

PROSPECTUS by **PROVEN** Investments Limited

on its own behalf in respect of an invitation for subscription of 8.25% Cumulative Redeemable JMD Preference Shares Dated as of December 8, 2016

This Prospectus relates to Proven Investments Limited's ("PIL") offer for subscription of 400,000,000 Cumulative Redeemable 8.25% Preference Shares (the "Preference Shares") having a par value of US\$0.01 at a fixed price of J\$5.00 per share, such offer to be made in two equal tranches, subject to PIL's right to vary the size of the tranches as detailed in Section 6 hereof. Tranche A shall be offered commencing on or about December 16 and Tranche B shall be offered commencing on or about January 24, 2017. Each tranche shall be offered on the same terms and conditions, save and except as to the opening and closing dates of the offering of each tranche.

Each tranche of the Preference Shares will mature on December 15, 2021 (the "Maturity Date"). A cumulative preferential dividend will be payable quarterly on the 15th day of each of March, June, September and December until the Maturity Date, commencing in March 2017.

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

A copy of this Prospectus was delivered to the Registrar of Companies for registration pursuant to section 40(2) of the Companies Act and was so registered on December 8, 2016. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus. The Company has been registered with the Financial Services Commission with respect to the Preference Shares pursuant to

section 26 (1) of the Securities Act. A copy of this Prospectus was also delivered to the Financial Services Commission for registration pursuant to section 26 of the Securities Act and was so registered on December 9, 2016. The Financial Services Commission has not approved the Preference Shares for which subscription is invited nor has the Commission passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence under the laws of Jamaica

This offering is being made in Jamaica as a public offering of securities in accordance with the Companies Act, 2004 and the Securities Act. The Preference Shares may be offered to, purchased or otherwise acquired by prospective investors organized or resident in Jamaica without restriction. The offering is not being made in any jurisdiction in which the offer to sell the Preference Shares to, or a solicitation of an offer to buy the Preference Shares from, any person would violate the securities or other relevant laws of such jurisdiction. The Directors whose names appear in Section 9 accept full responsibility, collectively and individually, for all the information in this document relating to Proven Investments Limited, its subsidiaries and associated companies. The Directors have taken all reasonable care to ensure that, to the best of their knowledge and belief, the information given herein or in those portions for which they have particular responsibility is in accordance with the facts and does not omit anything likely to affect, in a material way, the import of such information.

No person is authorised to provide information or to make any representation whatsoever in connection with this Prospectus, which is not contained in this Prospectus.

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The application lists with respect to the Preference Shares will open at **9:00 am** on the Opening Date for each tranche. The application lists with respect to the Preference Shares will close at **4:00 p.m.** on the Closing Date for each tranche. Applications submitted prior to the Opening Date for a tranche will be received, but not processed until the Opening Date for such tranche. The Company reserves the right – (a) to close any application list at any time without notice, if Applications have been received for the full amount of the respective Preference Shares offered in any tranche and – (b) to extend such closing beyond the date(s) above-mentioned and/or offer Preference Shares greater in number than originally offered in respect of either or both tranches, subject to prior registration of such additional Preference Shares with the Financial Services Commission. In addition, the Company may elect in its sole discretion to reduce the number of Preference Shares offered in Tranche B in the event the number of Preference Shares offered in Tranche A was increased.

Applications for Preference Shares should be made on the original Application Form provided with this Prospectus or on the Application Forms available for download at www.weareproven.com and www.jamstockex.com. Each Application must be for multiples of 1,000 Preference Shares subject to a minimum of 10,000 Preference Shares. The procedure for completing the Application Form and the terms and conditions of the Prospectus are set out in Section 21 and on the Application Form.

Completed Application Forms in respect of a particular tranche must be received by **4:00pm** on the **Closing Date** for such tranche. Each Application must be accompanied/supported by payment (or, where applicable, evidence of payment, as stated at Section 21) for the full amount payable on subscription by an Approved Payment Method effected and/or delivered to either of the Co-Lead Brokers identified in Section 6 of this document entitled "Professional Advisors to the Offer". Manager's Cheques should be made payable to the Co-Lead Broker where the application form is being submitted ("**PROVEN WEALTH LIMITED**" OR "**NCB CAPITAL MARKETS LIMITED**") and will be presented for payment on receipt. Applicants are reminded that a penalty of J\$5,000.00 is being imposed by bankers in Jamaica in respect of manager's cheques tendered for payment in an amount greater than or equal to J\$1,000,000.00. Applicants wishing to avoid the imposition of such penalty may instead submit payment via the Bank of Jamaica's Real Time Gross Settlement mechanism, the required details for which are set out in Section 21.

The Preference Shares will be converted on issue to Preference Stock Units, and PIL intends to apply to the Jamaica Stock Exchange for the listing on the Exchange of all of the Preference Stock Units, and to make such application as soon as conveniently possible following the closing of the Offer and the allocation of each tranche of the Preference Shares. However, these statements are not to be construed as a guarantee that any of the Preference Stock Units will be listed.



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1. MESSAGE FROM CHAIRMAN

Dear Jamaica,

On behalf of the Board of Directors of Proven Investments Limited (“PIL”), I am pleased to offer you, the investing public, the opportunity to either expand your participation in the company if you are an existing shareholder, or to become a shareholder in PIL if you have not previously acquired shares in PIL, by participating in this preference share offer.

The purpose of the offer is to raise funds to pursue additional acquisition opportunities, and to expand our investment portfolio, with the purpose of continuing to provide an enhanced level of income, above average returns, and preservation of capital for our investors.

We would like to thank our existing shareholders for your continued support, and to welcome on board new shareholders, and we look forward to your participation in this offer.

Yours truly,

A handwritten signature in black ink, appearing to read 'H. O. Hart', is written over a solid black horizontal line.

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

2. DISCLAIMER & NOTE ON FORWARD LOOKING STATEMENTS

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

- (a) This Prospectus has been reviewed and approved by the Directors of PIL and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, (i) the information is true and accurate in all material respects and is not misleading in any material respect, (ii) any opinions, predictions or intentions expressed herein on the part of PIL are honestly held or made and are not misleading in any material respect, (iii) that all proper inquiries have been made to ascertain and to verify the foregoing, and (iv) this Prospectus does not contain any untrue statement of a material fact or fail to state a material fact necessary in order to make the statements herein, in the light of the circumstances under which they are made, not misleading.
- (b) Each Applicant acknowledges and agrees that (i) such Applicant has received and has been afforded a meaningful opportunity to review all additional information considered by such Applicant to be necessary to verify the accuracy of the information contained in this Prospectus, (ii) such Applicant has not relied on PIL, the Investment Manager, any of the Co-Lead Brokers, the legal or other professional advisors to PIL or any persons affiliated with the Investment Manager in connection with the Applicant's investigation of the accuracy of such information or investment decision, and (iii) no person has been authorized to give information or to make any representation concerning PIL or the Offer comprised in this Prospectus or the Preference Shares issued pursuant thereto or to provide information or to make any representation whatsoever in connection with this Prospectus (other than as contained in this Prospectus and information given by duly authorized officers and employees of the Investment Manager in connection with the Applicants' verification of the information contained in this Prospectus) and that, if given or made, such other information or representation should not be relied upon as having been authorized by PIL or the Investment Manager.
- (c) Neither the delivery of this Prospectus nor the offering, sale or allotment of any Preference Shares hereunder shall under any circumstances imply that there has been no change in the business, results of operations, financial condition or prospects of PIL since the date of this Prospectus.
- (d) In making an investment decision, persons intending to apply for Preference Shares are expected to make their own assessment of PIL and the terms of the offer for subscription herein, including the merits and risks involved.
- (e) No representation or warranty, expressed or implied, is made by the Investment Manager or by the legal or other professional advisors to the Investment Manager or PIL, as to the accuracy or completeness of the information set forth herein including, without limitation, information in respect to PIL and nothing contained in

this Prospectus is, or shall be relied upon, as a promise or representation by them, whether as to the past or future. The Investment Manager and their legal and other professional advisors have not independently verified any such information and assume no responsibility for its accuracy or completeness.

- (f) This Prospectus contains summaries believed to be accurate with respect to certain terms of certain documents, but where copies of such documents are made available for inspection by potential applicants in accordance with Section 19 hereof, reference should be made to the actual documents (upon request made to PIL or the Investment Manager) for complete information with respect thereto, and all such summaries are qualified in their entirety by such complete information.
- (g) Each Applicant should consult with its own advisors as to the legal, tax, business, financial and related aspects of subscribing for shares in PIL in this offering. Neither the Investment Manager nor their legal or other professional advisors nor PIL, or any of their respective representatives, is making any representation to any Applicant or any other person regarding legal, tax, business, financial and related aspects of any person's subscription for shares in PIL in this offering, and persons should not consider this Prospectus as a recommendation by PIL or the Investment Manager that they should subscribe for or purchase the shares in PIL which are the subject of this Prospectus. Each Applicant must make its own investigation and evaluation of PIL.
- (h) This Prospectus is intended to be used in Jamaica only, and is not to be construed as making an offer to persons outside of Jamaica to subscribe for any of the Preference Shares. The distribution of this Prospectus and the offering of the Preference Shares in certain jurisdictions is restricted by law. PIL and the Investment Manager require that Applicants and anyone who receives this Prospectus inform themselves about and observe such restrictions. This Prospectus does not constitute, and may not be used for or in connection with, any offer to, or solicitation by, anyone in any jurisdiction in which, or to or by any person whom, such offer or solicitation would be unlawful.

3. FORWARD LOOKING STATEMENTS

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

When used in this Prospectus, the words “anticipates”, “believes”, “expects”, “intends”, “projects” and similar verbal expressions, as they relate to PIL and its business, are intended to identify those forward looking statements. These forward looking statements are subject to numerous risks and uncertainties. Once this Prospectus has been signed by or on behalf of PIL, PIL undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in PIL’s anticipated financial or actual or anticipated regulatory position, or to reflect the occurrence of unanticipated events. There are important factors that could cause actual results to differ materially from those in forward looking statements, certain of which are beyond PIL’s control. These factors include, without limitation, the following:

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

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

4. DEFINITIONS

“Allotment”	the allocation and issuance of Preference Shares to Applicants
“Applicant”	the person (whether individual, company or other legal entity) by whom an Application for subscription for the Preference Shares is made in accordance with this Prospectus
“Application”	an application to subscribe for Preference Shares in the Offer, made on the Application form enclosed with this Prospectus and duly completed and delivered to either the Lead Broker or Selling Agent together with payment in full in the manner stipulated herein of the subscription price for the amount of Preference Shares subscribed
“Closing Date”	the time of closing of the Offer in respect of each tranche, as set forth in Section 5 of this document (subject to such extension as the Directors may determine)
“Company”	Proven Investments Limited
“Directors”	the Directors of the Company
“FSC” or “Commission”	the Financial Services Commission, duly established and existing under the Financial Services Commission Act of Jamaica
“IBC”	International Business Company
“Investment Manager”	Proven Management Limited
“Issuer”	Proven Investments Limited
“J\$” or “Jamaican dollars”	Dollars denominated in the lawful currency of Jamaica
“JSE”	Jamaica Stock Exchange
Preference Shares	means all or any of the Cumulative Redeemable 8.25% JMD Preference Shares to be issued by PIL pursuant to the Offer and allotted to the order of successful Applicants, having the terms and conditions set out in Appendix 2 .
“Co-Lead Brokers”	Proven Wealth Limited (“PWL”) and NCB Capital Markets Limited (“NCBCM”)
“12-month LIBOR rate”	means the rate for 12-month US Dollar inter-bank deposits published by the British Bankers’ Association (as to which the Investment Manager’s determination thereof shall, in the absence of manifest error, be final and binding on the Company)

Prospectus – Preference Share Offer

“Offer”	the offer of Preference Shares for subscription in two equal tranches (but subject to variation as stated in Section 6 of this Prospectus)
“Offer Price”	Five Jamaican Dollars (J\$5.00) per Preference Share
“Opening Date”	the date on which the Offer in respect of each tranche opens, as set forth in Section 5 of this Prospectus
“Proven Investments” or “PIL” or the “Company”	Proven Investments Limited, a company incorporated under the International Business Companies Act of St. Lucia (Chapter 12.14).
“PML”	Proven Management Limited, a company incorporated under the Companies Act of Jamaica.
“Terms of Issue of the Preference Shares”	The terms of the issue of the Preference Shares set forth in Appendix 2 to this Prospectus
“Underwriter”	NCB Capital Markets Limited
“US\$” or “United States Dollars”	Dollars denominated in the lawful currency of the United States of America

5. SUMMARY OF KEY INFORMATION

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

Recipients are advised to read this entire Prospectus carefully before making an investment decision about this transaction. Each recipient's attention is specifically drawn to the Risk Factors in Sections 14 and 15 of this Prospectus and the Disclaimer and Note on Forward Looking Statements at the beginning of this Prospectus.

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

PROVEN Investments Limited 8.25% Cumulative Redeemable JMD Preference Shares

ISSUER:	Proven Investments Limited ("PIL" or "the Company")
SECURITY:	8.25% Cumulative Redeemable JMD Preference Shares having a par value of US\$0.01 in the capital of the Company ("Preference Shares")
OFFER PRICE:	Five Dollars in Jamaican currency (J\$5.00) per Preference Share
HOW PAYABLE:	In full on Application.
NO. OF OFFERED SHARES:	400,000,000 Preference Shares offered in two equal tranches in accordance with the indicative timetable set out below (subject to the aggregate number of Preference Shares offered being increased in the discretion of the Directors in consultation with the Investment Manager, but after registration of such additional Preference Shares with the FSC)
OFFER CAPITALIZATION:	J\$2,000,000,000 (Two Billion Jamaican dollars) (subject to increase as aforesaid).
MATURITY DATE:	December 15, 2021.
EARLY REDEMPTION:	The Company reserves the right to redeem the Preference Shares prior to the Maturity Date, in accordance with the provisions of paragraphs (e) - (h) of Appendix 2.
DIVIDEND PAYMENT:	A cumulative preferential dividend at a fixed rate of 8.25% per annum will be payable quarterly commencing March 15, 2017 and thereafter on the 15 th day of March, June, September and December in Jamaican Dollars until the Maturity Date.

Prospectus – Preference Share Offer

TAX STATUS: Based on the current state of Jamaican law, by virtue of the CARICOM double taxation treaty, persons resident in Jamaica will not be subject to tax on dividends paid by the Company.

CO- LEAD BROKERS & LISTING AGENTS: NCB Capital Markets Limited and Proven Wealth Limited

INTENTION TO LIST ON JSE: The Preference Shares will be converted on issue to Preference Stock Units, and PIL intends to apply to the Jamaica Stock Exchange for the listing on the Exchange of all of the Preference Stock Units, and to make such application as soon as conveniently possible following the closing of the Offer and the allocation of Preference Shares. However, these statements are not to be construed as a guarantee that any of the Preference Stock Units will be listed.

TERMS & CONDITIONS OF PREFERENCE SHARES: As set out in **Appendix 2**

TIMETABLE:

TRANCHE A:

- (1) Tranche A Offer opens – December 16, 2016
- (2) Tranche A Closing Date (Application Forms to be received by) – 4:00pm on December 21, 2016
- (3) Allocations will be determined by December 23, 2016
- (4) Refund payments will be made to the Lead Broker/Selling Agent by December 30, 2016

TRANCHE B:

- (5) Tranche B Offer opens – January 24, 2017
- (6) Tranche B Closing Date (Application Forms to be received by) – 4:00pm on February 4, 2017
- (7) Allocations will be determined by February 8, 2017
- (8) Refund payments will be made to the Lead Broker/Selling Agent by February 15, 2017

The above timetable is indicative and will be implemented on a best efforts basis, with the Directors however reserving the right (in consultation with the Investment Manager, Co-Lead Brokers and Underwriter) to change the dates that the Offer in respect of each tranche opens and closes based on market conditions and other relevant factors.

6. PROFESSIONAL ADVISORS TO THE OFFER

Legal Advisors

Hart Muirhead Fatta
Attorneys-at-Law
2nd Floor, Victoria Mutual Building
53 Knutsford Boulevard
Kingston 5

Auditors to PIL

KPMG Eastern Caribbean
Morgan Building
L'Anse Road
Castries, St. Lucia

Co- Brokers & Listing Agents

NCB Capital Markets Limited
32 Trafalgar Road
Kingston 10

Proven Wealth Limited
26 Belmont Road
Kingston 5

Registrar to the Offer

Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston

Underwriter

NCB Capital Markets Limited
32 Trafalgar Road
Kingston 10

7. THE OFFER

Proven Investments Limited is seeking to raise J\$2 billion by offering for subscription 400,000,000 cumulative redeemable JMD preference shares at a subscription price of J\$5.00 per share. The Offer will be structured in two equal tranches, on the same terms and conditions save and except as to the timing of the opening and closing of the Offer in respect of each tranche, provided however that the Company may adjust the number of Preference Shares offered in either or both Tranches to – (i) vary the number of Preference Shares offered in each tranche to accommodate Applications received for Preference Shares in excess of the initial tranche limit, or – (ii) reduce the number of Preference Shares offered in Tranche B, where the number of Preference Shares offered in Tranche A has been increased. In the event the Company wishes to increase the aggregate number of Preference Shares to be issued, the Company will first seek the registration of such additional Preference Shares by the FSC.

EXPENSES OF THE OFFER

The Directors believe that the expenses associated with the Offer will not exceed 4% of the maximum Offer Amount. This figure is inclusive of co-lead broker fees, legal fees, accounting fees, listing fees and marketing expenses.

USE OF PROCEEDS

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

LISTING ON A STOCK EXCHANGE

It is the intention of the Company to apply for the Preference Shares, when converted to Preference Stock Units, to be listed on the JSE. This statement of intention is not a guarantee that they will be so listed as the acceptance of the Company's application for the listing of the Preference Stock Units will depend on whether the Council of the JSE is satisfied that the rules of the JSE have been complied with, and that the application is in compliance with such rules. If the Preference Stock Units are listed on the JSE, then transfers of stock units made in the ordinary course of business across the JSE will be made free of transfer tax and stamp duty, pursuant to provisions of the Transfer Tax Act and Stamp Duty Act of Jamaica.

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



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8. THE COMPANY

PIL was incorporated in St. Lucia on November 25, 2009 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 million 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\$9.7 million from a rights issue of ordinary shares in August of the same year. The ordinary shares in the Company were listed on the JSE in July 2011. This was also the JSE’s first US Dollar denominated ordinary share listing.

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

In May 2014 and April 2015 PIL raised additional sums of US\$10.3 million and US\$29.2 million respectively from rights issues of ordinary shares, which served to strengthen the capital base of the company pending subsequent acquisitions and execution of business strategies.

PIL’s primary business 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 Company’s overall aims and objectives. The Company’s current private equity holdings continue to make positive contributions to the business.

PIL invests its capital for the ultimate benefit of its shareholders, and provides its shareholders with:

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

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

PRIVATE EQUITY HOLDINGS:

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

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

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

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

Asset Management Company Limited: Asset Management Company Limited (“AMCL”) is a consumer and business financing entity that is incorporated and domiciled in Jamaica. They are the owners of the Easy Own and eZEEas123 brands. Launched in October 2006, Easy Own allows consumers to purchase furniture and major appliances on hire purchase from participating vendors.

On March 2, 2015, the entire loan portfolio of Asset Management Company Limited (“AMCL”) was sold to Access Financial Services Limited. This has resulted in considerable synergies and cost savings across the Group. As a result of this sale, AMCL has ceased operations as a micro-lender and will eventually be wound up.

Prospectus – Preference Share Offer

PROVEN'S CAPITAL STRUCTURE

PIL's current capital structure is as follows:

CLASS	AUTHORISED	ISSUED	AUTHORIZED CAPITAL
ORDINARY SHARES HAVING US\$0.01 PAR VALUE	2,999,990,000	551,595,777	US\$29,999,900.00
MANAGERS' PREFERENCE SHARES HAVING US\$0.01 PAR VALUE	10,000	10,000	US\$100.00
CUMULATIVE REDEEMABLE PREFERENCE SHARES HAVING US\$0.01 PAR VALUE	1,000,000,000	200,000,000	US\$10,000,000.00
TOTAL AUTHORIZED CAPITAL			US\$40,000,000.00

At the Company's annual general meeting in September 15, 2016 the Company's shareholders agreed to increase the authorized capital of the Company and in so doing amend the Memorandum of Association to provide for an additional 700,000,000 cumulative redeemable preference shares having a par value of US\$0.01 to be issued, having such designations, powers, preferences, rights, qualifications, limitations and restrictions whether in regard to dividend, voting, return of capital or otherwise as may be fixed by the Directors of the Company pursuant to Regulation 5 of the Company's Articles of Association, provided that no such shares shall be issued without the written consent of the Investment Manager being first had and obtained in accordance with Regulation 126 of the Company's Articles of Association, which written consent has been provided to the Company. This action increased the number of authorized cumulative redeemable preference shares from 300,000,000 to 1,000,000,000. In 2011, the Company previously issued 200,000,000 cumulative preference shares bearing an 8% coupon and having a 60 month tenor by way of a renounceable rights issue carried out in Jamaica, which shares were subsequently listed on the JSE.

