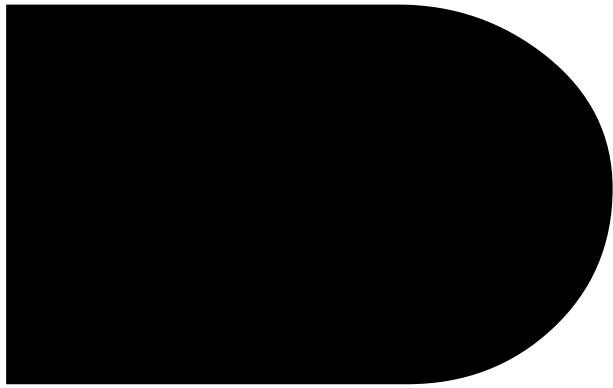


**THE INVESTMENT
MAGAZINE**

by: PROVEN Investments Limited

SEPTEMBER 2017 EDITION



MANAGEMENT DISCUSSION & ANALYSIS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017

PROVEN INVESTMENT LIMITED REPORTS UNAUDITED CONSOLIDATED FINANCIAL RESULTS

The Board of Directors of PROVEN Investments Limited ("PIL") is pleased to report its unaudited financial statements for the six months ended September 30, 2017.

FINANCIAL HIGHLIGHTS

US\$3.75 million	—	Net Profit attributable to shareholders
US\$0.0065	—	Earnings Per Share
US\$604.5 million	—	Consolidated Total Assets
9.32%	—	Annualized Return on Equity
62.61%	—	Efficiency Ratio
US\$0.0032 per share	—	Declared 2 nd Quarter Dividend

FINANCIAL PERFORMANCE

Proven Investments Limited experienced growth of 23.3% in Net Revenue for the six months ended September 30, 2017, with an increase to US\$17.6 million compared to US\$14.3 million earned during the same period last year. Net Profit attributable to shareholders for the period amounted to US\$3.74 million. This represents a 4.7% decline from the US\$3.93 million earned in the same period last year.

1. Tradeable Securities

Spread income was the major contributor to revenue during the period, with a 29.9% improvement compared with the same period last year. Net interest income totalled US\$9.2 million compared to \$7.1 million for the six months ending September 2016. Dividend income decreased by 35.8% to US\$0.47 million from US\$0.73 million reported for the same period last year, due to the realignment of the investment portfolio during the period.

Realized gains from the trading of securities for the period amounted to US\$2.47 million, representing an increase of 24.7% from the US\$1.98 million earned for the same period last year. Fees and commission income, including Pension Fund Management Income totaled \$3.77 million for the six month period, an increase of 87.4% increase over the same period last year. Both the increase in Securities Trading gains and Fee and Commission income is the result of solid performance from our main operating subsidiaries, with enhanced focus on improving off-Balance sheet activity and income.

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017

Net foreign exchange gains decreased by 71.8%, to US\$0.52 million from US\$1.88 million reported for the period ending June 2016. This decline occurred as a result of the lower rate of devaluation of the Jamaican dollar versus the US dollar during the period. Other income on the other hand was almost double that of last year amounting to \$1.16 million and included gains from the early maturity of a security held with Proven Wealth Limited.

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.

2. 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 region. Our current private equity holdings continue to boost our bottom-line:

PROVEN Wealth Limited

Proven Wealth Limited ("PWL") net income totalled US\$1.49 million for the six month period. 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 18.99% contraction compared to the same period last year. Total Assets for the company as at September 30, 2017 stood at US\$134.38 million.

PROVEN Fund Managers Limited

Proven Fund Management Limited continues to be a formidable player in the Asset and Pension Fund Management and administration business. Profitability was flat when compared to the same period last year, as Net profit for the six months ended September 30, 2017 was US\$0.26 million.

Access Financial Services Limited

Access Financial Services Limited contributed considerably to the results of the Group during the period under review, producing net profits of US\$3.36 million for the six months ended September 30, 2017. Access Financials' loan portfolio was US\$25.1 million as at September 30, 2017, representing a 24.8% increase compared to the same period last year.

BOSLIL Bank Limited

Following the acquisition of BOSLIL Bank Limited (formerly Bank of St. Lucia

“The only source
of knowledge
is experience.”

Albert Einstein

PROVEN

WEALTH

provenwealth.com

A member of the Jamaica Stock Exchange.

