PROVEN INVESTMENTS LIMITED

FINANCIAL STATEMENTS

MARCH 31, 2013

KPMG EASTERN CARIBBEAN
Morgan Building
L'Anse Road
P.O. Box 1101
Castries, St. Lucia

Telephone (758) 453-1471
(758) 453-0625
Fax (758) 453-6507
e-Mail kpmg@kpmg.lc

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 55, which comprise the Group's and Company's statement of financial position as at March 31, 2013, 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.

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, 2013, 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 29, 2013

Castries, Saint Lucia

PROVEN INVESTMENTS LIMITED

Statement of Financial Position
March 31, 2013

	Notes	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
ASSETS					
Cash and cash equivalents		3,558	2,908	2,021	1,219
Resale agreements	4	2,515	882	1,311	344
Investment securities	5	114,435	101,033	86,389	63,500
Loans receivable	6	16,078	25,336	5,228	5,682
Other assets	7	2,861	3,719	1,245	2,298
Owed by related party		25	-	155	212
Income tax recoverable		3,702	5,145	-	89
Investment in subsidiaries	8	-	-	17,470	17,470
Investment property	9	695	785	-	-
Intangible asset	10	31	41	-	-
Property, plant and equipment	11	248	347	-	
Deferred tax asset	17	8	-	-	-
Total assets		144,156	140,196	113,819	90,814
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities:					
Bank overdraft		-	223	-	223
Repurchase agreements	12	31,370	35,344	4,955	-
Credit linked notes	13	1,573	4,370	-	688
Owed to related parties	14	329	104	402	106
Notes payable	15	63,600	54,172	55,298	38,294
Preference shares	16	9,922	11,240	9,922	11,240
Current income tax payable		50	38	43	37
Deferred tax liabilities	17	216	211	-	-
Other liabilities		1,200	1,274	455	428
Total liabilities		108,260	106,976	71,075	51,016
Shareholders' equity:					
Share capital	18	29,657	29,657	29,657	29,657
Fair value reserve	19	236	(2,228)	1,361	(1,115)
Foreign exchange translation reserve	20	(1,463)	(148)	-	-
Retained earnings		7,347	5,822	11,726	11,256
Equity attributable to owners of the company		35,777	33,103	42,744	39,798
Non-controlling interest		119	117	-	-
Total shareholders' equity		35,896	33,220	42,744	39,798
Total liabilities and shareholders' equity		144,156	140,196	113,819	90,814

The financial statements on pages 3 to 55 were approved for issue by the Board of Directors on May 29, 2013 and signed on its behalf by:

_______________ Chairman

_______________ Director

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

PROVEN INVESTMENTS LIMITED

Statement of Comprehensive Income
Year ended March 31, 2013

	Notes	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Net interest income and other operating revenue					
Interest income		7,361	7,076	3,622	2,894
Interest expense		(4,474)	(3,979)	(2,535)	(1,603)
Net interest income	21	2,887	3,097	1,087	1,291
Other operating revenue					
Dividends		1,260	899	1,259	2,855
Fees and commissions		55	140	-	-
Net fair value adjustments and realised gains	22	4,151	3,310	3,092	2,121
Net foreign exchange gains/(losses)		1,572	(417)	818	(271)
Increase in fair value of investment property		-	179	-	-
Other income		61	7	6	-
Impairment of loans	6	(41)	-	-	-
Goodwill written off		-	(9)	-	-
Other operating revenue		7,058	4,109	5,175	4,705
Net interest income and other operating revenue		9,945	7,206	6,262	5,996
Expenses					
Staff costs	23	1,425	1,252	74	23
Depreciation and amortisation	10,11	88	76	-	-
Preference share dividend	18,26	1,064	538	1,064	538
Other operating expenses	24	2,823	1,913	1,980	922
		5,400	3,779	3,118	1,483
Profit before income tax		4,545	3,427	3,144	4,513
Income tax (charge)/credit	25	(390)	(133)	(46)	71
Profit for the year		4,155	3,294	3,098	4,584
Other comprehensive income					
Realised losses on available-for-sale securities		10	-	912	-
Unrealised gains/(losses) on available-for-sale investments, net of tax		2,454	(1,487)	1,564	(776)
Foreign exchange translation reserve		(1,315)	(175)	-	-
Total other comprehensive income/(loss)		1,149	(1,662)	2,476	(776)
Total comprehensive income for the year		$ 5,304	1,632	5,574	3,808
Profit attributable to:					
Owners of the company		4,153	3,263		
Non-controlling interests		2	31		
Profit for the year		4,155	3,294		
Total comprehensive income attributable to:					
Owners of the company		5,302	1,601		
Non-controlling interests		2	31		
Total comprehensive income for the year		5,304	1,632		
Earnings per stock unit	29	1.41¢	1.12¢		