TAX EFFICIENT STRUCTURE

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

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

9. PROFILE OF DIRECTORS

<p>Hon. Hugh Hart, O.J. (Chairman)</p>	<p>Admitted to the Bar at Grays Inn, England in 1953 and admitted as a Solicitor in Jamaica in April 1956, Mr. Hart is a former Senior Partner and Consultant with the firm of Clinton Hart & Co. He has considerable experience in government, having served as a member of the Jamaican Senate from 1980-1993, as Minister of Mining & Energy from 1983 -1989 and as Minister of Tourism from 1984 –1989.</p> <p>Mr. Hart practises commercial law, specialising in the areas of taxation, real estate development, mining and corporate restructuring, and is the Senior Partner in Hart Muirhead Fatta.</p>
<p>Rhory McNamara (Independent Director & Company Secretary)</p>	<p>Rhory McNamara is an attorney-at-law by profession and a Partner in the law firm of McNamara & Co. located in St. Lucia, where he specializes in corporate and banking law and property acquisition. He is also the Manager of McNamara Corporate Services Inc. where he has amassed ten years of experience in the formation and management of International Business Companies, International Insurance Companies and International Mutual Funds formed under the respective governing legislation in Saint Lucia.</p>
<p>Yvor Nassief (Independent Director)</p>	<p>Yvor Nassief is a well accomplished Dominican businessman and former Executive Director of Dominica Coconut Products from 1987-1995 and Fort Young Hotel from 1986-2009, both in Dominica. He is currently the Managing Director and owner of Archipelago Trading Ltd., Dominica, involved in money services, insurance, duty-free retail, real estate development and distribution. Between 1995 and 1997, he served in the Dominican Senate as Minister of Tourism and he has also served as Chairman of Invest Dominica, the island’s investment promotion agency. He holds a Bachelor of Arts degree from York University, Toronto.</p>
<p>Garfield Sinclair (Director) Member of Audit Sub-Committee</p>	<p>Garfield Sinclair is the Chief Executive Officer of telecommunications giant, FLOW (formerly LIME) Jamaica & Cayman. Prior to this Garfield was the President & Chief Operating Officer of Dehring Bunting & Golding Limited (“DB&G”).</p> <p>Mr. Sinclair’s educational achievements include the Executive Certificate in Strategy and Innovation from Massachusetts Institute of Technology Sloan School of Management, Executive Development Program at the University of Pennsylvania (Wharton), California Board of Accountancy – 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. Board positions he has held include: Chairman of the Jamaica Stock Exchange (JSE) Pension Fund (Board of Trustees), Kingston Properties Limited and the Statistical Institute of Jamaica.</p>
<p>John A. Collins (Independent Director) Member of Audit Sub-Committee</p>	<p>John Collins has had a distinguished career in Trust banking, spanning over 40 years. During this time, he served in senior positions in Trust companies in England, Kenya and Jamaica, before moving to Cayman in 1966 to open and manage the Bank of Nova Scotia Trust Company (Cayman) Limited. In 1973, he moved to Ansbacher (Cayman) Limited, where he stayed until retiring as Executive Director in 1995, but continued as non-Executive Director until October 2000. Since 2000 he has acted as consultant and director to a private group of Trusts and Companies. Mr. Collins is a Fellow of the Chartered Institute of Bankers and was appointed a Member of the Most Excellent Order of the British Empire in Her Majesty the Queen’s New Year’s Honour Listing 1986.</p>

Prospectus – Preference Share Offer

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

10. THE INVESTMENT MANAGER

Proven Management Limited (“PML”), which was incorporated in Jamaica, manages all aspects of the investment of PIL’s investable resources, and manages the Company’s assets and liabilities. PML is licensed and regulated by the FSC as a securities dealer. PIL has entered into an Investment Management Agreement with PML, which provides for the following compensation for PML as the Investment Manager:

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

Manager’s Preference Shares

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

The Manager’s Preference shares also carry the right to a dividend equal to 25% of PIL’s profits earned in excess of the hurdle rate, payable quarterly. The hurdle rate is a percentage return on PIL’s average equity in each financial year, set annually at the 12 Month LIBOR rate prevailing at the beginning of the financial year plus 200 bps, with a permanent ceiling of 6% and a floor of 5% for PIL’s first two years of operation.

The PML Team

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

Prospectus – Preference Share Offer



PROVEN MANAGEMENT LIMITED'S TEAM	
Christopher Bicknell Chairman	<p>Christopher Bicknell is widely regarded as one of Jamaica's most successful entrepreneurs and is currently the Group CEO and Finance Manager of Tank-Weld Ltd. He has been a part of the board and senior management team of Tank-Weld for the past 20 years.</p> <p>Mr. Bicknell is a Certified Public Accountant (CPA), and has held several significant board seats including the Bank of Jamaica and RBTT Bank Jamaica Limited (now Sagicor Bank Jamaica Limited). He is currently the Vice Chairman of Food for the Poor, and is the Founding Treasurer of the Premier League Clubs Association.</p>
Garfield Sinclair Director	<p>Garfield Sinclair is the Chief Executive Officer of telecommunications giant, FLOW (formerly LIME) Jamaica & Cayman. Prior to this Garfield was the President & Chief Operating Officer of Dehring Bunting & Golding Limited ("DB&G").</p> <p>Mr. Sinclair's educational achievements include the Executive Certificate in Strategy and Innovation from Massachusetts Institute of Technology Sloan School of Management, Executive Development Program at the University of Pennsylvania (Wharton), California Board of Accountancy – 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. Board positions he has held include: Chairman of the Jamaica Stock Exchange (JSE) Pension Fund (Board of Trustees), Kingston Properties Limited and the Statistical Institute of Jamaica.</p>
Peter Bunting Director	<p>Peter Bunting plays an advisory strategic role in the company's development. He has set the company's tone of Integrity, Respect, and Results to work and demonstrated his commitment to excellence in building one of Jamaica's most innovative and successful financial institutions as co-founder, CEO and Chairman of Dehring Bunting & Golding Limited (DB&G).</p> <p>He has contributed significantly to national life having served as Minister of National Security from 2012 to 2016. He has also served as General Secretary for the People's National Party, Chairman of the National Water Commission, Parliamentary Secretary in the Ministry of Health, President and CEO of the National Investment Bank of Jamaica, and Chairman of JAMPRO. He is currently Member of Parliament for Central Manchester.</p>
Mark Golding Director	<p>Mark J. Golding, a leading Jamaican commercial attorney-at-law was a founding shareholder and director of DB&G in 1993, and played an integral role in the success of that company. He is a Partner in the law firm Hart Muirhead Fatta, where he specialises in capital markets, corporate finance, and mergers and acquisitions.</p> <p>Mr. Golding was appointed to the Jamaican Senate in 2007, and served with distinction and excellence as the Minister of Justice for Jamaica from 2012 to 2016. Mr. Golding is the Chairman of the Mona Rehabilitation Foundation and a past Director of Caribbean Information & Credit Rating Services Limited (CariCRIS), the first regional ratings agency for the Caribbean, Scotia Group Jamaica Limited and GraceKennedy Limited.</p>
Christopher Williams President & CEO	<p>Christopher Williams is responsible for overseeing the operations of Proven Management Limited and giving strategic direction and leadership towards the achievement of the organization's overall goals and objectives, as set by the Board of Directors.</p> <p>In the past, Mr. Williams was the Managing Director of NCB Capital Markets Limited and was charged with the responsibility to strategically lead, grow and manage the wealth management business of National Commercial Bank Jamaica Limited. NCB Capital Markets Limited, under Chris' guidance, grew into one of Jamaica's most successful securities dealers and brokerage houses.</p>

<p>Johann Heaven Senior Vice President Investments</p>	<p>Johann Heaven is responsible for leading the investment team of Proven Management Limited, including overseeing the research and analysis on local, regional and global investment opportunities across all asset classes, leading to the decision making and execution process. He provides strategic direction and oversees new product development, including the design, evaluation and valuation of structured products.</p> <p>Mr. Heaven was the Vice President for Strategic Planning, Projects and Product Development at Scotia DBG Investments Limited, where he was responsible for the strategic development process of the Group, the management of strategic projects and overseeing the research, analysis and product development process.</p> <p>Mr. Heaven is a Chartered Financial Analyst (CFA) charterholder, holds the Financial Risk Manager (FRM) certification, and has a Master's Degree in Finance from the University of London.</p>
<p>Sherri Murray Vice President Operations & Human Resources</p>	<p>Sherri Murray is responsible for providing operational and board support along with strategic human resource management. Prior to this, Mrs. Murray was a Vice President at Dehring, Bunting & Golding Limited (DB&G). Mrs. Murray has an MBA from McGill University, Canada and a B.Sc. (First Class Hons) from the University of the West Indies.</p>

Prospectus – Preference Share Offer

11. PRESENTATION OF HISTORICAL FINANCIAL DATA

The following is a summary of key financial data (in US\$) from the unaudited financial statements of PIL (“Company”) and the consolidated financial statements of the Company and its subsidiaries (“Group”) for the periods stated. The consolidated un-audited financial statements of the Company and its subsidiaries for the six months ended September 30, 2016 are set out in their entirety at Appendix 6, and the consolidated audited financial statements of the Company and its subsidiaries as at and for the financial year ended March 31, 2016 are set out in their entirety at Appendix 7.

UN-AUDITED STATEMENT OF FINANCIAL POSITION			
SEPTEMBER 30, 2016			
	September 2016 US\$	September 2015 US\$	March 2016 US\$
ASSETS			
Cash and cash equivalents	11,577,782	9,157,572	13,721,000
Available-for-sale investments	281,886,025	310,839,491	270,925,000
Investment in Associates	-	1,033,476	-
Loans Receivable	32,305,915	28,299,829	24,993,000
Other Assets	7,793,182	11,959,238	12,074,000
Property Development In Progress	632,970	1,498,603	210,000
Investment Property	6,315,667	400,166	6,013,000
Intangible Assets	19,434,387	21,439,124	19,853,000
Property, plant and equipment	594,186	638,209	597,000
Total Assets	<u>360,540,114</u>	<u>385,265,708</u>	<u>348,386,000</u>
LIABILITIES			
Client liabilities	151,433,953	176,142,250	159,830,000
Related company	5,328,337	2,935,296	-
Notes Payable	96,666,770	109,591,108	96,529,000
Preference shares	7,577,700	8,185,476	7,978,000
Other liabilities	15,185,066	13,534,067	11,738,000
Total Liabilities	<u>276,191,826</u>	<u>310,388,197</u>	<u>276,075,000</u>
SHARE HOLDERS' EQUITY			
Share capital	69,248,762	69,248,762	69,248,000
Investment revaluation reserve	(2,320,287)	(12,567,704)	(13,190,000)
Foreign exchange translation	(7,453,713)	(4,633,581)	(5,809,000)
Retained earnings	11,299,002	10,855,860	9,400,000
Total Shareholder's Equity	<u>70,773,764</u>	<u>62,903,337</u>	<u>59,649,000</u>
Minority Interest	13,574,524	11,974,174	12,662,000
Total Shareholder's Equity and Liabilities	<u>360,540,114</u>	<u>385,265,708</u>	<u>348,386,000</u>
 <i>Approved for Issued by the Board of Directors and sign on its behalf by</i>			
			
_____ Director	_____ Director		

**UN-AUDITED STATEMENT OF INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2016**

	Quarter ended September 2016	Quarter ended September 2015	6 Months ended September 2016	6 Months ended September 2015	Year ended March 2016
	US\$	US\$	US\$	US\$	US\$
INCOME					
Interest Income	6,241,391	6,723,795	12,597,297	13,337,899	25,726,000
Interest expense	<u>(2,839,065)</u>	<u>(3,071,709)</u>	<u>(5,520,096)</u>	<u>(6,262,504)</u>	<u>(12,000,000)</u>
Net Interest income	<u>3,402,326</u>	<u>3,652,086</u>	<u>7,077,201</u>	<u>7,075,395</u>	<u>13,726,000</u>
Other income					
Net fair value adjustments and realised (losses)/gains	1,677,943	(94,434)	1,983,359	249,426	(1,035,000)
Dividend Income	354,661	255,381	725,835	711,551	1,325,000
Fees & Commissions	971,027	1,067,427	2,011,436	1,796,239	3,929,000
Foreign exchange translation gains/(losses)	589,937	496,416	1,877,288	1,001,961	1,503,000
Other Income	184,362	144,190	592,645	323,390	1,548,000
	<u>3,777,930</u>	<u>1,868,980</u>	<u>7,190,563</u>	<u>4,082,567</u>	<u>7,270,000</u>
NET REVENUE	7,180,256	5,521,066	14,267,764	11,157,962	20,996,000
OPERATING EXPENSES					
Preference dividend	474,738	367,588	963,851	671,802	331,000
Impairment of Investment	-	-	-	-	1,744,000
Administrative and General Expenses	<u>3,308,543</u>	<u>3,238,603</u>	<u>6,778,925</u>	<u>6,367,874</u>	<u>15,095,000</u>
	<u>3,783,282</u>	<u>3,606,191</u>	<u>7,742,777</u>	<u>7,039,676</u>	<u>17,170,000</u>
OPERATING PROFIT	3,396,974	1,914,875	6,524,987	4,118,286	3,826,000
Gain on disposal of Associate					896,000
Share of Results of Associates	-	66,783	-	107,640	-
Profit before income tax	3,396,974	1,981,658	6,524,987	4,225,926	4,722,000
Income tax (charge)/credit	(600,373)	52,875	(1,176,056)	(383,333)	(439,000)
NET PROFIT AFTER TAX	<u>2,796,601</u>	<u>2,034,533</u>	<u>5,348,931</u>	<u>3,842,593</u>	<u>4,283,000</u>
Less income attributable to non-controlling interest	(823,848)	(456,372)	(1,410,289)	(939,908)	(1,939,000)
Profit attributable to owners of the company	<u>1,972,753</u>	<u>1,578,161</u>	<u>3,938,642</u>	<u>2,902,685</u>	<u>2,344,000</u>
EARNINGS PER STOCK UNIT - US cents	0.36	0.30	0.71	0.56	0.44

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UN-AUDITED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED SEPTEMBER 30 2016

	6 months ended September 2016	6 months ended September 2015
	<u>US\$</u>	<u>US\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	3,938,642	2,902,686
Foreign Exchange Translation	(1,644,709)	(1,130,577)
Depreciation and Ammortization	643,472	164,392
Income Tax Charge	1,176,056	383,333
Operating cashflow before movements in working capital	<u>4,113,461</u>	<u>2,319,834</u>
Changes in operating assets and liabilities		
Receivables	(1,162,765)	4,232,161
Client Liabilities	11,778,874	(7,668,677)
Payables	(16,499,966)	(8,363,980)
Related company	4,407,333	2,703,388
Net cash provided by operating activities	<u>2,636,937</u>	<u>(6,777,274)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Loans	(8,753,562)	(2,541,744)
Investments in subsidiary	-	(647,144)
Investments in associates	-	(87,292)
Purchase of property ,plant and equipment	(133,786)	(89,630)
Investments	1,652,744	(32,419,683)
Cash used in investing activities	<u>(7,234,604)</u>	<u>(35,785,493)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Notes payable	4,876,187	13,134,217
Issue of Preference Shares	(399,983)	(288,836)
Minority Interest	912,524	518,632
Dividend Paid	(2,038,987)	(1,819,754)
Issue of Ordinary Shares	-	29,268,359
Net cash provided by/ (used in) financing activities	<u>3,349,741</u>	<u>40,812,618</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,247,926)</u>	<u>(1,750,149)</u>
Cash and cash equivalents at beginning of period	<u>12,825,709</u>	<u>10,907,722</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>11,577,782</u>	<u>9,157,572</u>

12. MANAGEMENT DISCUSSION AND ANALYSIS

Proven Investments Limited experienced top-line growth in the six months ending September 30 2016. The Group experienced a 27.87% increase in Net Revenue to US\$14.27 million versus US\$11.16 million earned in the six months ending September 2015. The increase in Net Revenue is mainly as a result of the significant increase in trading gains over the period compared to the same period last year where markets were extremely volatile. Net Profit for the six months ended September 30, 2016 amounted to US\$5.35 million. This represents an increase of 39.20% from US\$3.84 million earned in the same period last year.

Carry Trade

Spread income was the major contributor to revenue during the period, as the carry trade strategy, which is the difference between income earned on our interest and dividend earning assets and the funding cost of our liabilities, performed well. Net interest income increased by 0.03% to US\$7.077 million during the period, up from US\$7.075 million for the same period last year, while dividend income increased by 2.01% to US\$0.73 million from US\$0.71 million for the prior period, due to the realignment of the investment portfolio during the six month period.

Portfolio Positioning

Realised gains from the trading of securities for the period amounted to US\$1.98 million, increasing by 695.17% when compared to US\$0.25 million for the same period last year, as the market recovered during the period providing additional trading opportunities. Net foreign exchange gains increased by 87.4%, to US\$1.88 million from US\$1.00 million reported for the period ending September 2015, as a result of the 8.22% devaluation of the Jamaican Dollar versus the US Dollar during the six month period. Fees and commission income for the six month period increased by 12% to US\$2.01 million when compared with the same period last year, mainly as a result of an increase in Pension Fund management fees, as the Assets under Management have grown over the past year.

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

Private Equity

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

❖ Proven Wealth Limited

Proven Wealth Limited had a successful year, experiencing significant growth in profits up to US\$1.1 million. As the firm continues its strategy to offer innovative investment products to clients, and reduce the issue of repurchase agreements the balance sheet experienced an overall 8.24% contraction compared to the same period last year. Total Assets for the company as at September 30, 2016 stood at US\$ 183.3 million.

❖ Proven Fund Managers Limited

PFM Limited (formerly Proven Wealth Transition Limited), continues to be a formidable player in fund management and administration. Profitability improved during the quarter ended September 2016 as a result of improved efficiency

following the amalgamation of its retail repurchase agreements business with Proven Wealth Limited. Net profits for the quarter was US\$0.39 million while total assets stood at US\$2.59 million as of Sept 30, 2016.

❖ **Access Financial Services Limited**

AFS contributed considerably to the results of the Group during the quarter, producing net profits of US\$2.92 million for the quarter ended September 30, 2016, representing a 34.8% increase in US dollar terms over the prior year results. The loan portfolio was US\$18.9 million as at September 30, 2016, representing a 15.1% increase compared to the same period last year.

Real Estate

PROVEN REIT Limited is now a wholly owned subsidiary of Proven Investments Limited. Having successfully completed and sold the residential development on Kingsway Avenue in Kingston, Jamaica, the company is now embarking on two additional residential developments. The company also continues to closely monitor the local and international real estate markets for new opportunities.

OPERATING EXPENSES

For the six month period ended September 30, 2016, consolidated operating expenses increased by 9.99% to US\$7.74 million from US\$7.04 million in the prior year period. However, the Efficiency Ratio, including all income and expense items, also decreased to 54.27% compared to 63.09% for the same period last year mainly as a result of increase in Net Revenue. Over the previous quarters, expense management and consolidation has been a key focus of management and we have achieved success in reducing our efficiency ratio closer to the established target of 50%.

NET PROFIT

Net Profit attributable to shareholders for the six month period ending September 30, 2016 totalled US\$3.94 million or 0.71 cents per share versus US\$2.90 million or 0.56 cents per share in the quarter ended September 2015. This represents an annualized Return on Equity of 12.08% for the period.

BALANCE SHEET

Total assets amounted to US\$360.5 million as of September 30, 2016, down from US\$385.3 million as of September 30, 2015, mainly as a result of the 9.31% decline in available for sale investments, as PWL continues to reduce its Balance Sheet. Following the acquisition of a number of properties by Proven REIT Limited and its subsidiaries during the year, Investment Properties grew to US\$6.31 million as at September 2016 from US\$0.40 in the previous year.

Total liabilities reduced to US\$276.2 million as at September 30, 2016 from US\$310.4 million as of September 30, 2015, mainly as a result of the large reduction in client's liabilities with Proven Wealth Limited to US\$151.4 million from US\$176.1 million in the same period of last year. Notes payable was also reduced to US\$96.7 million from US\$109.6 million for the same period last year.

SHAREHOLDER'S EQUITY

Shareholder's Equity attributable to the owners of the Company increased by 12.51% from US\$62.90 million as of September 2015 to US\$70.78 million as of September 30, 2016 in line with an increase in Retained Earnings and a positive change in the Investment Revaluation Reserve during the quarter, following the recovery in the bond market.

DIVIDEND PAYMENT

The Board of Directors has approved a final dividend payment of US\$0.0027 per share to all ordinary shareholders on record as at November 18, 2016 to be paid on December 7, 2016. This represents an annualized tax-free dividend yield of 6.27% based on the average share price of US\$0.1722 for the quarter ended June 30, 2016.

13. CORPORATE GOVERNANCE STRUCTURE

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

A. *PIL's Board of Directors*

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

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

B. *The Investment Manager*

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

C. *The Investment Management Committee (IMC)*

The specific duties of the IMC are to:

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

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

D. *PML's Management*

The management of Proven Management Limited is responsible for:

- I. formulating investment portfolio strategy, objectives and results in conjunction with the clients;
- II. conducting the necessary due diligence on each asset category and on individual securities;
- III. purchasing and selling investments within the approved portfolio mix and subject to discretionary limits;
- IV. valuation and pricing of the portfolios;
- V. reviewing the portfolios on an ongoing basis; and
- VI. reporting on the portfolios to the Investment Management Committee and PML's Board of Directors

14. RISK EXPOSURES & RISK MANAGEMENT STRATEGIES

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

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

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

- (i) Investment Management Committee
- (ii) Audit and Compliance 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.

The Audit and Compliance Committee is responsible for assisting the Board of Directors of the Company in fulfilling its oversight responsibilities for:

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

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

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

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

To mitigate credit risk exposure, the Company:

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

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

The Company's liquidity management process includes:

- i. Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;
- ii. Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- iii. Optimising cash returns on investment;
- iv. Monitoring statement of financial position liquidity ratios against internal requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities; and

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

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

- i. **Currency Risk** - Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. PIL is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the functional currency. The main currencies giving rise to this risk are the Jamaican dollar (J\$) and Euro (€). The Company manages this risk by matching foreign currency assets with foreign currency liabilities, to the extent practicable. The net foreign currency exposure is kept at the targeted levels by buying or selling currencies at spot rates when necessary to address imbalances.
- ii. **Interest Rate Risk** - Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. PIL manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, where possible and to the extent judged appropriate, the maturity profile of its financial assets is matched by that of its financial liabilities; where gaps are deliberately arranged, management expects that its monitoring will, on a timely basis, identify the need to take appropriate action to close a gap if it becomes necessary.

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

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

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

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

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



SECTION

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15. OTHER RISK FACTORS

Regulatory Uncertainties

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

Taxation Uncertainties

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

Trading History

The Preference Shares have no trading history. If the Preference Shares are listed as intended, PIL cannot predict their trading behaviour on the exchange on which they are listed.

Share Price Volatility

The Preference Shares, being newly-issued shares, may experience significant volatility in price, which may extend beyond the short term and which may be dependent on PIL's performance, investors' confidence and other factors over which PIL has no control. The level of volatility ought to be significantly less for the Preference Shares as they carry a fixed dividend and are redeemable at a fixed price.

Control

Having regard to the voting entitlements of the Preference Shares, this offering of Preference Shares will not confer legal or effective control of the Company on the holders thereof.

Issue of Additional Shares

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

Payment of Dividends

The payment of dividends on the Preference Shares will be primarily dependent on PIL's future profitability.

Macro-Economic Policies

Changes in fiscal and monetary policies by the Government of Jamaica or the government of any other jurisdiction in which PIL holds investments may create opportunities as well as challenges for PIL.

New Accounting Rules or Standards

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

Risks Associated with International Conditions

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

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

16. LICENSES & REGULATORY FRAMEWORK

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

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

Proven Wealth Limited and Proven Fund Managers Limited (wholly-owned subsidiaries of Proven Investments Limited) are licensed by the Financial Services Commission of Jamaica as securities dealers and investment advisers.

17. LITIGATION

Neither the Company nor any of its subsidiaries is currently engaged in any litigation deemed to be material litigation by the directors of such company, nor are they aware of any such pending litigation.

18. CONSENTS

KPMG has given and not withdrawn its consent (as set out at Appendix 3 hereto) to the issue of this Prospectus with the inclusion therein of its report and the references to its name in the form and context in which they are included.

19. DOCUMENTS AVAILABLE FOR INSPECTION

From the Opening Date until the Offer closes, copies of the following documents will be available for inspection on any weekday (Saturdays, Sundays and public holidays excepted) during the hours of 9:00 am to 4:00 pm, at the offices of Proven Wealth Limited, 26 Belmont Road, Kingston 5.

- (1) the Memorandum and Articles of Association of PIL;
- (2) the Investment Management Agreement between PIL and PML;
- (3) the audited financial statements of the Company for the financial years ending March 31, 2012 – March 31, 2015.