A Securities Dealer licensed by the Financial Services Commission of Jamaica

Head Office:

26 Belmont Road

Kingston 5

Tel: 876.908.3800-1

Mandeville Branch:

Unit #5

Cobblestone Professional Centre

Tel: 876.625.0845-6

Montego Bay Branch:

Unit #11

Fairview II Shopping Centre

Tel: 876.908.3800-1

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017

Private Equity - Continued

International Limited) at the end of February 2017, we are proud to report that BOSLIL Bank Limited (BOSLIL) has performed as expected and has contributed positively to the Group's performance for the period ended September 30, 2017, with Net Profits of US\$1.98 million for the six months. Total Assets for the company stood at US\$269.90 million as at September 30, 2017. International banking is historically a robust sector in the Eastern Caribbean, and BOSLIL has a strong team and an established track record in the sector. This acquisition will provide a solid platform for further growth for Proven Investments Limited.

3. Real Estate

REAL Properties Limited contributed to the profitability of the Group for the six month period having successfully completed and sold its second residential development on Sullivan Avenue in Kingston Jamaica. The Company is about to break ground on a high-end residential development on Millsborough Avenue also in Kingston, Jamaica and is completing the development concept for a commercial property located in Mandeville, Jamaica. The company has also completed the acquisition of two tenanted commercial properties that will provide strong positive cashflows for the company going forward. REAL Properties Limited continues to closely monitor the local and international real estate markets for new opportunities.

4. Operating Expenses

For the quarter ending September 30, 2017, consolidated operating expenses increased by 42.2% to US\$11.01 million from US\$7.74 million in the same period last year, mainly as a result of the inclusion of BOSLIL results in this quarter's financials. The Efficiency Ratio, including all income and expense items, increased to 62.6% compared to 54.3% for the same period last year. Expense management and consolidation has been a key focus of management as we seek to reduce our efficiency ratio closer to the established target of 50%.

5. Net Profit

Net Profit attributable to shareholders totalled US\$3.75 million or 65 cents per share versus US\$3.94 million or 71 cents per share in the period ended September 2016. This represents an annualized Return on Equity of 9.32% for the six months ending September 30, 2017.

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

-Lorriane Hutchinson, Nurse



ACCESS

Celebrating Hard Work **Everywhere**

Access Financial Services Limited Celebrates Care.

Personal Loans • Micro Business Loans • Small Business Loans

1-888-GET ACCESS
438-2223

www.accessfinanceonline.com



@accessfinanceja #accesscelebrateshardwork

MANAGEMENT DISCUSSION & ANALYSIS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017

6. Balance Sheet

Total assets amounted to US\$604.5 million as of September 30, 2017, a 67.7% increase from US\$360.5 million as at September 30, 2016. Total liabilities increased to US\$495.44 million as at September 30, 2017 from US\$276.19 million for the same period last year, primarily as a result of an acquired total of US\$249.96 million in customer bank deposits subsequent to the purchase of BOSLIL.

7. Shareholder's Equity

Shareholder's Equity attributable to the owners of the company increased by 27.30% from US\$70.8 million as of September 30, 2016 to US\$90.1 million as of September 30, 2017, following the Rights Issue earlier this year.

8. Dividend Payment

The Board of Directors has approved an interim dividend payment of US\$0.0032 per share to all ordinary shareholders on record as November 16, 2017 and be paid on November 30, 2017. This will bring the total dividend for the financial year to date to US\$0.0047 per share, representing an annualized tax-free dividend yield of 3.62% based on the average share price of US\$0.26 for the six months ended September 30, 2017.

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

PROVEN

REIT

Real Estate
Investment Trust

(876) 633-6964-6

sales@provenreit.com



21 Sullivan Avenue

Kingston 8, Jamaica



**COLDWELL
BANKER**

NOW SELLING!

Mortgage
financing
available from



The **VICTORIA MUTUAL**
Building Society

Large modern studios in a contemporary four storey building, with only six apartments on each floor. Two floor plans to choose from, 550 and 600 square feet, starts as low as \$11.5 million.

The apartments are designed with separate living and sleeping areas. Some features include:

- Porcelain tiles
- In-unit laundry
- Full-size kitchen with solid surface counters
- French balconies
- Pre-wired for:
 - Air conditioner
 - Cable, internet & telephone
 - Security system for remote monitoring

21 Millsborough Avenue

Kingston 8, Jamaica



COMING SOON!

