PROVEN INVESTMENTS LIMITED

Financial Statements
(Expressed in United States Dollars)

March 31, 2011

PROVEN INVESTMENTS LIMITED

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INDEPENDENT AUDITORS' REPORT

To the Members of
PROVEN INVESTMENTS LIMITED

Report on the Financial Statements

We have audited the financial statements of Proven Investments Limited ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), set out on pages 3 to 43, which comprise the Group's and Company's statement of financial position as at March 31, 2011, the Group's and Company's statements of comprehensive income, changes in equity and cash flows for the period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

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

To the Members of
PROVEN INVESTMENTS LIMITED

Report on the Financial Statements, continued

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group and the Company as at March 31, 2011, and of the Group's and Company's financial performance, changes in equity and cash flows for the period then ended in accordance with International Financial Reporting Standards.

KPMG

KPMG Eastern Caribbean
May 31, 2011

Castries, Saint Lucia

PROVEN INVESTMENTS LIMITED

Statement of Financial Position
March 31, 2011

	Notes	Group 2011 $'000	Company 2011 $'000
ASSETS			
Cash and cash equivalents		3,596	876
Resale agreements	4	9,314	406
Investment securities	5	100,033	36,707
Loans receivable	6	7,776	7,776
Other receivables	7	14,292	13,356
Income tax recoverable		5,758	16
Investment in subsidiary	8	-	16,567
Intangible asset	9	9	-
Property, plant and equipment	10	328	-
Total assets		141,106	75,704
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Repurchase agreements	11	66,454	2,944
Credit linked notes	12	4,812	-
Owed to related party	13	304	304
Notes payable	14	33,571	33,571
Preference shares	15	1	1
Current income tax payable		108	108
Deferred tax liabilities	16	661	-
Other liabilities		948	41
Total liabilities		106,859	36,969
Shareholders' equity:			
Share capital	17	29,657	29,657
Fair value reserve	18	(741)	(339)
Foreign exchange translation reserve		27	-
Retained earnings		5,304	9,417
Total shareholders' equity		34,247	38,735
		141,106	75,704

The financial statements on pages 3 to 44 were approved for issue by the Board of Directors on May 31, 2011 and signed on its behalf by:

Director

Director

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

PROVEN INVESTMENTS LIMITED

Statement of Comprehensive Income
For the sixteen-month period ended March 31, 2011

	Notes	Group 2011 $'000	Company 2011 $'000
Revenue			
Interest income		8,705	2,005
Interest expense		(5,283)	(463)
Net interest income	19	3,422	1,542
Other operating revenue			
Dividends		20	10,000
Fees and commissions		173	73
Net fair value and realised gains	20	3,070	1,643
Net foreign exchange gains		11	12
Other income		208	-
Cambio operations		5	-
Gain on purchase of subsidiary	8	5,009	-
		8,496	11,728
Net interest income and other operating revenue		11,918	13,270
Expenses			
Staff costs	21	1,024	-
Depreciation and amortisation	9,10	47	-
Preference share dividend	15,24	1,668	1,668
Other operating expenses	22	1,884	779
		4,623	2,447
Profit before income tax		7,295	10,823
Income tax	23	(693)	(108)
Profit for the period		6,602	10,715
Other comprehensive loss			
Unrealised losses on available-for-sale investments, net of tax		(741)	(339)
Foreign exchange translation reserve		27	-
Total other comprehensive loss		(714)	(339)
Total comprehensive income for the period		5,888	10,376

The accompanying notes on pages 7 to 43 form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Statement of Changes Equity
For the sixteen-month period ended March 31, 2011

	Share capital $'000 (note 17)	Fair value reserve $'000 (note 18)	Foreign exchange translation reserve $'000$	Retained earnings '000	Total $'000
Group:					
Total comprehensive income for the period					
Profit for the period	-	-	-	6,602	6,602
Other comprehensive income for the period					
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	27	-	27
Unrealised losses on fair value of available-for-sale securities	-	(942)	-	-	(942)
Deferred tax on unrealised losses	-	201	-	-	201
Total other comprehensive loss for the period, net of tax	-	(741)	27	-	(714)
Total comprehensive income for the period	-	(741)	27	6,602	5,888
Transactions with owners recorded directly in equity					
Issue of shares (note 17)	29,657	-	-	-	29,657
Dividends to equity holders (note 27)	-	-	-	(1,298)	(1,298)
Total transactions with owners	29,657	-	-	(1,298)	28,359
Balances at March 31, 2011	29,657	(741)	27	5,304	34,247

