

**THE INVESTMENT
MAGAZINE**

by: PROVEN Investments Limited

SEPTEMBER 2015 EDITION

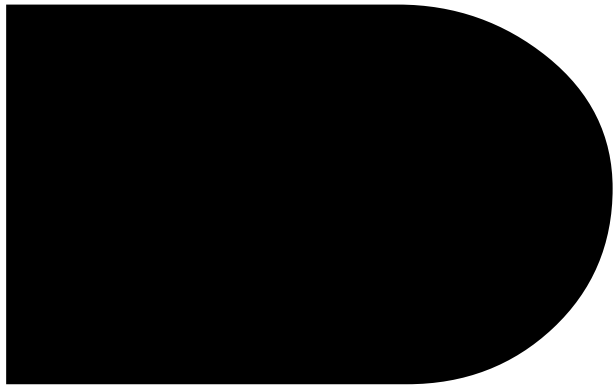


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UN-AUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015

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 six months ended September 30, 2015.

FINANCIAL HIGHLIGHTS

US\$2.9 million	—	• Net Profit attributable to shareholders
US\$0.0056	—	• Earnings Per Share
US\$385 million	—	• Consolidated Total Assets
8.88%	—	• Annualized Return on Equity
63%	—	• Efficiency Ratio
US\$0.0018 per share	—	• Proposed Dividend

MARKET OVERVIEW

The first half of the financial year was characterised by prolonged volatility which resulted from the negative sentiments surrounding several sectors including commodities, energy and emerging market economies. Markets worldwide were riddled with concurrent events that influenced the bearish markets and heightened uncertainty among investors. World economic developments have caused the GDP growth forecast to be revised lower to 3.1% in 2015 and it is expected to rise only modestly to 3.4% in 2016

In Europe

- The U.K. economy grew less than expected in the third quarter, according to preliminary estimates from the Office of National Statistics (ONS).
- The ECB has continued to implement their Quantitative Easing programme, and was considering further loosening, as the inflation targets were not realised.

In the United States:

- The period was dominated by speculation and anticipation that the US Federal Reserve would be raising their benchmark interest rates in the September meeting. This negatively affected bond markets, as investors positioned for a rate increase. In September, this rate increase did not materialise, which only added to the uncertainty looming in the market.
- Oil prices showed signs of improvement in the first three months, trading as high as \$61.43 in June 2015. However volatility returned in July and later stabilized in September at an average of about \$45.00. The price of oil has fallen by almost 10% over the six month period ended September 30, 2015.

UN-AUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015

ENVIRONMENTAL OVERVIEW continued

In Emerging Markets:

- Of the major emerging economies, Brazil and Russia have fallen into recession this year, with Brazil's GDP forecasted to contract in 2016 as well. China on the other hand, continues to grow, albeit at a slower rate than anticipated at 6.8%.

The importance of monetary decisions will play a key-role in the near future. The decision of the US Fed regarding the timing and the magnitude of an interest rate hike may turn out to be an important factor for the global economy – particularly, as the ECB and the Bank of Japan, and, recently, China's central bank, embark on a different strategy of increasing monetary support.

FINANCIAL PERFORMANCE

PROVEN Investments Limited generated Net Revenue for the six months ended September 2015 of US\$11.2 million, a 79.3% improvement when compared to US\$6.2 million for the same period last year. Net Profit amounted to US\$2.9 million over the six months ended September 2015, a reduction of 18.0% when compared with the US\$3.5 million generated for the same period last year. Last year's results however included net extraordinary gains of US\$1.36 million from the purchase of subsidiary and if excluded from the results would have resulted in an increase in net profits of 22.2%.

REVENUES

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

1. Carry Trade

We continue to see growth in this segment, as spread income was a significant contributor to revenue growth. Net Interest Income increased by 164% to US\$7.1 million for the September 2015, up from US\$2.6 million for the same period last year. The increase can be attributed to the acquisitions of First Global Financial Services Limited (renamed PWL Transition Limited "PWLTL") and 49.27% of Access Financial Services Limited ("AFS") during the past financial year. For the six months ended September 2015, dividend income grew 77% to US\$0.71 million, from US\$0.28 million for the six month period last year.