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

PROVEN INVESTMENTS LIMITED

Statement of Group Changes in Equity
Year ended March 31, 2013

	Share capital $'000 (note 18)	Fair value reserve $'000 (note 19)	Foreign exchange translation reserve $'000	Retained earnings $'000	Attributable to equity holders of the group $'000	Non controlling interest $'000	Total $'000
Balances at March 31, 2011	29,657	(741)	27	5,304	34,247	-	34,247
Total comprehensive income for the year							
Profit for the year	-	-	-	3,263	3,263	31	3,294
Other comprehensive income for the year							
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	(175)	-	(175)	-	(175)
Unrealised losses on fair value of available-for-sale securities	-	(1,843)	-	-	(1,843)	-	(1,843)
Deferred tax on unrealised losses	-	356	-	-	356	-	356
Total other comprehensive loss for the year, net of tax	-	(1,487)	(175)	-	(1,662)	-	(1,662)
Total comprehensive income for the year	-	(1,487)	(175)	3,263	1,601	31	1,632
Transactions with owners recorded directly in equity:							
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	86	86
Dividends to equity holders (note 30)	-	-	-	(2,745)	(2,745)	-	(2,745)
Total transactions with owners	-	-	-	(2,745)	(2,745)	86	(2,659)
Balances at March 31, 2012	29,657	(2,228)	(148)	5,822	33,103	117	33,220
Total comprehensive income for the year							
Profit for the year	-	-	-	4,153	4,153	2	4,155
Other comprehensive income for the year							
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	(1,315)	-	(1,315)	-	(1,315)
Realised losses on available-for-sale securities	-	10	-	-	10	-	10
Unrealised gain on fair value of available-for-sale securities	-	2,454	-	-	2,454	-	2,454
Deferred tax on unrealised losses	-	-	-	-	-	-	-
Total other comprehensive loss for the year, net of tax	-	2,464	(1,315)	-	1,149	-	1,149
Total comprehensive income for the year	-	2,464	(1,315)	4,153	5,302	2	5,304
Transactions with owners recorded directly in equity							
Dividends to equity holders (note 30)	-	-	-	(2,628)	(2,628)	-	(2,628)
Total transactions with owners	-	-	-	(2,628)	(2,628)	-	(2,628)
Balances at March 31, 2013	29,657	236	(1,463)	7,347	35,777	119	35,896

PROVEN INVESTMENTS LIMITED

Statement of Company Changes in Equity
Year ended March 31, 2013

	Share capital $'000 (note 18)	Fair value reserve $'000 (note 19)	Retained earnings $'000	Total $'000
Balances at March 31, 2011	29,657	(339)	9,417	38,735
Total comprehensive income for the year				
Profit for the year	-	-	4,584	4,584
Other comprehensive income for the year				
Unrealised losses in fair value of available-for-sale securities	-	(776)	-	(776)
Total comprehensive income for the year	-	(776)	4,584	3,808
Transactions with owners recorded directly in equity:				
Dividends to equity holders, being total transactions with owners (note 30)	-	-	(2,745)	(2,745)
Balances at March 31, 2012	29,657	(1,115)	11,256	39,798
Total comprehensive income for the year				
Profit for the year	-	-	3,098	3,098
Other comprehensive income for the year				
Unrealised gain in fair value of available-for-sale securities	-	1,564	-	1,564
Realised loss in fair value of available-for-sale security	-	912	-	912
Total comprehensive income for the year	-	2,476	3,098	5,574
Transactions with owners recorded directly in equity:				
Dividends to equity holders, being total transactions with owners (note 30)	-	-	(2,628)	(2,628)
Balances at March 31, 2013	29,657	1,361	11,726	42,744

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

PROVEN INVESTMENTS LIMITED

Statement of Cash Flows
Year ended March 31, 2013

	Notes	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Cash flows from operating activities:					
Profit for the year		4,155	3,294	3,098	4,584
Adjustments for:					
Depreciation	11	73	64	-	-
Amortisation	10	15	12	-	-
Interest income		(7,361)	(7,076)	(3,622)	(2,894)
Interest expense		4,474	3,979	2,535	1,603
Loss on disposal of fixed assets		1	60	-	-
Loss on acquisition of subsidiary		-	9	-	-
Appreciation in value of securities at fair value through profit or loss		-	-	-	77
Increase in fair value of investment property		-	(179)		-
Unrealised foreign exchange loss		(1,228)	-	(49)	260
Income tax charge/(credit)	25	390	133	46	(71)
		519	296	2,008	3,559
Change in:					
Investment securities		(10,939)	(2,853)	(21,682)	(27,906)
Loans receivable		9,258	(17,560)	454	2,094
Other assets		980	11,316	1,562	11,110
Owed by related party		(25)	-	(155)	(212)
Other liabilities		310	(223)	186	145
Repurchase agreements		(3,974)	(31,110)	(967)	(2,944)
Income tax recoverable		1,443	613	(40)	(74)
Resale agreements		(1,633)	8,432	4,955	62
Credit linked notes		(2,797)	(442)	(688)	688
Owed to related party		225	(200)	296	(197)
		(6,633)	(31,731)	(14,071)	(13,675)
Interest received		7,239	7,090	3,415	2,842
Interest paid		(4,858)	(3,760)	(2,694)	(1,360)
Income tax paid		(380)	(285)	-	-
Net cash used by operating activities		(4,632)	(28,686)	(13,350)	(12,193)
Cash flows from investing activities:					
Investment in subsidiary	9	-	-		(904)
Purchase of investment property		-	(606)	-	-
Purchase of subsidiary	9	-	(351)	-	-
Purchase of property, plant and equipment	11	(18)	(58)	-	-
Purchase of intangible assets	10	(37)	(44)	-	-
Net cash used by investing activities		(55)	(1,059)	-	(904)
Net cash flows from operating and investing activities (carried forward to page 8)		(4,687)	(29,745)	(13,350)	(13,097)

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

PROVEN INVESTMENTS LIMITED

Statement of Cash Flows
Year ended March 31, 2013

	Notes	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Cash flows from operating and investing activities (brought forward from page 7)		(4,687)	(29,745)	(13,350)	(13,097)
Cash flows from financing activities:					
Notes payable		9,428	20,425	17,003	4,723
Issue of preference shares		-	11,239	-	11,239
Dividend paid	30	(2,628)	(2,745)	(2,628)	(2,745)
Non-controlling interest		-	86	-	-
Bank overdraft		(223)	223	(223)	223
Net cash provided by financing activities		6,577	29,228	14,152	13,440
Net increase in cash and cash equivalents		1,890	(517)	802	343
Effect of exchange rate fluctuations on cash and cash equivalents		(1,240)	(171)	-	-
Cash and cash equivalents at beginning of period		2,908	3,596	1,219	876
Cash and cash equivalents at end of period		3,558	2,908	2,021	1,219

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

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 Guardian Asset Management Jamaica Limited, which was then renamed Proven Wealth Limited. The Company's registered office is located at 20 Micoud Street, Castries, Saint Lucia.

