

THE INVESTMENT
M A G A Z I N E

by: PROVEN Investments Limited

JUNE 2015 EDITION

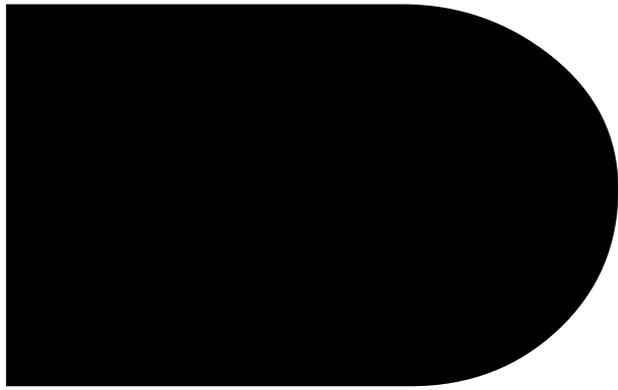


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UN-AUDITED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED JUNE 30, 2015

PROVEN INVESTMENT LIMITED REPORTS UNAUDITED FINANCIAL RESULTS

The Board of Directors of PROVEN Investments Limited ("PIL") is pleased to report its unaudited financial statements for the three months ended June 30, 2015.

FINANCIAL HIGHLIGHTS

US\$1.3 million	—	• Net Profit attributable to shareholders
US\$0.0024	—	• Earnings Per Share
US\$380 million	—	• Consolidated Total Assets
9.28%	—	• Annualized Return on Equity
61%	—	• Efficiency Ratio
US\$0.0015 per share	—	• Proposed Dividend

ENVIRONMENTAL OVERVIEW

The first quarter of the financial year was characterised by consistent volatility throughout the financial markets, which presented a mixture of challenges and opportunities.

The International Market

Markets worldwide were riddled with concurrent events that influenced bearish markets and heightened uncertainty among investors.

In Europe

- Market participants were consumed with speculation as to whether Greek Prime Minister Alexis Tsipras would be able to craft a last-minute deal with Greece's creditors. As the quarter came to a close, it became apparent that Greece would become the first advanced economy to miss a payment to the International Monetary Fund (IMF)
- The quantitative easing program that kicked off in March appears to be having a positive impact despite the near 50% slide in oil prices since mid-2014.

In the United States:

- Bond markets became increasingly bearish, as fears of an imminent Federal Reserve rate increase outweighed the demand for safe-haven assets as Greece moved toward default. Investment-grade corporate bonds underperformed Treasuries to post considerable losses with widened credit spreads.
- The U.S. reported healthy economic data indicating that the economy was rebounding from the weak first quarter, which added to the uncertainty about the timing of the Fed's first rate hike.

UN-AUDITED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED JUNE 30, 2015

ENVIRONMENTAL OVERVIEW continued

In Asia:

- Between June 12 and July 8, the Shanghai and Shenzhen indices were down 32% and 40%, sparking worries amongst investors across the globe.

The Regional Market

The regional environment was less tumultuous as there were positive reports citing fiscal improvements in several states including Jamaica, Barbados and the Dominican Republic. The re-opening of diplomatic relations between Cuba and the United States of America also supported positive sentiments for the region.

FINANCIAL PERFORMANCE

Despite a harsh global market, Proven Investments Limited earned Net Profit of US\$1.32 million for the quarter, after profit due to non-controlling interest is deducted. Net Revenue for the three month period.

totalled US\$5.64 million, an increase of 84.45% over the three months ended June 2014, which derived mainly from the consolidation of Access Financial Service Limited's ("AFS") results into the Group.

REVENUES

Proven Investments Limited has three revenue generating segments: Carry-Trade; Portfolio Positioning and Private Equity Investments.

UN-AUDITED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED JUNE 30, 2015

1. Carry Trade

Spread income was a major contributor to revenue during the period as the strategy performed well. Net Interest Income increased by 235% to US\$3.42 million for the quarter ended June 2015, up from the US\$1.02 million for the same quarter last year. The acquisition of First Global Financial Services (subsequently renamed PWL Transition Limited) at the end of May 2014 and the inclusion of AFS results into the Group's results in the main reason for this considerable increase. There was a significant increase in dividend Income to US\$0.46 million, up 237% from US\$0.14 million for the three month period last year, while income from fees and commissions also increased, growing to US\$0.73 million from US\$0.21 million for the 2014 period.