UN-AUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015

2. Portfolio Positioning

The company earned US\$0.24 million from securities trading, compared to US\$1.8 million for the same period a year earlier. This resulted from the downward trend that persisted in global bond markets during the first half of the year. Gains on Foreign Exchange positions improved over 300%, to US\$1.0 million for the six month period, as the Jamaican dollar devalued by 3.49% against the US dollar over the period. Income from fees and commissions almost doubled, growing to US\$1.7 million from US\$0.92 million for the 2014 period.

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") achieved a 348.7% increase in net profits for the six month period, which stood at US\$1.1 million compared to US\$0.2 million for the corresponding period last year. Following the amalgamation of some of the assets and liabilities of PWL Transition Limited into PWL, the balance sheet grew by 386.9%. PWL continues to execute on its strategy of building sound portfolios for its clients. Total Assets under Administration increased to US\$618 million as at the end of September 2015.

PWL Transition Limited

Total assets for PWLTL stood at US\$3.5 million as at September 2015. The now smaller entity continues to provide Pension Fund management and administrative services to Pension Funds and contributed profits of US\$0.43 million to the Group for the six month period.

UN-AUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015

3. Private Equity - Continued

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 half of the year and is one of the strongest contributors to the group's consolidated profitability. Total assets increased to US\$19.9 million as at the end of September 2015 and the total loans receivable stood at US\$16.4 million. AFS earned a net profit of US\$2.6 million for the 6 month period.

Asset Management Company Limited

The loan portfolio of Asset Management Company 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\$3.4 million.

Knutsford Express Limited

PIL currently holds a 20% stake in Knutsford Express Limited. For the first quarter ended August 31, 2015, revenues increased by 39% over the comparative period last year to US\$1.2 million from US\$0.87 million. This was due mainly to growth in passenger travel. Expansion in the fleet has resulted in total assets growing over the similar period last year by 49% to US\$2.86 million. Profit after taxation grew in their first quarter ended August 2015 by US\$0.16 million to US\$0.30 million.

4. Operating Expenses

For the six months ending September 30, 2015, Consolidated Operating Expenses increased by 68% to US\$7.0 million from US\$4.2 million in the prior year period as a result of increases in administrative and general expenses, due to the inclusion of PWLTL and AFS results in the financials of the Group for this year. Our Efficiency Ratio improved marginally to 63% down from 67% year over year.

“The only source
of knowledge
is experience.”

Albert Einstein

PROVEN

WEALTH

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UN-AUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015

5. Net Profit

Consolidated Net Profit attributable to shareholders fell to US\$2.9 million or US\$0.0056 cents per share versus US\$3.53 million in the prior year's six month period. The net profit for the period represents a Return on Equity of 8.88% on an annualized basis.

6. Balance Sheet

Total Assets amounted to US\$385 million as at September 30, 2015, up from US\$332 million as at September 2014, as a result of the capital injection received from the latest Rights Issue. Total Liabilities increased 7.9% to US\$310 million as at September 30, 2015 from US\$287.6 million as at September 30, 2014. Notes Payable grew 43% to US\$109 million from US\$76 million the same time last year, while client liabilities fell 7.7% to US\$176 million from US\$190 million the prior year.

7. Shareholder's Equity

Shareholder's Equity increased by 42% from US\$44.3 million as at September 30, 2014 to US\$62.9 million as at September 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 September 30, 2015 in the amount of \$0.0018 per share to be paid out of the unaudited retained earnings of the company to all shareholders on record as at November 19, 2015 and be paid on December 3, 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

I DID IT WITH ACCESS!

WITH A LOAN FROM ACCESS I WAS ABLE TO TAKE MY BUSINESS TO ANOTHER LEVEL.

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.

"WHAT CAN I SAY ABOUT ACCESS?
IT'S EVERYTHING!"