20. STATUTORY & GENERAL INFORMATION

- 1) With reference to paragraph 1(1)(a) of Part 1 of the Third Schedule to the Companies Act (the "Act"), PIL has no founders or deferred shares. PIL has managers' preference shares, as described in this Prospectus. Paragraphs 1(1)(b) and (c) of the same Part 1 of the Third Schedule to the Act do not apply, this Prospectus being issued more than two years after the date on which PIL was entitled to and actually commenced business.
- 2) In the opinion of the directors, no minimum amount is required to be raised out of the proceeds of this issue of the Preference Shares to provide for any of the matters set out in paragraph 2 of Part 1 of the Third Schedule to the Act.
- 3) The application lists with respect to the Preference Shares will open at 9:00am on the Opening Date. The application lists with respect to the Preference Shares will close at 4:00 p.m. on the Closing Date. Applications submitted prior to the Opening Date will be received, but not processed until the Opening Date. The Company reserves the right to close any application list at any time without notice, if Applications have been received for the full amount of the respective Preference Shares offered and the right(s) to extend such closing beyond the date(s) above-mentioned and/or offer Preference Shares greater in number than originally offered. Applications for Preference Shares should be made on the original Application Form provided with this Prospectus or on the Application Forms available for download at www.weareproven.com and www.jamstockex.com. Each Application must be for multiples of 1,000 Preference Shares subject to a minimum of 10,000 Preference Shares. The procedure for completing the Application Form and the terms and conditions of the Prospectus are set out in Section 20 and on the Application Form..
- 4) Paragraph 3 (2) of Part 1 of the Third Schedule does not apply, this being the first offer of these Preference Shares.
- 5) No person has, or is entitled to be given, any option to subscribe for any shares in, or debentures of, PIL.
- 6) The aggregate amounts respectively of PIL's trade investments, quoted investments other than trade investments and unquoted investments other than trade investments as at September 30, 2016 are set out in Appendix 6 hereof.
- 7) The amount for goodwill, patent, or trademarks shown in the financial statements or ascertainable from the books of PIL is US\$18,826,000. There is no contract for the sale and purchase of any property to be acquired by PIL; accordingly paragraph 5(2) of Part 1 of the Third Schedule to the Act does not apply.
- 8) Regarding paragraph 5(1)(c) of Part 1 of the Third Schedule to the Act, the aggregate amount of bank loans, overdrafts and other liabilities owing by PIL as of March 31, 2016 was US\$276,075,000. For further details with respect to these loans see the section titled "**Management's Discussion and Analysis**" in this Prospectus (Section 12).
- 9) Apart from such amounts already recommended for distribution by way of dividend and paid accordingly, no further amount is recommended for distribution by way of dividend, and accordingly paragraph 5(1)(d) of Part I of the Third Schedule to the Act does not apply.

- 10) There is no property to which paragraph 7 of Part 1 of the Third Schedule applies (having regard to the definitions and exclusions stated in paragraph 6 of the Third Schedule) as there is no property which has been or is proposed to be purchased or acquired by the Company and which is to be paid for wholly or partly out of the proceeds of this offer of securities, or the purchase or acquisition of which has not been completed at the date of the issue of this Prospectus, and accordingly, there are no disclosures required to be made in respect of paragraphs 7, 8 or 9 of Part 1 of the Third Schedule.
- 11) Regarding paragraph 10(1)(a) of Part 1 of the Third Schedule to the Act, within the two preceding years, no commission has been paid, nor will any be payable by PIL to anyone for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures of PIL.
- 12) Paragraph 10(1)(b) of Part 1 of the Third Schedule to the Act does not apply, PIL having commenced business more than two years before the issue of this Prospectus. The total expenses of the offering will be borne by PIL and those expenses, are estimated to be approximately US\$300,000.
- 13) Regarding paragraph 10(1)(c) of Part 1 of the Third Schedule to the Act, within the last two years preceding the date of this Prospectus no amount or benefit has been paid or given or is intended to be paid or given to any promoter.
- 14) Regarding paragraph 11 of Part 1 of the Third Schedule to the Act, in the two preceding years before the issue of the Prospectus, the only material contracts which PIL has entered into are those entered into in the ordinary course of the Company's business.
- 15) Regarding paragraph 12 of Part 1 of the Third Schedule to the Act, the name and address of the auditors of PIL are KPMG of Morgan Building, L'anse Street, P.O. Box 1011, Castries, St. Lucia.
- 16) This Prospectus is issued more than two years after the date on which PIL was entitled to commence and actually commenced business; accordingly, paragraph 13 of Part 1 of the Third Schedule to the Act does not apply.
- 17) Regarding paragraph 14 of Part 1 of the Third Schedule to the Act, the share capital of the Company is divided into different classes of shares, and accordingly the right of voting at meetings of the Company conferred by, and the rights in respect of capital and dividends attached to, the several classes of shares respectively are as set out in Appendix 1 (in respect of the Manager's Preference Shares and the 8% Cumulative Redeemable Preference Shares issued in 2011) and Appendix 2 (in respect of the 8.25% Cumulative Redeemable Preference Shares which are the subject of this Offer).

**ADDITIONAL MATTERS REQUIRED TO BE STATED
PURSUANT TO SECTION 373 (1) OF THE COMPANIES ACT**

- 1) This Prospectus is issued more than two years after the date on which PIL was entitled to commence and actually commenced business; accordingly, paragraphs (i), (ii), (iii) and (iv) of section 373(1)(a) do not apply.
- 2) The Company was incorporated in St. Lucia on November 25, 2009 as an International Business Company (“IBC”) pursuant to the International Business Companies Act, Cap. 12.14 of St. Lucia.
- 3) The Company has not established a place of business in Jamaica.

21. APPLICATION PROCEDURES AND CONDITIONS

1. You may apply for Shares in the Offer by means of the Application Form enclosed with this Prospectus. Your duly completed and signed Application Form should be delivered to the offices of either Co-Lead Broker on or before **4:00 pm** local time on the Closing Date.
2. The full amount payable for the Shares for which you are applying must be paid either:
 - (i) By Real Time Gross Settlement System (“RTGS System”) to the Co-Lead Broker where your application is being submitted, using the following information. Evidence of such payment must be included on the second page of the completed and signed Application Form:
 - **PROVEN WEALTH LTD**

Bank:	Citibank N.A.
BIC:	CITIJK1
Account Name:	Proven Wealth Ltd
Beneficiary Address:	26 Belmont Road; Kgn 5
Account number:	022374222
 - **NCB CAPITAL MARKETS LTD**

Bank:	National Commercial Bank Jamaica Ltd
Branch:	1-7 Knutsford Boulevard (New Kingston)
Account Name:	NCB Capital Markets Limited
BIC:	NCCMJMK1
Account number:	351422580
 - (ii) Applicants who have an investment account with either Co-Lead Broker may submit to them written instructions (in such form as determined by such Co-Lead Broker) authorizing such Co-Lead Broker to apply funds standing to the credit of such Applicant against the subscription price payable in respect of their application for Preference Shares.
 - (iii) Payment may also be made via a J\$ Manager’s Cheque drawn on a Jamaican commercial bank and made payable to the respective Co-Lead broker where you are submitting your application (“**NCB Capital Markets Ltd**” or “**Proven Wealth Limited**” in respect of payment of sums **under J\$1,000,000**, or;
3. The Directors of PIL in their sole discretion may accept (in whole or in part) or reject any Application, even if the Application is received, validated and processed. The acceptance may be in respect of the whole or any part of the Application and,

accordingly, the allocated number of Preference Shares may be less than the amount specified in the Application Form. The Preference Shares may be allocated and issued to Applicants on a basis determined by the Directors in their sole discretion.

4. The acceptance (in whole or in part) by PIL of an Application for Preference Shares will result in a binding contract for the Applicant's subscription, at the Offer Price, for the number of Preference Shares in respect of which the application has been accepted.
5. If the Offer is oversubscribed – (i) Applicants may be allocated and issued fewer Preference Shares than they applied for, or (ii) the Directors, in consultation with the Investment Manager and the Co-Lead Brokers may (but shall not be obliged to) increase the amount of the Offer and allocate and issue additional Preference Shares as part of the Offer, at the Offer Price per Preference Share, subject to prior registration of such additional Preference Shares with the FSC.
6. The Directors, in consultation with the Investment Manager and Co-Lead Brokers, may close the Offer prior to **December 21, 2016**, or may extend the Closing Date to a date beyond **December 21, 2016**.
7. In respect of each Application which is accepted in whole or in part by PIL, PIL will issue a letter(s) of allotment in the name of that Applicant (or in the joint names of joint Applicants), or in the name of the person(s). The letters of allotment will be sent to the Co-Broker through which the Applications were received, who will distribute same (if by mail, at the Applicant's and/or such person's risk) to the Applicants. The letters of allotment are not assignable or otherwise transferable.
8. Cheques for the amounts refundable to Applicants whose Applications are not accepted in whole or in part will be sent to the Co-Lead Broker (as the case may be) through which the Applications were received, who will distribute same (if by mail, at the Applicant's risk) to the addresses of the Applicants (or of the first-named joint Applicant) as stated in the Application Form. PIL will use its best efforts to send the letters of allotment and refund cheques to the Co-Broker within seven working days after the Closing Date or as soon thereafter as practicable. If the amount to be refunded is equal to or greater than J\$1,000,000.00, refund payments shall only be made to the Applicant using the Bank of Jamaica's Real Time Gross Settlement System, and where the subscription price in respect of an Application is in excess of J\$1,000,000.00, the required details to facilitate refund payments by that method must be provided on the Application Form.
9. If the application to list the Preference Stock Units on the Jamaica Stock Exchange is successful, the securities issued pursuant to the offer will be issued in the JCSD for the credit of the accounts of the successful Applicants. If the application to list the Preference Stock Units on the Jamaica Stock Exchange is not successful, a share certificate comprising the securities issued to each successful Applicant will be sent to such Applicant within thirty (30) days after the Offer closes or as soon thereafter as practicable.
10. Letters of allotment and stock certificates, if mailed by the Co-Lead Broker on behalf of PIL (as the case may be) through the post to the address of the Applicant (or of the first-named joint Applicant), are at the risk of the Applicant or such person (as the case may be).

Prospectus – Preference Share Offer

Dated as of the 7th day of December, 2016

**CERTIFICATION REQUIRED PURSUANT TO
SECTION 372 (3) (A) OF THE COMPANIES ACT 2004**

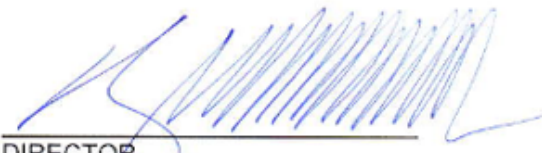
We, the undersigned, being the Chairman and two other directors of PROVEN INVESTMENTS LIMITED, do hereby certify, pursuant to Section 372 (3) (a) of the Companies Act 2004 of Jamaica, that this Prospectus was approved for issue by a resolution of the Board of Directors of PROVEN INVESTMENTS LIMITED.



DIRECTOR
NAME: Hugh Hart



DIRECTOR
NAME: Garfield Sinclair



DIRECTOR
NAME: Rhory McNamara

SECTION

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APPENDIX 1:

Rights, Terms and Conditions
of Preference Shares

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APPENDIX 2:

Terms of Issue of 8.25% Cumulative
Redeemable JMD Denominated
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APPENDIX 3:

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APPENDIX 4:

Application Form: 8.25% Cumulative
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22. APPENDIX 1: RIGHTS, TERMS AND CONDITIONS OF PREFERENCE SHARES

SECTION 1: RIGHTS, TERMS AND CONDITIONS OF THE MANAGER'S PREFERENCE SHARES

(NOTE: the manager's preference shares described in Section 1 of this Appendix 1 are not the Preference Shares which are the subject of the Offer. The Preference Shares which are the subject of the Offer are described in Appendix 2 below)

The following is an excerpt from PIL's Memorandum of Association (as amended by resolution of the shareholders at the Annual General Meeting held on September 15, 2016):

6. The authorized capital of the Company is US\$40,000,000.00
7. The authorized capital shall be made up of three classes of shares:
 - (1) 2,999,990,000 Ordinary Shares having a par value of US\$0.01 per share;
 - (2) 10,000 Manager's Preference Shares having a par value of US\$0.01 per share, and which shall have the following rights, terms and condition:
 - a. The Manager's Preference Shares shall rank *pari passu* as between and among themselves;
 - b. Each Manager's Preference Share be entitled to a cumulative annual preference dividend in the sum which is equal to – (i) **25%** of the profits and gains of the Company (calculated in accordance with International Financial Reporting Standards prevailing from time to time, and expressed in US Dollars) in each financial year *in excess of* the Annual Earnings Hurdle (expressed in US Dollars) for such financial year, *divided by* (ii) the number of Manager's Preference Shares in issue when the said cumulative annual preference dividend is paid; and for this purpose the Annual Earnings Hurdle shall be the amount which results when the Hurdle Rate is applied to the average equity of the Company during such financial year;
 - c. For the purposes of paragraph (b) of sub-clause 7(2), the Hurdle Rate will be determined and reset annually, and the Hurdle Rate applicable to a particular financial year of the Company shall be fixed as at the first day of that financial year and shall be the rate which is 2% per annum above the 12-month LIBOR rate prevailing on that day, provided however that – (i) the Hurdle Rate shall be capped at and shall in no event exceed **6%**, and (ii) during the first two (2) financial years of the Company the Hurdle Rate shall not be less than **5%**;
 - d. during each financial year of the Company, an amount being equal to the Investment Manager's best estimate of one-fourth (1/4) of the current financial year's cumulative annual preference dividend (calculated by reference to the

Company's management accounts for each financial quarter and financial year-to-date and the Investment Manager's good faith projections of the Company's earnings for the remainder of such financial year) shall be paid each financial quarter in arrears to the holders of the Manager's Preference Shares (on account of the cumulative annual preference dividend for that financial year), and any adjustment which may be required based on the Company's annual audited financial statements shall be added or recovered (as the case may require) in equal instalments over the next four successive quarterly payments arising after the Company's annual audited financial statements are finalised;

- e. Paragraph (b) and/or (c) of sub-clause 7(2) may be varied by an ordinary resolution of members which is supported by the affirmative vote of the holder(s) of a majority of the Manager's Preference Shares, but shall not otherwise be varied without the approval in writing of the holder(s) of a majority of the Manager's Preference Shares;
- f. In the event that the cumulative annual preference dividend is not paid in full in respect of any particular financial year of the Company, the unpaid portion thereof shall accumulate and be payable out of the profits and gains of the Company in next ensuing financial years until it has been paid in full;
- g. The Manager's Preference Shares shall, apart from the right to the cumulative annual preference dividend, have no economic rights or entitlements save for the right on a winding up to the repayment of the capital paid thereon on a *pari passu* basis with the capital paid on the Ordinary Shares;
- h. The holder(s) of the Manager's Preference Shares shall have the right to receive notices of, attend, vote at and demand a poll at general meetings of the Company;
- i. With the intent that on all resolutions and decisions in general meeting (other than those referred to in paragraph (j) of sub-clause 7(2)) the Manager's Preference Shares shall as a class be entitled to not less than the number of votes to which the Ordinary Shares as a class are entitled, each one of the Manager's Preference Share shall be entitled to the number of votes which results when – (i) the total number of votes comprised by all the Ordinary Shares then in issue, *is divided by* (ii) the total number of Manager's Preference Shares then in issue, and any fraction of a vote that would otherwise be applicable to each Manager's Preference Share shall be rounded up to one additional vote (so that, by way of an hypothetical example only, if there are 30,000,000 Ordinary Shares and 10,000 Manager's Preference Shares in issue, each one of the Manager's Preference Shares shall be entitled to 3,000 votes);

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- j. On any resolution, which, if passed, will result in any variation of either or both of paragraphs (b) and (c) of sub-clause 7(2), each Manager's Preference Share shall be entitled to one vote;
 - k. In the event that an entity which is (or becomes) the Investment Manager subsequently ceases to be the Investment Manager in accordance with the relevant provisions of the Company's Articles of Association, each one of the Manager's Preference Shares held by that entity (or by a direct or indirect subsidiary of that entity, or by a corporation having the same direct or indirect shareholders as that entity) shall thereupon automatically convert into a fully paid Ordinary Share in the Company (so that, by way of an hypothetical example, if such entity holds 10,000 Manager's Preference Shares, those Manager's Preference Shares will automatically convert into 10,000 fully paid Ordinary Shares upon the entity ceasing to be the Investment Manager as aforesaid); and
 - l. In sub-clause 7(2), the "12-month LIBOR rate" means the rate for 12-month US Dollar inter-bank deposits published by the British Bankers' Association (as to which the Investment Manager's determination thereof shall, in the absence of manifest error, be final and binding on the Company).
- (3) 1,000,000,000 Cumulative Redeemable Preference Shares having a par value of US\$0.01 per share.
- (a) All designations, powers, preferences, rights, qualifications, limitations and restrictions whether in regard to dividend, voting, return of capital or otherwise shall be fixed by the Directors of the Company pursuant to Regulation 5 of the Company's Articles of Association, provided that no such shares shall be issued without the written consent of the Investment Manager being [first] had and obtained in accordance with Regulation 126 of the Company's Articles of Association.

SECTION 2: RIGHTS, TERMS AND CONDITIONS OF THE 8% CUMULATIVE REDEEMABLE PREFERENCE SHARES ISSUED 2011

Pursuant to the terms of the Company's Memorandum of Association, the following terms were fixed by the Directors of the Company in respect of the 200,000,000 8% Cumulative Redeemable Preference Shares issued in 2011:

"Agreed Rate" means 8.00% per annum;

"Business Day" means a date, not being a Saturday, Sunday or public holiday when banks are open for business in Jamaica;

"Preference Stock Units" means the preference stock units created on conversion of the Preference Shares, on issue

*The Preference Shares in the capital of the Company, having a par value of US\$0.01, and subject as hereinafter provided, a tenor of sixty (60) months, the same to be issued at a price of J\$5.00 shall be denominated **"8.00% Cumulative Redeemable Preference Shares"** (herein in these Terms, the "Preference Shares", which expression shall include the Preference Stock Units resulting from the conversion of the Preference Shares into stock) conferring upon the registered holders thereof the following rights and shall be subject to the following restrictions, namely:*

(a) *the right to a cumulative preferential dividend at the Agreed Rate per annum on the capital for the time being paid up or credited as paid up on the Preference Stock Units, to be paid quarterly in Jamaican Dollars out of the distributable profits of the Company, in each case on the earliest possible date following the declaration thereof by the Board of Directors of the Company and processing by the Registrar and Transfer Agent engaged by the Company to attend to, inter alia, payments to registered holders and in any event no later than 45 days after the end of each March, June, September and December up to the date of redemption of the Preference Stock Units. For the avoidance of any doubt, if the preferential dividend is not paid in full in respect of any financial quarter of the Company while the Preference Stock Units remain in issue such preferential dividend (or unpaid part thereof) shall not lapse but shall accumulate and be payable as soon thereafter as the Company has sufficient distributable profits available to fund the payment;*

(b) *the right on a winding up of the Company or other return of share capital to repayment in Jamaican Dollars in priority to any payment to the holders of any other shares or stock units in the capital of the Company of:*

- (i) *the amounts paid up on the Preference Stock Units; and*
- (ii) *any arrears or accruals of the cumulative preferential dividend on the Preference Stock Units, whether declared or earned, or not, calculated down to the date of such repayment but to no further or other right to share in the surplus assets of the Company on a winding up.*

(c) *the Preference Stock Units shall NOT carry the right to vote at any general meeting of the Company EXCEPT in circumstances where the cumulative dividend on the Preference Stock Units remains unpaid for a period greater than 12 months after its due date and/or a notice has not been given by the Company for the redemption of the Preference Stock Units pursuant to paragraph (e) of these Terms the Preference Stock Units by the final date for redemption specified in paragraph (e) of these*

Prospectus – Preference Share Offer

Terms and/or a resolution to wind up the Company has been passed, AND in any such event, every holder of Preference Stock Units present in person or by proxy shall have one vote, and on a poll every holder of Preference Stock Units, present in person or by proxy, shall have one vote for each Preference Stock Unit of which he is the holder.

(d) The Company may, without any consent or sanction of the holders of Preference Stock Units create and issue further preference shares, the same to be converted into preference stock units either ranking pari passu and identically in all respects and so as to form one class with the existing Preference Stock Units or ranking pari passu therewith as regards priority in respect of income and/or capital but carrying a different rate of dividend or otherwise differing from the Preference Stock Units.

(e) The Preference Shares shall be issued as redeemable preference shares, converted on issue to Preference stock Units and subject to any relevant provisions of the International Business Companies Act of St. Lucia (the "IBC Act") (as the same may be amended from time to time) redemption of such Preference Stock Units shall be effected in the manner and on the terms following:

- (i) For greater certainty in these Terms, it is hereby confirmed that redemption of the Preference Stock Units by the Company may be effected pursuant to a notice issued by the Company in accordance with these Terms.*
- (ii) At the time and place fixed for redemption of Preference Stock Units in the Company's notice:
 - a. the registered holder, if such registered holder is the holder of Preference Stock Units by virtue of an allotment by the Company (the "original holder") or a transferee from the original holder, shall be bound to deliver up to the Company the relative share/stock certificate(s) with respect to the said Preference Stock Units for cancellation following redemption; and*
 - b. the Company shall be bound to redeem the said Preference Stock Units and shall pay the registered holder, the redemption money in respect of such Preference Stock Units together with any arrears or accruals of the cumulative preferential dividend (whether earned or declared or not) calculated down to the date fixed for payment.**

(f) If the fixed cumulative dividend on the Preference Stock Units shall have been paid up in full up to and including the last quarterly date fixed for payment, the Company may (subject to the provisions of the International Business Companies Act of St. Lucia) redeem all or any of the Preference Stock Units at any time on or before December 23, 2016 at a price of J\$5.00 per Preference Stock Unit (exclusive of any accrued dividend thereon), by the purchase of such Preference Stock Units on the Jamaica Stock Exchange provided the Preference Stock Units have been listed on the Jamaica Stock Exchange (by way of an uninterrupted put through or such other means as the Jamaica Stock Exchange may permit) or, if not so listed, by private treaty.

(g) As from the time fixed for redemption of any of the Preference Stock Units under any notice given by the Company pursuant to paragraph (e) of these Terms, dividends shall cease to accrue on such Preference Stock Units except in respect of any Preference Stock Unit in respect of which payment due on such redemption was refused.

(h) If any holder of Preference Stock Units shall fail or refuse to surrender the certificate(s) for such Preference Stock Units (where such surrender is required) or shall fail or refuse to accept the

redemption money payable in respect of such Preference Stock Units, at the time fixed for redemption of any of the Preference Stock Units under any notice given by the Company pursuant to paragraph (e) of these Terms, such money shall be retained and held by the Company in trust for such registered holder but without interest or further obligation whatever.

(i) No Preference Stock Units shall be redeemed otherwise than out of distributable profits or the proceeds of a fresh issue of shares made for the purposes of the redemption as permitted by the IBC Act.

(j) No Preference Stock Units redeemed by the Company shall be capable of re-issue and on redemption of any Preference Stock Units, the Directors may convert the authorised share capital created as a consequence of such redemption into shares and/or stock units of any other class of share capital into which the authorised share capital of the Company is or may at that time be divided of a like nominal amount (as nearly as may be) as the shares and/or stock units of such class then in issue or into unclassified shares and/or stock units of the same nominal amount as the Preference Stock Units.