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

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

Subsidiaries	Country of incorporation	Nature of Business	Percentage ownership 2013	2012
Proven Wealth Limited	Jamaica	Funds management, investment advisory services, money market and equity trading	100	100
Proven REIT Limited and its wholly-owned subsidiary	Saint Lucia	Real estate investment	85	85
Proven Kingsway Limited	Saint Lucia	Real estate investment	100	100
Asset Management Company Limited	Jamaica	Hire purchase financing	100	100

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

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

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

Certain new, revised and amended standards and interpretations came into effect during the year under review. They did not have any significant effect on the financial statements, and, based on the Group's current operations, none of them is expected to have any significant effect on the amounts and disclosures in the financial statements.

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

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

New, revised and amended standards and interpretations that are not yet effective

At the date of approval of these financial statements, certain new, revised and amended 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:

- IAS 1, *Presentation of Financial Statements,* was amended by the issue of *"Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income"*, effective for annual reporting periods beginning on or after July 1, 2012, which requires an entity to present separately the items of other comprehensive income ("OCI") that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. It does not change the existing option to present the profit or loss and other comprehensive income in two statements but changes the title of the 'Statement of Comprehensive Income' to 'Statement of Profit or Loss and Other Comprehensive Income'.

- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2015, 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.

- IFRS 10, *Consolidated Financial Statements*, which is effective for annual reporting 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.

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

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

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

- IFRS 11, *Joint Arrangements*, which is effective for annual reporting periods beginning on or after January 1, 2013, identifies two main types of joint arrangements – joint operations and joint ventures:

  (ii) *Joint operations* refers to those cases in which although there is a separate vehicle created by the venturers, that separation is ineffective in certain ways. These joint arrangements are treated similarly to jointly controlled assets/operations under IAS 31.

  (iii) *Joint ventures* refers to all other joint arrangements. They are required to be accounted for using the equity method (thus prohibiting the use of proportionate consolidation). The application of the equity method is subject to two exemptions carried forward from IAS 28 (2008) and IAS 31.

- 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.

- 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.

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

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

- IAS 32, *Financial Instruments: Presentation,* has been amended, effective for annual reporting periods beginning on or after January 1, 2014, to clarify those conditions needed to meet the criteria specified for offsetting financial assets and liabilities. It requires the entity to prove that there is a legally enforceable right to set-off the recognised amounts. Conditions such as whether the set-off is contingent on a future event, the nature and right of set-off, and laws applicable to the relationships between the parties involved should be examined. Additionally, to meet the criteria, an entity should intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

- *Improvements to IFRSs 2009-2011* contains amendments to certain standards and interpretations and are effective for annual reporting periods beginning on or after January 1, 2013. The main amendments applicable to the Group are as follows:

    - IAS 1, *Presentation of Financial Statements*, has been amended to clarify that only one comparative period, which is the preceding period, is required for a complete set of financial statements. IAS 1 requires the presentation of an opening statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification. IAS 1 has been amended to clarify that (a) the opening statement of financial position is required only if a change in accounting policy, a retrospective restatement or a reclassification has a material effect upon the information in that statement of financial position; (b) except for the disclosures required under IAS 8, notes related to the opening statement of financial position are no longer required; and (c) the appropriate date for the opening statement of financial position is the beginning of the preceding period, rather than the beginning of the earliest comparative period presented.

    - IAS 16, *Property, Plant and Equipment*, has been amended to clarify that the definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether spare parts, standby-by equipment and servicing equipment should be accounted for under the standard. If these items do not meet the definition, then they are accounted for using *IAS 2*, *Inventories*.

    - IAS 32, *Financial Instruments: Presentation*, has been amended to clarify that IAS 12, *Income Taxes*, applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction.

The Group is assessing the impact that these new, revised and amended standards and interpretations will, when they become effective, have on its financial statements.

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

(b) Basis of measurement:

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

(c) Functional and presentation currency:

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

(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.

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.

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

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

(i) Key sources of estimation uncertainty (cont'd):

- Fair value of financial instruments:

  In the absence of quoted market prices, the fair value of a significant proportion of the Group'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 Group'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, 2013.

(e) Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

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 subsidiaries (note 1), subject to the eliminations described at note 3(a)(ii).

(i) 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.

(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.

3. Significant accounting policies (cont'd)

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

(i) Recognition:

The Group initially recognises loans on the date at which it becomes a party to the contractual provisions of the instruments -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 Group 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.

(iii) Offsetting:

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

(iv) Amortised cost:

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

(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.

3. Significant accounting policies (cont'd)

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

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

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 transactions in the same instrument or based on a valuation technique whose variables include only data observable from 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, owed by related party, other receivables, bank overdraft, repurchase agreements, credit linked notes, owed to related party, notes payable, preference shares and other liabilities are considered to approximate their carrying values due to their relatively short term.