	Share capital $'000 (note 17)	Fair value reserve $'000 (note 18)	Retained earnings $'000	Total $'000
Company:				
Total comprehensive income for the period				
Profit for the period	-	-	10,715	10,715
Other comprehensive income for the period				
Unrealised losses in fair value of available-for-sale securities	-	(339)	-	(339)
Total other comprehensive income for the period, net of tax	-	(339)	-	(339)
Total comprehensive income for the period	-	(339)	10,715	10,376
Transactions with owners recorded directly in equity				
Issue of shares (note 17)	29,657	-	-	29,657
Dividends to equity holders (note 27)	-	-	(1,298)	(1,298)
Total transactions with owners	29,657	-	(1,298)	28,359
Balances at March 31, 2011	29,657	(339)	9,417	38,735

The accompanying notes on pages 7 to 43 form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Statement of Cash Flows
For the sixteen-month period ended March 31, 2011

	Notes	Group 2011 $'000	Company 2011 $'000
Cash flows from operating activities:			
Profit for the period		6,602	10,715
Adjustments for:			
Depreciation	10	46	-
Amortisation	9	1	-
Interest income		(8,705)	(2,005)
Interest expense		6,951	2,131
Appreciation in value of securities at fair value through profit or loss		(61)	-
Unrealised foreign exchange loss		7,490	-
Income tax charge	23	693	108
		13,017	10,949
Change in:			
Loans receivable		(7,776)	(7,776)
Other receivables		(12,602)	(12,809)
Other liabilities		(31)	32
Repurchase agreements		66,454	2,944
Income tax recoverable		(5,758)	(16)
Resale agreements		(9,314)	(406)
Credit linked notes		4,812	-
		48,802	(7,082)
Interest received		7,315	1,458
Interest paid		(5,972)	(1,818)
Dividend paid	27	(1,298)	(1,298)
Net cash provided/(used) by operating activities		48,847	(8,740)
Cash flows from investing activities:			
Investment in subsidiary	6	-	(16,567)
Investment securities		(108,102)	(37,046)
Purchase of property, plant and equipment	10	(374)	-
Purchase of intangible assets	9	(10)	-
Net cash used by investing activities		(108,486)	(53,613)
Cash flows from financing activities:			
Notes payable		33,571	33,571
Issue of preference shares		1	1
Issue of ordinary shares	17	29,657	29,657
Net cash provided by financing activities		63,229	63,229
Net increase in cash and cash equivalents		3,590	876
Effect of exchange rate fluctuations on cash and cash equivalents		6	-
Cash and cash equivalents at end of period		3,596	876

The accompanying notes on pages 7 to 43 form an integral part of the financial statements.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements
March 31, 2011

1. Identification

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

The accounting date of the company and its subsidiary is March 31. These financial statements cover the sixteen-month period from date of incorporation to March 31, 2011.

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

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

None of the new or revised standards or interpretations had any specific impact on these financial statements.

New and revised standards and interpretations that are not yet effective

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

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

- IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments,* which is effective for annual reporting periods beginning on or after July 1, 2010, addresses the accounting by the debtor in a debt for equity swap transaction - specifically how the entity should measure the equity instruments issued to extinguish a financial liability. The Group is assessing the impact of the interpretation on its financial statements.

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

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

New and revised standards and interpretations that are not yet effective

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

- IAS 24, *Related Party Disclosures, Revised*, which is effective for annual reporting periods beginning on or after January 1, 2011, amends the definition of a related party and also expands the list of transactions that require disclosure. The Group is assessing the impact on its financial statements.

- *Improvements to IFRS* (2010) contain amendments to six standards and to one interpretation and are effective for annual reporting periods beginning on or after July 1, 2010 or January 1, 2011. The main applicable amendments are as follows:

  – IFRS 3, *Business Combinations*, is amended to state that contingent consideration arising in a business combination that had been accounted for in accordance with IFRS 3 (2004) that has been settled or otherwise resolved at the effective date of IFRS 3 (2008) continues to be accounted for in accordance with IFRS 3 (2004). IFRS 3 has also been amended to limit the accounting policy choice to measure non-controlling interests (NCI) upon initial recognition either at fair value or at the NCI's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and entitle the holder to a share of net assets in the event of liquidation. IFRS 3 was also amended to provide guidance on unreplaced and voluntary replaced share-based payment awards. The amendments are effective for accounting periods beginning on or after July 1, 2010.