2. Portfolio Positioning

Gains on Securities Trading amounted to US\$0.34 million, decreasing by 75% when compared to US\$1.36 million for the same period a year earlier. This resulted from the high volatility in global bond markets during the quarter. Gains on Foreign Exchange positions increased 79%, to US\$0.50 million for the three month period, as the Jamaican dollar devalued by 1.95% against the US dollar during the quarter.

3. 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") performed well during the three month period contributing US\$0.69 million in Net Profits to the Group. Total Assets grew 358% to US\$193 million from the same period one year earlier, following the amalgamation of some of the assets and liabilities of PWL Transition Limited into PWL. PWL continues to execute on its strategy of building sound portfolios for its clients. Total Assets under Administration increased to US\$357 million as at the end of June 2015.

UN-AUDITED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED JUNE 30, 2015

3. Private Equity - Continued

PWL Transition Limited

Total assets for PWLTL stood at US\$4.05 million as at June 30, 2015. The now smaller entity continues to provide Pension Fund management and administrative services to Pension Funds and contributed profits of US\$0.24 million to the group.

Access Financial Services Limited

Access Financial Services is one of the largest microcredit outfits in Jamaica and continues to provide excellent service to its customers. The company performed well in the first quarter and continues to make a significant contribution to the group's overall profitability. Total assets stood at \$16.7 million as at the end of June 2015 and earned over US\$1.1 million in net profits for the quarter.

Asset Management Company Limited

The loan portfolio of Asset Management Limited was sold to Access Financial Services Limited in February 2015. The company is now inactive.

PROVEN REIT Limited

PIL is the majority shareholder in PROVEN REIT Limited. The Company has been making strides, selling units of its most recent development on Kingsway Avenue in Kingston, Jamaica.

PROVEN REIT's total assets now stand at US\$3.03 million. REIT has also acquired an additional parcel of land in Kingston 8, Jamaica and expects to break ground by September 2015 for another residential development. The PROVEN REIT team continues to scope the local and international real estate markets for investment opportunities.

Knutsford Express Limited

PIL currently holds a 20% stake in Knutsford Express Limited. The firm continues to make strides in providing value added services to its customers and has expanded its reach to the eastern and southern parts of the island.

4. Operating Expenses

For the three months ending June 30, 2015, Consolidated Operating Expenses increased by 63% to US\$3.4 million from US\$2.1 million in the prior year period as a result of increases in administrative and general expenses, from the inclusion of PWL Transition Limited and AFS in the financials of the Group. Our Efficiency Ratio improved to 61% down from 69% year over year.

“The only source
of knowledge
is experience.”

Albert Einstein

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UN-AUDITED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2015

5. Net Profit

Consolidated Net Profit attributable to shareholders declined to US\$1.32 million or 0.24 cents per share versus US\$2.25 million or 0.76 cents per share in the prior year's three month period. Last year's results however included net extraordinary gains of US\$1.36 million and if excluded from the results would have resulted in an increase in net profits of 50.69%. The net profit for the period represents a Return on Equity of 9.28% on an annualized basis.

6. Balance Sheet

Total Assets amounted to US\$380.3 million as at June 30, 2015, up from US\$336.7 million as at June 2014, as a result of the capital injection received from the latest Rights Issue. Total Liabilities increased marginally to US\$298.3 million as at June 30, 2015 from US\$291.1 million as at June 30, 2014. Notes Payable almost doubled to US\$92.6 million from US\$52.4 million the same time last year, while client liabilities fell 11% to US\$183.7 million from US\$207.4 million the prior year.

7. Shareholder's Equity

Shareholder's Equity increased by 54% from US\$45.4 million as at June 30, 2014 to US\$70 million as at June 30, 2015 in line with an increase in Share Capital from the Rights Issue in April 2015.

8. Dividend Payment

The Board of Directors of Proven Investments Limited have approved a dividend payment for the quarter ended June 30, 2015 in the amount of \$0.0015 per share to be paid out of the unaudited retained earnings of the company to all shareholders on record as at August 27, 2015 and be paid on September 10, 2015. This dividend equates to total distribution of approximately 60% of the profits of the Company for the quarter, representing an annualized tax-free dividend yield of 3.03% based on the average share price of US\$0.1986 for the quarter ended June 30, 2015.