Contact us for more details

Bloomfield Estate

Mandeville, Jamaica



EXPERIENCE OFFERS A BROADER PERSPECTIVE

Experience the benefits of our view.

We offer a range of financial services, including:

- 🌀 Transactional Banking
- 🌀 Online Banking
- 🌀 A Multi-Currency Platform
- 🌀 Cash Secured Lending
- 🌀 Credit Cards
- 🌀 Saint Lucia IBCs
- 🌀 Private Investment Funds
- 🌀 Personalised Service

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017

OPERATING ENVIRONMENT

Global growth prospect is projected to be gaining momentum, prompting The International Monetary Fund to revise its 2017 and 2018 growth projections in July 2017 to 3.5% and 3.6% respectively. This is higher than the 2016 estimate of 3.2%, however, below the pre-crisis level, especially for most advanced economies and for commodity-exporting emerging and developing economies. Pre-crisis growth levels will continue to be elusive in the near to medium term in the context of the constraining impact of indebtedness levels and the general low saving rates registered globally. Cautious optimism should be applied to the global growth prospect considering several risk factors to the global outlook, chief among which are geopolitical tensions, natural disasters and the pursuit of a faster-than-expected pace of monetary policy normalisation of the world's largest central banks which could trigger a sharp rise in the dollar and precipitate capital outflows from emerging markets.

The bull market run observed post November 2017 election, fuelled by an anticipation of fiscal stimuli, continued unabated over the period April to September. The uptrend momentum did not only price expectancy, but was in fact supported by strong underlying corporate earnings. The 2nd and 3rd quarter earnings seasons were characterised by earning beats and positive forward guidance, where corporations missed expectations, their stock prices were punished. The S&P 500 recorded a total return of 11% over the period with the index ending the period at 2,516 gaining over 130 points.

Non-U.S. stocks, particularly emerging markets and Asia were bolstered by the weaker dollar and thus led the global stock market rally for the third quarter in a row. The extra easy monetary policy posture of the Bank of Japan as well as investor relentless search for alpha drove funds into the Nikkei which was up 15% over the period. The growth story supported by beaconing corporate earning has quelled concerns regarding equity valuation levels across equity markets, however, prudent market participants remain mindful of the risk factors that could instigate a meaningful correction.

Crude oil led the commodity index over the period, registering a 5% gain finding support above the \$50 per barrel level. The rebound was driven primarily by the outcome of OPEC members agreed supply cuts, and a general improvement in demand dynamics associated with the global recovery.

The low volatility, which characterised markets was an outgrowth of significant debt maturity and coupon payment, particularly over the September quarter, which saw

PROVEN

ROCK

THINK • FORWARD

Wouldn't you rather
RETIRE WEALTHY?

It's your call

908.3800[1]

26 Belmont Road, Kingston 5 | www.provenrock.com



provenrock



@provenrock

INNOVATIVE THINKING FOR SUCCESSFUL RETIREMENT

Approved Retirement Scheme

MANAGEMENT DISCUSSION & ANALYSIS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017

the maturity of securities issued during the 2007 financial crisis. Money managers continue their deployment of cash amid concerns around the FED unwinding of its balance sheet and interest rates normalisation, this led to a further flattening of the yield curve which is reflected in a compression in the spread between the 10-year and 2-year treasury yield. The spread decreased by 25bps to end the period at 85bps after starting April at 110bps.

Over the period the financial market received further clarity from central banks with the US Federal Reserve providing a clear plan for its balance sheet reduction of a minimum of US\$10 billion per month starting October 2017, and the ECB giving indication of its intention to commence unwinding of its balance sheet. At its meeting in June, the Federal Open Market Committee raised the target range for the federal funds rate by 25 basis points to 1.00% - 1.25%. The Fed dot plot projects at least one more increase in 2017 which the market is anticipating in December. Evidence of this is already seen by an increase in shorter term treasury yields. Despite the effects of hurricanes, and less than anticipated fiscal expansion to date, the FED has kept inflation below the target level of 2%, thus has constrained longer term yield resulting in the secular lows in bond yields persisting. It is posited that the unwinding of the FED's balance sheet though gradual will be unprecedented, hence, it is likely to be accompanied by uncertainty which could be the catalyst for increased volatility heading into the remainder of the year.