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 using a generally accepted alternative to quoted market prices.

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

3. Significant accounting policies (cont'd)

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

(vi) Non-trading derivatives:

The Group evaluates financial instruments which it acquires or issues to determine whether derivatives are embedded in any of the contracts (making it a "host contract"). The Group accounts for an embedded derivative separately from the host contract when (i) the host contract is not itself carried at fair value through profit or loss, (ii) the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract, and (iii) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. Separated embedded derivatives are accounted for depending on their classification, and are presented in the statement of financial position together with the host contract. When an embedded derivative cannot be separated from the host contract, the entire contract is designated as at fair value through profit or loss.

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

(vii) Cash and cash equivalents:

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

Cash and cash equivalents are carried at amortised cost.

(viii) Other assets:

Other assets are stated at amortised cost less impairment losses.

(ix) Other liabilities:

Other liabilities are stated at amortised cost.

3. Significant accounting policies (cont'd)

(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 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 as 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. Interest income and expense are recognized on the effective interest basis.

3. Significant accounting policies (cont'd)

(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.

(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 Group 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.

3. Significant accounting policies (cont'd)

(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.

(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 Group 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 other comprehensive income and presented in fair value reserve.

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are recognised in other comprehensive income and presented in the fair value reserve in stockholders' equity.

(ii) Foreign operations:

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

3. Significant accounting policies (cont'd)

(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 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.

(l) Income tax:

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

3. Significant accounting policies (cont'd)

(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.

(i) Calculation of recoverable amount:

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

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

(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.

3. Significant accounting policies (cont'd)

(n) Investment in subsidiaries

Investment in subsidiaries is carried at cost.

(o) 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.

(p) 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.

(q) Fee and commission income:

Fee and commission income are recognised on the accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-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.

(r) 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 profit or loss over the period of the borrowings using the effective interest method.

(s) Investment property:

Investment property, comprising residential apartments, are held for long-term rental yields and capital gain.

Investment properties are initially recognised at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are carried at fair value.

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2013

3. Significant accounting policies (cont'd)

(s) Investment property (cont'd):

Fair value is determined every three years by an independent registered valuer, and in each of the two intervening years by the directors. Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognised in profit or loss.

4. Resale agreements

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

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 $2,023,000 (2012: $11,027,000) for the Group and $1,411,000 (2012: $406,000) for the Company.

5. Investment securities

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Financial assets at fair value through profit or loss				
Quoted equities	13	18	-	-
PPN warrant asset	149	220	-	-
Foreign currency forward	5	104	-	-
Foreign currency option	-	29	-	29
	167	371	-	29
Available-for-sale securities				
Local equities	-	27	-	27
Global equities	943	1,432	943	1,432
Global bonds	34,145	47,067	12,928	17,413
Mutual funds	28,208	31,643	28,208	31,643
Corporate bonds	44,475	12,205	43,503	12,205
Credit linked notes	-	-	807	751
Certificates of deposit	-	1,502	-	-
	107,771	93,876	86,389	63,471
Loans and receivables				
Government of Jamaica securities	4,302	6,786	-	-
Fixed deposits	2,150	-	-	-
Corporate bonds	45	-	-	-
	6,497	6,786	-	-
	114,435	101,033	86,389	63,500

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2013

6. Loans receivable

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Margin loans [see (a) below]	7,731	13,792	-	-
Hire purchase loans	584	687	-	-
Corporate notes	6,741	10,857	5,228	5,682
Other loans	1,022	-	-	-
	16,078	25,336	5,228	5,682

(a) Margin loans receivable represent advances made by the Group to facilitate the purchase of securities by its clients. The securities purchased are pledged as collateral for the outstanding advances. Certain of these securities have been re-pledged by the Group (see note 15).

At the reporting date, the fair value of the collateral pledged by the clients and re-pledged by the Group was $33,467,000 (2012: $27,612,000).

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

	Group 2013				
	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
Margin loans	1,144	722	-	5,865	7,731
Hire purchase loans	584		-	-	584
Corporate notes	930	2,477	3,334	-	6,741
Other loans	-	1,022	-	-	1,022
	2,658	4,221	3,334	5,865	16,078

	Group 2012				
	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
Margin loans	-	298	-	13,494	13,792
Hire purchase loans	671	16	-	-	687
Corporate notes	1,377	5,181	4,299	-	10,857
	2,048	5,495	4,299	13,494	25,336

	Company 2013			
	Within 3 months	3-12 months	1-5 years	Total
Corporate notes	-	477	4,751	5,228

6. Loans receivable (cont'd)

(b) Loans receivable are due, from the reporting date as follows (cont'd):

	Company 2012			
	Within 3 months	3-12 months	1-5 years	Total
Corporate notes	1,377	-	4,305	5,682

(c) Impairment losses:

The aging of hire purchase and other loans, net of allowance for impairment losses, is as follows:

	Group 2013		Group 2012	
	Gross	Allowance for impairment	Gross	Allowance for impairment
Not past due and not impaired	607	-	363	4
Past due and not impaired	981	-	346	30
More than 90 days past and impaired	52	49	-	-
Interest receivable	15	-	12	-
	1,655	49	721	34

(d) Impairment losses:

	Group 2013 $'000	Group 2012 $'000
Balance at the beginning of the year	34	-
Impairment losses recognized	41	34
Provision no longer required	(26)	-
Balance at the end of the year	49	34

7. Other assets

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Jamaica Stock Exchange seat [see (a)]	571	-	-	-
Due from clients	121	1,664	-	1,536
Interest receivable	1,255	1,377	960	599
Other [see (b)]	1,665	707	922	163
Other receivables acquired on purchase of subsidiary	-	100	-	-
	3,612	3,848	1,882	2,298
Less allowance for impairment [see (c)]	(751)	(129)	(637)	-
	2,861	3,719	1,245	2,298

7. Other receivables (cont'd)

(a) Jamaica Stock Exchange seat

This represents one qualifying share held in Jamaica Stock Exchange Limited ('JSE'), at cost. The qualifying share entitles the subsidiary to operate as a broker/dealer and be a member of the Council of JSE. Under its constitution, members of JSE are not entitled to dividends from JSE, and are not entitled to its residual assets or the assets of the Compensation Fund, upon a winding up or liquidation, as the assets would be required to be used for development of the securities market in Jamaica.