  – IFRS 7, *Financial Instruments: Disclosures*, which has been amended, effective for annual reporting periods beginning on or after January 1, 2011, to add an explicit statement that the interaction between qualitative and quantitative disclosures better enables users to evaluate an entity's exposure to risks arising from financial statements. Existing disclosures relating to maximum exposure to credit risk, financial effect of collateral held as security and other enhancements in respect of a financial instrument have been amended. Certain disclosures relating to the carrying amount of financial assets that are not past due or are not impaired as a result of their terms having been renegotiated and description of collateral held as security for financial assets that are past due have been removed.

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

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

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

- *Improvements to IFRS* (2010) contain amendments to six standards and to one interpretation and are effective for annual reporting periods beginning on or after July 1, 2010 or January 1, 2011. The main applicable amendments are as follows: (cont'd)

  – IAS 1, *Presentation of Financial Statements*, has been amended effective for annual reporting periods beginning on or after January 1, 2011, to state that for each component of equity a reconciliation from opening to closing balances is required to be presented in the statement of changes in equity, showing separately changes arising from items recognised in profit or loss, in other comprehensive income and from transactions with owners acting in their capacity as owners. The Group is assessing the impact of this amendment on the 2012 financial statements.

  – IAS 27, *Consolidated and Separate Financial Statements*, has been amended, effective for annual reporting accounting periods beginning on or after July 1, 2010, to provide guidance on disposals of all or part of a foreign operation and about accounting for a loss of significant influence or joint control.

  – IAS 34, *Interim Financial Reporting*, has been amended, effective for annual reporting periods beginning on or after January 1, 2011, to add a number of examples of events or transactions that require disclosure.

  The Group is assessing the impact of these amendments on its financial statements.

- IFRS 10, *Consolidated Financial Statements*, which is effective for annual periods beginning on or after 1 January 2013, introduces a new approach to determining which investees should be consolidated. It was issued as part of a suite of consolidation and related standards, also replacing existing requirements for joint ventures (now joint arrangements) and making limited amendments in relation to associates. IFRS 10 supersedes IAS 27 *Consolidated and Separate Financial Statements*, and SIC-12, *Consolidation – Special Purpose Entities*, and provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. An investor controls an investee when (i) it is exposed, or has rights, to variable returns from its involvement with the investee, (ii) has the ability to affect those returns through its power over the investee and (iii) there is a link between power and returns. The Group is assessing the impact on its 2014 financial statements.

- IFRS 11, *Joint Arrangements*, which is effective for annual reporting periods beginning on or after January 1, 2013, does two things. Firstly, it carves out from IAS 31, J*ointly Controlled Entities*, those cases in which, although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remaining arrangements under IAS 31, *Jointly Controlled Entities*, now called *Joint Ventures*, are stripped of the free choice of using the equity method or proportionate consolidation; they are now required to use the equity method. The application of the equity method is subject to two exemptions, carried forward from IAS 28 (2008) and IAS 31.

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

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

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

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

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

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

(b) Basis of measurement:

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

(c) Functional and presentation currency:

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

(d) Accounting estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the period then ended. Actual amounts could differ from those estimates.

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

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

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

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

(i) Key sources of estimation uncertainty:

- Allowance for impairment losses:

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

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

- Fair value of financial instruments:

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

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

Management is sometimes also required to make critical judgements in applying accounting policies. There were no critical judgements in applying accounting policies for the period ended March 31, 2011.

3. Significant accounting policies

(a) Basis of consolidation:

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

3. Significant accounting policies (cont'd)

(a) Basis of consolidation: (cont'd)

(i) Subsidiaries:

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

(ii) Transactions eliminated on consolidation:

Intra-Group balances and any unrealised gains and losses and income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment of the Group's interest.

(b) Financial assets and liabilities:

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

(i) Recognition:

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

(ii) Derecognition:

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

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

3. Significant accounting policies (cont'd)

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

(iii) Offsetting:

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the branch has a legal right to set off the recognised amounts and it intends to settle on a net basis or to realise the assets and settle the liability simultaneously.

