated **3%**
- Not Rated **9%**

- Equity **1%**

PRIVATE EQUITY

We continued to look for value creation opportunities and as a result, during the last quarter, we closed two private equity transactions as planned.

Asset Management Company Limited

In February 2012, Proven Investments Limited completed the acquisition of 100% of the Issued Ordinary Shares of Asset Management Company Limited.

Asset Management Company Limited, which is incorporated and domiciled in Jamaica, is the owner of the Easy Own brand. Launched in October 2006, Easy

Own allows consumers to purchase furniture and major appliances on hire purchase from participating vendors. Easy Own is currently offered through 7 retailers with a total of 22 stores throughout the island.

The product offerings and reach of AMCL will be expanded in the coming months and we expect that this subsidiary we contribute positively to the bottom line of the Group during the 2012/13 financial year.

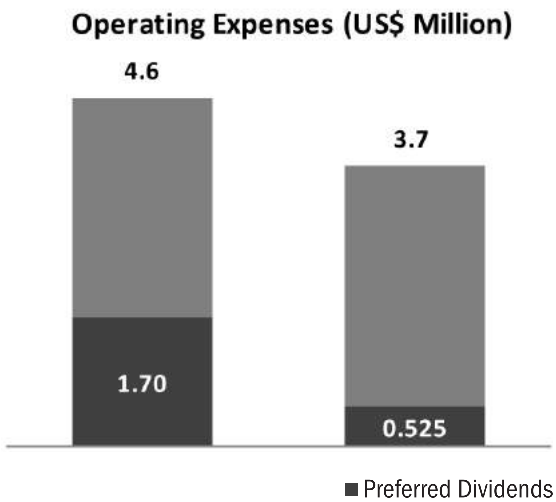
PROVEN REIT Limited

PIL is an 85% majority owner of PRL, which was recently formed as the vehicle for real estate related investments. In February 2012, the first of these investments was completed with a property being purchased through PROVEN Kingsway Limited, a wholly owned subsidiary of PRL. The property houses an apartment complex currently provides an attractive level of rental income, with the possibility of development or resale at an attractive price in the future.

The PROVEN Team continues to actively explore potential private equity transactions that meet our risk return objectives, while preserving the capital of our shareholders. We are targeting the following industries; Tourism, Healthcare, Security, Real Estate, and Financial Services; in Jamaica, Cayman, Dominica, Barbados and Trinidad.

OPERATING EXPENSES

Consolidated Operating Expenses for the year amounted to US$3.7 million after preference share dividend, compared to US$4.6 million for the corresponding year ending March 2011. This 19% reduction is mainly the resulted of lower preference dividends paid this year of $525,167, compared to $1.7 million last year. This resulted in an efficiency ratio of 51%. We maintain our commitment to managing expenses and will be working to improving the efficiency of the Group in the coming quarters.

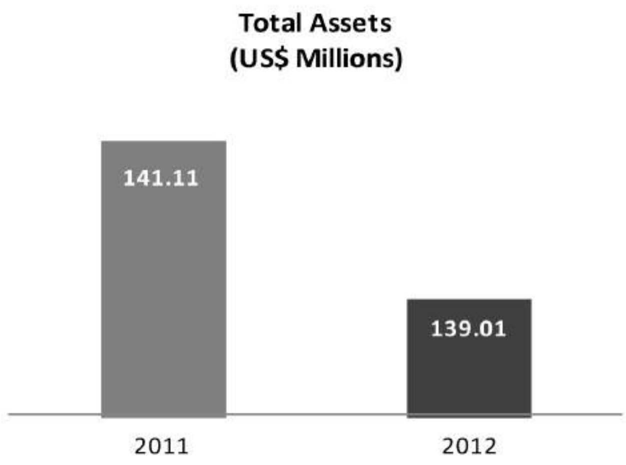


TOTAL ASSETS

There was a marginal 2% overall reduction in the asset base over the corresponding period ended March 31, 2011. This reduction flowed from a strategic decision to realign the business model of PWL with a view to manage the size of the balance sheet in order to minimize the financial risk of the portfolio. Over the period, PWL maintained this strategy of constraining the overall size of the balance sheet and focused on improving the yields on the portfolio while maintaining an optimal risk profile.

SHAREHOLDER'S EQUITY

Shareholder's Equity stood at US$33.2 million as at March 31, 2012, with a capital to asset ratio of 24.1% and a book value per share of $0.113. This represents a marginal decrease of 3.1% below March 2011, largely as a result of net unrealized fair value losses in the amount of US$1.49 million, stemming from the downturn in global market prices.



RISK MANAGEMENT

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 other 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. The Board has established committees for managing and monitoring risks, as follows:

(i) Investment Management Committee
(ii) Audit Committee

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

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 the fall in its market price.

To mitigate credit risk exposure, the Company:

- 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.
- 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 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 flows;

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 those 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 exposures are 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 (JA$), Euro (€) and Trinidad and Tobago (TT$). 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 to 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 the 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 also forgery

iii. Employment Practices and Workplace Safety - employee health and safety, discrimination, workers compensation

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.

CORPORATE SOCIAL RESPONSIBILITY 2

PROVEN Investments Limited holds the firm belief that while adding value to the investments of our clients and all stakeholders of the company, we should also take due care to add value to our environment. As such, we have contributed to a number of projects spearheaded by clubs and societies within the Caribbean community such as the Kiwanis, Rotary and Optimist clubs.

We have also assisted a number of schools, individuals and hospices with their development programs, whether in the part of education, athletics or personal growth and self enhancement; or the improvement of their surroundings. We are proud contributors towards the development of our Caribbean people and will continue to extend our hand towards building a better society.

SHAREHOLDINGS OF DIRECTORS

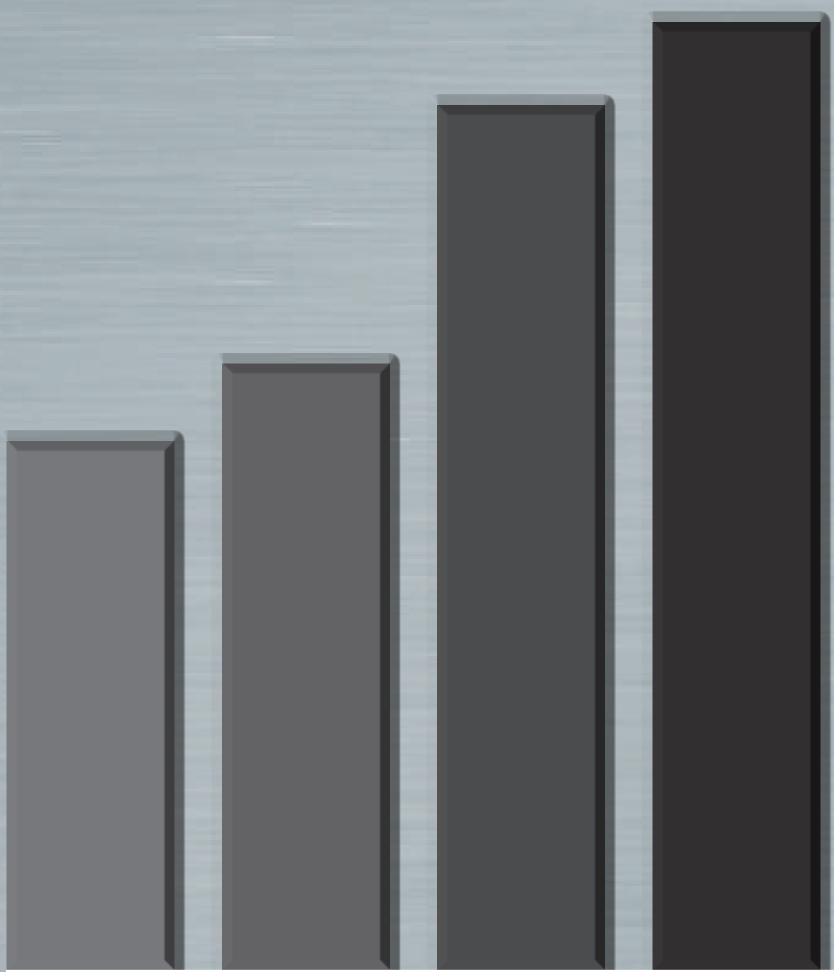
Directors Holdings for Proven Investments Limited
As at March 31, 2012

Name	volume	Percentage
YVOR NASSIEF	200,000.00	0.17
YVOR NASSIEF & NANCY NASSIEF	500,000.00	0.07
JOHN J. COLLINS	0.00	0.00
	0.00	**0.00**
RHORY MCNAMARA	0.00	0.00
	0.00	**0.00**
HUGH CECIL HART *	0.00	0.00
	0.00	**0.00**
GARFIELD SINCLAIR **	0.00	0.00
	0.00	**0.00**
*** Interest in Pelican Investments Co. Ltd.**	**10,854,396.00**	**3.68**
**** Interest in Platoon Limited**	**3,242,718.00**	**1.10**