(k) The rights attaching to the Preference Stock Units may not be varied either while the Company is a going concern or during or in contemplation of a winding up of the Company without the consent in writing of the holders of three-fourths of the issued Preference Stock Units or without the sanction of an Extraordinary Resolution passed at a separate meeting of that class, but not otherwise. To every such separate meeting all of the provisions of the Articles of Association of the Company relating to general meetings of the Company or to proceedings thereat shall, mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-third in nominal amount of the issued Preference Shares (but so that if at any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be a quorum) and that the holders of Preference Shares shall, on a poll, have one vote in respect of each Preference Stock Units held by them respectively.”

23. APPENDIX 2: TERMS OF ISSUE OF 8.25% CUMULATIVE REDEEMABLE JMD DENOMINATED PREFERENCE SHARES

PROVEN INVESTMENTS LIMITED (the “Company”)

In these Terms of Issue:

“Agreed Rate” means 8.25% per annum;

“Business Day” means a date, not being a Saturday, Sunday or public holiday when banks are open for business in Jamaica;

“Preference Stock Units” means the preference stock units created on conversion of the Preference Shares, on issue

The Preference Shares in the capital of the Company, having a par value of US\$0.01, and subject as hereinafter provided, a tenor of sixty (60) months, the same to be issued at a price of J\$5.00 shall be denominated “**8.25% Cumulative Redeemable Preference Shares**” (herein in these Terms, the “Preference Shares”, which expression shall include the Preference Stock Units resulting from the conversion of the Preference Shares into stock) conferring upon the registered holders thereof the following rights and shall be subject to the following restrictions, namely:

(a) the right to a cumulative preferential dividend at the Agreed Rate per annum on the capital for the time being paid up or credited as paid up on the Preference Stock Units, to be paid quarterly in Jamaican Dollars out of the distributable profits of the Company, in each case on the earliest possible date following the declaration thereof by the Board of Directors of the Company and processing by the Registrar and Transfer Agent engaged by the Company to attend to, inter alia, payments to registered holders and in any event no later than 45 days after the end of each March, June, September and December up to the date of redemption of the Preference Stock Units. For the avoidance of any doubt, if the preferential dividend is not paid in full in respect of any financial quarter of the Company while the Preference Stock Units remain in issue such preferential dividend (or unpaid part thereof) shall not lapse but shall accumulate and be payable as soon thereafter as the Company has sufficient distributable profits available to fund the payment;

(b) the right on a winding up of the Company or other return of share capital to repayment in Jamaican Dollars in priority to any payment to the holders of any other shares or stock units in the capital of the Company of:

- (i) the amounts paid up on the Preference Stock Units; and
- (ii) any arrears or accruals of the cumulative preferential dividend on the Preference Stock Units, whether declared or earned, or not, calculated down to the date of such repayment but to no further or other right to share in the surplus assets of the Company on a winding up.

(c) the Preference Stock Units shall NOT carry the right to vote at any general meeting of the Company EXCEPT in circumstances where the cumulative dividend on the Preference Stock Units remains unpaid for a period greater than 12 months after its due date and/or a notice has not been given by the Company for the redemption of the Preference Stock Units pursuant to paragraph (e) of these Terms the Preference Stock Units by the final date for redemption specified in paragraph (e) of these Terms and/or a resolution to wind up the Company has been passed, AND in any such event, every

holder of Preference Stock Units present in person or by proxy shall have one vote, and on a poll every holder of Preference Stock Units, present in person or by proxy, shall have one vote for each Preference Stock Unit of which he is the holder.

(d) The Company may, without any consent or sanction of the holders of Preference Stock Units create and issue further preference shares, the same to be converted into preference stock units either ranking pari passu and identically in all respects and so as to form one class with the existing Preference Stock Units or ranking pari passu therewith as regards priority in respect of income and/or capital but carrying a different rate of dividend or otherwise differing from the Preference Stock Units.

(e) The Preference Shares shall be issued as redeemable preference shares, converted on issue to Preference stock Units and subject to any relevant provisions of the International Business Companies Act of St. Lucia (the "IBC Act") (as the same may be amended from time to time) redemption of such Preference Stock Units shall be effected in the manner and on the terms following:

- (i) For greater certainty in these Terms, it is hereby confirmed that redemption of the Preference Stock Units by the Company may be effected pursuant to a notice issued by the Company in accordance with these Terms.
- (ii) At the time and place fixed for redemption of Preference Stock Units in the Company's notice:
 - a. the registered holder, if such registered holder is the holder of Preference Stock Units by virtue of an allotment by the Company (the "original holder") or a transferee from the original holder, shall be bound to deliver up to the Company the relative share/stock certificate(s) with respect to the said Preference Stock Units for cancellation following redemption; and
 - b. the Company shall be bound to redeem the said Preference Stock Units and shall pay the registered holder, the redemption money in respect of such Preference Stock Units together with any arrears or accruals of the cumulative preferential dividend (whether earned or declared or not) calculated down to the date fixed for payment.

(f) If the fixed cumulative dividend on the Preference Stock Units shall have been paid up in full up to and including the last quarterly date fixed for payment, the Company may (subject to the provisions of the International Business Companies Act of St. Lucia) redeem all or any of the Preference Stock Units at any time on or before December 15, 2021 at a price of J\$5.00 per Preference Stock Unit (exclusive of any accrued dividend thereon), by the purchase of such Preference Stock Units on the Jamaica Stock Exchange provided the Preference Stock Units have been listed on the Jamaica Stock Exchange (by way of an uninterrupted put through or such other means as the Jamaica Stock Exchange may permit) or, if not so listed, by private treaty.

(g) As from the time fixed for redemption of any of the Preference Stock Units under any notice given by the Company pursuant to paragraph (e) of these Terms, dividends shall cease to accrue on such Preference Stock Units except in respect of any Preference Stock Unit in respect of which payment due on such redemption was refused.

(h) If any holder of Preference Stock Units shall fail or refuse to surrender the certificate(s) for such Preference Stock Units (where such surrender is required) or shall fail or refuse to accept the redemption money payable in respect of such Preference Stock Units, at the time fixed for redemption of

Prospectus – Preference Share Offer

any of the Preference Stock Units under any notice given by the Company pursuant to paragraph (e) of these Terms, such money shall be retained and held by the Company in trust for such registered holder but without interest or further obligation whatever.

(i) No Preference Stock Units shall be redeemed otherwise than out of distributable profits or the proceeds of a fresh issue of shares made for the purposes of the redemption as permitted by the IBC Act.

(j) No Preference Stock Units redeemed by the Company shall be capable of re-issue and on redemption of any Preference Stock Units, the Directors may convert the authorised share capital created as a consequence of such redemption into shares and/or stock units of any other class of share capital into which the authorised share capital of the Company is or may at that time be divided of a like nominal amount (as nearly as may be) as the shares and/or stock units of such class then in issue or into unclassified shares and/or stock units of the same nominal amount as the Preference Stock Units.

(k) The rights attaching to the Preference Stock Units may not be varied either while the Company is a going concern or during or in contemplation of a winding up of the Company without the consent in writing of the holders of three-fourths of the issued Preference Stock Units or without the sanction of an Extraordinary Resolution passed at a separate meeting of that class, but not otherwise. To every such separate meeting all of the provisions of the Articles of Association of the Company relating to general meetings of the Company or to proceedings thereat shall, *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-third in nominal amount of the issued Preference Shares (but so that if at any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be a quorum) and that the holders of Preference Shares shall, on a poll, have one vote in respect of each Preference Stock Units held by them respectively.

These Terms of Issue were approved by the directors of the Company pursuant to a resolution of the directors of the Company passed at a directors meeting held on November 4, 2016, the authority for the issue of the Preference Shares on such terms having been authorised by the Company pursuant to a resolution of the Company passed at the Annual General Meeting of the Company held on September 15, 2016.

24. APPENDIX 3.1: AUDITORS CONSENT



KPMG Eastern Caribbean
Morgan Building
L'Anse Road
P.O. Box 1101
Castries, LC04 101
St. Lucia
Telephone: (758) 453-1471
(758) 453-0625
Fax: (758) 453-6507
e-Mail: kpmg@kpmg.lc

December 2, 2016

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

Gentlemen:

Prospectus for offer of preference shares by Proven Investments Limited

With respect to the prospectus relating to the offer for subscription of 400,000,000 8.25% Cumulative Redeemable Preference Shares to be issued by Proven Investments Limited, we hereby consent to the inclusion in the prospectus of (i) our audit report, dated May 30, 2016, on the statement of financial position of the company as of March 31, 2016 and the related statements of profit or loss and comprehensive income, changes in equity and cash flows for year then ended, and (ii) our report on the summary consolidated financial statements as at and for the years ended March 31, 2012, 2013, 2014, 2015 and 2016 and to the references to our name in the form and context in which they are included in the prospectus.

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

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

Yours faithfully,
For and on Behalf of KPMG

A handwritten signature in black ink, appearing to read 'Frank V. Myers', written over a faint, larger version of the signature.

Frank V. Myers
Partner

KPMG Eastern Caribbean, a partnership registered in Antigua & Barbuda, St. Lucia and St. Vincent and the Grenadines, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

Frank V. Myers
Cleveland S. Seaforth

Brian A. Glasgow
Reuben M. John

25. APPENDIX 3.2: REPORT ON SUMMARY FINANCIAL STATEMENTS



KPMG Eastern Caribbean
Morgan Building
L'Anse Road
P.O. Box 1101
Castries, LC04 101
St. Lucia
Telephone: (758) 453-1471
(758) 453-0625
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e-Mail: kpmg@kpmg.lc

Independent Auditors' Report on the Summary Financial Statements

The Board of Directors
Proven Investments Limited

The summary financial statements set out on pages 62 to 64, which comprise the summary statement of financial position as at March 31, 2012, 2013, 2014, 2015 and 2016 and the summary statements of income for the years then ended, are derived from the audited separate financial statements of Proven Investments Limited ("the Company") and its subsidiaries ("the Group") as at and for the years ended March 31, 2012, 2013, 2014, 2015 and 2016. We expressed an unmodified audit opinion on those financial statements in our reports dated May 28, 2012, May 29, 2013, May 26, 2014, May 30, 2015 and May 30, 2016. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to that date.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Proven Investments Limited.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary of the audited financial statements on the basis described in the note to the summary financial statements.



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The Board of Directors
Proven Investments Limited

Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of Proven Investments Limited as at and for the years ended March 31, 2012, 2013, 2014, 2015 and 2016 are consistent, in all material respects, with those financial statements, on the basis described in the note to the summary financial statements.

A handwritten signature of the KPMG firm, written in black ink. The letters 'KPMG' are written in a cursive, stylized font.

Chartered Accountants
Castries, St. Lucia

December 2, 2016

PAYMENT VERIFICATION INFORMATION

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

MANAGERS CHEQUE

Cheque #: _____

Cheque Amount: _____

Institution: _____

ACH / RTGS

Amount: _____

Institution: _____

Confirmation/Reference#: _____

Sender's Account Name: _____

Sender's Account Number: _____

ONLINE TRANSFER

Amount: _____

Institution: _____

Confirmation/Reference #: _____

Sender's Account Name: _____

Sender's Account Number: _____

SECTION

5

APPENDIX 5:

Presentation of Historical Financial Data as at and for the Years Ended March 31, 2012 – March 31, 2016 62

APPENDIX 6:

Consolidated Unaudited Financial Statements of PIL and its Subsidiaries as at and for the Six Month Period Ended September 30, 2016 65

APPENDIX 7:

Consolidated Audited Financial Statements of PIL and its Subsidiaries as at and for the Year Ended March 31, 2016 73

27. APPENDIX 5: PRESENTATION OF HISTORICAL FINANCIAL DATA AS AT AND FOR THE YEARS ENDED MARCH 31, 2012 – MARCH 31, 2016

The following is a summary of key financial data (in US\$) from the audited consolidated financial statements of Proven Investments Limited (“the Company”) and its subsidiaries (“Group”) for the periods and at the period-ends stated.

PROVEN INVESTMENTS LIMITED					
Statement of Financial Position	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Assets					
Cash and cash equivalents	2,908	3,558	4,480	10,908	13,721
Resale agreements	882	2,515	2,298	78,006	38,767
Investment securities	101,033	114,435	114,918	208,379	232,158
Inventory	-	-	-	-	643
Loans receivable	25,336	16,078	20,312	25,758	24,993
Other assets	3,719	2,861	5,188	15,678	10,602
Owed by related party	-	25	36	-	338
Income tax recoverable	5,145	3,702	424	373	51
Property development in progress	-	-	297	1,330	210
Investment in subsidiaries	-	-	-	-	-
Interest in associate	-	-	-	946	-
Investment property	785	695	-	414	6,013
Intangible asset	41	31	530	21,460	19,853
Property, plant and equipment	347	248	231	861	597
Deferred tax asset	-	8	4	232	440
Total assets	140,196	144,156	148,718	364,345	348,386
Liabilities					
Bank overdraft	223	-	-	-	-
Short term loan	-	-	-	-	-
Repurchase agreements	35,344	31,370	44,075	183,811	159,830
Credit linked notes	4,370	1,573	-	-	-
Owed to related parties	104	329	353	232	-
Notes payable	54,172	63,600	56,298	103,122	96,529
Preference shares	11,240	9,922	8,911	8,474	7,978
Current income tax payable	38	50	44	824	198
Deferred tax liabilities	211	216	192	-	-
Other liabilities	1,274	1,200	5,826	14,118	11,540
Total liabilities	106,976	108,260	115,699	310,581	276,075
Shareholders' equity:					
Share capital	29,657	29,657	29,657	39,980	69,248
Fair value reserve	(2,228)	236	(2,708)	(4,589)	(13,190)
Foreign exchange translation reserve	(148)	(1,463)	(2,525)	(3,503)	(5,809)
Retained earnings	5,822	7,347	8,484	10,420	9,400
Equity attributable to owners of the company	33,103	35,777	32,908	42,308	59,649
Non-controlling interest	117	119	111	11,456	12,662
Total shareholders' equity	33,220	35,896	33,019	53,764	72,311
Total liabilities and shareholders' equity	140,196	144,156	148,718	364,345	348,386

Prospectus – Preference Share Offer

PROVEN INVESTMENTS LIMITED	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
Statement of Income	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Net interest income and other operating revenue					
Interest income	7,076	7,361	7,868	18,632	25,726
Interest expense	(3,979)	(4,474)	(4,649)	(10,982)	(12,000)
Net interest income	3,097	2,887	3,219	7,650	13,726
Other operating revenue					
Dividends	899	1,260	679	440	1,325
Fees and commissions	140	55	206	699	2,042
Net fair value adjustments and realised gains	3,310	4,151	2,962	387	(1,035)
Net foreign exchange gains/(losses)	(417)	1,572	1,185	218	1,503
Increase in fair value of investment property	179	-	-	-	-
Goodwill written off	(9)	-	-	-	-
Pension Management Income	-	-	-	1,443	1,887
Operating Revenue, Net of Interest Expense	7,199	9,925	8,251	10,837	19,448
Other income	7	61	366	542	1,548
	<u>7,206</u>	<u>9,986</u>	<u>8,617</u>	<u>11,379</u>	<u>20,996</u>
Expenses					
Staff costs	1,252	1,425	1,320	2,852	4,506
Depreciation and amortisation	76	88	76	137	1,887
Impairment of loans and other assets	-	41	45	442	889
Impairment loss on investments	-	-	-	-	1,744
Property expenses	-	-	-	29	844
Other operating expenses	1,913	2,823	2,192	4,824	6,969
	<u>3,241</u>	<u>4,377</u>	<u>3,633</u>	<u>8,284</u>	<u>16,839</u>
Operating Profit	3,965	5,609	4,984	3,095	4,157
Preference share dividend	(538)	(1,064)	(969)	(1,456)	(331)
Gain/(Loss) on purchase of subsidiary	-	-	-	4,241	-
Share of profit of associate	-	-	-	33	-
Gain/(Loss) on disposal of associate	-	-	-	-	896
Profit Before Income Tax	3,427	4,545	4,015	5,913	4,722
Income tax (charge)/credit	(133)	(390)	(235)	60	(439)
Profit for the year	3,294	4,155	3,780	5,973	4,283
Profit attributable to:					
Owners of the company	3,263	4,153	3,788	5,365	2,344
Non-controlling interests	31	2	(8)	608	1,939
Profit for the year	3,294	4,155	3,780	5,973	4,283

PROVEN INVESTMENTS LIMITED

Note to the Summary Financial Statements

For the years ended March 31, 2012 – March 31, 2016

Basis of preparation of the summary financial statements

The summary financial statements are derived from the audited financial statements, prepared in accordance with International Financial Reporting Standards, for the years ended March 31, 2012 to March 31, 2016.

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



Management prepared these summary financial statements using the following criteria:

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

The audited financial statements as at March 31, 2016 of the Company are attached at Appendix 7.

Prospectus – Preference Share Offer

28. APPENDIX 6: CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS OF PIL AND ITS SUBSIDIARIES AS AT AND FOR THE SIX MONTH PERIOD ENDED SEPTEMBER 30, 2016

UN-AUDITED STATEMENT OF FINANCIAL POSITION			
SEPTEMBER 30, 2016			
	September 2016 US\$	September 2015 US\$	March 2016 US\$
ASSETS			
Cash and cash equivalents	11,577,782	9,157,572	13,721,000
Available-for-sale investments	281,886,025	310,839,491	270,925,000
Investment in Associates	-	1,033,476	-
Loans Receivable	32,305,915	28,299,829	24,993,000
Other Assets	7,793,182	11,959,238	12,074,000
Property Development In Progress	632,970	1,498,603	210,000
Investment Property	6,315,667	400,166	6,013,000
Intangible Assets	19,434,387	21,439,124	19,853,000
Property, plant and equipment	594,186	638,209	597,000
Total Assets	<u>360,540,114</u>	<u>385,265,708</u>	<u>348,386,000</u>
LIABILITIES			
Client liabilities	151,433,953	176,142,250	159,830,000
Related company	5,328,337	2,935,296	-
Notes Payable	96,666,770	109,591,108	96,529,000
Preference shares	7,577,700	8,185,476	7,978,000
Other liabilities	15,185,066	13,534,067	11,738,000
Total Liabilities	<u>276,191,826</u>	<u>310,388,197</u>	<u>276,075,000</u>
SHARE HOLDERS' EQUITY			
Share capital	69,248,762	69,248,762	69,248,000
Investment revaluation reserve	(2,320,287)	(12,567,704)	(13,190,000)
Foreign exchange translation	(7,453,713)	(4,633,581)	(5,809,000)
Retained earnings	11,299,002	10,855,860	9,400,000
Total Shareholder's Equity	<u>70,773,764</u>	<u>62,903,337</u>	<u>59,649,000</u>
Minority Interest	13,574,524	11,974,174	12,662,000
Total Shareholder's Equity and Liabilities	<u>360,540,114</u>	<u>385,265,708</u>	<u>348,386,000</u>
Approved for Issued by the Board of Directors and sign on its behalf by			
			
_____ Director	_____ Director		

**UN-AUDITED STATEMENT OF INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2016**

	Quarter ended September 2016	Quarter ended September 2015	6 Months ended September 2016	6 Months ended September 2015	Year ended March 2016
	US\$	US\$	US\$	US\$	US\$
INCOME					
Interest Income	6,241,391	6,723,795	12,597,297	13,337,899	25,726,000
Interest expense	<u>(2,839,065)</u>	<u>(3,071,709)</u>	<u>(5,520,096)</u>	<u>(6,262,504)</u>	<u>(12,000,000)</u>
Net Interest income	<u>3,402,326</u>	<u>3,652,086</u>	<u>7,077,201</u>	<u>7,075,395</u>	<u>13,726,000</u>
Other income					
Net fair value adjustments and realised (losses)/gains	1,677,943	(94,434)	1,983,359	249,426	(1,035,000)
Dividend Income	354,661	255,381	725,835	711,551	1,325,000
Fees & Commissions	971,027	1,067,427	2,011,436	1,796,239	3,929,000
Foreign exchange translation gains/(losses)	589,937	496,416	1,877,288	1,001,961	1,503,000
Other Income	184,362	144,190	592,645	323,390	1,548,000
	<u>3,777,930</u>	<u>1,868,980</u>	<u>7,190,563</u>	<u>4,082,567</u>	<u>7,270,000</u>
NET REVENUE	7,180,256	5,521,066	14,267,764	11,157,962	20,996,000
OPERATING EXPENSES					
Preference dividend	474,738	367,588	963,851	671,802	331,000
Impairment of Investment	-	-	-	-	1,744,000
Administrative and General Expenses	<u>3,308,543</u>	<u>3,238,603</u>	<u>6,778,925</u>	<u>6,367,874</u>	<u>15,095,000</u>
	<u>3,783,282</u>	<u>3,606,191</u>	<u>7,742,777</u>	<u>7,039,676</u>	<u>17,170,000</u>
OPERATING PROFIT	3,396,974	1,914,875	6,524,987	4,118,286	3,826,000
Gain on disposal of Associate	-	-	-	-	896,000
Share of Results of Associates	<u>-</u>	<u>66,783</u>	<u>-</u>	<u>107,640</u>	<u>-</u>
Profit before income tax	3,396,974	1,981,658	6,524,987	4,225,926	4,722,000
Income tax (charge)/credit	(600,373)	52,875	(1,176,056)	(383,333)	(439,000)
NET PROFIT AFTER TAX	<u>2,796,601</u>	<u>2,034,533</u>	<u>5,348,931</u>	<u>3,842,593</u>	<u>4,283,000</u>
Less income attributable to non-controlling interest	(823,848)	(456,372)	(1,410,289)	(939,908)	(1,939,000)
Profit attributable to owners of the company	<u>1,972,753</u>	<u>1,578,161</u>	<u>3,938,642</u>	<u>2,902,685</u>	<u>2,344,000</u>
EARNINGS PER STOCK UNIT - US cents	0.36	0.30	0.71	0.56	0.44

Prospectus – Preference Share Offer

UN-AUDITED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED SEPTEMBER 30 2016

	6 months ended September 2016	6 months ended September 2015
	<u>US\$</u>	<u>US\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	3,938,642	2,902,686
Foreign Exchange Translation	(1,644,709)	(1,130,577)
Depreciation and Ammortization	643,472	164,392
Income Tax Charge	1,176,056	383,333
Operating cashflow before movements in working capital	<u>4,113,461</u>	<u>2,319,834</u>
Changes in operating assets and liabilities		
Receivables	(1,162,765)	4,232,161
Client Liabilities	11,778,874	(7,668,677)
Payables	(16,499,966)	(8,363,980)
Related company	4,407,333	2,703,388
Net cash provided by operating activities	<u>2,636,937</u>	<u>(6,777,274)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Loans	(8,753,562)	(2,541,744)
Investments in subsidiary	-	(647,144)
Investments in associates	-	(87,292)
Purchase of property ,plant and equipment	(133,786)	(89,630)
Investments	1,652,744	(32,419,683)
Cash used in investing activities	<u>(7,234,604)</u>	<u>(35,785,493)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Notes payable	4,876,187	13,134,217
Issue of Preference Shares	(399,983)	(288,836)
Minority Interest	912,524	518,632
Dividend Paid	(2,038,987)	(1,819,754)
Issue of Ordinary Shares	-	29,268,359
Net cash provided by/ (used in) financing activities	<u>3,349,741</u>	<u>40,812,618</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,247,926)</u>	<u>(1,750,149)</u>
Cash and cash equivalents at beginning of period	12,825,709	10,907,722
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>11,577,782</u>	<u>9,157,572</u>