(b) Included in this amount is $154,000 expended on the planning for the possible construction of investment property

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

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Due from clients	112	127	-	-
Other	639	2	637	-
	751	129	637	-

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

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Balance at beginning of year	129	101	-	-
Impairment losses recognized	637	28	637	-
Foreign exchange gain	(15)	-	-	-
Balance at end of year	751	129	637	-

8. Investment in subsidiary

	Company	
	2013	2012
	$'000	$'000
Ordinary shares	17,470	17,470

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

(ii) On February 29, 2012, Proven Investments Limited acquired the entire issued share capital of Asset Management Company Limited

8. Investment in subsidiary (cont'd)

(ii) (Cont'd)

Identifiable assets acquired and liabilities assumed

	$'000
Cash and cash equivalents	42
Accounts receivable	90
Hire and non-hire purchase receivables	657
Other receivables	10
Property, plant and equipment	91
Accounts payable	(50)
Loan payable	(280)
Notes payable	(176)
	384

Purchased goodwill

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

	$'000
Total consideration transferred	393
Less: Fair value of identifiable net assets	(384)
Goodwill on purchase of subsidiary	9

(iii) The Group incurred acquisition-related costs of $33,000 for external legal fees, stamp duty and due diligence. These costs have been included in other operating expenses in the Group's statement of comprehensive income.

9. Investment property

	2013 $'000	2012 $'000
Purchase price	551	551
Transaction costs	24	24
Fair value adjustment	210	210
Translation adjustment	(90)	-
	695	785

9. Investment property (cont'd)

The fair value of investment properties as at the reporting date is based on estimates of open market value, which may be defined as the best price at which an interest in a property might reasonably be expected to be sold by private treaty at the date of valuation, assuming:

- a willing seller;
- a willing buyer;
- a reasonable period in which to negotiate a sale, taking into account the nature of the property and state of the market;
- values are expected to remain stable throughout the period of market exposure and disposal by way of sale;
- the property will be freely exposed to the market;
- that no account has been taken of any possible additional bid/s reflecting any premium in price which might be forth-coming from a potential purchaser with a special interest in acquiring the premises; and
- that the subject premises, in its current zoned use class, can be sold, exchanged, transferred, let, mortgaged or used for any other economic activity, within its land use class, in the open market.

Fair value was determined by the directors on this basis. The next independent professional valuation will be obtained as of March 31, 2015 [see note 3(t)].

10. Intangible asset

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

	Group $'000
Cost:	
March 31, 2011	10
Additions	44
March 31, 2012	54
Additions	37
Reclassified to property, plant and equipment	(20)
Translation adjustment	(10)
March 31, 2013	61
Amortisation:	
March 31, 2011	1
Amortisation	12
March 31, 2012	13
Amortisation	15
Reclassified to property, plant and equipment	(4)
Translation adjustment	6
March 31, 2013	30
Net book values:	
March 31, 2013	31
March 31, 2012	41
March 31, 2011	9

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2013

11. Property, plant and equipment

	Group				
	Leasehold improvement $'000	Furniture fixtures and equipment $'000	Motor vehicle $'000	Computer equipment $'000	Total $'000
Cost:					
March 31, 2011	7	264	40	63	374
Additions	37	4		17	58
Acquired through business acquisition	-	13	-	95	108
Disposals	-	(14)	(25)	(46)	(85)
Translation adjustment	1	(6)	(1)	(3)	(9)
March 31, 2012	45	261	14	126	446
Additions	4	4	-	10	18
Disposals	-	(2)	-	-	(2)
Reclassified from intangible asset	-	-	-	20	20
Translation adjustment	(6)	(36)	(5)	(48)	(95)
March 31, 2013	43	227	9	108	387
Depreciation:					
March 31, 2011	1	21	11	13	46
Charge for the year	3	32	14	15	64
Acquired through business acquisition	-	1	-	18	19
Disposals	-	-	(25)	-	(25)
Translation adjustment	-	(3)	-	(2)	(5)
March 31, 2012	4	51	-	44	99
Charge for the year	5	31	8	29	73
Disposals	-	(1)	-	-	(1)
Reclassified from intangible asset	-	-	-	4	4
Translation adjustment	(1)	(14)	(5)	(16)	(36)
March 31, 2013	8	67	3	61	139
Net book values:					
March 31, 2013	35	160	6	47	248
March 31, 2012	41	210	14	82	347
March 31, 2011	6	243	29	50	328

12. 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).

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Denominated in Jamaica dollars	18,290	25,442	-	-
Denominated in United States dollars	12,922	9,702	4,955	-
Denominated in Pounds Sterling	158	200	-	-
	31,370	35,344	4,955	-

13. 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 asset specified in the note from the issuer to the investors in the notes.