Top 10 Shareholders for Proven Investments Limited
As at March 31, 2012

Name	volume	Percentage
PETER BUNTING	35,587,130.00	12.07
PETER BUNTING AND CARLINE SENIOR	148,544.00	0.05
	35,735,674.00	**12.12**
OZYMANDIAS	15,085,706.00	5.11
	15,085,706.00	**5.11**
NEKIA LIMITED	14,708,738.00	4.99
	14,708,738.00	**4.99**
PELICAN INVESTMENT COMPANY LIMITED	10,854,369.00	3.68
	10,854,369.00	**3.68**
MARCO MIRET AND NICOLE MIRET	10,000,000.00	3.39
	10,000,000.00	**3.39**
ALEXANDER BARCLAY EWART	6,935,709.00	2.35
	2,500,000.00	0.85
	9,435,709.00	**3.2**
TAJEBE LIMITED	9,333,334.00	3.16
	9,333,334.00	**3.16**
BARNETT LIMITED	8,578,641.00	2.91
	8,578,641.00	**2.91**
ANITA BICKNELL AND PETER MCCONNELL	8,000,000.00	2.71
	8,000,000.00	**2.71**
COURTNEY WILKINSON AND SAMANTHA WILKINSON	7,000,000.00	2.37
	7,000,000.00	**2.37**

3 FINANCIALS



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INDEPENDENT AUDITORS' REPORT

To the Members of
PROVEN INVESTMENTS LIMITED

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 3 to 53, which comprise the Group's and Company's statements of financial position as at March 31, 2012, the Group's and Company's statements of comprehensive income, changes in equity and cash flows for the period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Members of
PROVEN INVESTMENTS LIMITED

Opinion

In our opinion, the consolidated and separate financial statements respectively present fairly, in all material respects, the financial position of the Group and the Company as at March 31, 2012, and the Group's and Company's financial performance, changes in equity and cash flows for the period then ended in accordance with International Financial Reporting Standards.

KPMG

KPMG Eastern Caribbean

May 28, 2012

PROVEN INVESTMENTS LIMITED

Statement of Financial Position
March 31, 2012

	Notes	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
ASSETS					
Cash and cash equivalents		1,717	3,596	28	876
Resale agreements	4	882	9,314	344	406
Investment securities	5	101,033	100,033	63,500	36,707
Loans receivable	6	25,336	7,776	5,682	7,776
Other receivables	7	3,719	14,292	2,298	13,356
Owed by related party		-	-	212	-
Income tax recoverable		5,145	5,758	89	16
Investment in subsidiary	8	-	-	17,470	16,567
Investment property	9	785	-	-	-
Intangible asset	10	41	9	-	-
Property, plant and equipment	11	347	328	-	-
Total assets		139,005	141,106	89,623	75,704
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities:					
Bank overdraft		223	-	223	-
Repurchase agreements	12	35,344	66,454	-	2,944
Credit linked notes	13	4,370	4,812	688	-
Owed to related party	14	104	304	106	304
Notes payable	15	52,981	33,571	37,103	33,571
Preference shares	16	11,240	1	11,240	1
Current income tax payable		38	108	37	108
Deferred tax liabilities	17	211	661	-	-
Other liabilities		1,274	948	428	41
Total liabilities		105,785	106,859	49,825	36,969
Shareholders' equity:					
Share capital	18	29,657	29,657	29,657	29,657
Fair value reserve	19	(2,228)	(741)	(1,115)	(339)
Foreign exchange translation reserve	20	(148)	27	-	-
Retained earnings		5,822	5,304	11,256	9,417
Equity attributable to owners of the company		33,103	34,247	39,798	38,735
Non-controlling interest		117	-	-	-
Total shareholders' equity		33,220	34,247	39,798	38,735
Total liabilities and shareholder's equity		139,005	141,106	89,623	75,704

The financial statements on pages 3 to 53 were approved for issue by the Board of Directors on May 28, 2012 and signed on its behalf by:

Chairman
Hugh Hart

Director
Garfield Sinclair

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

PROVEN INVESTMENTS LIMITED

Statement of Comprehensive Income
Year ended March 31, 2012
(With comparative figures for the sixteen month period ended March 31, 2011)

	Notes	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Net interest income and other operating revenue					
Interest income		7,076	8,417	2,894	1,717
Interest expense		(3,979)	(5,283)	(1,603)	(463)
Net interest income	21	3,097	3,134	1,291	1,254
Other operating revenue					
Dividends		899	308	2,855	10,288
Fees and commissions		140	173	-	73
Net fair value adjustments and realised gains	22	3,310	3,070	2,121	1,643
Net foreign exchange (losses)/gains		(417)	11	(271)	12
Increase in fair value of investment property		179	-	-	-
Other income		7	213	-	-
Goodwill written off		(9)	-	-	-
(Loss)/gain on purchase of subsidiary	9	-	5,009	-	-
Other operating revenue		4,109	8,784	4,705	12,016
Net interest and other operating revenue		7,206	11,918	5,996	13,270
Expenses					
Staff costs	23	1,252	1,024	23	-
Depreciation and amortisation	10,11	76	47	-	-
Preference share dividend	18,26	538	1,668	538	1,668
Other operating expenses		1,913	1,884	922	779
		3,779	4,623	1,483	2,447
Profit before income tax		3,427	7,295	4,513	10,823
Income tax (charge)/credit	25	(133)	(693)	71	(108)
Profit for the period		3,294	6,602	4,584	10,715
Other comprehensive loss					
Unrealised losses on available-for-sale investments, net of tax		(1,487)	(741)	(776)	(339)
Foreign exchange translation reserve		(175)	27	-	-
Total other comprehensive loss		(1,662)	(714)	(776)	(339)
Total comprehensive income for the period		$1,632	5,888	3,808	10,376
Profit attributable to:					
Owners of the company		3,263	6,602		
Non-controlling interests		31	-		
Profit for the period		3,294	6,602		
Total comprehensive income attributable to:					
Owners of the company		1,632	-		
Non-controlling interests		-	-		
Total comprehensive income for the period		1,632	-		
Earnings per stock unit	29	1.12¢	2.24¢		

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

PROVEN INVESTMENTS LIMITED

Statement of Group Changes Equity
Year ended March 31, 2012
(With comparative figures for the sixteen month period ended March 31, 2011)

	Share capital $'000 (note 19)	Fair value reserve $'000 (note 20)	Foreign exchange translation reserve $'000	Retained earnings $'000	Attributable to equity holders of the group $'000	Non controlling interest $'000	Total $'000
Total comprehensive income for the period							
Profit for the period	-	-	-	6,602	6,602	-	6,602
Other comprehensive income for the period							
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	27	-	27	-	27
Unrealised losses on fair value of available-for-sale securities	-	(942)	-	-	(942)	-	(942)
Deferred tax on unrealised losses	-	201	-	-	201	-	201
Total other comprehensive loss for the period, net of tax	-	(741)	27	-	(714)	-	(714)
Total comprehensive income for the period	-	(741)	27	6,602	5,888	-	5,888
Transactions with owners recorded directly in equity							
Issue of shares (note 18)	29,657	-	-	-	29,657	-	29,657
Dividends to equity holders (note 30)	-	-	-	(1,298)	(1,298)	-	(1,298)
Total transactions with owners	29,657	-	-	(1,298)	28,359	-	28,359
Balances at March 31, 2011	29,657	(741)	27	5,304	34,247	-	34,247
Total comprehensive income for the period							
Profit for the period	-	-	-	3,263	3,263	31	3,294
Other comprehensive income for the period							
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	(175)	-	(175)	-	(175)
Unrealised losses on fair value of available-for-sale securities	-	(1,843)	-	-	(1,843)	-	(1,843)
Deferred tax on unrealised losses	-	356	-	-	356	-	356
Total other comprehensive loss for the period, net of tax	-	(1,487)	(175)	-	(1,662)	-	(1,662)
Total comprehensive income for the period	-	(1,487)	(175)	3,263	1,601	31	1,632
Transactions with owners recorded directly in equity							
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	86	86
Dividends to equity holders (note 30)	-	-	-	(2,745)	(2,745)	-	(2,745)
Total transaction with owners	-	-	-	(2,745)	(2,745)	86	(2,659)
Balances at March 31, 2012	29,657	(2,228)	(148)	5,822	33,103	117	33,220

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

PROVEN INVESTMENTS LIMITED

Statement of Company Changes Equity
Year ended March 31, 2012
(With comparative figures for the sixteen month period ended March 31, 2011)