**UN-AUDITED STATEMENT OF CHANGES IN FINANCIAL EQUITY
SEPTEMBER 30, 2016**

	<u>Share capital</u>	<u>Minority Interest</u>	<u>Fair value reserves</u>	<u>Foreign exchange translation</u>	<u>Retained earnings</u>	<u>Total</u>
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at April 1, 2016	69,248,761	12,661,999	(13,189,757)	(5,809,004)	9,399,347	72,311,347
Total Comprehensive Income for the period		1,410,289	10,869,470	(1,644,709)	3,938,642	14,573,692
Adjustment to NCI without a change in control		(150,000)				(150,000)
Dividends to equity holders		(347,764)			(2,038,987)	(2,386,751)
Balance at September 30, 2016	<u>69,248,761</u>	<u>13,574,524</u>	<u>(2,320,287)</u>	<u>(7,453,713)</u>	<u>11,299,002</u>	<u>84,348,288</u>

**UN-AUDITED STATEMENT OF CHANGES IN FINANCIAL EQUITY
SEPTEMBER 30, 2015**

	<u>Share capital</u>	<u>Minority Interest</u>	<u>Fair value reserves</u>	<u>Foreign exchange translation</u>	<u>Retained earnings</u>	<u>Total</u>
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at April 1, 2015	39,980,403	11,455,542	(4,588,759)	(3,503,004)	10,420,069	53,764,251
Total Comprehensive Income for the period		939,909	(7,978,945)	(1,130,577)	2,902,685	(5,266,928)
Issue of Shares	29,268,358					29,268,358
Adjustment to acquisition in Subsidiary					(647,141)	(647,141)
Adjustment to NCI without a change in control		(98,871)				(98,871)
Dividends to equity holders		(322,406)			(1,819,753)	(2,142,159)
Balance at September 30, 2015	<u>69,248,761</u>	<u>11,974,174</u>	<u>(12,567,704)</u>	<u>(4,633,581)</u>	<u>10,855,860</u>	<u>74,877,511</u>

Prospectus – Preference Share Offer

NOTES TO FINANCIAL STATEMENTS

September 2016

1. Identification

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

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

<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Nature of Business</u>	<u>Percentage ownership</u>	
			<u>2016</u>	<u>2015</u>
Proven Wealth Limited	Jamaica	Fund management, investment advisory services, and money market and equity trading	100	100
Proven REIT Limited and its wholly-owned subsidiary: Proven Kingsway Limited	Saint Lucia	Real estate investment	100	100
Asset Management Company Limited	Jamaica	Hire purchase financing	100	100
Proven Fund Management Limited	Jamaica	Pension funds management	100	100
Access Financial Services Limited	Jamaica	Retail lending	49.72	49.72

2. Statement of compliance and basis of preparation

Interim financial reporting

The condensed consolidated interim financial statements for the six months ended September 30, 2016 have been prepared in accordance with IAS 34, ‘Interim financial reporting’. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended March 31, 2016 which have been prepared in accordance with International Financial Reporting Standards (IFRS).

There have been no changes in accounting policies since the most recent audited accounts as at March 31, 2016.

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

- Amendment to IAS 1, *Presentation of Financial Statements*, entitled “IAS 1, *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*”, which led to the following changes in the financial statements:
- Items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future are presented separately from those that would never be reclassified to profit or loss.

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.

Functional and presentation currency:

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

Accounting estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the period then ended. Actual amounts could differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting policies**3. Basis of consolidation:**

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

3(a).Subsidiaries:

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

3(b).Transactions eliminated on consolidation:

Intra-Group balances and any unrealised gains and losses and income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated

in the same way as unrealised gains, but only to the extent that there is no evidence of impairment of the Group's interest.

4. Investments:

Available-for-sale financial assets:

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

Investments at fair value through profit or loss:

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

Loans and receivables:

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

5. Resale agreements

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

6. Interest income:

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

7. Interest expense:

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

8. Share capital:

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

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

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

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

9 .Earnings per Stock Unit

PROVEN Investments Limited's Earning per Stock Unit "EPS" is computed by dividing the profit attributable to stockholders of the parent of US\$3,938,642 by the weighted average number of ordinary stock units in issue during the reporting period numbering 551,595,777 shares.

29. APPENDIX 7: CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF PIL AND ITS SUBSIDIARIES AS AT AND FOR THE YEAR ENDED MARCH 31, 2016



KPMG Eastern Caribbean

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INDEPENDENT AUDITORS' REPORT

To the Members of
PROVEN INVESTMENTS LIMITED

We have audited the financial statements of Proven Investments Limited ("the Company") comprising the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 2 to 70, which comprise the consolidated and separate statements of financial position as at March 31, 2016, the consolidated and separate statements of profit or loss, profit or loss and comprehensive income, changes in equity and cash flows for the year 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 control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our 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 control 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group and the Company as at March 31, 2016, and of the financial performance and cash flows of the Group and the Company for the year then ended, in accordance with International Financial Reporting Standards.

KPMG Eastern Caribbean
May 30, 2016

Castries, Saint Lucia

KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. We operate in 155 countries and have 174,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

Frank V. Myers
Cleveland S. Seaforth Brian A. Glasgow
Reuben M. John

Prospectus – Preference Share Offer

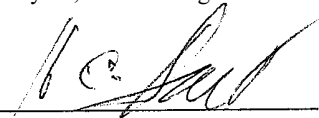
Group Statement of Financial Position

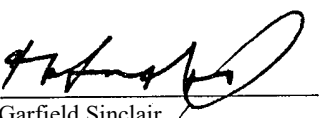
March 31, 2016

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

	<u>Notes</u>	<u>2016</u> \$'000	<u>2015</u> \$'000
ASSETS			
Cash and cash equivalents	3(c)(ii)	13,721	10,908
Resale agreements	4	38,767	78,006
Investment securities	5	232,158	208,379
Inventory		643	-
Loans receivable	6	24,993	25,758
Other assets	7	10,602	15,678
Owed by related parties	15	338	-
Income tax recoverable		51	373
Property development in progress	8	210	1,330
Interest in associate	10	-	946
Investment property	11	6,013	414
Intangible assets	12	19,853	21,460
Property, plant and equipment	13	597	861
Deferred tax asset	18	<u>440</u>	<u>232</u>
Total assets		<u>348,386</u>	<u>364,345</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Repurchase agreements	14	159,830	183,811
Owed to related parties	15	-	232
Notes payable	16	96,529	103,122
Current income tax payable		198	824
Other liabilities		11,540	14,118
Preference shares	17	<u>7,978</u>	<u>8,474</u>
Total liabilities		<u>276,075</u>	<u>310,581</u>
Stockholders' equity:			
Share capital	19	69,248	39,980
Fair value reserve	20	(13,190)	(4,589)
Foreign exchange translation reserve	21	(5,809)	(3,503)
Retained earnings		<u>9,400</u>	<u>10,420</u>
Equity attributable to owners of the company		59,649	42,308
Non-controlling interest	22	<u>12,662</u>	<u>11,456</u>
Total stockholders' equity		<u>72,311</u>	<u>53,764</u>
Total liabilities and shareholders' equity		<u>348,386</u>	<u>364,345</u>

The financial statements on pages 2 to 70 were approved for issue by the Board of Directors on May 30, 2016 and signed on its behalf by:


 _____ Chairman
 Hugh Hart


 _____ Director
 Garfield Sinclair

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

Group Statement of Profit or Loss and Other Comprehensive Income
 Year ended March 31, 2016
 (Presented in United States dollars, except as otherwise stated)

	<u>Notes</u>	<u>2016</u> \$'000	<u>2015</u> \$'000
Net interest income and other revenue			
Interest income	23	25,726	18,632
Interest expense	23	<u>(12,000)</u>	<u>(10,982)</u>
		13,726	7,650
Dividends		1,325	440
Fees and commissions		2,042	699
Net fair value adjustments and realised (losses)/gains	24	(1,035)	387
Net foreign exchange gains		1,503	218
Pension management income		<u>1,887</u>	<u>1,443</u>
Operating revenue, net of interest expense		19,448	10,837
Other income		<u>1,548</u>	<u>542</u>
Total		<u>20,996</u>	<u>11,379</u>
Operating expenses			
Staff costs	25	4,506	2,852
Depreciation and amortisation	12,13	1,887	137
Impairment losses of loans and other assets	6,7	889	442
Impairment loss on investments		1,744	-
Property expenses		844	29
Other operating expenses	26	<u>6,969</u>	<u>4,824</u>
Total		<u>16,839</u>	<u>8,284</u>
Operating profit		4,157	3,095
Preference share dividend	28(f)	(331)	(1,456)
Gain on acquisition of subsidiary	9(a)	-	4,241
Share of profit of associate	10	-	33
Gain on disposal of associate	10(a)	<u>896</u>	<u>-</u>
Profit before income tax		4,722	5,913
Income tax (charge)/credit	27	<u>(439)</u>	<u>60</u>
Profit for the year		<u>4,283</u>	<u>5,973</u>
Profit attributable to:			
Owners of the company		2,344	5,365
Non-controlling interest		<u>1,939</u>	<u>608</u>
Profit for the year		<u>4,283</u>	<u>5,973</u>
Earnings per stock unit	29	<u>0.44¢</u>	<u>1.51¢</u>

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

Prospectus – Preference Share Offer

Group Statement of Profit or Loss and Other Comprehensive Income
 Year ended March 31, 2016
 (Presented in United States dollars, except as otherwise stated)

	<u>2016</u> \$'000	<u>2015</u> \$'000
Profit for the year	<u>4,283</u>	<u>5,973</u>
Other comprehensive income		
Items that are or may be reclassified to profit or loss:		
Realised losses on available-for-sale securities	2,216	977
Unrealised losses on available-for-sale securities, net of tax	(12,788)	(2,920)
Impairment loss on available for sale investment	1,744	-
Deferred tax on unrealised gains on available-for-sale securities	227	62
Exchange differences on translation of foreign operations	(2,306)	(978)
Total other comprehensive loss	<u>(10,907)</u>	<u>(2,859)</u>
Total comprehensive (loss)/income for the year	<u>(6,624)</u>	<u>3,114</u>
Total comprehensive (loss)/income attributable to:		
Owners of the company	(8,563)	2,506
Non-controlling interests	<u>1,939</u>	<u>608</u>
Total comprehensive (loss) /income for the year	<u>(6,624)</u>	<u>3,114</u>

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

Group Statement of Changes in Equity

March 31, 2016

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

	Share capital \$'000 (note 19)	Fair value reserve \$'000 (note 20)	Foreign exchange translation reserve \$'000 (note 21)	Retained earnings \$'000	Attributable to equity holders of the Company \$'000	Non- controlling interest \$'000	Total \$'000
Balances at March 31, 2014	<u>29,657</u>	<u>(2,708)</u>	<u>(2,525)</u>	<u>8,484</u>	<u>32,908</u>	<u>111</u>	<u>33,019</u>
Total comprehensive income for the year							
Profit for the year	-	-	-	5,365	5,365	608	5,973
Other comprehensive loss for the year							
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	(978)	-	(978)	-	(978)
Realised losses on available-for-sale securities	-	977	-	-	977	-	977
Unrealised losses on fair value of available-for-sale securities	-	(2,920)	-	-	(2,920)	-	(2,920)
Deferred tax credit on unrealised losses	-	62	-	-	62	-	62
Total other comprehensive loss for the year, net of tax	-	(1,881)	(978)	-	(2,859)	-	(2,859)
Total comprehensive income for the year	-	(1,881)	(978)	5,365	2,506	608	3,114
Transactions with owners recorded directly in equity							
Issue of ordinary shares (note 19)	10,323	-	-	-	10,323	-	10,323
Dividends to equity holders (note 30)	-	-	-	(3,429)	(3,429)	(221)	(3,650)
	<u>10,323</u>	<u>-</u>	<u>-</u>	<u>(3,429)</u>	<u>6,894</u>	<u>(221)</u>	<u>6,673</u>
Change in ownership interest							
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	10,958	10,958
Balances at March 31, 2015	<u>39,980</u>	<u>(4,589)</u>	<u>(3,503)</u>	<u>10,420</u>	<u>42,308</u>	<u>11,456</u>	<u>53,764</u>
Total comprehensive loss for the year							
Profit for the year	-	-	-	2,344	2,344	1,939	4,283
Other comprehensive loss for the year							
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	(2,306)	-	(2,306)	-	(2,306)
Realised losses on available-for-sale securities	-	2,216	-	-	2,216	-	2,216
Unrealised losses on fair value of available-for-sale securities	-	(12,788)	-	-	(12,788)	-	(12,788)
Impairment loss on available-for-sale security reclassified to profit or loss	-	1,744	-	-	1,744	-	1,744
Deferred tax credit on unrealised losses	-	227	-	-	227	-	227
Total other comprehensive loss for the year, net of tax	-	(8,601)	(2,306)	-	(10,907)	-	(10,907)
Total comprehensive loss for the year	-	(8,601)	(2,306)	2,344	(8,563)	1,939	(6,624)
Transactions with owners recorded directly in equity							
Issue of ordinary shares (note 19)	29,268	-	-	-	29,268	-	29,268
Dividends to equity holders (note 30)	-	-	-	(3,364)	(3,364)	(616)	(3,980)
Change in ownership interest							
Acquisition of non-controlling interest with change in control	-	-	-	-	-	(117)	(117)
Balances at March 31, 2016	<u>69,248</u>	<u>(13,190)</u>	<u>(5,809)</u>	<u>9,400</u>	<u>59,649</u>	<u>12,662</u>	<u>72,311</u>

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

Prospectus – Preference Share Offer

Group Statement of Cash Flows

March 31, 2016

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

	<u>Notes</u>	<u>2016</u> \$'000	<u>2015</u> \$'000
Cash flows from operating activities:			
Profit for the year		4,283	5,973
Adjustments for:			
Depreciation	13	218	111
Amortisation	12	1,669	26
Adjustment on revaluation of investment property			-
Interest income	23	(25,726)	(18,632)
Interest expense	23	12,000	10,982
Dividend income		(1,325)	(440)
Impairment loss on bond		1,744	-
Loss on disposal of property, plant and equipment		(1)	67
Gain on the disposal of investments in associates	10	(896)	-
Income from associate	10	-	(33)
Gain on purchase of subsidiary	10	-	(4,241)
Unrealised exchange loss on preference shares		(496)	(437)
Unrealised foreign exchange gain		(2,205)	(855)
Income tax charge	27	<u>439</u>	<u>(60)</u>
		(10,296)	(7,539)
Change in operating assets and liabilities			
Investment securities		(34,195)	85,021
Loans receivable		765	4,041
Other assets		8,902	(3,274)
Other liabilities		(2,468)	2,397
Repurchase agreements		(23,981)	(22,370)
Income tax recoverable		-	51
Resale agreements		39,239	(75,708)
Inventory		(643)	-
Owed to related party		<u>(570)</u>	<u>(121)</u>
		(23,247)	(17,502)
Interest received		21,900	16,365
Dividend received		1,325	440
Interest paid		(12,110)	(10,283)
Income tax paid		<u>(951)</u>	<u>(428)</u>
Net cash used in operating activities		<u>(13,083)</u>	<u>(11,408)</u>
Cash flows from investing activities:			
Acquisition of subsidiaries, net of cash acquired		-	(25,673)
Acquisition of additional shares in subsidiary	9(c)	(117)	-
Acquisition of interest in associate	10	-	(913)
Development in progress		1,120	(1,033)
Proceeds from sale of investment property		-	730
Purchase of investment property		(5,599)	-
Proceeds from sale of associate		1,842	-
Purchase of property, plant and equipment	13	(140)	(92)
Proceeds from sale property plant and equipment		187	-
Purchase of intangible asset	12	<u>(92)</u>	<u>(5)</u>
Net cash used in investing activities		<u>(2,799)</u>	<u>(26,986)</u>
Net cash flows from operating and investing activities (carried forward to page 7)		<u>(15,882)</u>	<u>(38,394)</u>

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

Group Statement of Cash Flows

March 31, 2016

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

	<u>Notes</u>	<u>2016</u> \$'000	<u>2015</u> \$'000
Cash flows from operating and investing activities (brought forward from page 6)		<u>(15,882)</u>	<u>(38,394)</u>
Cash flows from financing activities:			
Proceeds of issue of shares	19	29,268	10,323
Notes payable		(6,593)	38,161
Dividend paid	30	<u>(3,980)</u>	<u>(3,650)</u>
Net cash provided by financing activities		<u>18,695</u>	<u>44,834</u>
Net increase in cash and cash equivalents		2,813	6,440
Effect of exchange rate fluctuations on cash and cash equivalents		-	(12)
Cash and cash equivalents at beginning of year		<u>10,908</u>	<u>4,480</u>
Cash and cash equivalents at end of year		<u>13,721</u>	<u>10,908</u>

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

Prospectus – Preference Share Offer

Company Statement of Financial Position

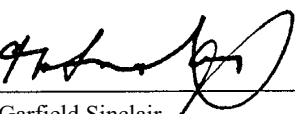
March 31, 2016

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

	<u>Notes</u>	<u>2016</u> \$'000	<u>2015</u> \$'000
ASSETS			
Cash and cash equivalents	3(c)(ii)	1,625	946
Resale agreements	4	164	-
Investment securities	5	126,871	114,032
Loans receivable	6	7,142	9,505
Other assets	7	1,690	1,525
Owed by subsidiary	15	-	1,188
Owed by related parties	15	259	-
Income tax recoverable		51	-
Investment in subsidiaries	9	46,403	45,639
Interest in associate	10	-	913
Investment property	11	<u>5,623</u>	<u>-</u>
Total assets		<u>189,828</u>	<u>173,748</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Repurchase agreements	14	23,810	21,538
Owed to related parties	15	-	232
Owed to subsidiaries	15	215	-
Notes payable	16	86,610	93,262
Preference shares	17	7,978	8,474
Current income tax payable		-	21
Other liabilities		<u>4,342</u>	<u>3,103</u>
Total liabilities		<u>122,955</u>	<u>126,630</u>
Shareholders' equity:			
Share capital	19	69,248	39,980
Fair value reserve	20	(11,019)	(2,946)
Retained earnings		<u>8,644</u>	<u>10,084</u>
Total shareholders' equity		<u>66,873</u>	<u>47,118</u>
Total liabilities and shareholders' equity		<u>189,828</u>	<u>173,748</u>

The financial statements on pages 2 to 70 were approved for issue by the Board of Directors on May 30, 2016 and signed on its behalf by:


 _____ Chairman
 Hugh Hart


 _____ Director
 Garfield Sinclair

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

Company Statement of Profit or Loss and other Comprehensive Income
 Year ended March 31, 2016
 (Presented in United States dollars, except as otherwise stated)

	<u>Notes</u>	<u>2016</u> \$'000	<u>2015</u> \$'000
Net interest income and other revenue			
Interest income	23	7,464	6,611
Interest expense	23	(5,379)	(4,560)
		2,085	2,051
Dividends		3,197	654
Net fair value adjustments and realised (losses)/gains	24	(1,822)	1,794
Net foreign exchange gains		<u>1,082</u>	<u>69</u>
Operating revenue, net of interest expense		4,542	4,568
Other income		<u>409</u>	<u>176</u>
Total		<u>4,951</u>	<u>4,744</u>
Operating expenses			
Staff costs	25	51	104
Impairment (gains)/losses on loans and other assets	7	(333)	350
Impairment loss on investments		1,744	-
Other operating expenses	26	<u>2,220</u>	<u>2,547</u>
Total		<u>3,682</u>	<u>3,001</u>
Operating profit		1,269	1743
Preference share dividend	28(f)	(331)	(1,456)
Gain on disposal of associate	10(a)	<u>929</u>	<u>-</u>
Profit before income tax		1,867	287
Income tax credit	27	<u>57</u>	<u>11</u>
Profit for the year		<u>1,924</u>	<u>298</u>

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

Prospectus – Preference Share Offer

Company Statement of Profit or Loss and other Comprehensive Income
Year ended March 31, 2016
(Presented in United States dollars, except as otherwise stated)

	<u>2016</u> \$'000	<u>2015</u> \$'000
Profit for the year	<u>1,924</u>	<u>298</u>
Other comprehensive income		
Items that are or may be reclassified to profit or loss:		
Realised losses on available-for-sale securities	2,039	988
Unrealised losses on available-for-sale securities, net of tax	(11,856)	(2,753)
Impairment loss on available for sale investment reclassified to profit	<u>1,744</u>	<u>-</u>
Total comprehensive loss for the year	<u>(6,149)</u>	<u>(1,467)</u>

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

Company Statement of Changes in Equity

Year ended March 31, 2016

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

	Share capital \$'000 (note 19)	Fair value reserve \$'000 (note 20)	Retained earnings \$'000	Total \$'000
Balances at March 31, 2014	<u>29,657</u>	<u>(1,181)</u>	<u>13,215</u>	<u>41,691</u>
Total comprehensive income for the year				
Profit for the year	<u>-</u>	<u>-</u>	<u>298</u>	<u>298</u>
Other comprehensive income for the year				
Unrealised loss on fair value of available-for-sale securities	<u>-</u>	<u>(2,753)</u>	<u>-</u>	<u>(2,753)</u>
Realised gain in fair value of available-for-sale securities	<u>-</u>	<u>988</u>	<u>-</u>	<u>988</u>
Total other comprehensive loss for the year	<u>-</u>	<u>(1,765)</u>	<u>-</u>	<u>(1,765)</u>
Total comprehensive loss for the year	<u>-</u>	<u>(1,765)</u>	<u>298</u>	<u>(1,467)</u>
Transactions with owners recorded directly in equity:				
Issue of ordinary shares (note 19)	10,323	-	-	10,323
Dividends to equity holders (note 30)	<u>-</u>	<u>-</u>	<u>(3,429)</u>	<u>(3,429)</u>
Balances at March 31, 2015	<u>39,980</u>	<u>(2,946)</u>	<u>10,084</u>	<u>47,118</u>
Total comprehensive income for the year				
Profit for the year	<u>-</u>	<u>-</u>	<u>1,924</u>	<u>1,924</u>
Other comprehensive income for the year				
Realised losses on available-for-sale securities	<u>-</u>	<u>2,039</u>	<u>-</u>	<u>2,039</u>
Unrealised loss on fair value of available-for-sale securities	<u>-</u>	<u>(10,112)</u>	<u>-</u>	<u>(10,112)</u>
	<u>-</u>	<u>(8,073)</u>	<u>1,924</u>	<u>(6,149)</u>
Transactions with owners recorded directly in equity:				
Issue of ordinary shares (note 19)	29,268	-	-	29,268
Dividends to equity holders (note 30)	<u>-</u>	<u>-</u>	<u>(3,364)</u>	<u>(3,364)</u>
Balances at March 31, 2016	<u>69,248</u>	<u>(11,019)</u>	<u>8,644</u>	<u>66,873</u>

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

Prospectus – Preference Share Offer

Company Statement of Cash Flows

Year ended March 31, 2016

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

	<u>Notes</u>	<u>2016</u> \$'000	<u>2015</u> \$'000
Cash flows from operating activities:			
Profit for the year		1,924	298
Adjustments for:			
Impairment loss on bonds		1,744	-
Interest income	23	(7,464)	(6,611)
Interest expense	23	5,379	4,560
Dividend income		(3,197)	(654)
Unrealised exchange loss on preference shares		(496)	(437)
Unrealised foreign exchange gain		(1,082)	(69)
Income tax credit	27	(57)	(11)
Gain on disposal of associate	10	(929)	-
		(4,178)	(2,924)
Change in operating assets and liabilities			
Investment securities		(21,574)	(22,411)
Loans receivable		2,363	312
Other assets		194	(43)
Owed by related party		1,028	(1,112)
Other liabilities		880	2,538
Repurchase agreements		1,944	1,056
Resale agreements		164	-
Owed to related party		(116)	(1,744)
		(19,295)	(24,328)
Interest received		7,105	6,376
Dividend received		3,197	654
Interest paid		(5,020)	(4,325)
Income tax paid		(15)	(6)
Net cash used in operating activities		(14,028)	(21,629)
Cash flows from investing activities:			
Acquisition of subsidiaries, net of cash acquired		-	(28,169)
Acquisition of additional shares in subsidiaries	9	(764)	-
Disposal/(acquisition) of interest in associate	10	1,842	(913)
Purchase of investment property		(5,623)	-
Net cash used in investing activities		(4,545)	(29,082)
Cash flows from financing activities:			
Proceeds of issue of shares	19	29,268	10,323
Notes payable		(6,652)	44,508
Dividend paid	30	(3,364)	(3,429)
Net cash provided by financing activities		19,252	51,402
Net increase in cash and cash equivalents		679	691
Cash and cash equivalents at beginning of year		946	255
Cash and cash equivalents at end of year		1,625	946

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

Notes to the Financial Statements

March 31, 2016

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

1. Identification

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

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

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

The Company has the following subsidiaries:

<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Nature of Business</u>	<u>Percentage ownership</u>	
			<u>2016</u>	<u>2015</u>
Proven Wealth Limited	Jamaica	Fund management, investment advisory services, and money market and equity trading	100	100
Proven REIT Limited and its wholly-owned subsidiary	Saint Lucia	Real estate investment	85	85
Proven Kingsway Limited	Saint Lucia	Real estate investment	100	100
Asset Management Company Limited	Jamaica	Hire purchase financing	100	100
PWL Transition Limited	Jamaica	Pension funds management	100	-
Access Financial Services	Jamaica	Retail lending	49.72	49.27

The Company and its subsidiaries are collectively referred to as “Group”.