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.



Director



Director

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Karen Adams has been a customer of Access for almost ten (10) years. She believed in what Access could do for her from the get go. With Access as her financial partner she has expanded her hair dressing business and recently relocated to a more convenient location.

Karen credits the staff at the Kingston branch for the efficient service she receives. According to Karen, working with Access means less stress.

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THE UN-AUDITED STATEMENTS

**FOR THE THREE MONTHS ENDED
JUNE 30, 2015**

UN-AUDITED STATEMENT OF INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 2015

UN-AUDITED STATEMENT OF INCOME FOR THE QUARTER JUNE 30, 2015

	Quarter ended June 2015	Quarter ended June 2014	Year ended March 2015
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
INCOME			
Interest Income	6,614,104	3,053,685	18,632,604
Interest expense	(3,190,795)	(2,030,830)	(10,982,609)
Net Interest income	<u>3,423,309</u>	<u>1,022,855</u>	<u>7,649,994</u>
Other income			
Gains on securities trading	343,860	1,363,683	386,709
Dividend Income	456,170	135,399	439,671
Fees & Commissions	728,812	209,803	2,141,865
Foreign exchange translation gains/(losses)	505,545	282,976	218,137
Other Income	179,200	41,258	541,083
	<u>2,213,587</u>	<u>2,033,119</u>	<u>3,727,466</u>
NET REVENUE	5,636,896	3,055,974	11,377,461
OPERATING EXPENSES			
Preference dividend	304,105	672,225	1,456,059
Administrative and General Expenses	3,129,271	1,431,363	8,282,894
	<u>3,433,376</u>	<u>2,103,588</u>	<u>9,738,953</u>
OPERATING PROFIT	2,203,520	952,386	1,638,508
Share of Results of Associates	40,857	-	33,158
Gain/(Loss) on Extra Ordinary Activities	-	(2,877,358)	-
Gain/(Loss) on Purchase of Subsidiary	-	4,235,420	4,241,420
	<u>2,244,377</u>	<u>2,310,448</u>	<u>5,913,086</u>
Profit before income tax	2,244,377	2,310,448	5,913,086
Income tax	(436,208)	(60,840)	60,104
	<u>1,808,169</u>	<u>2,249,608</u>	<u>5,973,190</u>
NET PROFIT AFTER TAX	1,808,169	2,249,608	5,973,190
Less income attributable to non-controlling interest	(483,537)	2,694	(608,000)
	<u>1,324,632</u>	<u>2,252,302</u>	<u>5,365,190</u>
EARNINGS PER STOCK UNIT - US cents	0.33	0.76	2.03

UN-AUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 2015

UN-AUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER JUNE 30, 2015

	Quarter ended June 2015	Quarter ended June 2014	Year ended March 2015
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
NET PROFIT	1,324,632	2,252,302	5,365,190
OTHER COMPREHENSIVE INCOME			
Items that are or may be reclassified to profit or loss:			
Unrealised Gain/(loss) on available-for-sale investments	(1,046,870)	999,760	(1,880,993)
Foreign exchange translation reserve	(581,224)	(292,333)	(978,000)
Total Comprehensive income	(303,462)	2,959,729	2,506,197