At the regional level, Caribbean issuers benefited as the market assessed the impact of a slow process of normalization in rates around the world, and expectations of higher inflation in the US still tamed. Investors' search for yield continues to benefit countries in the region with improving fiscal balances and/or with government policy moving towards that direction. There was further deterioration in the aggregate credit quality of the region following the downgrade of Barbados' credit rating. Jamaica and Dominica Republic continued a positive path with both issuers tapping the international capital markets within the period. In the upcoming quarter the effects of the devastation caused by Hurricanes Harvey, Maria and Irma will begin to show up in GDP numbers; though, rebuilding activity will boost GDP in the short to medium term, the long-term impact on economic growth and development is likely to be credit negative.

Over the period, Jamaica continued a positive trajectory as evidenced in its macroeconomic indicators and the maintenance of an accommodative monetary policy stance. There is increased evidence of reduced levels of government crowding-out, given the downward trend in debt to GDP and continued implementation of debt

MANAGEMENT DISCUSSION & ANALYSIS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017

management initiatives; the latest of which, was the liability management exercised in August. The GOJ re-tapped the 2028 and 2045 Global Bonds, the proceeds of which were used to repay Local USD Notes and the shortest maturities on the international curve. The Central Bank of Jamaica (BOJ) lowered its policy rate by 50bps to 4.50% over the period while point to point inflation as at the end of August was 4.40%. BOJ expects inflation to remain within the 4-6% target range in FY 2017/18.

Heading into the 4th quarter there are several emerging themes that investors will need to keep an eye on. Markets will be monitoring developments around US inflation and GDP and whether the FED moves ahead with its third-rate hike at its October or December meetings. Other potential sources of heightened volatility levels, include the debt ceiling debates and the potential change of the leadership of the FED. With many market participants including the IMF scaling back on initial projection for fiscal stimulus the market will be watched closely for the substance of tax reform and other growth induced policies to be unveiled over the quarter.

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017

UN-AUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED SEPTEMBER 30, 2017					
	Quarter ended September 2017	Quarter ended September 2016	Six Months ended September 2017	Six Months ended September 2016	Audited March 2017
	US\$	US\$	US\$	US\$	US\$
INCOME					
Interest Income	6,891,565	6,241,391	13,765,487	12,597,297	24,149,636
Interest expense	(2,207,870)	(2,839,065)	(4,569,645)	(5,520,096)	(9,646,474)
Net Interest income	<u>4,683,695</u>	<u>3,402,326</u>	<u>9,195,842</u>	<u>7,077,201</u>	<u>14,503,162</u>
Other income					
Gains on securities trading	2,018,566	1,677,943	2,474,127	1,983,359	1,719,742
Dividend Income	224,186	354,661	465,653	725,835	1,356,988
Pension Management Income	548,087	439,600	1,086,885	874,421	1,966,478
Fees & Commissions	1,469,460	531,427	2,683,159	1,137,015	2,368,195
Foreign exchange translation gains/(losses)	332,582	589,937	528,630	1,877,288	1,901,699
Other Income/(Loss)	1,063,170	184,362	1,159,114	592,645	443,088
	<u>5,656,051</u>	<u>3,777,930</u>	<u>8,397,568</u>	<u>7,190,563</u>	<u>9,756,190</u>
NET REVENUE	10,339,746	7,180,256	17,593,410	14,267,764	24,259,352
OPERATING EXPENSES					
Preference dividend	608,636	474,738	757,067	963,851	2,184,273
Depreciation and Ammortization of Intangibles	415,263	323,064	856,639	644,107	1,343,600
Impairment of Investment	-	-	-	-	(920,616)
Administrative and General Expenses	5,009,202	2,985,479	9,400,727	6,135,453	14,019,228
	<u>6,033,101</u>	<u>3,783,282</u>	<u>11,014,432</u>	<u>7,743,412</u>	<u>16,626,485</u>
OPERATING PROFIT	4,306,645	3,396,974	6,578,978	6,524,352	7,632,866
Extra Ordinary Activities					
Gain on purchase of subsidiary	-	-	-	-	8,030,111
Extra ordinary Share based payment	-	-	-	-	(3,243,680)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,786,431</u>
Profit before income tax	4,306,645	3,396,974	6,578,978	6,524,352	12,419,297
Income tax	(847,679)	(600,373)	(1,134,863)	(1,176,056)	(956,318)
NET PROFIT AFTER TAX	3,458,966	2,796,601	5,444,115	5,348,296	11,462,979
Less income attributable to non-controlling interest	(834,557)	(823,848)	(1,689,989)	(1,410,289)	(2,741,672)
Profit attributable to owners of the company	<u>2,624,409</u>	<u>1,972,753</u>	<u>3,754,126</u>	<u>3,938,007</u>	<u>8,721,307</u>
EARNINGS PER STOCK UNIT - US cents	0.46	0.36	0.65	0.71	1.58