(iv) Amortised cost:

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

(v) Fair value measurement principles:

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

Determination of fair value:

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

The fair values of cash and cash equivalents, resale agreements, cheques and other items in transit, other assets, customers' liabilities under acceptances, due to other banks and financial institutions, repurchase agreements and other liabilities are considered to approximate their carrying values.

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

3. Significant accounting policies (cont'd)

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

(v) Fair value measurement principles (cont'd):

A market is regarded as active if quoted prices are readily and regularly available from an exchange dealer, broker or other agency and represent actual and regularly occurring market transactions on an arm's length basis. In the absence of an active market, other valuation techniques are used. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group and is consistent with accepted economic methodologies for pricing financial instruments.

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

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

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

(vi) Cash and cash equivalents:

Cash and cash equivalents comprise cash on hand, cash deposited with the central bank and other short-term deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. These are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(vii) Other assets:

Other assets are stated at amortised cost less impairment losses.

(viii) Other liabilities:

Other liabilities are stated at amortised cost.

(c) Investments:

Available-for-sale financial assets:

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

3. Significant accounting policies (cont'd)

(c) Investments: (cont'd)

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.

(d) Resale and repurchase agreements:

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

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

(e) Loans and notes receivable and other receivables:

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

(f) Accounts payable:

Accounts payable are stated at their amortised cost.

3. Significant accounting policies (cont'd)

(g) Interest-bearing borrowings:

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

(h) Property, plant and equipment:

(i) Cost:

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the Company and its cost can be reliably measured.

(ii) Depreciation:

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

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

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

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

(i) Intangible assets:

(i) Computer software:

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

(ii) Goodwill:

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

3. Significant accounting policies (cont'd)

(j) Foreign currency translation:

(i) Transactions and balances:

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

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

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in stockholders' equity.

(ii) Foreign operations:

The assets and liabilities of foreign operations are translated into US$ at the spot exchange rate at the reporting date. The income and expenses of the foreign operations are translated into US$ at the spot exchange rates at the dates of the transactions (for practical purposes an average is used). Foreign currency differences on the translation of foreign operations are recognised in other comprehensive income and include in translation reserve.

(k) Share capital:

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

(i) equity if it is non-redeemable, or redeemable only at the Company'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.

3. Significant accounting policies (cont'd)

(k) Share capital: (cont'd)

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

(l) Income tax:

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

(i) Current income tax:

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

(ii) Deferred income tax:

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

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

(m) Impairment:

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit or loss. Any cumulative impairment loss in respect of an available-for-sale investment recognised previously in other comprehensive income is transferred to profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in other comprehensive income is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognised in profit or loss.

3. Significant accounting policies (cont'd)

(m) Impairment (cont'd)

(i) Calculation of recoverable amount:

The recoverable amount of the Group's investment securities classified as loans and receivables and its other receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment:

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

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

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

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

(n) Investment in subsidiary

Investment in subsidiary is carried at cost.

(o) Related parties:

A party is related to the Company if:

(i) directly or indirectly, the party:

- controls, is controlled by, or is under common control with the Company;
- has an interest in the Company that gives it significant influence over the Company, or
- has joint control over the Company;

3. Significant accounting policies (cont'd)

(o) Related parties (cont'd):

(ii) the party is an associate of the Company;

(iii) the party is a joint venture in which the Company is a venturer

(iv) the party is a member of the key management personnel of the Company;

(v) the party is a close member of the family of any individual referred to in (i) or (ii) above;

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (ii) or (iii); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Company, or any entity that is a related party of the Company.

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

(p) Interest income:

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

(q) Interest expense:

Interest expense is recognised in the income statement 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.

(r) Fees and commission income:

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

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2011

3. Significant accounting policies (cont'd)

(s) Borrowings:

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

(t) Cash and cash equivalents:

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

Cash and cash equivalent are carried at amortised cost.

4. Resale agreements

The company purchases government and corporate securities and agrees to resell them at a specified date at a specified price. On making payment the company takes delivery of the securities from the vendor although title is not transferred unless the 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 fulfill its contractual obligations. At the reporting date, the fair value of the underlying securities held for resale agreements was $11,027,000 for the Group and $406,000 for the Company.