UN-AUDITED STATEMENT OF FINANCIAL POSITION

FOR THE THREE MONTHS ENDED JUNE 30, 2015

UN-AUDITED STATEMENT OF FINANCIAL POSITION June 30, 2015

	June 2015 US\$	June 2014 US\$	March 2015 US\$
ASSETS			
Cash and cash equivalents	12,808,180	9,408,604	10,907,721
Available-for-sale investments	300,698,982	282,614,634	286,385,033
Investment in Associates	992,041		946,185
Loans Receivable	24,873,271	19,078,200	25,758,081
Other Receivables	14,211,248	16,184,091	16,282,391
Related Company	2,594,304	-	-
Property Development In Progress	1,438,028	1,600,679	1,330,277
Investment Property	407,147	543,406	413,886
Intangible Assets	21,448,587	6,944,513	21,457,754
Property, plant and equipment	775,647	354,916	862,667
Total Assets	380,247,435	336,729,043	364,343,995
LIABILITIES			
Client liabilities	183,658,538	207,416,144	183,810,927
Related company	-	2,700,849	231,908
Notes Payable	91,605,837	52,407,625	96,456,891
Preference shares	8,332,444	8,700,620	8,474,312
Other liabilities	14,712,431	19,940,732	21,605,706
Total Liabilities	298,309,250	291,165,970	310,579,744
SHARE HOLDERS' EQUITY			
Share capital	69,248,761	39,980,403	39,980,403
Investment revaluation reserve	(5,635,629)	(1,708,032)	(4,588,759)
Foreign exchange translation	(4,084,228)	(2,818,037)	(3,503,004)
Retained earnings	10,751,830	10,000,526	10,420,069
Total Shareholder's Equity	70,280,734	45,454,860	42,308,709
Minority Interest	11,657,451	108,213	11,455,542
Total Shareholder's Equity and Liabilities	380,247,435	336,729,043	364,343,995

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



Director



Director

UN-AUDITED STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDED JUNE 30, 2015

UN-AUDITED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30 2015

	Period ended June 2015	Period ended June 2014
	<u>US\$</u>	<u>US\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	1,324,632	2,252,302
Foreign Exchange Translation	(581,224)	(292,333)
Depreciation	86,614	27,247
Income Tax Charge	436,208	60,840
Operating cashflow before movements in working capital	1,266,230	2,048,056
Changes in operating assets and liabilities		
Receivables	2,521,465	(4,899,247)
Client Liabilities	(152,389)	163,339,371
Payables	(7,779,805)	3,315,521
Related company	(2,826,212)	2,386,285
Net cash provided by operating activities	(6,970,711)	166,189,986
CASH FLOWS FROM INVESTING ACTIVITIES:		
Loans	884,814	(1,381,575)
Investments in subsidiary	9,167	-
Investments in Associates	(45,857)	-
Purchase of property ,plant and equipment	(107,345)	(8,166,503)
Investments	(15,354,080)	(164,644,697)
Cash used in investing activities	(14,613,301)	(174,192,775)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Notes payable	(4,851,054)	3,557,378
Issue of Preference Shares	(141,868)	(210,739)
Minority Interest	201,909	(2,694)
Dividend Paid	(992,875)	(736,084)
Issue of Ordinary Shares	29,268,358	10,323,316
Net cash provided by/ (used in) financing activities	23,484,470	12,931,177
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,900,458	4,928,388
Cash and cash equivalents at beginning of period	10,907,722	4,480,218
CASH AND CASH EQUIVALENTS AT END OF PERIOD	12,808,179	9,408,605

UN-AUDITED STATEMENT OF CHANGES IN FINANCIAL EQUITY

FOR THE THREE MONTHS ENDED JUNE 30, 2015

UN-AUDITED STATEMENT OF CHANGES IN FINANCIAL EQUITY JUNE 30, 2014

	Share capital	Minority Interest	Fair value reserves	Foreign exchange translation	Retained earnings	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at April 1, 2014	29,657,087	110,907	(2,707,792)	(2,525,704)	8,484,307	33,018,805
Total Comprehensive Income for the period		(2,694)	999,760	(292,333)	2,252,303	2,957,036
Issue of Shares	10,323,316					10,323,316
Dividends to equity holders					(736,083)	(736,083)
Balance at June 30, 2014	<u>39,980,403</u>	<u>108,213</u>	<u>(1,708,032)</u>	<u>(2,818,037)</u>	<u>10,000,527</u>	<u>45,563,074</u>

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

	Share capital	Minority Interest	Fair value reserves	Foreign exchange translation	Retained earnings	Total
	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	53,764,252
Total Comprehensive Income for the period		483,537	(1,046,870)	(581,224)	1,324,633	180,076
Issue of Shares	29,268,358					29,268,358
Transfer to Controlling Interest		(98,871)				(98,871)
Dividends to equity holders		(182,757)			(992,875)	(1,175,632)
Balance at June 30, 2015	<u>69,248,761</u>	<u>11,657,451</u>	<u>(5,635,629)</u>	<u>(4,084,228)</u>	<u>10,751,827</u>	<u>81,938,183</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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.