	Share capital $'000 (note 19)	Fair value reserve $'000 (note 20)	Retained earnings $'000	Total $'000
Total comprehensive income for the period				
Profit for the period	-	-	10,715	10,715
Other comprehensive income for the period				
Unrealised losses in fair value of available-for-sale securities	-	(339)	-	(339)
Total comprehensive income for the period	-	(339)	10,715	10,376
Transactions with owners recorded directly in equity				
Issue of shares (note 18)	29,657	-	-	29,657
Dividends to equity holders (note 30)	-	-	(1,298)	(1,298)
Total transactions with owners	29,657	-	(1,298)	28,359
Balances at March 31, 2011	29,657	(339)	9,417	38,735
Total comprehensive income for the period				
Profit for the period	-	-	4,584	4,584
Other comprehensive income for the period				
Unrealised losses in fair value of available-for-sale securities	-	(776)	-	(776)
Total comprehensive income for the period	-	(776)	4,584	3,808
Transactions with owners recorded directly in equity				
Dividends to equity holders, being total transactions with owners (note 30)	-	-	(2,745)	(2,745)
Balances at March 31, 2012	29,657	(1,115)	11,256	39,798

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

PROVEN INVESTMENTS LIMITED

Statement of Cash Flows
Year ended March 31, 2012
(With comparative figures for the sixteen month period ended March 31, 2011)

	Notes	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Cash flows from operating activities:					
Profit for the period		3,263	6,602	4,584	10,715
Adjustments for:					
Depreciation	11	64	46	-	-
Amortisation	10	12	1	-	-
Interest income		(7,076)	(8,705)	(2,894)	(2,005)
Interest expense		3,979	6,951	1,603	2,131
Loss on disposal of fixed assets		60	-	-	-
Loss on acquisition of subsidiary		9	-	-	-
Appreciation in value of securities at fair value through profit or loss		-	(61)	77	-
Increase in fair value of investment property		(179)	-	-	-
Unrealised foreign exchange loss		-	7,490	260	-
Income tax charge/(credit)	25	133	693	(71)	108
		265	13,017	3,559	10,949
Change in:					
Loans receivable		(17,560)	(7,776)	2,094	(7,776)
Other receivables		11,316	(12,602)	11,110	(12,809)
Owed by related party		-	-	(212)	-
Other liabilities		(223)	(31)	145	32
Repurchase agreements		(31,110)	66,454	(2,944)	2,944
Income tax recoverable		613	(5,758)	(74)	(16)
Resale agreements		8,432	(9,314)	62	(406)
Credit linked notes		(442)	4,812	688	-
Owed to related party		(200)	-	(197)	-
		(28,909)	48,802	14,231	(7,082)
Interest received		7,090	7,315	2,842	1,458
Interest paid		(3,760)	(5,972)	(1,361)	(1,818)
Income tax paid		(285)	-	-	-
Net cash (used)/provided by operating activities		(25,864)	50,145	15,712	(7,442)
Cash flows from investing activities:					
Investment in subsidiary	9	-	-	(904)	(16,567)
Investment securities		(2,689)	(108,102)	(27,906)	(37,046)
Purchase of investment property		(606)	-	-	-
Purchase of subsidiary	9	(351)	-	-	-
Purchase of property, plant and equipment	11	(58)	(374)	-	-
Purchase of intangible assets	10	(44)	(10)	-	-
Net cash used by investing activities		(3,748)	(108,486)	(28,810)	(53,613)
Net cash flows from operating and investing activities (carried forward to page 8)		(29,612)	58,341	(13,098)	(61,055)

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

PROVEN INVESTMENTS LIMITED

Statement of Cash Flows
Year ended March 31, 2012
(With comparative figures for the sixteen month period ended March 31, 2011)

	Notes	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Cash flows from operating and investing activities (brought forward from page 7)		(29,612)	58,341	(13,098)	(78,196)
Cash flows from financing activities:					
Notes payable		19,234	33,571	3,532	33,571
Issue of preference shares		11,239	1	11,239	1
Issue of ordinary shares	18	-	29,657	-	29,657
Dividend paid	30	(2,745)	(1,298)	(2,745)	(1,298)
Non-controlling interest		117	-	-	-
Net cash provided by financing activities		27,845	61,931	12,026	61,931
Net increase in cash and cash equivalents		(1,767)	3,590	(1,072)	876
Effect of exchange rate fluctuations on cash and cash equivalents		28	6	-	-
Cash and cash equivalents at beginning of period		3,596	-	876	-
Cash and cash equivalents at end of period		1,857	3,596	196	876

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

1. Identification

Proven Investments Limited ("the Company") was incorporated in St. Lucia on November 25, 2009 under the International Business Companies Act and commenced operations on March 1, 2010. As of August 17, 2010, the Company entered an agreement with Guardian Holdings Limited to acquire the entire issued share capital of Guardian Asset Management Jamaica Limited, which was then renamed Proven Wealth Limited. The Company's registered office is located at 20 Micoud Street, Castries, St. Lucia.

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

"Group" refers to the Company and its subsidiaries, as follows:

Subsidiaries	Country of incorporation	Nature of Business	Percentage ownership 2012	Percentage ownership 2011
Proven Wealth Limited	Jamaica	Funds management, investment advisory services, money market and equity trading.	100	100
Proven REIT Limited and its wholly owned subsidiary	St. Lucia	Real estate investment	85	-
Proven Kingsway Limited	St. Lucia	Real estate investment	100	-
Asset Management Company Limited	Jamaica	Hire purchase financing	100	-

2. Statement of compliance and 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 ("IASB").

New, revised and amended standards and interpretations that became effective during the period

Certain new, revised and amended standards and interpretations came into effect during the period under review. They did not have any significant effect on the financial statements, and, based on the Group's current operations, none of them is expected to have any significant effect on the amounts and disclosures in the financial statements, except that the amendment to IFRS 7, *Financial Instruments: Disclosures*, led to some changes in the qualitative and quantitative disclosures relating to credit risk. The changes are reflected in note 27(b) to these financial statements, viz:

(i) Disclosure of the amount of the Group's 'maximum exposure to credit risk without considering any collateral held' is now made only if the carrying amount of the financial asset does not already reflect such exposure.

(ii) Previously, the Group was required to disclose the existence and nature of collateral held as security and other credit enhancements in respect of a financial instrument. With the amendment, it is now, in addition, required to disclose the financial effect of such collateral.

2. Statement of compliance and basis of preparation (cont'd)

(a) Statement of compliance: (cont'd)

New, revised and amended standards and interpretations that became effective during the period (cont'd)

(iii) The disclosure of the description of collateral held as security and other credit enhancements is no longer required only in respect of financial assets that are past due or impaired, including an estimate of their fair value, but in respect of all financial assets with credit risk.

New, revised and amended standards and interpretations that are not yet effective

At the date of approval of these financial statements, certain new, revised and amended standards and interpretations were in issue but were not yet effective and had not been early-adopted. The Group has assessed their relevance with respect to its operations and has concluded that the following may be relevant:

- IFRS7, *Financial Instruments: Disclosures*, has been amended by the issue of "Amendment to IFRS 7, *Disclosures – Transfer of Financial Assets*", which is effective for annual reporting periods beginning on or after July 1, 2011. The amendment requires disclosure of information that enables users of financial statements to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities and to evaluate the nature of and risks associated with the entity's continuing involvement in these derecognised assets.

- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2015 (previously January 1, 2013), retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. It also includes guidance on classification and measurement of financial liabilities designated as at fair value through profit or loss and incorporates certain existing requirements of IAS 39, *Financial Instruments: Recognition and Measurement*, on the recognition and de-recognition of financial assets and financial liabilities.

- IFRS 10, *Consolidated Financial Statements*, which is effective for annual reporting periods beginning on or after 1 January 2013, introduces a new approach to determining which investees should be consolidated. It was issued as part of a suite of consolidation and related standards, also replacing existing requirements for joint ventures (now joint arrangements) and making limited amendments in relation to associates. IFRS 10 supersedes IAS 27 *Consolidated and Separate Financial Statements*, and SIC-12, *Consolidation – Special Purpose Entities*, and provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. An investor controls an investee when (i) it is exposed, or has rights, to variable returns from its involvement with the investee, (ii) has the ability to affect those returns through its power over the investee and (iii) there is a link between power and returns.

2. Statement of compliance and basis of preparation (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations that are not yet effective (cont'd)

- IFRS 11, *Joint Arrangements*, which is effective for annual reporting periods beginning on or after January 1, 2013, identifies two main types of joint arrangements – joint operations and joint ventures:

  (ii) *Joint operations* refers to those cases in which although there is a separate vehicle created by the venturers, that separation is ineffective in certain ways. These joint arrangements are treated similarly to jointly controlled assets/operations under IAS 31.