14. Owed to related parties

	Group		Company	
	2013	2012	2013	2021
	$'000	$'000	$'000	$'000
Subsidiary	-	-	73	-
Dividend payable	281	-	281	106
Accrued management fees	48	-	48	-
Other	-	104	-	-
	329	104	402	106

15. Notes payable

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Structured notes [See (i)]	17,978	-	17,966	7,131
Equity-linked notes [See (ii)]	6,763	15,815	6,205	6,735
Margin loans payable [See (iii)]	38,859	38,357	31,127	24,428
	63,600	54,172	55,298	38,294

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

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

(iii) Margin loans payable represent short-term debt facilities provided by brokerage firms to the Group and used by the Group to:

- acquire securities on its own account. The facilities are collateralised by the securities held with the brokerage firms, with the proceeds being used by the Group to purchase additional securities;
- fund facilities offered to its clients. The clients have agreed with the Group that the securities purchased may be re-pledged or otherwise offered by the Group as collateral for the margin facility extended to the Group by the brokerage firm.

16. Preference shares

	J$'000	Group and Company 2013 $'000	2012 $'000
Managers' preference shares [See (a)]		1	1
8% Cumulative redeemable preference shares [See (b) below and note 18]			
At beginning of year	200,000	11,239	11,239
Effect of exchange rate fluctuation	-	(1,318)	-
At end of year	200,000	9,921	11,239
		9,922	11,240

(a) The terms and conditions of the manager's preference shares include the following:

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

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

(1) 25% of the profits and gains of the Company in each financial year in excess of the Annual Earnings Hurdle (computed in accordance with the formula set out in the terms and conditions of issue) for such financial year, divided by

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

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

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

(b) The terms and conditions of the 8% Cumulative redeemable preference shares, include the following:

(i) The right to a preferential dividend at the agreed annual rate, payable out of the profits of the Company, calculated on the capital paid up on the preference stock units, and any dividend not paid shall accumulate until paid;

(ii) The right to preferential repayment of paid-up preference capital, and any arrears of preference dividend upon the winding up or the Company or other return of capital;

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2013

16. Preference shares (cont'd)

(b) The terms and conditions of the 8% Cumulative redeemable preference shares, include the following (cont'd):

(iii) No right to vote at any general meeting of the Company except where the dividend on the preference stock units are past due more than twelve months, and/or the notice for the redemption of preference stock units is past due and/or a resolution to wind up the company has been passed;

(iv) The Company may redeem all or any of the preference stock units on or before December 23, 2016 at J$5.00 each.

The dividend on both classes of preference shares is recorded as interest expense in the statement of comprehensive income.

17. Deferred tax assets/(liabilities)

	Group					
	Asset		Liabilities		Net	
	2013	2012	2013	2012	2013	2012
	$000	$000	$000	$000	$000	$000
Deferred tax liability is attributable to the following:						
Property, plant and equipment	-	-	(31)	(35)	(31)	(35)
Other receivables	-	-	(107)	(228)	(107)	(228)
Unrealised foreign exchange gains		-	(230)	(106)	(230)	(106)
Available-for-sale investment securities	25	129	-	-	25	129
Other liabilities	119	29	-	-	119	29
Other	16	-	-	-	16	-
	160	158	(368)	(369)	(208)	(211)

Movement in temporary differences during the year:

	Group	
	2013	2012
	$'000	$'000
Net deferred tax liability at the beginning of the year	(211)	(661)
Recognised in profit or loss:		
Property, plant and equipment	(1)	(18)
Other receivables	103	48
Unrealised foreign exchange gains	(180)	177
Other liabilities	4	(92)
Other	50	(32)
	(24)	83
Recognised in equity:		
Available-for-sale investment securities	-	356
Translation adjustment	27	11
	27	367
Net deferred tax liability at the end of the year	(208)	(211)

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2013

18. Share capital

	2013 $'000	2012 $'000
Authorised:		
2,999,990,000 Ordinary shares, par value US$0.01 each	29,999,900	29,999,900
10,000 Manager's Preference Shares, par value US$0.01 each	100	100
300,000,000 8% Cumulative Redeemable Preference Shares, par value US$0.01 each	3,000,000	3,000,000
	33,000,000	33,000,000

	2013 $'000	2012 $'000
Issued and fully paid:		
294,951,884 Ordinary shares	29,657	29,657
10,000 Manager's Preference Shares	1	1
200,000,000 8% Cumulative Redeemable Preference Shares	9,921	11,239
	39,579	40,897
Less: Preference shares reclassified to liability (see note 16)	(9,922)	(11,240)
	29,657	29,657

By a resolution passed on November 30, 2011, the Company increased its authorized share capital from (i) 2,999,990,000 ordinary shares having a par value of US$ 0.01 each and (ii) 10,000 preference stock units with a par value of US$ 0.01 each, by the creation of an additional 300,000,000 fixed rate Cumulative Redeemable preference shares having a par value of US$0.01.

On December 23, 2011, the Company issued 200,000,000 of the newly created cumulative redeemable 8% preference shares at a fixed price of J$5 per share. Dividend is payable at 8% per annum quarterly on the 23rd day of March, June, September and December.

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.