5. Investment securities

	Group 2011 $'000	Company 2011 $'000
Financial assets at fair value through profit or loss		
Quoted equities	522	-
Available-for-sale securities		
Local equities	24	24
Global equities	6,145	6,145
Regional bonds	14,524	14,524
Mutual funds	8,099	8,099
Other government securities	5,251	-
Government of Jamaica securities	45,025	-
Corporate notes	16,095	7,915
	95,163	36,707
Loans and receivables		
Government of Jamaica securities	4,348	-
	100,033	36,707

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2011

6. Loans receivable

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

	Group and Company $'000
Within 3 months	233
3 months -12 months	2,512
1-5 years	5,031
	7,776

(b) Impairment losses:

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

	Group and Company	
	Gross $'000	Allowance for impairment $'000
Not past due and not impaired	7,776	-
Past due and not impaired	-	-
	7,776	-

7. Other receivables

	Group 2011 $'000	Company 2011 $'000
Due from clients	12,736	12,809
Interest receivable	1,363	547
Other	294	-
	14,393	13,356
Less allowance for doubtful debts	(101)	-
	14,292	13,356

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

Due from clients	99	-
Other	2	-
	101	-

8. Investment in subsidiary

	Group 2011 $'000 $	Company 2011 $'000 $
Ordinary and preference shares	-	16,567

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2011

8. Investment in subsidiary (cont'd)

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

(ii) On August 17, 2010, Proven Investments Limited acquired the entire issued share capital of Guardian Asset Management Jamaica Limited, now renamed Proven Wealth Limited, with the Group's main objective being to invest its capital for the ultimate benefit of the shareholders.

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	16,250

Identifiable assets acquired and liabilities assumed

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

Goodwill

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

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

The transaction resulted in a gain from effective negotiation of an attractive purchase price.

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

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2011

9. Intangible assets

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

	Group $'000
Cost:	
Additions, being balance as at March 31, 2011	10
Amortisation:	
Amortisation for the period, being balance at March 31, 2011	1
Net book value at March 31, 2011	9

10. Property, plant and equipment

	Group				
	Leasehold improvement $'000	Furniture fixtures and equipment $'000	Motor vehicle $'000	Computer equipment $'000	Total $'000
Cost:					
Additions, being balance as at March 31, 2011	7	264	40	63	374
Depreciation:					
Depreciation for the period, being balance as at March 31, 2011	1	21	11	13	46
Net book values:					
March 31, 2011	6	243	29	50	328

11. Repurchase agreements

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

	Group $'000	Company $'000
Denominated in Jamaica dollars	52,936	-
Denominated in United States dollars	13,065	2,944
Denominated in Pounds Sterling	453	-
	66,454	2,944

12. Credit linked notes

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

13. Owed to related party

	Group and Company 2011 $'000
Proven Management Limited	
Accrued dividend payable	285
Accrued management fees	19
	304

14. Notes payable

		Group and Company 2011 $'000
(i)	Structured notes	2,825
(ii)	Equity-linked notes	6,975
(iii)	Margin payables	23,771
		33,571

(i) Structured notes represent short to medium term debt obligations issued by the Company. The notes are secured by a basket of securities and typically have fixed quarterly coupon payments, with a bullet payment of principal due at maturity.

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

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

15. Preference shares

The preference shares are manager's preference shares, with terms and conditions that include the following:

(a) the manager's preference shares shall rank *pari passu* as between and among themselves;

(b) each manager's preference share is entitled to a cumulative annual preference dividend in the sum which is equal to:

(i) 25% of the profits and gains of the Company in each financial year in excess of the Annual Earnings Hurdle (computed in accordance with the formula set out in the terms and conditions of issue) for such financial year, divided by

(ii) the number of manager's preference shares in issue when the said cumulative annual preference dividend is paid; and for this purpose the Annual Earnings Hurdle shall be the amount which results when the hurdle rate is applied to the average equity of the Company during such financial year.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2011

15. Preference shares (cont'd)

(c) Apart from the right to the cumulative annual preference dividend, the manager's preference shares have no economic rights or entitlements save for the right on a winding up to the repayment of the capital paid thereon on a *pari passu* basis with the capital paid on the ordinary shares

(d) Each manager's preference share has votes attaching to it that are a multiple of the votes attaching to each ordinary share on all resolutions and decisions at a general meeting, such that the preference share votes will be at least equal to the votes of the ordinary shares, except on any resolution intended to vary the formula for computing the dividend payable to the preference shareholders, in which case each manager's preference share is entitled to one vote,

This dividend is recorded as interest expense in the statement of comprehensive income.