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THE UN-AUDITED STATEMENTS

**FOR THE SIX MONTHS ENDED
SEPTEMBER 30, 2015**

UN-AUDITED STATEMENT OF INCOME

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015

UN-AUDITED STATEMENT OF INCOME FOR THE PERIOD ENDED SEPTEMBER 30, 2015

	Quarter ended September 2015	Quarter ended September 2014	Six months ended September 2015	Six months ended September 2014	Year ended March 2015
	US\$	US\$	US\$	US\$	US\$
INCOME					
Interest Income	6,723,795	4,459,238	13,337,899	7,512,923	18,632,604
Interest expense	(3,071,709)	(2,803,609)	(6,262,504)	(4,834,439)	(10,982,609)
Net Interest income	<u>3,652,086</u>	<u>1,655,629</u>	<u>7,075,395</u>	<u>2,678,484</u>	<u>7,649,994</u>
OTHER INCOME					
Gains on securities trading	(94,434)	485,448	249,426	1,849,131	386,709
Dividend Income	255,381	143,890	711,551	279,289	439,671
Fees & Commissions	1,067,427	711,168	1,796,239	920,971	2,141,865
Foreign exchange translation gains/(losses)	496,416	(47,301)	1,001,961	235,675	218,137
Other Income	144,190	218,360	323,390	259,618	541,083
	<u>1,868,980</u>	<u>1,511,565</u>	<u>4,082,567</u>	<u>3,544,684</u>	<u>3,727,466</u>
NET REVENUE	5,521,066	3,167,194	11,157,962	6,223,168	11,377,461
OPERATING EXPENSES					
Preference dividend	367,588	330,742	671,802	1,002,967	1,456,059
Administrative and General Expenses	3,238,603	1,759,541	6,367,874	3,190,904	8,282,894
	<u>3,606,191</u>	<u>2,090,283</u>	<u>7,039,676</u>	<u>4,193,871</u>	<u>9,738,953</u>
OPERATING PROFIT	1,914,875	1,076,911	4,118,286	2,029,297	1,638,508
Share of Results of Associates	66,783	-	107,640	-	33,158
Gain/(Loss) on Extra Ordinary Activities	-	193,362	-	(2,683,996)	-
Gain/(Loss) on Purchase of Subsidiary	-	-	-	4,235,420	4,241,420
PROFIT BEFORE INCOME TAX	1,981,658	1,270,273	4,225,926	3,580,721	5,913,086
INCOME TAX	52,875	13,665	(383,333)	(47,175)	60,104
NET PROFIT AFTER TAX	<u>2,034,533</u>	<u>1,283,938</u>	<u>3,842,593</u>	<u>3,533,546</u>	<u>5,973,190</u>
Less income attributable to non-controlling interest	(456,372)	3,113	(939,909)	5,807	(608,000)
	<u>1,578,161</u>	<u>1,287,051</u>	<u>2,902,684</u>	<u>3,539,353</u>	<u>5,365,190</u>
EARNINGS PER STOCK UNIT - US cents	0.30	0.36	0.56	0.99	1.51

UN-AUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015

UN-AUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

	Quarter ended September 2015	Quarter ended September 2014	Six months ended September 2015	Six months ended September 2014	Year ended March 2015
	US\$	US\$	US\$	US\$	US\$
NET PROFIT	1,578,161	1,287,051	2,902,684	3,539,353	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	(6,932,075)	(1,146,792)	(7,978,945)	(147,032)	(1,880,993)
Foreign exchange translation reserve	(549,353)	(140,564)	(1,130,577)	(432,897)	(978,000)
TOTAL COMPREHENSIVE INCOME	(5,903,267)	(305)	(6,206,838)	2,959,424	2,506,197

UN-AUDITED STATEMENT OF FINANCIAL POSITION

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015

UN-AUDITED STATEMENT OF FINANCIAL POSITION September 30, 2015

	<u>September 2015 US\$</u>	<u>September 2014 US\$</u>	<u>March 2015 US\$</u>
<u>ASSETS</u>			
Cash and cash equivalents	9,157,572	6,010,666	10,907,721
Available-for-sale investments	310,839,491	286,444,171	286,385,033
Investment in Associates	1,033,476		946,185
Loans Receivable	28,299,829	14,010,042	25,758,081
Other Receivables	11,959,238	16,232,165	16,282,391
Related Company	-	-	-
Property Development In Progress	1,498,603	831,764	1,330,277
Investment Property	400,166	1,243,269	413,886
Intangible Assets	21,439,124	6,935,852	21,457,754
Property, plant and equipment	638,209	326,531	862,667
Total Assets	<u>385,265,708</u>	<u>332,034,460</u>	<u>364,343,995</u>
 <u>LIABILITIES</u>			
Client liabilities	176,142,250	190,901,261	183,810,927
Related company	2,935,296	505,100	231,908
Notes Payable	109,591,108	76,347,639	96,456,891
Preference shares	8,185,476	8,647,710	8,474,312
Other liabilities	13,534,067	11,262,384	21,605,706
Total Liabilities	<u>310,388,197</u>	<u>287,664,094</u>	<u>310,579,744</u>
 <u>SHARE HOLDERS' EQUITY</u>			
Share capital	69,248,762	39,980,403	39,980,403
Investment revaluation reserve	(12,567,704)	(2,854,824)	(4,588,759)
Foreign exchange translation	(4,633,581)	(2,958,601)	(3,503,004)
Retained earnings	10,855,860	10,098,288	10,420,069
Total Shareholder's Equity	<u>62,903,337</u>	<u>44,265,266</u>	<u>42,308,709</u>
Minority Interest	<u>11,974,174</u>	<u>105,100</u>	<u>11,455,542</u>
Total Shareholder's Equity and Liabilities	<u>385,265,708</u>	<u>332,034,460</u>	<u>364,343,995</u>