19. Fair value reserve

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

20. Foreign exchange translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in foreign operations.

21. Net interest income

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Interest income:				
BOJ certificates of deposit	2	5	-	-
GOJ benchmark investment notes	1,538	1,903	-	-
GOJ investment bonds	-	175	-	-
GOJ local registered stock	3	-	-	-
Regional and corporate bonds	986	1,609	986	1,609
Global bonds	949	1,191	-	-
Resale agreements	103	196	40	46
Corporate note	2,665	1,613	2,459	527
Margin loans receivable	40	360	40	267
Other loans receivable	390	110	-	110
Credit-linked notes	-	-	39	332
Other	685	(86)	58	3
	7,361	7076	3,622	2,894
Interest expense:				
Interest on margins	922	637	701	541
Repurchase agreements	1,374	1,938	7	11
Short-term loans	-	49	-	49
Credit-linked notes	116	299	-	16
Notes payable	996	588	914	518
Preference shares	870	249	870	249
Other	196	219	43	219
	4,474	3,979	2,535	1,603
	2,887	3,097	1,087	1,291

22. Net fair value adjustments and realised gains

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Fair value gains on fixed income securities	1,434	1,909	379	942
Fair value gains on equity securities	2,697	1,370	2,696	1,218
Gains/(losses) on currency trading	20	31	17	(39)
	4,151	3,310	3,092	2,121

23. Staff costs

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Salaries, wages and related costs	991	952	74	23
Bonus and ex-gratia payments	226	133	-	-
Statutory payroll contributions	103	93	-	-
Pension costs - defined contribution plan	31	34	-	-
Staff welfare	74	40	-	-
	1,425	1,252	74	23

Included in staff costs are the following directors' emoluments:

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Fees	69	29	51	23
Management remuneration	-	18	-	-

24. Other operating expenses

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Acquisition costs	-	34	-	-
Audit fees	104	56	54	16
Bad debt expense	637	30	637	-
Irrecoverable GCT	117	125	62	53
Insurance	17	13	4	-
Legal and other professional fees	289	157	77	62
Licenses and permits	118	85	-	-
Marketing	160	153	70	52
Miscellaneous	247	182	31	11
Management fees	688	671	688	671
Withholding tax expense	79	-	79	-
Office rent	61	59	-	-
Commission expenses and fees	8	52	263	52
Printing and stationery	35	38	-	3
Repairs and maintenance	126	171	-	-
Subscriptions and donations	15	10	1	-
Travelling	40	29	14	2
Utilities	81	48	-	-
Loss on sale of fixed assets	1	-	-	-
	2,823	1,913	1,980	922

25. Taxation

(a) The tax charge for income tax is computed at 1%, 25% and 33⅓% of profit for the year as adjusted for tax purposes, and is made up as follows:

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
(i) Current tax charge:				
Charge/(credit) on current period's profits:				
Income tax at 1%	46	26	46	26
Income tax at 33⅓%	303	287	-	-
Income tax at 25%	(2)	-	-	-
	347	313	46	26
(ii) Deferred tax credit:				
Origination and reversal of temporary differences	24	(83)	-	-
(iii) Prior year under/(over) provision	19	(97)	-	(97)
Total income tax charge	390	133	46	(71)

(b) Reconciliation of effective tax rate:

The tax rate for two of the subsidiaries is 25% and 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		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Surplus before taxation	4,543	3,427	3,144	4,513
Computed "expected" tax expense at 1%	45	34	31	45
Computed "expected" tax expense at 25%	(2)	-	-	-
Computed "expected" tax expense at 33⅓%	454	(378)	-	-
Difference between profits for financial statements and tax reporting purposes on -	497	(344)	31	45
Depreciation charge and capital allowances	(1)	24	-	-
Unrealised foreign exchange loss	54	(126)	13	-
Interest receivable	(1)	(49)	-	-
Income exempt from income tax	(144)	(80)	-	(24)
Disallowed expenses	(21)	192	12	5
Other	6	516	(10)	(97)
Actual tax expense/(credit)	390	133	46	(71)

26. Related party transactions

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

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

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

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled, or jointly controlled by a person identified in (1).

(vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

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.

26. Related party transactions (cont'd)

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

	Group and Company	
	2013	2012
	$'000	$'000
Investment management fees paid for the year	640	671
Fees accrued at end of year	48	-
	688	671

(c) Key management compensation for the year, included in staff costs (note 24), is as follows:

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Staff costs	198	25	51	23

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

	Subsidiary 2013 $'000	Directors and key management 2013 $'000	Subsidiary 2012 $'000	Directors and key management 2012 $'000
Loans receivable	-	-	-	36
Other receivables	-	-	226	173
Repurchase agreements	1,491	344	129	-
Credit-linked notes	912	751	-	-
Other liabilities	11	-	-	-

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

	2013	2012
	$'000	$'000
Proven Wealth Limited		
Dividend income	-	2,000
Interest income	79	359
Proven Management Limited		
Dividends paid	783	392
Dividends accrued at end of year	281	146
	1,064	538
Management fees	688	671

26. Related party transactions (cont'd)

(f) Other amounts with related parties are disclosed in note 15.

27. 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.

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 obligor. The primary concentration of the Group's credit risks relates to investments in government securities. With the exception of investments in government securities and government-backed securities, there are no significant concentrations of credit risk.

27. Financial risk management (cont'd)

(b) Credit risk (cont'd):

(i) Maximum exposure to credit risk:

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

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

- Cash and cash equivalents

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

- Resale agreements

  Collateral is held for all resale agreements.

- 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.

- Loans receivable

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

(ii) Concentration of credit risk:

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

27. Financial risk management (cont'd)

(b) Credit risk (cont'd):

(iii) Impairment:

The financial assets which were considered impaired at the reporting date are set out in notes 7 and 8.