16. Deferred tax liabilities

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

17. Share capital

	2011 $	2011 $'000
Authorised:		
2,999,990,000 Ordinary shares, par value US$0.01 each	29,999,900	
10,000 Manager's Preference Shares, par value US$0.01 each	100	
	30,000,000	
Issued and fully paid:		
29,657 Ordinary shares		29,657
10,000 Manager's Preference shares		1
Total issued and fully paid share capital		29,658
Less cumulative preference share reclassified to liability (see note 15)		(1)
		29,657

The holders of the ordinary shares are entitled to receive dividends from time to time, and are entitled to one vote per share at meetings of the Company.

18. Fair value reserve

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

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2011

19. Net interest income

	Group 2011 $'000	Company 2011 $'000
Interest income:		
BOJ Certificates of Deposits	79	-
Benchmark investment notes	5,075	-
GOJ investment bonds	246	-
GOJ local registered stock	-	-
Regional and corporate bonds	1,131	1,131
Global bonds	443	-
Resale agreements	822	86
Corporate note	(909)	-
Margins	210	210
Loans	188	188
Other	1,420	390
	8,705	2,005
Interest expense:		
Interest on margins	294	294
Repurchase agreements	4,820	42
Short term loans	14	-
Principal protected notes	17	-
Credit linked notes	8	-
Notes payable	52	52
Other	78	75
	5,283	463
	3,422	1,542

20. Net fair value and realised gains/(losses)

	Group 2011 $'000	Company 2011 $'000
Fixed income securities	3,069	1,643
Equity securities	(6)	-
Currency trading	7	-
	3,070	1,643

21. Staff costs

	Group 2011 $'000
Salaries, wages and related costs	759
Bonus and ex-gratia payments	126
Statutory payroll contributions	68
Pension costs - defined contribution plan	26
Staff welfare	45
	1,024

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2011

21. Staff costs (cont'd)

	Group 2011 $'000
Included in staff costs are the following directors' emolument:	
Fees	7
Management remuneration	204

22. Other operating expenses

	Group 2011 $'000	Company 2011 $'000
Acquisition costs	317	-
Audit fees	47	12
Irrecoverable GCT	59	-
Insurance	19	-
Legal and other professional fees	121	9
Licenses and permits	44	-
Marketing	143	18
Miscellaneous	173	12
Management fees – Proven Management Limited	639	639
Selling agents fee	89	89
Office rent	38	-
Printing and stationery	54	-
Repairs and maintenance	43	-
Subscriptions and donations	5	-
Travelling	60	-
Utilities	33	-
	1,884	779

23. Taxation

(a) The tax charge for income tax is computed at 1% and 33% of profit for the period as adjusted for tax purposes, and is made up as follows:

	Group 2011 $'000	Company 2011 $'000
(i) Current tax charge:		
Charge on current period's profits:		
Income tax	(1,216)	(106)
(ii) Deferred tax credit:		
Origination and reversal of temporary differences	523	-
Total income tax charge	$(693)	(106)

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2011

23. Taxation (cont'd)

(b) Reconciliation of effective tax rate:

The tax rate for the subsidiary is 33⅓% of profit before income tax adjusted for tax purposes, while the tax rate for the Company is 1% of profits. The actual charge for the period is as follows:

	Group 2011 $'000	Company 2011 $'000
Profit before income tax	7,295	10,823
Computed "expected" tax expense at 33⅓%	415	-
Computed "expected" tax expense at 1%	108	108
	523	108
Tax effect of treating some items differently for financial reporting than for tax reporting purposes:		
Other	170	-
Actual income tax charge	693	108

24. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or both parties are subject to common control or significant influence.

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

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

(b) The Company has engaged a related party, Proven Management Limited, to provide investment management and custodian services in relation to financial instruments held in a number of funds, for a fee. The fee is charged at 2% of the Company's average Net Asset Value in the financial period.

	Group and Company 2011 $'000
Total financial assets held in a fiduciary capacity	-
Investment management fees paid for the period	620
Fees accrued at end of period	19
	639

24. Related party transactions (cont'd)

(c) Key management compensation for the period, included in staff costs (note 21), is as follows:

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

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

	Subsidiary 2011 $'000	Directors and key management 2011 $'000
Other receivables	228	39
Repurchase agreements	(2,944)	(86)
Credit linked notes	-	(61)

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

	2011 $'000
Proven Wealth Limited	
Dividend income	10,000
Interest income	42
Proven Management Limited	
Dividends paid	1,383
Dividends accrued at end of period	285
	1,668

(f) Other amounts with related parties are disclosed in note 13.