  (iii) *Joint ventures* refers to all other joint arrangements. They are required to be accounted for using the equity method (thus prohibiting the use of proportionate consolidation). The application of the equity method is subject to two exemptions carried forward from IAS 28 (2008) and IAS 31.

- IFRS 12, *Disclosure of Interest in Other Entities,* which is effective for annual reporting periods beginning on or after from January 1, 2013, contains disclosure requirements for entities that have interests in subsidiaries, joint arrangements (ie joint operations or joint ventures), associates and/or unconsolidated structured entities. The disclosure requirements encompass risk exposures for the sponsor of such an entity even if it no longer has any contractual involvement. These required disclosures aim to provide information to enable users to evaluate the nature of, and risks associated with, an entity's interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows.

  The Group is required to: understand what a structured entity is in the context of its operations; apply judgement in assessing whether it is 'involved' with a structured entity, which has the potential to broaden the transactions and relationships to which the disclosures may apply, particularly for those who sponsor, or perhaps even transact business with, but do not consolidate, structured entities; and assess the level of disclosure that it believes will be meaningful to users of the financial statements.

- IFRS 13, *Fair Value Measurement,* which is effective for annual reporting periods beginning on or after January 1, 2013, defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value and is applicable to assets, liabilities and an entity's own equity instruments that, under other IFRSs, are required or permitted to be measured at fair value, or when disclosure of fair values is provided. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

The Group is assessing the impact that these new, revised and amended standards and interpretations will, when they become effective, have on its financial statements.

2. Statement of compliance and basis of preparation (cont'd)

(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 and financial assets at fair value through profit or loss and investment property.

(c) Functional and presentation currency:

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

(d) 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 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.

The significant assumptions about the future and key areas of estimation uncertainty and the critical judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements, and have a significant risk of material adjustment in the next financial period, are as follows:

(i) Key sources of estimation uncertainty:

- Allowance for impairment losses:

  Management makes judgments regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from loans, investments and other financial assets - for example, indicators such as repayment default and adverse economic conditions.

  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 judgements about a counterparty's financial situation and the net realisable value of any collateral.

2. Statement of compliance and basis of preparation (cont'd)

(d) Accounting estimates and judgements (cont'd):

(i) Key sources of estimation uncertainty (cont'd):

- Fair value of financial instruments:

  In the absence of quoted market prices, the fair value of a significant proportion of the Group's financial instruments was determined using a generally accepted alternative to quoted market prices. Considerable judgement is required in interpreting market data to arrive at estimates of fair value. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

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

Management is sometimes also required to make critical judgements in applying accounting policies. There were no critical judgements in applying accounting policies for the period ended March 31, 2012.

3. Significant accounting policies

(a) 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(a)(ii).

(i) 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.

(ii) 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.

(b) Financial assets and liabilities:

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

3. Significant accounting policies (cont'd)

(b) Financial assets and liabilities (cont'd):

(i) Recognition:

The Group initially recognises loans on the date at which it becomes a party to the contractual provisions of the instrument -i.e., the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated as at fair value through profit or loss) are initially recognised on the trade date – the date on which the Group becomes a party to the contractual provisions of the instrument.

(ii) Derecognition:

The Group derecognises a financial instrument when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability on the statement of financial position.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains 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. The Group derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

(iii) 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.

(iv) Amortised cost:

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

(v) Fair value measurement principles:

Fair value is the arm's length consideration for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

3. Significant accounting policies (cont'd)

(b) Financial assets and liabilities (cont'd):

Determination of fair value:

A financial asset or liability is measured initially at fair value. The best evidence of fair value at initial recognition is the transaction price, unless the fair value of that instrument is evidenced by comparison with other observable current market transaction in the same instrument or based on a valuation technique whose variables include only data from observable markets. W hen transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss, or other comprehensive income for changes in the fair value of available-for-sale assets.
When the available-for-sale assets are impaired, sold, collected or otherwise disposed of, the cumulative gain or loss recognised in other comprehensive income is included in profit or loss.

The fair values of cash and cash equivalents, resale agreements, owed by related party, other receivables, bank overdraft, repurchase agreements, credit linked notes, owed to related party, notes payable, preference shares and other liabilities are considered to approximate their carrying values due to their relatively short term.

The fair values of available-for-sale securities are the amounts at which these securities are carried (see note 5) in accordance with policy note 3(c). These values are based on quoted prices in an active market, where available, or determined by a suitable alternative method.

A market is regarded as active if quoted prices are readily and regularly available from an exchange dealer, broker or other agency and represent actual and regularly occurring market transactions on an arm's length basis. In the absence of an active market, other valuation techniques are used. T he chosen valuation technique makes maximum use of market inputs, relies as little as p ossible on estimates specific to the Group and is consistent with accepted economic methodologies for pricing financial instruments.

Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. Any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured, is stated at cost, including transaction costs, less impairment losses. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the reporting date for an instrument with similar terms and conditions.

The estimated fair value of loans is assumed to be the principal receivable less any provision for losses, as these financial assets are generally repriced when market interest rates change.

The fair values of notes payable are considered to approximate their carrying values, as t hey bear rates which approximate market rates prevailing at the reporting date.

3. Significant accounting policies (cont'd)

(b) Financial assets and liabilities (cont'd):

(vi) Non-trading derivatives:

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.

(vii) 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 carried at amortised cost.

(viii) Other assets:

Other assets are stated at amortised cost less impairment losses.

(ix) Other liabilities:

Other liabilities are stated at amortised cost.

3. Significant accounting policies (cont'd)

(c) 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. Up on 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.

(d) Resale and repurchase agreements:

Transactions involving purchases of securities under resale agreements ("resale agreements' or reverse repos') or sales of securities under repurchase agreements ('repurchase agreements' or 'repos') are accounted for as sh ort-term collateralized lending and borrowing, respectively. Accordingly, securities sold under repurchase agreements remain on the statement of financial position and are measured in accordance with their original measurement principles. T he proceeds of sale are reported as liabilities and are carried at amortised cost. Securities purchased under resale agreements are reported not as purchases of the securities, but as receivables and are carried in the statement of financial position at amortised cost. It is the policy of the Group to obtain possession of collateral with a m arket value in excess of the principal amount loaned under resale agreements.

The difference between the purchase cost and the resale consideration, in the case of resale agreements, is recognised as i nterest income, while the difference between the proceeds of sale and repurchase cost, in the case of repurchase agreements, is recognised as interest expense.

3. Significant accounting policies (cont'd)

(e) Loans and notes receivable and other receivables:

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

(f) Accounts payable:

Accounts payable are stated at their amortised cost.

(g) Interest-bearing borrowings:

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

(h) 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. 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.

(ii) Depreciation:

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

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%
Furniture, fixtures and equipment	10%
Leasehold improvements	10%
Motor vehicles	20%

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

3. Significant accounting policies (cont'd)

(i) Intangible assets:

(i) Computer software:

Computer software is carried at cost, less accumulated amortisation and impairment losses. Amortisation is charged on the straight-line basis at annual rates estimated to write down the asset to its residual value over their expected useful life of 7 years from the date it is available for use.

(ii) Goodwill:

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss. Goodwill is measured at cost less accumulated impairment losses.

(j) 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 analyzed 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, and 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 spot exchange rates at the dates of the transactions (for practical purposes an average is used). Foreign currency differences on the translation of foreign operations are recognised in other comprehensive income and included in foreign exchange translation reserve.

3. Significant accounting policies (cont'd)

(k) 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.

(l) 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 other comprehensive income, in which case it is recognised in 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.

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.

3. Significant accounting policies (cont'd)

(m) 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 at each reporting date. 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 the profit or loss. Any cumulative impairment loss in respect of an available-for-sale investment recognised previously in other comprehensive income is transferred to 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 directly 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.

(i) Calculation of recoverable amount:

The recoverable amount of the Group's investment securities classified as loans and receivables and other receivables 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.

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.

(ii) 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 shall be reversed, with the amount of the reversal recognised in the 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.

3. Significant accounting policies (cont'd)

(n) Investment in subsidiary

Investment in subsidiary is carried at cost.

(o) Related parties:

A related party is a person or entity that is related to the Group, also referred to as reporting entity.

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

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

(i) 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).

(ii) 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).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) 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).

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

3. Significant accounting policies (cont'd)

(p) 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.

(q) 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 i nstruments issued at other than par.

(r) Fees and commission income:

Fees 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 t ime-apportionate basis. Asset management fees related to investment funds are recognised rateably over the period in which the service is provided. Performance linked fees or fee components are recognised when the performance criteria are fulfilled.

(s) Borrowings:

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

(t) Investment property:

Investment property, comprising residential apartments, are held for long-term rental yields and capital gain.

Investment properties are initially recognised at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are carried at fair value.

3. Significant accounting policies (cont'd)

(t) Investment property (cont'd):

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.