During the year the Group disposed of its 20% interest in Knutsford Express Limited.

2. Basis of preparation

(a) Statement of compliance

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

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

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

Notes to the Financial Statements (Continued)
March 31, 2016

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

New, revised and amended standards and interpretations not yet effective:

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

- IAS 1, *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:
 - specific single disclosures that are not material do not have to be presented even if they are minimum requirements of a standard;
 - the order of notes to the financial statements is not prescribed;
 - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material;
 - specific criteria are now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI; and
 - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.
- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*, are effective for accounting periods beginning on or after January 1, 2016.

The amendment to IAS 16, Property, Plant and Equipment explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.

The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

- Amendments to IAS 27, *Equity Method in Separate Financial Statements*, effective for accounting periods beginning on or after January 1, 2016 allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates, and joint ventures.

Notes to the Financial Statements (Continued)
March 31, 2016

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

New, revised and amended standards and interpretations not yet effective (continued):

- Amendments to IFRS 10, *Consolidated Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures*, in respect of *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, are effective for annual reporting periods beginning on or after January 1, 2016. The amendments require that when a parent loses control of a subsidiary in a transaction with an associate or joint venture, the full gain be recognised when the assets transferred meet the definition of a ‘business’ under IFRS 3, *Business Combinations*.
- Amendments to IFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*, effective for accounting periods beginning on or after January 1, 2016, require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value but previously held interests will not be remeasured.
- Amendments to IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosure of Interests in Other Entities* and IAS 28, *Investments in Associates and Joint Ventures*, effective for accounting periods beginning on or after January 1, 2016, have been amended to introduce clarifications on which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit or loss. IFRS 10 was amended to confirm that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. An investment entity shall measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. IAS 28 was amended to provide an exemption from applying the equity method for investment entities that are subsidiaries and that hold interests in associates and joint ventures. IFRS 12 was amended to clarify that the relevant disclosure requirements in the standard apply to an investment entity in which all of its subsidiaries are measured at fair value through profit or loss.
- *Improvements to IFRS 2012-2014 cycle*, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the Group are as follows:
 - (i) IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* has been amended to clarify that if an entity changes the method of disposal of an asset or disposal group – i.e. reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale or vice versa without any time lag, then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognises any impairment loss or subsequent increase in the fair value less costs to sell/distribute the asset or disposal group. If an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.

Notes to the Financial Statements (Continued)
March 31, 2016

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

New, revised and amended standards and interpretations not yet effective (continued):

- *Improvements to IFRS 2012-2014 cycle*, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the Group are as follows (continued):

- (i) IFRS 7, *Financial Instruments: Disclosures*, has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognised in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset - e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'. IFRS 7 has also been amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendment to IFRS 7)* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, *Interim Financial Reporting*, require their inclusion.
- (ii) IAS 19, *Employee Benefits*, has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high-quality corporate bonds should be assessed at the currency level and not the country level.
- (iii) IAS 34, *Interim Financial Reporting*, has been amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report". The interim financial report is incomplete if the interim financial statements and any disclosures incorporated by cross-reference are not made available to users of the interim financial statements on the same terms and at the same time.

The Group is assessing the impact that these amendments will have on its 2017 financial statements.

- Amendments to IAS 7, *Statement of Cash Flows*, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

Notes to the Financial Statements (Continued)
March 31, 2016

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

New, revised and amended standards and interpretations not yet effective (continued):

- Amendments to IAS 12, *Income Taxes*, effective for accounting periods beginning on or after January 1, 2017, clarify the following:
 - the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
 - a deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.
 - Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.
 - An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.
 - Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.
- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.
- IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two entities in the same line of business exchange non-monetary assets to facilitate sales to other parties.

Notes to the Financial Statements (Continued)
March 31, 2016

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

New, revised and amended standards and interpretations not yet effective (continued):

• IFRS 15, *Revenue From Contracts With Customers*, (continued)

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

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

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

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

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

The Group is assessing the impact that the new standards and amendment to the standards will have on the financial statements when they become effective.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

Notes to the Financial Statements (Continued)
March 31, 2016

2. Basis of preparation (continued)

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

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

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

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

- (i) Key sources of estimation uncertainty

- Allowance for impairment losses

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

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

- Fair value of financial instruments

There are no quoted market prices for a significant portion of the Group's financial assets and liabilities. Accordingly, fair values of several financial assets are estimated using prices obtained from a yield curve. The yield curve is, in turn, obtained from a pricing source which estimates the yield curve on the basis of indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach; the fair values determined in this way are classified as Level 2 fair values. Some other fair values are estimated based on quotes published by broker/dealers, and these are also classified as Level 2. The estimates of fair value arrived at from these sources may be significantly different from the actual price of the instrument in an actual arm's length transaction (see notes 5 and 33).

Notes to the Financial Statements (Continued)
March 31, 2016

2. Basis of preparation (continued)

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

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

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

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

- Whether the criteria are met for classifying financial assets. For example, the determination of whether a security may be classified as 'loans and receivables' (note 5) or whether a security's fair value may be classified as 'Level 1' in the fair value hierarchy (note 30) requires judgement as to whether a market is active.
- In designating a security as 'held-to-maturity', management judges whether the Group has the ability to hold the security to maturity.
- In determining whether the Group has control over an investee and should therefore consolidate that investee, management considers the percentage of the investee's share capital that it holds and makes judgements about other relevant factors affecting control (see note 9).

3. Significant accounting policies

(a) Basis of consolidation:

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is at the date on which control is transferred to the Group. Control is the power to unilaterally direct the relevant activities of an investee so as to obtain benefits from its activities.

The Group measures goodwill at the acquisition date as:

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

Notes to the Financial Statements (Continued)
March 31, 2016

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(i) Business combinations (continued)

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

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

Any contingent consideration payable is measured at fair value at the acquisition date.

(ii) Subsidiaries

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

(iii) Non-controlling interests

Non-controlling interests are measured at fair value at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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

(iv) Loss of control

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

(v) Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Notes to the Financial Statements (Continued)
March 31, 2016

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(v) Associates (continued)

Interest in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

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

(vi) Transactions eliminated on consolidation

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

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

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

(i) Classification of financial instruments

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

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

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

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

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

Notes to the Financial Statements (Continued)
March 31, 2016

3. Significant accounting policies (continued)

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

(i) Classification of financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements (Continued)
March 31, 2016

3. Significant accounting policies (continued)

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

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

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

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

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

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

(c) Financial instruments - Other

(i) Non-trading derivatives

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

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

Notes to the Financial Statements (Continued)
March 31, 2016

3. Significant accounting policies (continued)

(c) Financial instruments – Other (continued)

(i) Non-trading derivatives (continued)

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

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

(ii) Cash and cash equivalents

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

Cash and cash equivalents are measured at amortised cost.

(iii) Other assets

Other assets are measured at amortised cost less impairment losses.

(iv) Other liabilities

Other liabilities are measured at amortised cost.

(v) Resale and repurchase agreements

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

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

Notes to the Financial Statements (Continued)
March 31, 2016

3. Significant accounting policies (continued)

(c) Financial instruments – Other (continued)

(v) Resale and repurchase agreements (continued)

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

(vi) Share capital

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

- (1) equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary; in such a case, dividends thereon are recognised as distributions within equity;
- (2) liability if it is redeemable on a specific date or at the option of the 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 financial liability.

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

(vii) Loans and notes receivable and other receivables

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

(viii) Accounts payable

Accounts payable are measured at amortised cost.

(ix) Interest-bearing borrowings

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

Notes to the Financial Statements (Continued)
March 31, 2016

3. Significant accounting policies (continued)

(c) Financial instruments – Other (continued)

(x) 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.

(xi) Amortised cost

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

(d) Property development costs

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

The property development is being undertaken under the terms of a joint operation. The Group, as one of the two joint operators, recognises in its financial statements the assets it contributes to, and the liabilities it incurs on behalf of, the joint operation, with those assets and liabilities being accounted for in accordance with relevant IFRS. A gain or loss is recognised on any asset sold or contributed to the joint operation to the extent of the other party's interest in the joint operation (in this case 50%).

(e) Investment property

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

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

Notes to the Financial Statements (Continued)
March 31, 2016

3. Significant accounting policies (continued)

(e) Investment property (continued)

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

(f) Property, plant and equipment

(i) Cost

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. 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.

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

(ii) Depreciation

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

Computers	25%
Furniture, fixtures and equipment	10%
Leasehold improvements	10%
Motor vehicles	20%

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

(g) Intangible assets

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

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

Notes to the Financial Statements (Continued)
March 31, 2016

3. Significant accounting policies (continued)

(g) Intangible assets (continued)

(ii) Subsequent expenditure

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

(iii) Amortisation

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

The estimated useful lives are as follows:

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

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

(iv) Impairment of assets

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

(h) Foreign currency translation

(i) Transactions and balances

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

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

Notes to the Financial Statements (Continued)
March 31, 2016

3. Significant accounting policies (continued)

(h) Foreign currency translation (continued)

(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.

(i) Income tax

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

(i) Current income tax

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

(ii) Deferred income tax

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

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

(j) Impairment

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

Notes to the Financial Statements (Continued)
March 31, 2016

3. Significant accounting policies (continued)

(j) Impairment (continued)

(1) 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.

(2) Reversals of impairment

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

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

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

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

(k) Investment in subsidiaries

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

(l) Revenue recognition

Revenue is income that arises in the course of the ordinary activities of the Group. This comprises interest income, fees and commissions, dividends and income and gains from holding and trading securities.

Notes to the Financial Statements (Continued)
March 31, 2016

3. Significant accounting policies (continued)

(l) Revenue recognition (continued)

(i) 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.

(ii) Fee and commission income

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

(iii) Dividends

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

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

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

(m) Interest expense

Interest expense is recognised in profit or loss 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 amortisation of premium on instruments issued at other than par.

4. Resale agreements

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

Notes to the Financial Statements (Continued)
March 31, 2016

4. Resale agreements (continued)

Resale agreements result in credit exposure, in that the counterparty to the transaction may be unable to fulfill its contractual obligations. At the reporting date, the fair value of the securities held as collateral for resale agreements was \$45,332,612 (2015: \$82,389,000) for the Group and \$178,000 (2015: \$Nil) for the Company.

5. Investment securities

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Financial assets at fair value through profit or loss				
Quoted equities	65	42	-	-
Credit linked notes	2,000	17,483	2,000	17,483
Foreign currency forward contracts	<u>70</u>	<u>723</u>	<u>70</u>	<u>723</u>
	<u>2,135</u>	<u>18,248</u>	<u>2,070</u>	<u>18,206</u>
Available-for-sale securities				
Credit linked notes	12,120	-	12,120	-
Government of Jamaica securities	75,318	50,596	-	1,484
Equities - Jamaica	27	28	10	10
Global equities	1,805	298	1,805	298
Global bonds	49,388	61,253	29,615	29,243
Treasury bills	1,000	6,000	-	-
Mutual funds	24,116	19,603	24,116	19,603
Corporate bonds	58,733	46,513	57,135	45,188
Commercial paper	<u>3,968</u>	<u>1,904</u>	<u>-</u>	<u>-</u>
	<u>226,475</u>	<u>186,195</u>	<u>124,801</u>	<u>95,826</u>
Loans and receivables				
Government of Jamaica securities	<u>3,548</u>	<u>3,936</u>	<u>-</u>	<u>-</u>
	<u>232,158</u>	<u>208,379</u>	<u>126,871</u>	<u>114,032</u>

6. Loans receivable

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Margin loans [see (a) below]	5,876	6,744	-	-
Hire purchase loans	17,297	13,264	-	-
Corporate notes	<u>1,820</u>	<u>5,750</u>	<u>7,142</u>	<u>9,505</u>
	<u>24,993</u>	<u>25,758</u>	<u>7,142</u>	<u>9,505</u>

(a) Margin loans represent advances made by the Group to facilitate the purchase of securities by its clients. The securities purchased are pledged as collateral for the outstanding advances. Certain of these securities have been re-pledged by the Group (see note 16).

At the reporting date, the fair value of the collateral pledged by the clients and re-pledged by the Group was \$36,159,000 (2015: \$14,890,000).

Prospectus – Preference Share Offer

Notes to the Financial Statements (Continued) March 31, 2016

6. Loans receivable

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

	Group			
	Within 3 months	3-12 months	1-5 years	Total
	\$'000	\$'000	\$'000	\$'000
	2016			
Margin loans	790	5,086	-	5,876
Hire purchase loans	-	17,297	-	17,297
Corporate notes	-	-	1,820	1,820
	<u>790</u>	<u>22,383</u>	<u>1,820</u>	<u>24,993</u>
	2015			
Margin loans	1,486	5,258	-	6,744
Hire purchase loans	13,051	213	-	13,264
Corporate notes	-	2,500	3,250	5,750
	<u>14,537</u>	<u>7,971</u>	<u>3,250</u>	<u>25,758</u>
	Company			
	Within 3 months	3-12 months	1-5 years	Total
	\$'000	\$'000	\$'000	\$'000
	2016			
Corporate notes	-	5,642	1,500	7,142
	<u>-</u>	<u>5,642</u>	<u>1,500</u>	<u>7,142</u>
	2015			
Corporate notes	-	2,500	7,005	9,505
	<u>-</u>	<u>2,500</u>	<u>7,005</u>	<u>9,505</u>

- (c) Impairment losses

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

	Group			
	2016		2015	
	Gross \$'000	Allowance for impairment \$'000	Gross \$'000	Allowance for impairment \$'000
Not past due and not impaired	23,560	-	24,858	-
Less than 90 days past due and not impaired	2,609	1,176	1,329	429
More than 90 days past due and impaired	<u>1,526</u>	<u>1,526</u>	<u>1,422</u>	<u>1,422</u>
	<u>27,695</u>	<u>2,702</u>	<u>27,609</u>	<u>1,851</u>

Notes to the Financial Statements (Continued)
March 31, 2016

6. Loans receivable

(c) Impairment losses (continued)

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

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Balance at the beginning of the year	1,851	80
Impairment losses recognised	980	92
Acquired through business combination	-	1,831
Effect of exchange rate movements	(129)	(152)
Balance at the end of the year	<u>2,702</u>	<u>1,851</u>

7. Other assets

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
Withholding tax recoverable	4,389	4,436	-	-
Due from joint operation partner	446	1,342	-	-
Due from clients	761	543	-	-
Interest receivable	3,826	3,812	1,644	1,386
Other [see (a)]	<u>1,687</u>	<u>5,997</u>	<u>47</u>	<u>493</u>
	11,109	16,130	1,691	1,879
Less allowance for impairment [see (b)]	(507)	(452)	(1)	(354)
	<u>10,602</u>	<u>15,678</u>	<u>1,690</u>	<u>1,525</u>

(a) Included in this amount is \$106,000 (2015: \$154,000) expended on the planning for the development of property.

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

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
Due from clients	505	102	-	-
Other	<u>2</u>	<u>350</u>	<u>1</u>	<u>354</u>
	<u>507</u>	<u>452</u>	<u>1</u>	<u>354</u>

Prospectus – Preference Share Offer

Notes to the Financial Statements (Continued) March 31, 2016

7. Other assets (continued)

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

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

	<u>Group</u>		<u>Company</u>	
	<u>2016</u> \$'000	<u>2015</u> \$'000	<u>2016</u> \$'000	<u>2015</u> \$'000
Balance at beginning of year	452	107	354	4
Bad debt recovered	(333)	-	(333)	-
Write-offs	(83)	-	(20)	-
Impairment losses recognised	242	350	-	350
Effect of exchange rate movements	<u>229</u>	<u>(5)</u>	<u>-</u>	<u>-</u>
Balance at end of year	<u>507</u>	<u>452</u>	<u>1</u>	<u>354</u>

8. Property development in progress

The Group is a participant with another party in a joint operation to develop and sell property comprising residential apartment units. Under the terms of the agreement dated March 28, 2014, the Group will contribute land and undertake certain other activities. The Group and the other joint operator will each share equally in the net profits of the development. The amount of \$297,000 represents the Group's contribution to the joint operation less the other party's interest therein; the other party, in return for its interest in the transferred property, is obligated to contribute certain expertise, services and other things. The value to the Group of this obligation is included in other assets. (Note 11).

	<u>Group</u>	
	<u>2016</u> \$'000	<u>2015</u> \$'000
At beginning of year	1,330	297
Cost of property transferred	(1,120)	-
Construction costs	<u>-</u>	<u>1,033</u>
At end of year	<u>210</u>	<u>1,330</u>

9. Investment in subsidiaries

	<u>Company</u>	
	<u>2016</u> \$'000	<u>2015</u> \$'000
Ordinary shares:		
Proven Wealth Limited	16,567	16,567
Proven REIT Limited	491	491
Asset Management Company Limited	412	412
PWL Transition Limited [see (a) below]	18,176	17,529
Access Financial Services Limited [see (b) below]	<u>10,757</u>	<u>10,640</u>
	<u>46,403</u>	<u>45,639</u>

Notes to the Financial Statements (Continued)
March 31, 2016

9. Investment in subsidiaries (continued)

(a) Acquisition of PWL Transition Limited

On May 30, 2014, Proven Investments Limited acquired the entire issued share capital of FirstGlobal Financial Services Limited. The acquired company was subsequently renamed PWL Transition Limited ("PWLTL"). The principal activities of PWLTL at that date were investment and funds management, pension management, stock broking and rental of properties. Subsequently, on January 2, 2015, an amalgamation was effected which included the transfer of selected assets and liabilities and the investment fund management and stock broking operations of PWLTL to a fellow subsidiary, Proven Wealth Limited ("PWL"). As a consequence of the transfers, the principal activities of PWLTL at the reporting date were the provision of pension management services. PWLTL is a licensed securities dealer and is regulated by the Financial Services Commission (FSC) under the Pensions (Superannuation Funds and Retirement Schemes) Act 2004 and the Securities Act. The acquisition is expected to provide an enhanced level of income, above-average returns, and preservation of capital for shareholders of the Company.

Since the date of acquisition, PWLTL has contributed revenue of \$1,887,000 (2015: \$13,345,000 and attributable post-acquisition profit/(loss) of \$992,000 (2015: \$215,000 to the Group's results in the period to March 31, 2016. The following summarises the fair value of the identifiable assets and liabilities recognised by the Group at the date of acquisition.

(i) Identifiable assets acquired and liabilities assumed:

	<u>2015</u> \$'000
Cash and cash equivalents	1,378
Available-for-sale investments	180,407
Other receivables	4,775
Investment property	1,157
Intangible assets	6,426
Property, plant and equipment	122
Repurchase agreements	(162,106)
Notes payable	(5,886)
Deferred tax	(172)
Other liabilities	<u>(3,684)</u>
	22,417
Consideration transferred:	
Cash	<u>(18,176)</u>
Gain on acquisition of subsidiary	<u>4,241</u>

(ii) Cash flow on acquisition

	<u>2015</u> \$'000
Total consideration transferred, per above	18,176
Less: cash acquired, per above	<u>(1,378)</u>
Net cash used on acquisition	<u>16,798</u>

Prospectus – Preference Share Offer

Notes to the Financial Statements (Continued)
March 31, 2016

9. Investment in subsidiaries (continued)

(b) Acquisition of Access Financial Services Limited

With effect from December 30, 2014, Proven Investments Limited acquired 49.27% of the issued shares of Access Financial Services Limited (“Access”), obtaining control in the process. The principal activity of Access is retail lending in the microfinance sector for personal and business purposes. The acquisition is expected to provide an enhanced level of income, above-average returns, and preservation of capital for shareholders of the Company.

Since the date of acquisition, Access has contributed revenue of US\$9,263,000 (2015: US\$2,415,000 and attributable post-acquisition profit of \$3,878,000 (2015: \$1,234,000 to the Group’s results).