25. Financial risk management

(a) Introduction and overview:

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

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2011

25. Financial risk management (cont'd)

(a) Introduction and overview (cont'd):

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

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

(i) Investment Management Committee
(ii) Audit Committee

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

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

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

(b) Credit risk:

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

(i) Maximum exposure to credit risk:

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

	Group 2011 $'000	Company 2011 $'000
Cash and bank balances	3,596	876
Resale agreements	9,314	406
Investment securities	93,342	30,538
Other assets	14,292	13,356
Loans receivable	7,776	7,776
	128,320	52,952

25. Financial risk management (cont'd)

(b) Credit risk (cont'd):

(i) Maximum exposure to credit risk (cont'd):

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

- Cash and cash equivalents

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

- Resale agreements

  Collateral is held for all resale agreements.

- Investment securities

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

- Accounts receivable

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

(ii) Concentration of credit risk:

There is significant concentration of credit risk in that the Group holds significant amounts of debt securities issued by Government of Jamaica and Bank of Jamaica. There is no other significant concentration of credit

(iii) Impairment:

No financial asset was considered impaired at the reporting date.

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

(c) Liquidity risk:

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

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2011

25. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

(i) Liquidity risk management:

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

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flows;

(iii) Optimising cash returns on investment;

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

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

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

Group

	2011						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	No specific maturity date $'000	Total $'000
Liabilities							
Repurchase agreements	39,546	24,041	2,867	-	-	-	66,454
Owed to related party	-	-	-	-	-	304	304
Notes payable	-	2,825	-	6,975	23,771	-	33,571
Preference shares	-	-	-	-	-	1	1
Other liabilities	948	-	-	-	-	-	948
Credit linked notes	-	-	3,641	1,171	-	-	4,812
Total financial liabilities	40,494	26,866	6,508	8,146	23,771	305	106,090

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2011

25. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

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

Company

	2011						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	No specific maturity date $'000	Total $'000
Liabilities							
Repurchase agreements	2,944	-	-	-	-	-	2,944
Owed to related party	-	-	-	-	-	304	304
Notes payable	26,596	-	-	6,975	-	-	33,571
Preference shares	-	-	-	-	-	1	1
Other liabilities	41	-	-	-	-	-	41
Total financial liabilities	29,581	-	-	6,975	-	305	36,861

(d) Market risk:

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

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

(i) Currency risk:

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Group is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaica dollar. The main currencies giving rise to this risk are the United States dollar (US$), Euro (€) and Trinidad and Tobago (TT$). The Group manages this risk by matching foreign currency assets with foreign currency liabilities, to the extent practicable. The net foreign currency exposure is kept to the targeted levels by buying or selling currencies at spot rates when necessary to address imbalances. At the reporting date, exposure to foreign currency risk was as follows:

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2011

25. Financial risk management (cont'd)

(d) Market risk (cont'd):

Group

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

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

Company

	2011
	J$'000
Assets:	
Loans receivable	450,000
Investment securities	2,080
Net financial position	452,080

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2011

25. Financial risk management (cont'd)

(d) Market risk (cont'd):

(ii) *Sensitivity to exchange rate movements*:

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

(iii) Interest rate risk:

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

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

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

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2011

25. Financial risk management (cont'd)

(d) Market risk (cont'd):

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

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

Group

	2011						
	0-30 days J$'000	31-90 days J$'000	91-365 days J$'000	366 days to 5 years J$'000	Over 5 years J$'000	Non interest sensitive J$'000	Total J$'000
Assets:							
Cash and cash equivalents	-	-	-	-	-	3,596	3,596
Resale agreements	3,107	5,916	291	-	-	-	9,314
Investment securities	935	-	24	34,794	47,738	9,851	93,342
Loans receivable	233	2,512	5,031	-	-	-	7,776
Other	174	27	7	322	13,085	6,435	20,050
Total assets	4,449	8,455	5,353	35,116	60,823	19,882	134,078
Liabilities							
Repurchase agreement	39,546	24,041	2,867	-	-	-	66,454
Credit linked notes	-	-	3,641	1,171	-	-	4,812
Owed to related parties	-	-	-	-	-	304	304
Notes payable	-	2,825	-	6,975	23,771	-	33,571
Preference shares	-	-	-	-	-	1	1
Other	-	-	-	-	-	948	948
	39,546	26,866	6,508	8,146	23,771	1,253	106,090
Interest rate sensitivity gap	(35,097)	(18,411)	(1,155)	26,970	37,052	18,629	27,988
Cumulative interest sensitivity gap	(35,097)	(53,508)	(54,663)	(27,693)	9,359	27,988	