4. 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 Group 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 fulfill its contractual obligations. At the reporting date, the fair value of the underlying securities held for resale agreements was $11,027,000 for the Group and $406,000 for the Company.

5. Investment securities

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Financial assets at fair value through profit or loss				
Quoted equities	18	522	-	-
PPN warrant asset	220	-	-	-
Foreign currency forward	104	-	-	-
Foreign currency option	29	-	29	-
	371	522	29	-
Available-for-sale securities				
Local equities	27	24	27	24
Global equities	1,432	6,145	1,432	6,145
Global bonds	47,067	59,549	17,413	14,524
Mutual funds	31,643	8,099	31,643	8,099
Other government securities	-	5,251	-	-
Corporate bonds	12,205	16,095	12,205	7,915
Credit linked notes	-	-	751	-
Certificate of deposit	1,502	-	-	-
	93,876	95,163	63,471	36,707
Loans and receivables				
Government of Jamaica securities	6,786	4,348	-	-
	101,033	100,033	63,500	36,707

6. Loans receivable

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Margin loans [see (a) below]	13,792	-	-	-
Hire purchase loans	687	-	-	-
Corporate notes	10,857	7,776	5,682	7,776
	25,336	7,776	5,682	7,776

(a) Margin loans receivable 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.

Margin loans payable by the Group represent amounts drawn down under a margin facility provided by a brokerage firm and used by the Group to fund the facility 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.

At the reporting date, the fair value of the collateral pledged by the clients and re-pledged by the Group was $27,612,000 (2011: $Nil).

(b) Loans receivable are due, from the reporting date as follows:

	Group 2012				
	Over 5 years	Within 3 months	3-12 months	1-5 years	Total
Margin loans	13,494	-	298	-	13,792
Hire purchase	-	671	16	-	687
Corporate notes	-	1,377	5,181	4,299	10,857
	13,494	2,048	5,495	4,299	25,336

	Company 2012			
	Within 3 months	3-12 months	1-5 years	Total
Corporate notes	1,377	-	4,305	5,682

	Group and company 2011			
	Within 3 months	3-12 months	1-5 years	Total
Corporate notes	233	2,512	5,031	7,776

6. Loans receivable (cont'd

(c) Impairment losses:

The aging of hire purchase loans, net of allowance for impairment losses, is as follows:

	Group and Company	
	Gross	Allowance for impairment
	$'000	$'000
Not past due and not impaired	363	4
Past due and not impaired	358	30
	721	34

7. Other receivables

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Due from clients	1,664	12,736	1,536	12,809
Interest receivable	1,377	1,363	599	547
Other	707	294	163	-
Other receivables acquired on purchase of subsidiary	100	-	-	-
	3,848	14,393	2,298	13,356
Less allowance for doubtful debts	(129)	(101)	-	-
	3,719	14,292	2,298	13,356

Allowance for doubtful debts is made in respect of the following:

Due from clients	127	99	-	-
Other	2	2	-	-
	129	101	-	-

The movement in the allowance for doubtful debt during the year was as follows:

Balance at the beginning of the year	101
Impairment losses recognized	28
Utilized during the year	-
Balance at end of the year	129

8. Investment in subsidiary

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Ordinary shares	-	-	17,470	16,567

(i) This represents 100% of the voting equity issued by the subsidiaries (note 1).

(ii) On August 17, 2010, Proven Investments Limited acquired the entire issued share capital of Guardian Asset Management Jamaica Limited, now renamed Proven Wealth Limited.

The following summarises the consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration transferred:

	$'000
Cash	16,250

Identifiable assets acquired and liabilities assumed

	$'000
Property, plant and equipment	366
Cash and cash equivalents	9,202
Interest receivable	3,642
Investments	177,020
Other receivables	6,398
Inter-company balances	1,360
Interest payable	(1,716)
Other payables	(4,948)
Client liabilities	(170,065)
	21,259

Negative goodwill

Goodwill was recognised as a result of the acquisition as follows:

	$'000
Total consideration transferred	16,250
Less: fair value of identifiable assets	(21,259)
Goodwill on purchase of subsidiary	(5,009)

The transaction resulted in a gain because of the effectiveness of the negotiation resulting in an attractive purchase price.

8. Investment in subsidiary (cont'd)

(iii) On February 29, 2012, Proven Investments Limited acquired the entire issued share capital of Asset Management Company Limited.

The following summarises the consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration transferred:

	US$'000
Cash	393

Identifiable assets acquired and liabilities assumed

	$'000
Cash and cash equivalents	42
Accounts receivable	90
Hire and non-hire purchase receivables	657
Other receivables	10
Property, plant and equipment	91
Accounts payable	(50)
Loan payable	(280)
Notes payable	(176)
	384

Purchased goodwill

Goodwill was recognised as a result of the acquisition as follows:

	$'000
Total consideration transferred	393
Less: Fair value of identifiable assets	(384)
Goodwill on purchase of subsidiary	9

(iv) The Group incurred acquisition related costs of $33,000 (2011: $317,000) relating to external legal fees, stamp duty and due diligence costs. These costs have been included in other operating expenses in the Group's statement of comprehensive income.

9. Investment property

	2012 $'000
Purchase price	551
Transaction costs	24
Fair value adjustment	210
	785

The fair value of investment properties as at the reporting date is based on estimates of open market value, which may be defined as the best price at which an interest in a property might reasonably be expected to be sold by private treaty at the date of valuation, assuming:

- a willing seller;
- a 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 way of sale;
- the property will be freely exposed to the market;
- that no account has been taken of any possible additional bid/s reflecting any premium in price which might be forth-coming from a potential purchaser with a special interest in acquiring the premises; and
- that the subject premises, in its current zoned use class, can be sold, exchanged, transferred, let, mortgaged or used for any other economic activity, within its land use class, in the open market.

10. Intangible asset

This represents the carrying value of acquired computer software, as follows:

	Group $'000
Cost:	
March 31, 2011	10
Additions	44
March 31, 2012	54
Amortisation:	
March 31, 2011	1
Amortisation	12
March 31, 2012	13
Net book values:	
March 31, 2012	41
March 31, 2011	9

11. Property, plant and equipment

	Group				
	Leasehold improvement $'000	Furniture fixtures and equipment $'000	Motor vehicle $'000	Computer equipment $'000	Total $'000
Cost:					
Additions, being balance as at March 31, 2011	7	264	40	63	374
Additions	37	4		17	58
Acquired through business acquisition	-	13	-	95	108
Disposals	-	(14)	(25)	(46)	(85)
Translation adjustment	1	(6)	(1)	(3)	(9)
March 31, 2012	45	261	14	126	446
Depreciation:					
Depreciation for the period, being balance as at March 31, 2011	1	21	11	13	46
Charge for the year	3	32	14	15	64
Acquired through business acquisition	-	1	-	18	19
Disposals	-	-	(25)		(25)
Translation adjustment	-	(3)	-	(2)	(5)
March 31, 2012	4	51	-	44	99
Net book values:					
March 31, 2012	41	210	14	82	347
March 31, 2011	6	243	29	50	328

12. Repurchase agreements

The Group sells Government and corporate securities and agrees to repurchase them on a specified date and at a specified price (repurchase agreements). On receiving payment from the purchaser, the underlying securities are sometimes delivered to the purchaser, although title is not formally transferred unless the securities are not repurchased on the date specified or other conditions are not honoured.

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Denominated in Jamaica dollars	25,442	52,936	-	-
Denominated in United States dollars	9,702	13,065	-	2,944
Denominated in Pounds Sterling	200	453	-	-
	35,344	66,454	-	2,944

13. Credit linked notes

Credit linked notes ("CLNs") are structured notes or collateralised debt obligations, which are issued by the Group. The performance of the CLNs is contingent on the performance of a specified asset, such as a loan, bond or other asset. The credit risk and cash flow characteristics resemble those of the underlying asset. CLNs essentially transfer the credit risk of the asset specified in the note from the issuer to the investors in the notes.

14. Owed to related party

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Subsidiary				
Accrued dividend payable	-	285	106	285
Accrued management fees	-	19	-	19
Other	104	-	-	-
	104	304	106	304

15. Notes payable

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Structured notes [See (i)]	-	2,825	7,131	2,825
Equity-linked notes [See (ii)]	15,815	6,975	6,735	6,975
Margin loans payable [See (iii)]	37,166	23,771	23,237	23,771
	52,981	33,571	37,103	33,571

(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 a bullet payment of principal due at maturity.

(ii) Equity-linked notes are medium term debt instruments issued by the Group, which pay a return that is linked to the Group's financial performance. These instruments pay a fixed quarterly coupon, with an annual bonus interest payment that is linked to the return on equity of the Group.