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



Director



UN-AUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015

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

	Period ended September 2015	Period ended September 2014	Period ended March 2015
	US\$	US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	2,902,685	3,539,353	5,365,190
Foreign Exchange Translation	(1,130,577)	(432,897)	(977,300)
Depreciation	164,392	69,110	194,557
Income Tax Charge	383,333	47,175	(60,104)
Operating cashflow before movements in working capital	<u>2,319,833</u>	<u>3,222,741</u>	<u>4,522,343</u>
Changes in operating assets and liabilities			
Receivables	4,232,161	(5,503,290)	(6,493,947)
Client Liabilities	(7,668,677)	146,824,488	137,886,085
Payables	(8,363,980)	(5,256,841)	7,982,260
Related company	2,703,388	190,536	(82,656)
Net cash provided by operating activities	<u>(6,777,275)</u>	<u>139,477,634</u>	<u>143,814,085</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Loans	(2,541,744)	3,686,583	(8,061,456)
Investments in subsidiary	(647,144)	-	(10,658,710)
Investments in Asscolates	(87,292)	-	(946,184)
Purchase of property ,plant and equipment	(89,630)	(7,236,146)	(22,918,574)
Investments	(32,419,683)	(170,023,500)	(170,868,914)
Cash used in investing activities	<u>(35,785,493)</u>	<u>(173,573,063)</u>	<u>(213,453,838)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Notes payable	13,134,217	27,497,392	47,606,644
Issue of Preference Shares	(288,836)	(263,649)	(437,047)
Minority Interest	518,632	(5,807)	22,003,345
Dividend Paid	(1,819,754)	(1,925,374)	(3,429,000)
Issue of Ordinary Shares	29,268,359	10,323,316	10,323,316
Net cash provided by/ (used in) financing activities	<u>40,812,618</u>	<u>35,625,879</u>	<u>76,067,258</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,750,150)	1,530,449	6,427,505
Cash and cash equivalents at beginning of period	10,907,722	4,480,217	4,480,217
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>9,157,571</u>	<u>6,010,665</u>	<u>10,907,721</u>

UN-AUDITED STATEMENT OF CHANGES IN FINANCIAL EQUITY

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015

UN-AUDITED STATEMENT OF CHANGES IN FINANCIAL EQUITY SEPTEMBER 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		(5,807)	(147,032)	(432,897)	3,539,353	2,953,617
Issue of Shares	10,323,316					10,323,316
Dividends to equity holders					(1,925,373)	(1,925,373)
Balance at September 30, 2014	<u>39,980,403</u>	<u>105,100</u>	<u>(2,854,824)</u>	<u>(2,958,601)</u>	<u>10,098,287</u>	<u>44,370,365</u>

UN-AUDITED STATEMENT OF CHANGES IN FINANCIAL EQUITY SEPTEMBER 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		939,909	(7,978,945)	(1,130,577)	2,902,685	(5,266,927)
Issue of Shares	29,268,358					29,268,358
Adjustment to acquisition in Subsidiary					(647,140)	(647,140)
Acquisition of NCI without a change in control		(98,871)				(98,871)
Dividends to equity holders		(322,406)			(1,819,754)	(2,142,160)
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>10,855,861</u>	<u>74,877,512</u>

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 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		
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
Access Financial Services	Jamaica	Retail Lending	49.72	–

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

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

2. Statement of Compliance and Basis of Preparation

Interim Financial Reporting

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 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

SEPTEMBER 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 18,181,630

Identifiable assets acquired and liabilities assumed

\$'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	<u>(3,855,618)</u>
	<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	10,444

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.

11. 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\$ 2,902,684 by the weighted average number of ordinary stock units in issue during the reporting period numbering 521,111,456 shares.

PROVEN

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