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2011

25. Financial risk management (cont'd)

(d) Market risk (cont'd):

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

Company

	2011						
	0-30 days J$'000	31-90 days J$'000	91-365 days J$'000	366 days to 5 years J$'000	Over 5 years J$'000	Non interest sensitive J$'000	Total J$'000
Assets:							
Cash and bank	-	-	-	-	-	876	876
Resale agreements	406	-	-	-	-	-	406
Investment securities	-	-	-	1,056	19,631	9,851	30,538
Loans receivable	233	2,512	5,031	-	-	-	7,776
Other receivables	-	-	-	-	12,772	600	13,372
Total assets	639	2,512	5,031	1,056	32,403	11,327	52,968
Liabilities							
Repurchase agreement	2,944	-	-	-	-	-	2,944
Owed to related parties	-	-	-	-	-	304	304
Preference share	-	-	-	-	-	1	1
Other liabilities	-	-	-	-	-	41	41
Notes payable	-	2,825	-	6,975	23,771	-	33,571
Total liabilities	2,944	2,825	-	6,975	23,771	346	36,861
Total interest rate sensitivity gap	(2,305)	(313)	5,031	(5,919)	8,632	10,981	16,107
Cumulative interest sensitivity gap	(2,305)	(2,618)	2,413	(3,506)	5,126	16,107	

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

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

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2011

25. Financial risk management (cont'd)

(d) Market risk (cont'd):

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

Sensitivity to interest rate movements

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

	Group		Company	
	Effect on profit 2011 $'000	Effect on equity 2011 $'000	Effect on profit 2009 $'000	Effect on equity 2009 $'000
Change in interest rates:				
-1.00%	41	20	(8)	-
+1.00%	(37)	(20)	12	-

(iv) Price risk:

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

The Group's exposure to price risk is represented by the total carrying value of equity investments on the statement of financial position of $6,667,000 for the Group and $6,145,000 for the Company.

Sensitivity to equity price movements

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

25. Financial risk management (cont'd)

(e) Capital management:

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

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

(ii) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(iii) To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines developed by the Financial Services Commission (the Commission). The required information is filed with the Commission on a monthly basis.

The Commission requires each securities dealer to:

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

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

The subsidiary's regulatory capital is managed by its compliance officer and is divided into two tiers:

(i) Tier 1 capital: issued and fully paid-up capital in the form of ordinary shares, retained earnings and reserves; and

(ii) Tier 2 capital: redeemable cumulative preference shares.

The risk-weighted assets are measured by means of stipulated weights applied to the risk-based assets and other risk exposures as determined by the Commission.

25. Financial risk management (cont'd)

(e) Capital management (cont'd)

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

	Group 2011 $'000
Tier 1 capital:	
Ordinary shares	779
Retained earnings and reserves	10,910
Total qualifying tier 1 capital	11,689
Tier 2 capital:	
Redeemable preference shares, being total qualifying tier 2 capital	390
Total regulatory capital	12,079
Total risk-weighted assets	34,183
Actual ratio of regulatory capital to risk-weighted assets	35.19%

26. Fair value

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

Level 1

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

Level 2

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

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2011

26. Fair value (cont'd)

Level 3

Included in the Level 3 category are financial assets and liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The Company has no financial assets or liabilities in this category.

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

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

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

	2011	
	Carrying value $'000	Fair value $'00
Financial assets		
Investment securities:		
Loans and receivables	4,348	4,489

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

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2011

27. Distribution to equity holders

	Group and Company 2011 $'000
Distribution to ordinary shareholders	1,298

28 Lease commitments

At the financial period end, there was operating lease rental commitments, payable as follows:

	Group and Company 2011 $'000
Within one year	4
Subsequent years	-
	4