(iii) Margin loans payable represent short-term debt facilities provided by brokerage firms to the Group. The facilities are collateralised by the securities held with the brokerage firms, with the proceeds being used by the Group to purchase additional securities.

16. Preference shares

	2012 $'000	2011 $'000
Managers' preference shares [See (a)]	1	1
8% Cumulative redeemable preference shares [See (b) below and note 19]	11,239	-
	11,240	1

(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% 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.

16. Preference shares (cont'd)

(b) The terms and conditions of the 8% Cumulative redeemable preference shares, include the following (cont'd):

(iv) The Company may redeem all or any of the preference stock units on or before December 23, 2016 at J$5.00 each;

The dividend on both classes of preference shares is recorded as interest expense in the statement of comprehensive income.

17. Deferred tax liabilities

	Group 2012				
	Balance at March 31 $000	Recognised in income $000	Adjustment on consolidation $000	Recognised in fair value reserve $000	Balance at March 31 $000
Deferred tax liability is attributable to the following:					
Property, plant and equipment	(17)	(18)	-	-	(35)
Other receivables	(281)	48	5	-	(228)
Unrealised foreign exchange gains	(287)	177	4	-	(106)
Available-for-sale investment securities	201	-	(528)	356	29
Other liabilities	-	(92)	221	-	129
Other	(277)	(32)	309	-	-
	(661)	83	11	356	(211)

	Group 2011			
	Recognised in in income $000	Adjustment on consolidation $000	Recognised in fair value reserve $000	Balance at March 31 $000
Deferred tax liability is attributable to the following:				
Property, plant and equipment	(17)	-	-	(17)
Other receivables	(281)	-	-	(281)
Unrealised foreign exchange gains	(287)	-	-	(287)
Available-for-sale investment securities	-	-	201	201
Other	1,107	(1,384)	-	(277)
	522	(1,384)	201	(661)

18. Share capital

	2012 $'000	2011 $'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	-
	33,000,000	30,000,000

	2012 $'000	2011 $'000
Issued and fully paid:		
294,951,884 Ordinary shares	29,657	29,657
10,000 Manager's Preference Shares	1	1
200,000,000 8% Cumulative Redeemable Preference Shares,	11,239	-
	40,897	29,658
Less: Preference shares reclassified to liability (see note 17)	11,240	1
	29,657	29,657

By a resolution passed on November 30, 2011, the Company increased its authorized share capital from (i) 2,999,990,000 ordinary shares having a par value of US$ 0.01 each and (ii) 10,000 preference stock units with a par value of US$ 0.01 each, by the creation of an additional 300,000,000 fixed rate Cumulative Redeemable preference shares having a par value of US$0.01.

On December 23, 2011, the Company issued 200,000,000 of the newly created cumulative redeemable 8% preference shares at a fixed price of J$5 per share. Dividend is payable at 8% per annum quarterly on the 23rd day of March, June, September and December.

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.

19. Fair value reserve

This represents the cumulative net unrealised gains/(losses) in fair value, net of taxation, on the revaluation of available-for-sale investment securities.

20. 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.

21. Net interest income

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Interest income:				
BOJ Certificates of Deposit	5	79	-	-
GOJ Benchmark investment notes	1,903	5,075	-	-
GOJ investment bonds	175	246	-	-
GOJ local registered stock	-	-	-	-
Regional and corporate bonds	1,609	1,131	1,609	1,131
Global bonds	1,191	443	-	-
Resale agreements	196	822	46	86
Corporate note	1,613	(909)	527	-
Margin loans receivable	360	210	267	210
Other loans receivable	110	188	110	188
Credit linked notes	-	-	332	-
Other	(86)	1,132	3	390
	7076	8,417	2,894	1,717
Interest expense:				
Interest on margins	637	294	541	294
Repurchase agreements	1,938	4,820	11	42
Short term loans	49	14	49	-
Principal protected notes	-	17	-	-
Credit linked notes	299	8	16	-
Notes payable	588	52	518	52
Preference shares	249	-	249	-
Other	219	78	219	75
	3,979	5,283	1,603	463
	3,097	3,134	1,291	1,254

22. Net fair value adjustments and realised gains/(losses)

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Fixed income securities	1,909	3,069	942	1,643
Equity securities	1,370	(6)	1,218	-
Currency trading	31	7	(39)	-
	3,310	3,070	2,121	1,643

23. Staff costs

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Salaries, wages and related costs	952	759	23	-
Bonus and ex-gratia payments	133	126	-	-
Statutory payroll contributions	93	68	-	-
Pension costs - defined contribution plan	34	26	-	-
Staff welfare	40	45	-	-
	1,252	1,024	23	-

Included in staff costs are the following directors' emoluments:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Fees	29	7	23	-
Management remuneration	18	204	-	-

24. Other operating expenses

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Acquisition costs	34	317	-	-
Audit fees	56	47	16	12
Bad debt expense	30	-	-	-
Irrecoverable GCT	125	59	53	-
Insurance	13	19	-	-
Legal and other professional fees	157	121	62	9
Licenses and permits	85	44	-	-
Marketing	153	143	52	18
Miscellaneous	182	173	11	12
Management fees	671	639	671	639
Selling agents fees	-	89	-	89
Office rent	59	38	-	-
Commission expenses and fees	52	-	52	-
Printing and stationery	38	54	3	-
Repairs and maintenance	171	43	-	-
Subscriptions and donations	10	5	-	-
Travelling	29	60	2	-
Utilities	48	33	-	-
	1,913	1,884	922	779

25. Taxation

(a) The tax charge for income tax is computed at 1% and 33⅓% of profit for the period as adjusted for tax purposes, and is made up as follows:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
(i) Current tax charge:				
Charge/(credit) on current period's profits:				
Income tax at 1%	26	108	26	108
Income tax at 33⅓%	287	1,108	-	-
	313	1,216	26	108
(ii) Deferred tax credit:				
Origination and reversal of temporary differences	(83)	(523)	-	-
(iii) Prior year overprovision	(97)	-	97	-
Total income tax charge	133	693	(71)	108

(b) Reconciliation of effective tax rate:

The tax rate for two of the subsidiaries is 33⅓% 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 period is as follows:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Surplus before taxation	3,427	7,295	4,513	10,823
Computed "expected" tax expense at 1%	34	73	45	108
Computed "expected" tax expense at 33⅓%	(378)	(1,176)	-	-
Difference between profits for financial statements and tax reporting purposes on -	(344)	(1,103)	45	108
Depreciation charge and capital allowances	24	62	-	-
Unrealised foreign exchange loss	(126)	(43)	-	-
Interest receivable	(49)	-	-	-
Tax losses utilized	-	(1,480)	-	-
Income exempt from income tax	(80)	(645)	(24)	-
Disallowed expenses	192	1,508	5	-
Other	516	2,394	(97)	-
Actual tax expense/(credit)	133	693	(71)	108

26. Related party transactions

Related parties are defined in note 3(o).

Included in these financial statements are the following transactions and balances with related parties:

(a) The Group has a related party relationship with its subsidiary, associates and with its directors and executive officers in the ordinary course of business.

26. Related party transactions (cont'd)

(b) 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, for a fee. The fee is charged at 2% of the Company's Average Net Asset Value in the financial period.

	Group and Company	
	2012	2011
	$'000	$'000
Investment management fees paid for the period	671	620
Fees accrued at end of period	-	19
	671	639

(c) Key management compensation for the period, included in staff costs (note 24), is as follows:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Salaries and other short-term employee benefits	25	229	23	-

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

	Subsidiary 2012	Directors and key management 2012	Subsidiary 2011	Directors and key management 2011
	$'000	$'000	$'000	$'000
Loans receivable	-	36	-	-
Other receivables	226	173	228	39
Repurchase agreements	344	129	(2,944)	(86)
Credit linked notes	751	-	-	(61)

(e) The statement of comprehensive income includes the following income earned from, and expenses incurred in, transactions with related parties:

	2012	2011
	$'000	$'000
Proven Wealth Limited		
Dividend income	2,000	10,000
Interest income	359	42
Proven Management Limited		
Dividends paid	392	1,383
Dividends accrued at end of period	146	285
	538	1,668
Management fees	671	639

26. Related party transactions (cont'd)

(f) Other amounts with related parties are disclosed in note 15.

27. Financial risk management

(a) Introduction and overview:

By its 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:

(i) Investment Management Committee
(ii) Audit Committee

The Investment Management Committee oversees how management monitors 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 all claims that might fall due.

The Group also trades in financial instruments where it takes positions to take advantage of short-term market movements in bond pr ices 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.

27. Financial risk management (cont'd)

(b) Credit risk (cont'd):

(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 the credit risk on items exposed to such risk as follows:

- Cash and cash equivalents

  These are held with reputable financial institutions and collateral is not required for such accounts as management regards the institutions as strong.