UN-AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED SEPTEMBER 30, 2017					
	Quarter ended September 2017	Quarter ended September 2016	Year ended September 2017	Year ended September 2016	Audited March 2017
	US\$	US\$	US\$	US\$	US\$
NET PROFIT	3,458,966	2,796,601	5,444,115	5,348,296	11,462,979
OTHER COMPREHENSIVE INCOME					
Items that are or may be reclassified to profit or loss:					
Unrealised Gain/(loss) on available-for-sale investments	196,565	4,714,455	1,324,162	10,869,470	8,892,357
Foreign exchange translation reserve	(163,965)	(488,283)	(276,168)	(1,644,709)	(1,755,267)
Total Comprehensive income	<u>3,491,566</u>	<u>7,022,773</u>	<u>6,492,109</u>	<u>14,573,057</u>	<u>18,600,069</u>

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017

UN-AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION SEPTEMBER 30, 2017

	September 2017 US\$	September 2016 US\$	March 2017 US\$
ASSETS			
Cash and cash equivalents	100,958,320	11,577,782	151,313,632
Available-for-sale investments	403,117,713	281,886,025	400,757,783
Investment in Associates	-	-	-
Loans Receivable	34,562,646	32,305,915	39,421,035
Other Receivables	28,138,640	7,793,182	10,764,181
Related Company	-	-	-
Property Development In Progress	1,691,370	632,970	1,652,665
Investment Property	14,401,597	6,315,667	6,348,277
Intangible Assets	20,276,873	19,434,387	21,190,094
Property, plant and equipment	1,353,327	594,186	966,008
Total Assets	<u>604,500,486</u>	<u>360,540,114</u>	<u>632,413,675</u>
LIABILITIES			
Client liabilities	108,066,658	151,433,953	142,998,901
Bank Overdraft	-	-	-
Related company	623,887	5,328,337	949,419
Notes Payable	98,216,418	96,666,770	94,434,537
Preference shares	15,875,697	7,577,700	15,976,954
Other liabilities	22,697,822	15,185,695	19,059,363
Due to Customers	249,964,437	-	270,054,879
Total Liabilities	<u>495,444,919</u>	<u>276,192,455</u>	<u>543,474,053</u>
SHARE HOLDERS' EQUITY			
Share capital	86,716,754	69,248,762	69,248,762
Investment revaluation reserve	(2,973,238)	(2,320,287)	(4,297,400)
Foreign exchange translation	(7,840,439)	(7,453,713)	(7,564,271)
Retained earnings	14,191,945	11,298,373	13,693,002
Total Shareholder's Equity	<u>90,095,022</u>	<u>70,773,135</u>	<u>71,080,093</u>
Minority Interest	<u>18,960,545</u>	<u>13,574,524</u>	<u>17,859,529</u>
Total Shareholder's Equity and Liabilities	<u>604,500,486</u>	<u>360,540,114</u>	<u>632,413,675</u>