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

(i) Identifiable assets acquired and liabilities assumed	<u>2015</u> \$'000
Cash and cash equivalents	1,118
Investments	18
Loans receivable	9,487
Intangible assets	6,917
Property, plant and equipment	617
Deferred tax asset	11
Other assets	<u>138</u>
	<u>18,306</u>
Notes payable	(2,777)
Income tax payable	(52)
Other liabilities	<u>(1,512)</u>
	<u>(4,341)</u>
Total identifiable net assets acquired	13,965
Less: Non-controlling interest	<u>(10,958)</u>
Total acquired interest attributable to shareholders of the parent	3,007
Goodwill acquired	<u>7,633</u>
Consideration paid	<u>10,640</u>
(ii) Cash flow on acquisition	<u>2015</u> \$'000
Cash consideration	10,640
Cash acquired	<u>(1,118)</u>
Net cash outflow arising on the acquisition	<u>9,522</u>

The goodwill is attributable to the skills and technical talent of Access workforce and the synergies expected to be achieved from integrating the company in the Groups existing structure.

Notes to the Financial Statements (Continued)
March 31, 2016

9. Investment in subsidiaries (continued)

- (c) During the year the company acquired an additional 1,249,604 shares in Access Financial Services Limited at a cost of \$117,000.
- (d) New information has been obtained within a year of the date of the acquisition about facts and circumstances used to derive customer relationships and goodwill at the acquisition date. Based on this information the amount for customer relationship and goodwill on acquisition of the subsidiary has been revised (see note 12).

10. Interest in associate

- (a) On December 1, 2014, the Group's equity interest in Knutsford Express Limited ("Knutsford") increased from 10% to 20% and Knutsford Express Limited became an associate from that date. The Group disposed of its interest in Knutsford, effective December 30, 2015 and recognised a gain on disposal of \$896,000 for the Group and \$929,000 for the Company.
- (b) The following table summarises the financial information of Knutsford Express Limited as included in its financial statements as at and for the nine months ended February 28, 2015, showing fair value adjustments on acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in this material associate.

	<u>2015</u> \$'000
Group's percentage ownership interest	<u>20.00%</u>
Non-current assets	1,543
Current assets	709
Non-current liabilities	(115)
Current liabilities	<u>(318)</u>
Net assets of Knutsford (100%)	<u>1,819</u>
Acquisition costs	

The Group incurred acquisition related costs of \$169,313 for external legal fees, stamp duty and due diligence. These costs were included in other operating expenses in the Group's statement of profit or loss and other comprehensive income in 2015.

- (c) Disclosure of financial information

	<u>2015</u> \$'000
Group's share of net assets (20%)	364
Goodwill and other intangible assets	<u>582</u>
Carrying amount of interest in associate	<u>946</u>
Revenue	<u>2,888</u>
Net profit, being total comprehensive income for the period (100%)	<u>420</u>
Group's share of total comprehensive income (20%)	<u>84</u>

Prospectus – Preference Share Offer

Notes to the Financial Statements (Continued)
March 31, 2016

11. Investment property

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
At beginning of year	414	-	-	-
Acquisition through business combination	-	1,157	-	-
Investment property acquired	4,212	-	4,212	-
Fair value adjustment for investment property	1,411	-	1,411	-
Disposal	-	(730)	-	-
Foreign exchange translation adjustment	(24)	(13)	-	-
	<u>6,013</u>	<u>414</u>	<u>5,623</u>	<u>-</u>

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

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

Notes to the Financial Statements (Continued)
March 31, 2016

12. Intangible assets

	Group						Total \$'000
	Customer relationships \$'000	Non-competes agreements \$'000	Trade name \$'000	Goodwill \$'000	License \$'000	Computer software \$'000	
Cost:							
March 31, 2014	-	-	-	-	515	62	577
Acquisitions through business combination	9,452	1,570	2,269	7,633	-	253	21,177
Additions	-	-	-	-	-	5	5
Translation adjustment	-	-	-	-	(25)	(10)	(35)
March 31, 2015	9,452	1,570	2,269	7,633	490	310	21,724
Additions	-	-	-	-	-	92	92
Translation adjustment	-	-	-	-	(28)	(20)	(48)
Management adjustment [see note 9(d)]	(2,722)	-	-	2,722	-	-	-
March 31, 2016	<u>6,730</u>	<u>1,570</u>	<u>2,269</u>	<u>10,355</u>	<u>462</u>	<u>382</u>	<u>21,768</u>
Amortisation:							
March 31, 2014	-	-	-	-	-	47	47
Acquisition through business combination	-	-	-	-	-	201	201
Amortisation for the year	-	-	-	-	-	26	26
Translation adjustment	-	-	-	-	-	(10)	(10)
March 31, 2015	-	-	-	-	-	264	264
Amortisation for the year	1,099	465	-	-	-	105	1,669
Translation adjustment	-	-	-	-	-	(18)	(18)
March 31, 2016	<u>1,099</u>	<u>465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>351</u>	<u>1,915</u>
Net book values:							
March 31, 2016	<u>5,631</u>	<u>1,105</u>	<u>2,269</u>	<u>10,355</u>	<u>462</u>	<u>31</u>	<u>19,853</u>
March 31, 2015	<u>9,452</u>	<u>1,570</u>	<u>2,269</u>	<u>7,633</u>	<u>490</u>	<u>46</u>	<u>21,460</u>
March 31, 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>515</u>	<u>15</u>	<u>530</u>

Impairment testing of is carried out by comparing the recoverable amount of the Group's cash-generating unit (CGU) to which goodwill has been allocated, to the carrying amount of that CGU. The only CGU recognising goodwill for the Group is Access Financial Services Limited (AFS).

Management has determined that goodwill at the reporting date is not impaired based on an assessment of the recoverable amount of the CGU. The recoverable amount of the CGU was estimated based on fair value less costs to sell calculations. The fair value was determined with reference to the quoted bid price of AFS shares on the Jamaica Stock Exchange.

Prospectus – Preference Share Offer

Notes to the Financial Statements (Continued) March 31, 2016

13. Property, plant and equipment

	Group						Total \$'000
	Leasehold improvements \$'000	Furniture, fixtures and equipment \$'000	Motor vehicles \$'000	Computer equipment \$'000	Work in progress \$'000	Art- work \$'000	
Cost:							
March 31, 2014	87	260	35	146	-	-	528
Acquisitions through business combination	482	636	278	954	10	5	2,365
Additions	17	26	-	49	-	-	92
Disposals	-	(39)	(93)	-	-	-	(132)
Translation adjustment	(10)	(9)	55	(25)	-	-	11
March 31, 2015	576	874	275	1,124	10	5	2,864
Additions	55	31	34	8	12	-	140
Disposals	(137)	(16)	-	-	-	-	(153)
Translation adjustment	(14)	(21)	(7)	(27)	-	-	(69)
March 31, 2016	<u>480</u>	<u>868</u>	<u>302</u>	<u>1,105</u>	<u>22</u>	<u>5</u>	<u>2,782</u>
Depreciation:							
March 31, 2014	14	137	35	111	-	-	297
Acquisition through business combination	139	388	243	856	-	-	1,626
Charge for the year	25	44	13	29	-	-	111
Disposals	-	(16)	(49)	-	-	-	(65)
Translation adjustment	(11)	61	18	(34)	-	-	34
March 31, 2015	167	614	260	962	-	-	2,003
Charge for the year	56	56	7	29	-	-	218
Disposals	(1)	(8)	(47)	-	-	-	(56)
Translation adjustment	3	3	12	2	-	-	20
March 31, 2016	<u>225</u>	<u>665</u>	<u>302</u>	<u>993</u>	<u>-</u>	<u>-</u>	<u>2,185</u>
Net book values:							
March 31, 2016	<u>255</u>	<u>203</u>	<u>-</u>	<u>112</u>	<u>22</u>	<u>5</u>	<u>597</u>
March 31, 2015	<u>409</u>	<u>260</u>	<u>15</u>	<u>162</u>	<u>10</u>	<u>5</u>	<u>861</u>
March 31, 2014	<u>73</u>	<u>123</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>-</u>	<u>231</u>

14. Repurchase agreements

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

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Denominated in Jamaica dollars	77,507	75,461	-	-
Denominated in United States dollars	82,323	108,210	23,810	21,387
Denominated in Pounds Sterling	-	140	-	151
	<u>159,830</u>	<u>183,811</u>	<u>23,810</u>	<u>21,538</u>

Notes to the Financial Statements (Continued)
March 31, 2016

15. Owed by subsidiary/owed to related parties

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Owed (to)/by subsidiaries				
Current accounts	<u>-</u>	<u>-</u>	<u>(215)</u>	<u>1,188</u>
Owed by/(to) related parties				
Current accounts	420	-	341	-
Dividend payable	(82)	(168)	(82)	(168)
Accrued management fees	<u>-</u>	<u>(64)</u>	<u>-</u>	<u>(64)</u>
	<u>338</u>	<u>(232)</u>	<u>259</u>	<u>(232)</u>

16. Notes payable

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Structured notes [See (i)]	63,348	55,036	63,348	55,036
Equity-linked notes [See (ii)]	6,259	7,206	6,259	7,206
Credit linked notes [See (iii)]	-	5,552	-	5,552
Secured investment note [See (iv)]	6,750	7,158	6,750	7,158
Margin loans payable [See (v)]	17,797	28,170	7,878	18,310
Short-term loan [See (vi)]	<u>2,375</u>	<u>-</u>	<u>2,375</u>	<u>-</u>
	<u>96,529</u>	<u>103,122</u>	<u>86,610</u>	<u>93,262</u>

- (i) Structured notes represent short to medium-term debt obligations issued by the Group. The notes are secured by a basket of securities and typically have fixed quarterly coupon payments, with 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) 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.
- (iv) The secured investment note issued in March 2015, with a tenure of 27 months ending June 6, 2017, is secured by the assignment of equity shares held by the Company in Access Financial Services Limited. Interest is paid quarterly at a fixed rate of 10.5% per annum.
- (v) Margin loans payable represent short-term debt facilities provided by brokerage firms to the Group and used by the Group to:
- acquire securities on its own account. The facilities are collateralised by the securities held with the brokerage firms.
 - fund facilities offered to its clients. The clients have agreed with the Group that the securities purchased may be re-pledged or otherwise offered by the Group as collateral for the margin facility extended to the Group by the brokerage firm [note 6(a)].

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Notes to the Financial Statements (Continued)
March 31, 2016

16. Notes payable (continued)

- (vi) This is a short term revolving facility granted by First Global Bank Limited on September 28, 2015. The facility is set to revolve at least once annually. Each draw down under the revolving line is to be fully repaid within twelve (12) months. Interest rates were initially set to 8.90060% per annum and subsequently re-priced thereafter at six months Weighted Average Treasury Bill Yield plus a margin of 255 basis point.

17. Preference shares

	J\$'000	<u>Group and Company</u>	
		<u>2016</u> \$'000	<u>2015</u> \$'000
Managers' preference shares [See (a)]		<u>1</u>	<u>1</u>
8% Cumulative redeemable preference shares [See (b) below and note 19]			
At beginning of year	976,374	8,473	8,910
Effect of exchange rate fluctuation	<u>-</u>	<u>(496)</u>	<u>(437)</u>
At end of year	<u>976,374</u>	<u>7,977</u>	<u>8,473</u>
		<u>7,978</u>	<u>8,474</u>

(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.

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17. Preference shares (continued)

- (a) 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;
 - (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 profit or loss and other comprehensive income.

18. Deferred tax assets/(liabilities)

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

Prospectus – Preference Share Offer

Notes to the Financial Statements (Continued) March 31, 2016

18. Deferred tax assets/(liabilities) (continued)

	2015				Balance at March 31, 2015
	Balance at March 31, 2014	Recognised in profit and loss	Recognised in equity	Acquired business combination	
Property, plant and equipment	(31)	(30)	-	35	(26)
Other receivables	(117)	29	-	(682)	(770)
Unrealised foreign exchange gains	(336)	578	-	-	242
Investment property	-	259	-	(264)	(5)
Available-for-sale investment securities	226	-	62	-	288
Other liabilities	45	(67)	-	228	206
Tax losses	-	(306)	-	517	211
Exchange difference on translation	28	-	22	-	50
Other	(3)	34	-	5	36
	<u>(188)</u>	<u>497</u>	<u>84</u>	<u>(161)</u>	<u>232</u>

19. Share capital

	<u>2016</u>	<u>2015</u>
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	<u>3,000,000</u>	<u>3,000,000</u>
	<u>33,000,000</u>	<u>33,000,000</u>

	<u>2016</u> Units	<u>2015</u> Units	<u>2016</u> \$'000	<u>2015</u> \$'000
Issued and fully paid:				
Ordinary shares	551,595,777	368,689,855	69,248	39,980
Manager's Preference Shares	10,000	10,000	1	1
8% Cumulative Redeemable Preference Shares	<u>200,000,000</u>	<u>200,000,000</u>	<u>7,977</u>	<u>8,473</u>
			77,226	48,454
Less: Preference shares classified as liability (see note 17)			<u>(7,978)</u>	<u>(8,474)</u>
			<u>69,248</u>	<u>39,980</u>

- (a) During the year, the Company issued an additional 182,905,922 (2015:73,737,971) ordinary shares at \$0.16 (2015: 0.14) per share for the aggregate increase in ordinary share capital of \$29,268,000 (2015: \$10,323,000).
- (b) The holders of the ordinary shares are entitled to receive dividends from time to time, and are entitled to one vote per share at meetings of the Company.
- (c) The rights and entitlements of the holders of the preference shares are set out in note 17.

Notes to the Financial Statements (Continued)
March 31, 2016

20. 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, and remains until the securities are disposed of or impaired.

21. 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.

Notes to the Financial Statements (Continued)
March 31, 2016

22. Non-controlling interest

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

	2016			2015		
	Access Financial Services \$'000	Proven REIT Limited \$'000	Total \$'000	Access Financial Services \$'000	Proven REIT Limited \$'000	Total \$'000
NCI percentage	50.28%	15%		50.73%	15%	
Total assets	21,010	2,006		15,268	2,860	
Total liabilities	(11,014)	(1,628)		(7,409)	(2,432)	
Net assets/(liabilities)	<u>9,996</u>	<u>378</u>		<u>7,859</u>	<u>428</u>	
Carrying amount of NCI	<u>5,026</u>	<u>57</u>	<u>12,662</u>	<u>3,986</u>	<u>64</u>	<u>11,456</u>
Revenue	<u>9,263</u>	<u>1</u>		<u>2,198</u>	<u>-</u>	
Profit/(loss) for the year	3,878	(71)		1,234	(123)	
Loss allocated to NCI	<u>1,950</u>	<u>(11)</u>	<u>1,939</u>	<u>626</u>	<u>(18)</u>	<u>(608)</u>
Cash flows from operating activities	3,046	(1,273)		637	131	
Cash flows from investment activities	(135)	1,124		(36)	(1,070)	
Cash flows from financing activities	(1,063)	162		(460)	1,119	
Net increase/(decrease) in cash and cash equivalents	<u>1,848</u>	<u>13</u>		<u>(141)</u>	<u>180</u>	

Notes to the Financial Statements (Continued)

March 31, 2016

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

23. Net interest income

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
Interest income:				
BOJ certificates of deposit	50	30	-	-
GOJ benchmark investment notes	2,967	4,041	56	118
Regional and corporate bonds	4,457	3,335	4,457	2,906
Global bonds	5,732	3,861	2,281	2,651
Resale agreements	2,346	3,168	8	45
Corporate note	810	888	657	888
Other loans receivable	9,359	2,403	-	-
Other	<u>5</u>	<u>906</u>	<u>5</u>	<u>3</u>
	<u>25,726</u>	<u>18,632</u>	<u>7,464</u>	<u>6,611</u>
Interest expense:				
Interest on margins loans	439	530	439	530
Repurchase agreements	6,153	5,896	444	426
Notes payable	4,606	2,864	3,694	2,864
Preference shares	671	709	671	709
Other	<u>131</u>	<u>983</u>	<u>131</u>	<u>31</u>
	<u>12,000</u>	<u>10,982</u>	<u>5,379</u>	<u>4,560</u>
Net interest income	<u>13,726</u>	<u>7,650</u>	<u>2,085</u>	<u>2,051</u>

24. Net fair value adjustments and realised gains

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
Fair value adjustment for investment property	1,411	-	1,411	-
Fair value (losses)/gains on fixed income securities	(2,414)	(411)	(3,318)	1,001
Fair value (losses)/gains on equity securities	(32)	806	85	801
Losses on currency trading	-	(8)	-	(8)
	<u>(1,035)</u>	<u>387</u>	<u>(1,822)</u>	<u>1,794</u>

25. Staff costs

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
Salaries, wages and related costs	3,325	2,329	-	104
Bonus and ex-gratia payments	243	68	-	-
Redundancy costs	-	42	-	-
Statutory payroll contributions	183	119	-	-
Pension costs - defined contribution plan	100	54	-	-
Staff welfare	69	147	1	-
Other	<u>586</u>	<u>93</u>	<u>50</u>	<u>-</u>
	<u>4,506</u>	<u>2,852</u>	<u>51</u>	<u>104</u>

Prospectus – Preference Share Offer

Notes to the Financial Statements (Continued)

March 31, 2016

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

25. Staff costs (continued)

Included in staff costs are the following directors' emoluments:

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
Fees	121	140	50	50
Management remuneration	<u>260</u>	<u>274</u>	<u>-</u>	<u>-</u>

26. Other operating expenses

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
Audit fees	131	130	83	43
Bad debt recovery, net	-	(151)	-	-
Irrecoverable GCT	158	320	72	197
Insurance	82	51	6	9
Legal and other professional fees	683	557	-	220
Licenses and permits	476	244	-	-
Marketing and advertising	653	349	208	119
Miscellaneous	399	357	132	46
Management fees [note 28(f)]	1,277	854	1,277	854
Irrecoverable income tax withheld	37	154	37	154
Office rent	515	232	-	-
Commission expenses and fees	152	59	317	857
Printing and stationery	145	133	-	-
Repairs and maintenance	379	403	-	-
Subscriptions and donations	15	18	-	-
Travelling	118	110	28	48
Utilities	395	181	-	-
Other operating expenses	<u>1,354</u>	<u>823</u>	<u>60</u>	<u>-</u>
	<u>6,969</u>	<u>4,824</u>	<u>2,220</u>	<u>2,547</u>

27. Taxation

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

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
(i) Current tax charge:				
Charge on current period's profits:				
Income tax at 1%	(57)	31	(57)	31
Income tax at 33½%	593	272	-	-
Income tax at 25%	<u>349</u>	<u>190</u>	<u>-</u>	<u>-</u>
	885	493	(57)	31
Prior period over accruals	<u>(460)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	425	493	(57)	31

Notes to the Financial Statements (Continued)

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

27. Taxation (continued)

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

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
(ii) Deferred tax credit:				
Origination and reversal of temporary differences	(19)	(497)	-	-
(iii) Prior year over provision	(5)	(56)	-	(42)
Total income tax charge/(credit)	<u>439</u>	<u>(60)</u>	<u>(57)</u>	<u>(11)</u>

- (b) Reconciliation of effective tax:

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

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
Profit before taxation	<u>4,722</u>	<u>5,913</u>	<u>1,867</u>	<u>287</u>
Computed "expected" tax expense at 1%	19	3	19	3
Computed "expected" tax expense at 25%	1,066	356	-	-
Computed "expected" tax expense at 33 $\frac{1}{3}$ %	<u>720</u>	<u>266</u>	-	-
	1,805	625	19	3
Difference between profits for financial statements and tax reporting purposes on -				
Depreciation charge and capital allowances	52	(2)	-	-
Income exempt from income tax	(597)	(90)	-	-
Employer tax credit	(256)	-	-	-
Disallowed expenses	216	58	-	-
Tax losses	(139)	(248)	-	-
Tax remission in subsidiary	(672)	(190)	-	-
Prior period adjustment	(460)	-	-	-
Other	<u>490</u>	<u>(213)</u>	<u>(76)</u>	<u>(14)</u>
Actual tax expense	<u>439</u>	<u>(60)</u>	<u>(57)</u>	<u>(11)</u>

Prospectus – Preference Share Offer

Notes to the Financial Statements (Continued)

March 31, 2016

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

28. Related party transactions

(a) Definition of related party

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

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

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

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

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

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

(b) Identity of related parties

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

(c) The Group has engaged a related party, Proven Management Limited, to provide investment management services in relation to financial instruments held in a number of funds, and the business and operations of the Group, for a fee. The fee is charged at 2% of the Group's Average Net Asset Value in the financial year [see note 28(f)].

	<u>Group and Company</u>	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Investment management fees paid for the year	1,093	760
Fees accrued at end of year	<u>184</u>	<u>94</u>
	<u>1,277</u>	<u>854</u>

Notes to the Financial Statements (Continued)

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

28. Related party transactions (continued)

- (d) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Such persons comprise the directors and executive officers. Key management compensation for the year, included in staff costs (note 25), is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
Directors' fees	121	140	50	50
Management remuneration	<u>260</u>	<u>274</u>	<u>-</u>	<u>-</u>

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

	<u>2016</u>		<u>2015</u>	
	<u>Subsidiary</u>	<u>Directors and key management</u>	<u>Subsidiary</u>	<u>Directors and key management</u>
	\$'000	\$'000	\$'000	\$'000
Resale agreements	-	73	-	161
Other receivables	-	368	-	289
Repurchase agreements	-	117	151	-
Other liabilities	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>

Other amounts with related parties are disclosed in note 15.

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

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$'000	\$'000	\$'000	\$'000
Proven Wealth Limited				
Interest income	<u>-</u>	<u>-</u>	<u>61</u>	<u>46</u>
Proven Management Limited				
Dividends paid	331	1,266	331	1,266
Dividends accrued at end of year	<u>-</u>	<u>190</u>	<u>-</u>	<u>190</u>
	<u>331</u>	<u>1,456</u>	<u>331</u>	<u>1,456</u>
Management fees	<u>1,277</u>	<u>854</u>	<u>1,277</u>	<u>854</u>

Notes to the Financial Statements (Continued)

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

29. Earnings per stock unit

Earning per stock unit (“EPS”) is computed by dividing the profit attributable to stockholders of the parent, of \$2,344,000 (2015: \$5,365,000), by the weighted average number of ordinary stock units in issue during the year, numbering 536,353,617 (2015: 356,400,194).

30. Distribution to equity holders

	<u>Group and Company</u>	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Distribution to ordinary shareholders at		
per share - parent	3,364	3,429
- non-controlling interest	<u>616</u>	<u>221</u>
	<u>3,980</u>	<u>3,650</u>

31. Lease commitments

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

	<u>Group and Company</u>	
	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Within one year	399	354
Subsequent years	<u>512</u>	<u>805</u>
	<u>911</u>	<u>1,159</u>

32. Financial instruments - risk management

(a) Introduction and overview:

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

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

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

Notes to the Financial Statements (Continued)

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

32. Financial instruments - risk management (continued)

(a) Introduction and overview (continued):

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

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

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

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

(b) Credit risk:

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

(i) Maximum exposure to credit risk:

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

The Group manages the credit risk on items exposed to such risk as follows:

- Cash and cash equivalents

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

- Resale agreements

Collateral is held for all resale agreements in amounts that secure the collection of both principal and interest to be earned thereon.

- Investment securities

In relation to its holding of investment securities, the Group manages the level of risk it undertakes by investing substantially in sovereign debts and companies with acceptable credit ratings. Management does not expect any counterparty to fail to meet its obligations.