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

Subsidiaries	Country of incorporation	Nature of Business	Percentage Ownership	
			2015	2014
PROVEN Wealth Limited	Jamaica	Funds Management, Investment Advisory Services, Money Market and Equity Trading.	100	100
PWL Transition Limited (formerly First Global Financial Services Ltd.)	Jamaica	Investment Advisory Services, Pension Fund Management and Administration, Money Market and Equity Trading.	100	–
PROVEN REIT Limited and its wholly owned subsidiary:	St. Lucia	Real Estate Investment	85	85
PROVEN Kingsway	St. Lucia	Real Estate Investment	100	100
Asset Management Company Limited	Jamaica	Hire Purchase Financing	100	100

The Group also has an interest in the following associated company:

Subsidiaries	Country of incorporation	Nature of Business	Percentage Ownership	
			2015	2014
Knutsford Express Limited	Jamaica	Transportation and courier services	20	–

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 - Continued

2. Statement of Compliance and Basis of Preparation

Interim Financial Reporting

The condensed consolidated interim financial statements for the three months ended June 30, 2015 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, 2015 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, 2015. 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:

- 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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 - Continued

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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 - Continued

Significant Accounting Policies

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.

Significant Accounting Policies Continued

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.

Significant Accounting Policies Continued

9. Gain on the Purchase of Subsidiary

On May 30, 2014, Proven Investments Limited acquired the entire issued share capital of First Global Financial Services Limited, now PWL Transition Limited, with the Group's main objective being to invest its capital for the ultimate benefit of the shareholders.

The valuations of the acquired tangible and intangible assets have not yet been finalised. IFRS 3 allows the acquirer reasonable time to obtain information necessary to identify and measure identifiable assets acquired and liabilities assumed. Management has utilized these provisions and expects that this assessment will be concluded by the end of the financial year. The following summarises the consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

Consideration transferred:

	US\$'000
Cash	<u>18,181,630</u>

Identifiable assets acquired and liabilities assumed

	US\$'000
Cash and cash equivalents	1,377,868
Available-for-sale investments	180,407,269
Other Receivables	4,775,519
Investment Property	1,156,575
Intangible Assets	6,425,517
Property, plant and equipment	121,684
Client liabilities	(162,106,191)
Notes Payable	(5,885,573)
Other liabilities	(3,855,618)
	<u>22,417,050</u>

Gain on Purchase of Subsidiary

Gain on purchase of subsidiary was recognised as a result of the acquisition as follows:

	US\$'000
Total consideration transferred	18,181,630
Less value of identifiable assets	<u>(22,417,050)</u>
Gain on purchase of subsidiary	<u>(4,235,420)</u>

Significant Accounting Policies Continued

10. Investment in Subsidiaries

(i) Acquisition of Access Financial Services Limited

PROVEN Investments Limited acquired 49.72% of the issued shares of Access Financial Services Limited ("Access"), obtaining control in the process. The principal activity of Access is retail lending to the microenterprise 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.

(ii) Acquisition of Access Financial Services Limited (cont'd)

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

Consideration transferred:	US\$'000
Cash	<u>10,444</u>
Identifiable assets acquired and liabilities assumed	\$'000
Cash and cash equivalents	1,118
Investments	18
Loans receivable	9,487
Intangible assets	52
Property, plant and equipment	617
Deferred tax asset	11
Other assets	138
Notes payable	(2,777)
Income tax payable	(52)
Other liabilities	<u>(1,512)</u>
Net assets	7,100
Intangible asset	6,865
Goodwill acquired	<u>7,633</u>
	21,598
Less: Non-controlling interest	<u>10,958</u>
Total consideration on acquisition	<u>10,640</u>

Significant Accounting Policies Continued

10. Investment in Subsidiaries Continued

(ii) Acquisition of Access Financial Services Limited (cont'd)

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

Cash consideration	10,640
Cash acquired	<u>(1,118)</u>
Net cash outflow arising on the acquisition	<u>9,522</u>

Purchased goodwill

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

	\$'000
Total consideration transferred	10,640
Fair value of non-controlling interest	10,958
Intangible assets acquired in business combination	<u>(6,865)</u>
Less: Fair value of identifiable assets	<u>(7,100)</u>
Goodwill on purchase of subsidiary	<u>7,633</u>

The goodwill is attributable mainly to the value of brands/trademarks and customer relationships.

PROVEN

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