- Resale agreements

  Collateral is held for all resale agreements.

- Investment securities

  In relation to its holding of investment securities, the Group manages the level of risk it undertakes by investing substantially in short term Government of Jamaica debt securities; such securities are generally unsecured. Management does not expect any counterparty to fail to meet its obligations.

- Accounts receivable

  Exposure to credit risk is managed by r egular analysis of the ability of the customers and other counter parties 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:

There is significant concentration of credit risk in that 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

27. Financial risk management (cont'd)

(b) Credit risk (cont'd):

(iii) Impairment:

No financial asset was considered impaired at the reporting date.

During the period, there was no change to the Group's exposure to credit risk or to the manner in which it manages and measures 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 or stressed conditions. Prudent liquidity risk management procedures which the Group uses 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;

(iii) Optimising cash returns on investment;

(iv) Monitoring statement of financial position 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.

27. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

(i) Liquidity risk management (cont'd):

Group

	2012							
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	No specific maturity date $'000	Total contractual outflow $'000	Carrying amount $'000
Liabilities								
Bank overdraft	223	-	-	-	-	-	223	223
Repurchase agreements	8,504	12,441	14,399	-	-	-	35,344	35,344
Owed to related party	-	-	-	-	-	104	104	104
Notes payable	23,285	143	1,831	14,929	13,776	-	53,964	52,981
Preference shares	-	-	-	11,239	-	1	11,240	11,240
Other liabilities	-	-	-	-	-	1,274	1,274	1,274
Credit linked notes	2	980	3,396	-	-	-	4,378	4,370
Total financial liabilities	32,014	13,564	19,626	26,168	13,776	1,379	106,527	105,536

	2011							
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	No specific maturity date $'000	Total contractual outflow $'000	Carrying amount $'000
Liabilities								
Repurchase agreements	40,214	24,041	2,867	-	-	-	67,122	66,454
Owed to related party	-	-	-	-	-	304	304	304
Notes payable	25,596	-	-	6,975	-	-	33,571	33,571
Preference shares	-	-	-	-	-	1	1	1
Other liabilities	948	-	-	-	-	-	948	948
Credit linked notes	-	4,822	-	-	-	-	4,822	4,812
Total financial liabilities	66,758	28,863	2,867	6,975	-	305	106,768	106,090

Company

	2012							
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	No specific maturity date $'000	Total contractual outflow $'000	Carrying amount $'000
Liabilities								
Bank overdraft	223	-	-	-	-	-	223	223
Owed to related party						106	106	106
Notes payable	23,285	143	1,831	12,827	-	-	38,086	37,103
Preference shares				11,239	-	1	11,240	11,240
Other liabilities	428	-	-	-	-	-	428	428
Credit linked notes	2	6	688	-	-	-	696	688
Total financial liabilities	23,938	149	2,519	24,066	-	107	50,779	49,788

27. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

(i) Liquidity risk management (cont'd):

Company

	2011							
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	No specific maturity date $'000	Total contractual outflow $'000	Carrying amount $'000
Liabilities								
Repurchase agreements	2,971	-	-	-	-	-	2,971	2,944
Owed to related party	-	-	-	-	-	304	304	304
Notes payable	26,596	-	-	6,975	-	-	33,571	33,571
Preference shares	-	-	-	-	-	1	1	1
Other liabilities	41	-	-	-	-	-	41	41
Total financial liabilities	29,608	-	-	6,975	-	305	36,888	36,861

(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 rate 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 Group's exposure to market risks or the manner in which it manages and measures the risk.

(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. 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 United States dollar (US$), Euro (€) and Trinidad and Tobago (TT$). 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. At the reporting date, exposure to foreign currency risk was as follows:

27. Financial risk management (cont'd)

(d) Market risk (cont'd):

(i) Currency risk (cont'd):

Group

	2012			
	J$ $'000	GBP $'000	TT$ $'000	Other $'000
Assets:				
Cash and cash equivalents	96,967	6	682	24
Resale agreements	8,672	171	-	-
Investment securities	3,332	-	-	4,828
Loans receivable	1,957,842	-	-	-
Other	20,037	20	16,896	239
	2,086,850	197	17,578	5,091
Liabilities				
Repurchase agreement	815,187	125	-	-
Margin loans	1,200,132	-	-	-
Credit linked notes	261,290	-	-	-
Notes payable	120,481	-	-	-
Preference shares	1,000,000	-	-	-
Other	20,093	1	(16)	6
	3,417,183	126	(16)	6
Net position	(1,330,333)	71	17,594	5,085

	2011			
	J$ $'000	GBP $'000	TT$ $'000	Other $'000
Assets:				
Cash and cash equivalents	8,057	(1)	4,702	20
Resale agreements	743,300	167	-	-
Financial assets at fair value through profit or loss	63,973	-	(1,564)	-
Investment securities	3,720,651	-	34,242	2,480
Loans receivable	450,000	-	-	-
Other	475,224	27	17,040	1,004
	5,461,205	193	54,420	3,504
Liabilities				
Repurchase agreement	4,579,948	284	-	-
Credit linked notes	412,519	-	-	-
Owed to related parties	(26,482)	(33)	15,465	-
Other	(175,487)	63	24,773	1,331
	4,790,498	314	40,238	1,331
Net position	670,707	(121)	14,182	2,173

* All attributable to recognised items. There are no assets or liabilities not recognised in the statement of financial position.

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27. Financial risk management (cont'd)

(d) Market risk (cont'd):

(i) Currency risk (cont'd):

Company

	2012		2011
	J$'000	Other '000	J$'000
Assets:			
Cash and cash equivalents	1,003	-	-
Resale agreements	30,000	-	-
Loans receivable	495,000	-	450,000
Investment securities	2,342	2,000	2,080
Other	32,247	-	-
	560,592	2,000	452,080
Liabilities			
Notes payable	234,389	-	-
Preference shares	1,000,000	-	-
	1,234,389	-	-
Net position	(673,797)	2,000	452,080

(ii) *Sensitivity to exchange rate movements*:

	Group			Company		
	% change in currency rate	Effect on profit	Effect on comprehensive income	% change in currency rate	Effect on profit	Effect on comprehensive income
	2012 $'000	2012 $'000	2012 $'000	2012 $'000	2012 $'000	2012 $'000
Currency:						
JMD	1%	(153)	145	1%	(77)	-
GBP	1%	2	-	1%	-	-
TT	1%	1,129	-	1%	-	-
Other	1%	68	-	1%	26	-

	Group			Company		
	% change in currency rate	Effect on profit	Effect on comprehensive income	% change in currency rate	Effect on profit	Effect on comprehensive income
	2011 $'000	2011 $'000	2011 $'000	2011 $'000	2011 $'000	2011 $'000
Currency:						
JMD	1%	77	-	1%	52	-
GBP	1%	-	-	1%	-	-
TT	1%	10	-	1%	-	-
Other	1%	-	-	1%	-	-

27. Financial risk management (cont'd)

(d) Market risk (cont'd):

(iii) 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 g ap if it becomes necessary.

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 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 Investments 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 Investment Management Committee.

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

Group

	2012						
	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	-	-	-	-	-	1,717	1,717
Resale agreements	291	330	261	-	-	-	882
Investment securities	2,215	2,034	7,697	3,614	52,219	31,747	99,526
Loans receivable	-	3,548	4,271	4,305	13,212	-	25,336
Other	-	-	-	-	-	2,356	2,356
Total assets	2,506	5,912	12,229	7,919	65,431	35,820	129,817
Liabilities							
Bank overdraft	223	-	-	-	-	-	223
Repurchase agreement	8,463	12,372	14,221	288	-	-	35,344
Credit linked notes	-	974	3,396	-	-	-	4,370
Owed to related parties	-	-	-	-	-	104	104
Notes payable	23,237	-	1,492	14,476	-	13,776	52,981
Preference shares	-	-	-	11,239	-	1	11,240
Other	-	-	-	-	-	1,274	1,274
	31,923	13,346	19,109	26,003	-	15,155	105,536
Interest rate sensitivity gap	(29,417)	(7,434)	(6,880)	(18,084)	65,431	20,665	24,281
Cumulative interest sensitivity gap	(29,417)	(36,851)	(43,731)	(61,815)	3,616	24,281	-

27. Financial risk management (cont'd)

(d) Market risk (cont'd):

(iii) Interest rate risk (cont'd):