Notes to the Financial Statements (Continued)

March 31, 2016

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

32. Financial instruments - risk management (continued)

(b) Credit risk (continued):

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

- Accounts receivable

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

- Loans receivable

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

(ii) Concentration of credit risk:

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 risk.

(iii) Impairment:

The financial assets which were considered impaired at the reporting date are set out in notes 6 and 7.

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

(c) Liquidity risk:

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

(i) Liquidity risk management:

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

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

Notes to the Financial Statements (Continued)

March 31, 2016

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

32. Financial instruments - risk management (continued)

(c) Liquidity risk:

(i) Liquidity risk management (continued):

(iii) Optimising cash returns on investment;

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

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

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

	Group							
	0-30 days \$'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
	2016							
Liabilities								
Repurchase agreements	79,017	58,814	18,781	3,980	-	-	160,592	159,830
Notes payable	125	17,351	67,793	13,347	9,471	11,004	119,091	96,529
Preference shares	-	157	8,170	274	-	-	8,601	7,978
Other liabilities	<u>4,765</u>	<u>637</u>	<u>633</u>	<u>-</u>	<u>-</u>	<u>5,505</u>	<u>11,540</u>	<u>11,540</u>
Total financial liabilities	<u>83,907</u>	<u>76,959</u>	<u>95,377</u>	<u>17,601</u>	<u>9,471</u>	<u>16,509</u>	<u>297,324</u>	<u>273,502</u>
	2015							
	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	133,326	40,728	11,213	13	-	-	185,280	183,811
Notes payables	1,317	7,755	50,871	31,011	-	18,714	109,668	103,122
Owed to related parties	-	-	-	-	-	232	232	232
Preference shares	-	174	349	10,049	-	-	10,572	8,474
Other liabilities	<u>8,841</u>	<u>477</u>	<u>822</u>	<u>-</u>	<u>-</u>	<u>3,978</u>	<u>14,118</u>	<u>14,118</u>
Total financial liabilities	<u>143,484</u>	<u>49,134</u>	<u>63,255</u>	<u>41,073</u>	<u>-</u>	<u>22,924</u>	<u>319,870</u>	<u>309,757</u>

Prospectus – Preference Share Offer

Notes to the Financial Statements (Continued)

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

32. Financial instruments - risk management (continued)

(c) Liquidity risk (continued):

(i) Liquidity risk management (continued):

	Company							Carrying amount \$'000
	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	
	2016							
Liabilities								
Repurchase agreements	2,013	16,912	4,990	-	-	-	23,915	23,810
Owed to subsidiaries	-	-	-	-	-	215	215	215
Notes payable	18	21,959	55,919	12,062	-	-	89,958	86,610
Preference shares	-	157	8,559	-	-	-	8,716	7,978
Other liabilities	-	-	-	-	-	4,342	4,342	4,342
Total financial liabilities	<u>2,031</u>	<u>39,028</u>	<u>69,468</u>	<u>12,062</u>	<u>-</u>	<u>4,557</u>	<u>127,146</u>	<u>120,580</u>
	2015							
Liabilities								
Repurchase agreements	2,006	14,860	4,712	-	-	-	21,578	21,538
Owed to related party	-	-	-	-	-	232	232	232
Notes payable	-	3,574	45,602	28,049	-	17,595	94,820	93,262
Preference shares	-	174	349	9,759	-	-	10,282	8,474
Other liabilities	-	-	-	-	-	3,103	3,103	3,103
Total financial liabilities	<u>2,006</u>	<u>18,608</u>	<u>50,663</u>	<u>37,808</u>	<u>-</u>	<u>20,930</u>	<u>130,015</u>	<u>126,609</u>

(d) Market risk:

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

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

(i) Foreign currency risk:

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Group is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the functional currency. The main currencies giving rise to this risk are the Jamaica dollar (JMD), and Great Britain Pound (GBP). 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.

Notes to the Financial Statements (Continued)

March 31, 2016

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

32. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

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

	Group			
	2016			
	<u>JMD</u>	<u>GBP</u>	<u>CAD</u>	<u>Other</u>
	\$'000	£'000	\$'000	\$'000
Assets:				
Cash and cash equivalents	264,842	143	121	-
Resale agreements	25,206	-	-	-
Investment securities	6,218	-	-	-
Loans receivable	2,264,035	39	5	-
Other	<u>40,268</u>	<u>69</u>	<u>-</u>	<u>-</u>
	<u>2,600,569</u>	<u>251</u>	<u>126</u>	<u>-</u>
Liabilities				
Repurchase agreements	7,049	-	-	-
Notes payable	2,816,481	-	-	-
Preference shares	1,000,000	-	-	-
Other	<u>223,421</u>	<u>14</u>	<u>2</u>	<u>7</u>
	<u>4,046,951</u>	<u>14</u>	<u>2</u>	<u>7</u>
Net position	<u>(1,446,382)</u>	<u>237</u>	<u>124</u>	<u>(7)</u>
2015				
	<u>JMD</u>	<u>GBP</u>	<u>Other</u>	
	\$'000	£'000	\$'000	
Assets:				
Cash and cash equivalents	168,083	55	719	
Resale agreements	8,970	102	-	
Investment securities	181,609	3,000	-	
Loans receivable	1,925,249	-	-	
Due from related party	-	-	5	
Other	<u>37,172</u>	<u>65</u>	<u>-</u>	
	<u>2,321,083</u>	<u>3,222</u>	<u>724</u>	
Liabilities				
Repurchase agreements	8,829	197	-	
Owed to related parties	12,418	-	-	
Notes payable	2,514,457	-	-	
Preference shares	983,645	-	-	
Other	<u>227,929</u>	<u>-</u>	<u>-</u>	
	<u>3,747,278</u>	<u>197</u>	<u>-</u>	
Net position	<u>(1,426,195)</u>	<u>3,025</u>	<u>724</u>	

Prospectus – Preference Share Offer

Notes to the Financial Statements (Continued)

March 31, 2016

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

32. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

	Company			
	2016		2015	
	<u>JMD</u> \$'000	<u>GBP</u> £'000	<u>JMD</u> \$'000	<u>GBP</u> £'000
Assets:				
Cash and cash equivalents	6,982	-	29,332	-
Resale agreements	20,000	-	-	-
Loans receivable	462,869	-	430,926	-
Investment securities	1,092	-	171,093	3,000
Due from related party	15,341	-	145,614	-
Other	<u>3,129</u>	<u>-</u>	<u>2,496</u>	<u>-</u>
	<u>509,413</u>	<u>-</u>	<u>779,461</u>	<u>3,000</u>
Liabilities				
Owed to related parties	21,330	-	12,482	-
Notes payable	1,970,578	-	1,845,250	-
Preference shares	1,000,000	-	983,645	-
Repurchase agreement	-	-	-	102
Other	<u>-</u>	<u>-</u>	<u>2,245</u>	<u>-</u>
	<u>2,991,908</u>	<u>-</u>	<u>2,843,622</u>	<u>102</u>
Net position	<u>(2,482,495)</u>	<u>-</u>	<u>(2,064,161)</u>	<u>2,898</u>

Sensitivity to exchange rate movements:

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

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

Notes to the Financial Statements (Continued)

March 31, 2016

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

32. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

Sensitivity to exchange rate movements (continued):

		2015			
		Group		Company	
	% change in currency rate	Effect on <u>profit</u> \$'000	Effect on comprehensive <u>income</u> \$'000	Effect on <u>profit</u> \$'000	Effect on comprehensive <u>income</u> \$'000
Currency:					
JMD	1% Revaluation	(126)	-	(182)	-
GBP	1% Revaluation	(<u>1</u>)	<u>-</u>	20	<u>-</u>

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

		2015			
		Group		Company	
	% change in currency rate	Effect on <u>profit</u> \$'000	Effect on comprehensive <u>income</u> \$'000	Effect on <u>profit</u> \$'000	Effect on comprehensive <u>income</u> \$'000
Currency:					
JMD	10% Devaluation	1,130	-	1,637	-
GBP	10% Devaluation	12	-	(256)	-
Other	10% Devaluation	(<u>1</u>)	<u>-</u>	<u>-</u>	<u>-</u>

(ii) Interest rate risk:

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

Notes to the Financial Statements (Continued)

March 31, 2016

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

32. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

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

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

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

	2016						
	Group						
	0-30 days \$'000	31-90 days \$'000	91-365 days \$'000	366 days to 5 years \$'000	Over 5 years \$'000	Non interest sensitive \$'000	Total \$'000
Assets:							
Cash and cash equivalents	-	-	-	-	-	13,721	13,721
Resale agreements	4,571	33,742	454	-	-	-	38,767
Investment securities	1,000	-	-	90,717	114,359	26,082	232,158
Loans receivable	107	4,627	1,123	1,628	211	17,297	24,993
Other assets	-	-	-	-	-	10,602	10,602
Owed by related parties	-	-	-	-	-	338	338
Total assets	5,678	38,369	1,577	92,345	114,570	68,040	320,579
Liabilities							
Repurchase agreements	79,007	58,311	18,620	3,892	-	-	159,830
Notes payable	-	21,755	48,090	11,443	-	15,241	96,529
Preference shares	-	-	7,977	-	-	1	7,978
Other liabilities	-	-	-	-	-	11,540	11,540
Total liabilities	79,007	80,066	74,687	15,335	-	26,782	275,877
Interest rate sensitivity gap	(73,329)	(41,697)	(73,110)	77,010	114,570	41,258	44,702
Cumulative interest rate sensitivity gap	(73,329)	(115,026)	(188,136)	(111,126)	3,444	44,702	

Notes to the Financial Statements (Continued)

March 31, 2016

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

32. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

	Group						
	2015						
	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	-	-	-	-	-	10,908	10,908
Resale agreements	4,695	73,234	77	-	-	-	78,006
Investment securities	6,000	131	12,564	62,315	106,914	20,455	208,379
Loans receivable	12,278	2,259	7,758	3,250	-	213	25,758
Other	-	-	-	-	-	15,678	15,678
Total assets	<u>22,973</u>	<u>75,624</u>	<u>20,399</u>	<u>65,565</u>	<u>106,914</u>	<u>47,254</u>	<u>338,729</u>
Liabilities							
Repurchase agreements	132,291	40,414	11,094	12	-	-	183,811
Owed to related parties	-	-	-	-	-	232	232
Notes payable	64	3,370	46,355	27,830	-	25,503	103,122
Preference shares	-	-	-	8,473	-	1	8,474
Other	-	-	-	-	-	14,118	14,118
Total liabilities	<u>132,355</u>	<u>43,784</u>	<u>57,449</u>	<u>36,315</u>	<u>-</u>	<u>39,854</u>	<u>309,757</u>
Interest rate sensitivity gap	<u>(109,382)</u>	<u>31,840</u>	<u>(37,050)</u>	<u>29,250</u>	<u>106,914</u>	<u>7,400</u>	<u>28,972</u>
Cumulative interest rate sensitivity gap	<u>(109,382)</u>	<u>(77,542)</u>	<u>(114,592)</u>	<u>(85,342)</u>	<u>21,572</u>	<u>28,972</u>	<u>-</u>
Company							
2016							
	0-30 days \$'000	31-90 days \$'000	91-365 days \$'000	366 days to 5 years \$'000	Over 5 years \$'000	Non interest sensitive \$'000	Total \$'000
Assets:							
Cash and bank	-	-	-	-	-	1,625	1,625
Resale agreements	-	164	-	-	-	-	164
Investment securities	-	-	-	36,676	64,194	26,001	126,871
Loans receivable	-	3,944	1,359	1,628	211	-	7,142
Other assets	-	-	-	-	-	1,690	1,690
Owed from related parties	-	-	-	-	-	259	259
Total assets	<u>-</u>	<u>4,108</u>	<u>1,359</u>	<u>38,304</u>	<u>64,405</u>	<u>29,575</u>	<u>137,751</u>
Liabilities							
Repurchase agreements	2,010	16,845	4,955	-	-	-	23,810
Owed to related parties	-	-	-	-	-	215	215
Notes payable	-	21,755	53,412	11,443	-	-	86,610
Preference shares	-	-	7,977	-	-	1	7,978
Other liabilities	-	-	-	-	-	4,342	4,342
Total liabilities	<u>2,010</u>	<u>38,600</u>	<u>66,344</u>	<u>11,443</u>	<u>-</u>	<u>4,558</u>	<u>122,955</u>
Total interest rate sensitivity gap	<u>(2,010)</u>	<u>(38,492)</u>	<u>(64,985)</u>	<u>26,861</u>	<u>64,405</u>	<u>25,017</u>	<u>14,796</u>
Cumulative interest rate sensitivity gap	<u>(2,010)</u>	<u>(38,002)</u>	<u>(101,487)</u>	<u>(74,626)</u>	<u>(10,221)</u>	<u>14,796</u>	<u>-</u>

Prospectus – Preference Share Offer

Notes to the Financial Statements (Continued)

March 31, 2016

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

32. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

	Company						
	2015						
	0-30 days \$'000	31-90 days \$'000	91-365 days \$'000	366 days to 5 years \$'000	Over 5 years \$'000	Non interest sensitive \$'000	Total \$'000
Assets:							
Cash and bank	-	-	-	-	-	946	946
Investment securities	-	-	5,612	41,106	46,919	20,395	114,032
Loans receivable	-	-	2,500	7,005	-	-	9,505
Other assets	-	-	-	-	-	1,525	1,525
Owed from related party	-	-	-	-	-	1,188	1,188
Total assets	-	-	8,112	48,111	46,919	24,054	127,196
Liabilities							
Repurchase agreements	2,001	14,845	4,692	-	-	-	21,538
Owed to related parties	-	-	-	-	232	-	232
Preference shares	-	-	-	8,473	-	1	8,474
Other liabilities	-	-	-	-	-	3,103	3,103
Notes payable	-	3,370	45,132	27,165	-	17,595	93,262
Total liabilities	2,001	18,215	49,824	35,638	232	20,699	126,609
Total interest rate sensitivity gap	(2,001)	(18,215)	(41,712)	12,473	46,687	3,355	587
Cumulative interest rate sensitivity gap	(2,001)	(20,216)	(61,928)	(49,455)	(2,768)	587	

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

	Group				Company			
	2016				2016			
	JMD %	USD %	GBP %	EUR %	JMD %	USD %	GBP %	EUR %
Assets								
Resale agreements	2.37	2.00	-	-	2.00	-	-	-
Investment securities	6.22	6.72	-	-	-	6.00	-	-
Loans receivable	8.70	3.46	-	-	8.70	3.5	-	-
Liabilities								
Repurchase agreements	9.00	1.79	-	-	-	1.86	-	-
Notes payable	4.52	3.58	-	-	6.21	3.44	-	-
Preference shares	8.00	-	-	-	8.00	-	-	-
	Group				Company			
	2015				2015			
	JMD %	USD %	GBP %	EUR %	JS %	USD %	GBP %	EUR %
Assets								
Resale agreements	4.90	3.13	2.25	-	-	-	-	-
Investment securities	7.04	6.71	13.50	-	7.01	6.45	13.50	-
Loans receivable	7.00	2.34	-	-	7.00	3.00	-	-
Liabilities								
Repurchase agreements	5.96	1.87	13.14	-	-	2.00	2.25	-
Notes payable	4.93	3.44	-	-	4.52	3.58	-	-
Preference shares	8.00	-	-	-	8.00	-	-	-

Notes to the Financial Statements (Continued)

March 31, 2016

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

32. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

Sensitivity to interest rate movements

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

	Group			
	2016		2015	
J\$ interest rates	Increase by 100 bps Decrease by 100 bps		Increase by 250 bps Decrease by 100 bps	
US\$ interest rates	Increase by 100 bps Decrease by 50 bps		Increase by 200 bps Decrease by 50 bps	
	2016		2015	
	Effect on <u>profit</u> \$'000	Effect on <u>equity</u> \$'000	Effect on <u>profit</u> \$'000	Effect on <u>equity</u> \$'000
Direction of change in basis points:				
Increase in interest rates	(155)	(2,420)	(361)	(5,604)
Decrease in interest rates	<u>155</u>	<u>11,944</u>	<u>70</u>	<u>1,174</u>
	Company			
	2016		2015	
US\$ interest rates	Increase by 100 bps Decrease by 50 bps		Increase by 200 bps Decrease by 50 bps	
	Effect on <u>profit</u> \$'000	Effect on <u>equity</u> \$'000	Effect on <u>profit</u> \$'000	Effect on <u>equity</u> \$'000
Direction of change in basis points:				
Increase in interest rates	-	(5,571)	-	(5,551)
Decrease in interest rates	<u>-</u>	<u>3,022</u>	<u>-</u>	<u>1,164</u>

(iii) 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 \$1,897,000 (2015: \$368,000) for the Group and \$1,815,000 (2015: \$308,000) for the Company.

Notes to the Financial Statements (Continued)

March 31, 2016

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

32. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

Sensitivity to equity price movements

A 10% increase in stock prices at March 31, 2016 would have increased other comprehensive income by \$189,700 (2015: \$36,800) for the Group and \$181,500 (2015: \$30,800) for the Company; an equal change in the opposite direction would have decreased profit by an equal amount.

(e) Capital management:

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

- (i) To comply with the capital requirements set by the Financial Services Commission (“the 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 Commission. The required information is filed with the Commission on a monthly basis.

The Commission requires each securities dealer to:

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

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.

Notes to the Financial Statements (Continued)

March 31, 2016

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

32. Financial instruments - risk management (continued)

(e) Capital management (continued):

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

	<u>Proven Wealth Ltd</u>		<u>PWL Transition Ltd</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>		
Tier 1 capital:				
Ordinary shares	779	779	8,396	8,396
Retained earnings and reserves	<u>17,727</u>	<u>18,729</u>	<u>(5,383)</u>	<u>(6,050)</u>
Total qualifying tier 1 capital	<u>18,506</u>	<u>19,508</u>	<u>3,013</u>	<u>2,346</u>
Tier 2 capital:				
Redeemable preference shares, being total qualifying tier 2 capital	<u>390</u>	<u>390</u>	<u>-</u>	<u>-</u>
Total regulatory capital	<u>18,896</u>	<u>19,898</u>	<u>3,013</u>	<u>2,346</u>
Total risk-weighted assets	<u>132,127</u>	<u>112,562</u>	<u>-</u>	<u>-</u>

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

	<u>Proven Wealth Ltd</u>		<u>PWL Transition Ltd</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
(i) Tier 1 capital to total regulatory capital:				
Minimum required	50.00%	50.00%	50.00%	50.00%
Actual	<u>97.94%</u>	<u>99.00%</u>	<u>100.00%</u>	<u>100.00%</u>
(ii) Regulatory capital to total assets:				
Minimum required	6.00%	6.00%	6.00%	6.00%
Actual	<u>11.13%</u>	<u>10.00%</u>	<u>94.93%</u>	<u>74.99%</u>
(iii) Regulatory capital to risk-weighted assets:				
Minimum required	10.00%	10.00%	10.00%	10.00%
Actual	<u>14.30%</u>	<u>17.67%</u>	<u>110.65%</u>	<u>74.99%</u>

33. Financial instruments – fair values

(a) Definition and measurement of fair values

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

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

Notes to the Financial Statements (Continued)

March 31, 2016

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

33. Financial instruments – fair values (continued)

(a) Definition and measurement of fair values (continued)

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

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

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

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

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

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

Notes to the Financial Statements (Continued)

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

33. Financial instruments – fair values (continued)

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

Type	Valuation techniques
Corporate bonds	<ul style="list-style-type: none"> • Obtained bid price provided by recognised independent pricing source, namely, Bloomberg. • Apply price to estimate fair value.
Credit-linked notes	<ul style="list-style-type: none"> • Obtain price based on the quoted price of the underlying credit default swap which is derived from Bloomberg on the valuation date, plus the valuation of the underlying note. • Apply price to estimate fair value.

(c) Accounting classifications and fair values:

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

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

		Group					
		2016					
		<u>Carrying amount</u>			<u>Fair value</u>		
	Notes	Available for sale \$'000	Fair value through profit or loss \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial assets measured at fair value							
Quoted equities	5	1,832	65	1,897	1,897	-	1,897
Foreign currency forward Government of Jamaica securities	5		70	70	-	70	70
Mutual funds	5	75,318	-	75,318	-	75,318	75,318
Global bonds	5	24,116	-	24,116	-	24,116	24,116
Commercial papers	5	49,388	-	49,388	-	49,388	49,388
Corporate bonds	5	3,968	-	3,968	-	3,968	3,968
Credit link notes	5	58,733	-	58,733	-	58,733	58,733
Treasury bills	5	12,120	2,000	14,120	-	14,120	14,120
		<u>1,000</u>	-	<u>1,000</u>	-	<u>1,000</u>	<u>1,000</u>
		<u>226,475</u>	<u>2,135</u>	<u>228,610</u>	<u>1,896</u>	<u>226,713</u>	<u>228,610</u>

Prospectus – Preference Share Offer

Notes to the Financial Statements (Continued)

March 31, 2016

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

33. Financial instruments – fair values (continued)

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

		Group					
		2015					
		Carrying amount			Fair value		
	Notes	Available for sale \$'000	Fair value through profit or loss \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total
Financial assets measured at fair value:							
	5	326	42	368	368	-	368
	5	-	723	723	-	723	723
	5	50,596	-	50,596	-	50,596	50,596
		19,603	-	19,603	-	19,603	19,603
	5	61,253	-	61,253	-	61,253	61,253
	5	1,904	-	1,904	-	1,904	1,904
	5	46,513	-	46,513	-	46,513	46,513
	5	-	17,483	17,483	-	17,483	17,483
		6,000	-	6,000	-	6,000	6,000
		<u>186,195</u>	<u>18,248</u>	<u>204,443</u>	<u>368</u>	<u>204,075</u>	<u>204,443</u>
		Company					
		2016					
		Carrying amount			Fair value		
	Notes	Available for sale \$'000	Fair value through profit or loss \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial assets measured at fair value:							
	5	1,815	-	1,815	1,815	-	1,815
	5	-	-	-	-	-	-
	5	-	70	70	-	70	70
	5	29,615	-	29,615	-	29,615	29,615
	5	24,116	-	24,116	-	24,116	24,116
	5	57,135	-	57,135	-	57,135	57,135
	5	<u>12,120</u>	<u>2,000</u>	<u>14,120</u>	<u>-</u>	<u>14,120</u>	<u>14,120</u>
		<u>124,801</u>	<u>2,070</u>	<u>126,871</u>	<u>1,815</u>	<u>125,056</u>	<u>126,871</u>
		2015					
		Carrying amount			Fair value		
	Notes	Available for sale \$'000	Fair value through profit or loss \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial assets measured at fair value:							
	5	308	-	308	308	-	308
	5	1,484	-	1,484	-	1,484	1,484
	5	-	723	723	-	723	723
	5	29,243	-	29,243	-	29,243	29,243
	5	19,603	-	19,603	-	19,603	19,603
	5	45,188	-	45,188	-	45,188	45,188
	5	-	17,483	17,483	-	17,483	17,483
	5	<u>95,826</u>	<u>18,206</u>	<u>114,032</u>	<u>308</u>	<u>113,724</u>	<u>114,032</u>