Approved for Issued by the Board of Directors and sign on its behalf by



Director



Director

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017

UN-AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS			
FOR THE PERIOD ENDED SEPTEMBER 30 2017			
	Six Months ended September 2017	Six Months ended September 2016	Audited March 2017
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	3,754,126	3,938,007	8,721,307
Foreign Exchange Translation	(276,168)	(1,644,709)	(1,755,267)
Depreciation and Ammortization	856,639	644,104	1,343,600
Income Tax Charge	1,134,863	1,176,056	956,318
Operating cashflow before movements in working capital	<u>5,469,460</u>	<u>4,113,458</u>	<u>9,265,958</u>
Changes in operating assets and liabilities			
Receivables	(18,814,641)	(1,162,765)	574,557
Client Liabilities	14,804,123	11,778,874	270,324,149
Payables	(31,473,869)	(16,499,966)	(16,795,350)
Related company	(325,532)	4,407,333	1,287,419
Net cash provided by operating activities	<u>(30,340,459)</u>	<u>2,636,934</u>	<u>264,656,733</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Loans	4,858,389	(8,753,562)	(14,427,682)
Investments in subsidiary	-	-	(68,006)
Purchase of property ,plant and equipment	(369,443)	(133,783)	(4,596,507)
Investments	<u>(43,498,249)</u>	<u>1,652,744</u>	<u>(120,218,715)</u>
Cash used in investing activities	<u>(39,009,303)</u>	<u>(7,234,601)</u>	<u>(139,310,910)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Notes payable	3,781,881	4,876,187	3,409,952
Issue of Preference Shares	(101,256)	(399,983)	7,999,271
Minority Interest	1,101,016	912,524	5,197,529
Dividend Paid	(3,255,183)	(2,038,987)	(4,359,651)
Issue of Ordinary Shares	<u>17,467,992</u>	<u>-</u>	<u>-</u>
Net cash provided by/ (used in) financing activities	<u>18,994,450</u>	<u>3,349,741</u>	<u>12,247,101</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(50,355,312)</u>	<u>(1,247,926)</u>	<u>137,592,924</u>
Cash and cash equivalents at beginning of period	151,313,632	12,825,709	13,720,709
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>100,958,320</u>	<u>11,577,782</u>	<u>151,313,632</u>

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017

UN-AUDITED CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL EQUITY SEPTEMBER 30, 2017						
	Share capital	Minority Interest	Fair value reserves	Foreign exchange translation	Retained earnings	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at April 1, 2017	69,248,762	17,859,529	(4,297,400)	(7,564,271)	13,693,002	88,939,623
Total Comprehensive Income for the period		1,689,989	1,324,162	(276,168)	3,754,126	6,492,109
Issue of Shares	17,467,992					17,467,992
Dividends to equity holders		(588,973)			(3,255,183)	(3,844,156)
Balance at September 30, 2017	<u>86,716,754</u>	<u>18,960,545</u>	<u>(2,973,238)</u>	<u>(7,840,439)</u>	<u>14,191,945</u>	<u>109,055,568</u>

UN-AUDITED CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL EQUITY SEPTEMBER 30, 2016						
	Share capital	Minority Interest	Fair value reserves	Foreign exchange translation	Retained earnings	Total
	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	72,311,346
Total Comprehensive Income for the period		1,410,283	10,869,470	(1,644,709)	3,938,013	14,573,057
Adjustment to NCI without a change in control		(150,000)				(150,000)
Dividends to equity holders		(347,758)			(2,038,986)	(2,386,744)
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>11,298,374</u>	<u>84,347,660</u>

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017

NOTES TO FINANCIAL STATEMENTS

September 2017

1. Identification

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

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

Subsidiaries	Country of incorporation	Nature of Business	Percentage ownership	
			2017	2016
PROVEN Wealth Limited	Jamaica	Fund management, investment advisory services, and money market and equity trading	100	100
Real Properties Limited	Saint Lucia	Real estate investment	100	85
and its wholly-owned subsidiary:				
Real Millsborough Limited	Saint Lucia	Real estate investment	100	
Real Bloomfield Limited	Saint Lucia	Real estate investment	100	
PROVEN REIT Limited	Jamaica	Management Services	100	
PROVEN Kingsway Limited	Saint Lucia	Real estate investment	100	100
Asset Management Company Limited	Jamaica	Hire purchase financing	100	100
PROVEN Fund Managers Limited	Jamaica	Pension funds management	100	100
Access Financial Services Limited	Jamaica	Retail lending	49.72	49.72
BOSLIL Bank Limited	Saint Lucia	Private Banking	82.82	

MANAGEMENT DISCUSSION & ANALYSIS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017

2. Statement of compliance and basis of preparation

Interim financial reporting

The condensed consolidated interim financial statements for the six months ended September 30, 2017 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, 2017 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, 2017.

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

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017

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

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017

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.

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017

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\$3,754,126 by the weighted average number of ordinary stock units in issue during the reporting period numbering 576,166,506 shares.

PROVEN

Investments Limited

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

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



Director



Director

Are your
dividend
returns
PROVEN?

Listed on the Jamaica Stock Exchange

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

www.weareproven.com