	2011						
	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	-	-	-	-	-	3,596	3,596
Resale agreements	3,107	5,916	291	-	-	-	9,314
Investment securities	935	-	24	34,794	47,738	9,851	93,342
Loans receivable	233	2,512	5,031	-	-	-	7,776
Other	-	-	-	-	12,736	294	13,030
Total assets	4,275	8,428	5,346	34,794	60,474	13,741	127,058
Liabilities							
Repurchase agreement	39,546	24,041	2,867	-	-	-	66,454
Credit linked notes	-	-	3,641	1,171	-	-	4,812
Owed to related parties	-	-	-	-	-	304	304
Notes payable	-	2,825	-	6,975	23,771	-	33,571
Preference shares	-	-	-	-	-	1	1
Other	-	-	-	-	-	948	948
	39,546	26,866	6,508	8,146	23,771	1,253	106,090
Interest rate sensitivity gap	(35,271)	(18,438)	(1,162)	26,648	36,703	12,488	20,968
Cumulative interest sensitivity gap	(35,271)	(53,709)	(54,871)	(28,223)	8,480	20,968	-

27. Financial risk management (cont'd)

(d) Market risk (cont'd):

(iii) Interest rate risk (cont'd):

Company

	2012						
	0-30 days J$'000	31-90 days J$'000	91-365 days J$'000	366 days to 5 years J$'000	Over 5 years J$'000	Non interest sensitive J$'000	Total J$'000
Assets:							
Cash and bank	-	-	-	-	-	28	28
Resale agreements	344	-	-	-	-	-	344
Investment securities	-		3,403	2187	24,778	31,643	62,011
Loans receivable	-	1,377	-	4,305	-	-	5,682
Other receivables	-	-	-	-	-	1,698	1,698
Total assets	344	1,377	3,403	6,492	24,778	33,369	69,763
Liabilities							
Bank overdraft	223	-	-	-	-	-	223
Owed to related parties	-	-	-	-	-	106	106
Preference share	-	-	-	-	-	11,240	11,240
Other liabilities	428	-	-	-		-	428
Notes payable	23,237	-	2,180	12,374	-	-	37,791
Total liabilities	23,888	-	2,180	12,374	-	11,346	49,788
Total interest rate sensitivity gap	(23544)	1,377	1,223	(5,882)	24,778	22,023	19,975
Cumulative interest sensitivity gap	(23,544)	(22,167)	(20,944)	(26,826)	(2,048)	19,975	-

	2011						
	0-30 days J$'000	31-90 days J$'000	91-365 days J$'000	366 days to 5 years J$'000	Over 5 years J$'000	Non interest sensitive J$'000	Total J$'000
Assets:							
Cash and bank	-	-	-	-	-	876	876
Resale agreements	406	-	-	-	-	-	406
Investment securities	-	-	-	1,056	19,631	9,851	30,538
Loans receivable	233	2,512	5,031	-	-	-	7,776
Other receivables	-	-	-	-	12,809	-	12,809
Total assets	639	2,512	5,031	1,056	32,440	10,727	52,405
Liabilities							
Repurchase agreements	2,944	-	-	-	-	-	2,944
Owed to related parties	-	-	-	-	-	304	304
Preference share	-	-	-	-	-	1	1
Other liabilities	-	-	-	-	-	41	41
Notes payable	-	2,825	-	6,975	23,771	-	33,571
Total liabilities	2,944	2,825	-	6,975	23,771	346	36,861
Total interest rate sensitivity gap	(2,305)	(313)	5,031	(5,919)	8,669	10,381	15,544
Cumulative interest sensitivity gap	(2,305)	(2,618)	2,413	(3,506)	5,163	15,544	-

27. Financial risk management (cont'd)

(d) Market risk (cont'd):

(iii) Interest rate risk (cont'd):

The table below summarises the effective interest rate by major currencies for financial instruments at period-end.

	Group 2012				Company 2012			
	J$ %	US$ %	GBP %	TT$ %	J$ %	US$ %	GBP %	TT$ %
Assets								
Resale agreements	6.31	-	3.50	-	4.50	-	-	-
Investment securities	8.41	7.94	-	10.84	11.00	8.00	-	-
Loans receivable	11.00	3.50	-	-	10.00	-	-	-
Other receivables	-	7.08	-	-	-	7.08	-	-
Liabilities								
Repurchase agreements	5.01	3.04	1.85	-	-	-	-	-
Notes payable	5.38	4.17	-	-	5.38	4.17	-	-
Credit linked notes	6.15	4.83	-	-	-	3.50	-	-

	Group 2011				Company 2011			
	J$ %	US$ %	GBP %	TT$ %	J$ %	US$ %	GBP %	TT$ %
Assets								
Resale agreements	7.00	4.05	4.00	-	-	4.30	-	-
Investment securities	7.03	5.27	-	8.14	-	6.48	-	-
Loans receivable	9.71	7.45	-	-	9.71	7.45	-	-
Other receivables	-	3.69	-	-	-	3.69	-	-
Liabilities								
Repurchase agreements	6.33	3.47	2.18	-	-	-	-	-
Notes payable	-	2.50	-	-	-	-	-	-
Credit linked notes	7.85	-	-	-	-	-	-	-

Sensitivity to interest rate movements

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

	Group		Company	
	Effect on profit 2012 $'000	Effect on equity 2012 $'000	Effect on profit 2012 $'000	Effect on equity 2012 $'000
Change in interest rates:				
-1.00%	15,005	15,494	-	(1,733)
+1.00%	(15,005)	16,261	-	1,594

27. Financial risk management (cont'd)

(d) Market risk (cont'd):

(iv) Price risk:

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 $33,085,000 (2011: $6,667,000) for the Group and $33,037,000 (2011: $6,145,000) for the Company.

Sensitivity to equity price movements

A 10% increase in stock prices at March 31, 2012, would have increased other comprehensive income by $3,308,000 (2011: $664,000) for the Group and $3,306,000 (2011: $612,000) for the Company; an equal change in the opposite direction would have decreased profit by an equal but opposite amount.

(e) Capital management:

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

(i) To comply with the capital requirements set by the Financial Services Commission;

(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 Financial Services Commission (the Commission). The required information is filed with the Commission on a monthly basis.

The Commission requires each securities dealer to:

(i) Hold the minimum level of the regulatory capital at no less than 50% of Tier Capital; and

(ii) Maintain a ratio of total regulatory capital to the risk-weighted assets at or above 10%.

The 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.

27. Financial risk management (cont'd)

(e) Capital management (cont'd)

The table below summarises the composition of regulatory capital and the ratios of the Company's subsidiary, which are in compliance with the requirements of the Commission for the period under review:

	Group 2012 $'000	Group 2011 $'000
Tier 1 capital:		
Ordinary shares	779	779
Retained earnings and reserves	8,561	10,910
Total qualifying tier 1 capital	9,340	11,689
Tier 2 capital:		
Redeemable preference shares, being total qualifying tier 2 capital	390	390
Total regulatory capital	9,730	12,079
Total risk-weighted assets	52,416	34,183
Actual ratio of regulatory capital to risk-weighted assets	18.56	35.33%

28. Fair value

The classification of financial instruments at fair value can be determined by reference to the source of inputs used to derive the fair value. The classification uses the following three-level hierarchy:

Level 1

Included in the Level 1 category are financial assets and liabilities that are measured in whole or in part 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

Included in the Level 2 category are financial assets and liabilities that are measured using a valuation technique based on a ssumptions 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 private equity funds with fair values obtained via fund managers and assets that are valued using a model whereby the majority of assumptions are market observable.

28. Fair value (cont'd)

Level 3

Included in the Level 3 category are financial assets and 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 they based on available market data. The Company has no financial assets or liabilities in this category.

Group

	2012			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Available-for-sale investment securities	1,432	102,019	-	103,451
Financial assets at fair value through profit or loss	18	-	-	18
	1,450	102,019	-	103,469

	2011			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Available-for-sale investment securities	6,145	89,018	-	95,163
Financial assets at fair value through profit or loss	522	-	-	522
	6,667	89,018	-	95,685

Company

	2012			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Available-for-sale investment securities	1,432	67,721	-	69,153

	2011			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Available-for-sale investment securities	6,145	30,562	-	36,707

28. Fair value (cont'd)

The following tables present the fair values of financial instruments for the Group which are not reflected in the financial statements at their fair value:

	2012	
	Carrying value $'000	Fair value $'00
Financial assets		
Investment securities:		
Loans and receivables	6,786	6,788

The fair value of other financial assets and financial liabilities shown in the statement of financial position approximate their carrying amounts.

29. Earnings per stock unit

Earning per stock unit ("EPS") is computed by dividing the profit attributable to stockholders of the parent of $3,294,000 (2011: $6,602,000) by the number of ordinary stock units in issue during the year, numbering 294,951,884 (2011: 294,951,884).

30. Distribution to equity holders

	Group and Company	
	2012 $'000	2011 $'000
Distribution to ordinary shareholders at $0.93 (2011: $0.44) per share	2,745	1,298

31 Lease commitments

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

	Group and Company	
	2012 $'000	2011 $'000
Within one year	43	4
Subsequent years	78	-
	121	4

NOTES

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