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

(c) Liquidity risk:

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

(i) Liquidity risk management:

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

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

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

(iii) Optimising cash returns on investment;

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

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

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

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2013

27. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

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

Group

	2013							
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	No specific maturity date $'000	Total contractual outflow $'000	Carrying amount $'000
Liabilities								
Repurchase agreements	3,373	12,685	10,307	977	5,048	-	32,390	31,370
Credit linked notes	-	-	1,662	-	-	-	1,662	1,573
Owed to related party	-	-	-	-	-	329	329	329
Notes payable	31,146	372	19,065	8,070	5,917	-	64,570	63,600
Preference shares	-	200	612	12,144	-	1	12,957	9,922
Other liabilities	540	467	179	14	-	-	1,200	1,200
Total financial liabilities	35,059	13,724	31,825	21,205	10,965	330	113,108	107,994

	2012							
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	No specific maturity date $'000	Total contractual outflow $'000	Carrying amount $'000
Liabilities								
Bank overdraft	223	-	-	-	-	-	223	223
Repurchase agreements	8,504	12,441	14,399	-	-	-	35,344	35,344
Owed to related party	-	-	-	-	-	104	104	104
Notes payable	24,476	143	1,831	14,929	13,776	-	55,155	54,172
Preference shares	-	230	689	14,683	-	1	15,603	11,240
Other liabilities	-	-	-	-	-	1,274	1,274	1,274
Credit linked notes	2	980	3,396	-	-	-	4,378	4,370
Total financial liabilities	33,205	13,794	20,315	29,612	13,776	1,379	112,081	106,727

Company

	2013							
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	No specific maturity date $'000	Total contractual outflow $'000	Carrying amount $'000
Liabilities								
Repurchase agreements	-	-	111	557	5,048	-	5,716	4,955
Owed to related party	-	-	-	-	-	402	402	402
Notes payable	31,146	228	17,662	7,233	-	-	56,269	55,298
Preference shares	-	200	612	12,144	-	1	12,957	9,922
Other liabilities	455	-	-	-	-	-	455	455
Total financial liabilities	31,601	428	18,385	19,934	5,048	403	75,799	71,032

	2012							
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	No specific maturity date $'000	Total contractual outflow $'000	Carrying amount $'000
Liabilities								
Bank overdraft	223	-	-	-	-	-	223	223
Owed to related party	-	-	-	-	-	106	106	106
Notes payable	24,476	143	1,831	12,827	-	-	39,277	38,294
Preference shares	-	230	689	14,683	-	1	15,603	11,240
Other liabilities	428	-	-	-	-	-	428	428
Credit linked notes	2	6	688	-	-	-	696	688
Total financial liabilities	25,129	379	3,208	27,510	-	107	56,333	50,979

27. Financial risk management (cont'd)

(d) Market risk:

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

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

(i) Foreign currency risk:

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Group is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the functional currency. The main currencies giving rise to this risk are the Jamaica dollar (J$), Euro (€) and Trinidad and Tobago (TT$). 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:

Group

	2013			
	J$	GBP	US$	Other
	$'000	$'000	$'000	$'000
Assets:				
Cash and cash equivalents	3,981	2	8,547	13
Resale agreements	-	113	578	-
Investment securities	-	-	11,008	330
Loans receivable	375,000	-	9,732	-
Other	5,702	2,854	349	16,901
	384,683	2,969	30,214	17,244
Liabilities				
Loans payable	-	-	7,732	-
Repurchase agreements	-	103	8,008	-
Credit-linked notes	-	-	1,708	-
Owed to related parties	43,122	-	-	-
Notes payable	513,260	-	128	-
Preference shares	983,645	-	-	-
Other	5,382	-	(293)	15
	1,545,409	103	17,283	15
Net position	(1,160,726)	2,866	12,931	17,229

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2013

27. Financial risk management (cont'd)

(d) Market risk (cont'd):

(i) Currency risk (cont'd):

Group

	2012				
	J$	GBP	TT$	US$	Other
	$'000	$'000	$'000	$'000	$'000
Assets:					
Cash and cash equivalents	1,003	6	682	1,102	24
Resale agreements	-	171	-	100	-
Investment securities	2,342	-	-	11	4,828
Loans receivable	495,000	-	-	16,792	-
Other	32,247	61	16,896	230	239
	530,592	238	17,578	18,235	5,091
Liabilities					
Loans payable	-	-	-	13,776	-
Repurchase agreements	-	125	-	9,702	-
Credit-linked notes	-	-	-	2,999	-
Notes payable	234,389	-	-	1,383	-
Preference shares	983,645	-	-	-	-
Other	-	1	(16)	(32)	6
	1,218,034	126	(16)	27,828	6
Net position	(687,442)	112	17,594	9,593	5,085

Company

	2013	2012	
			Other
	J$'000	J$'000	'000
Assets:			
Cash and cash equivalents	3,981	1,003	-
Resale agreements	124,908	30,000	-
Loans receivable	514,500	495,000	-
Investment securities	-	2,342	-
Due from related party	15,149	-	-
Other	8,398	32,247	2,000
	666,936	560,592	2,000
Liabilities			
Owed to related parties	43,122	-	-
Notes payable	513,260	234,389	-
Preference shares	983,645	983,645	-
Other	5,382	-	-
	1,545,409	1,218,034	-
Net position	(878,473)	(657,442)	2,000

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2013

27. Financial risk management (cont'd)

(d) Market risk (cont'd):

(i) Currency risk (cont'd):

(ii) *Sensitivity to exchange rate movements*:

The following indicates the sensitivity to changes in foreign currency exchange rates of the group's profit and shareholders' equity. The analysis assumes that all other variables, in particular interest rates, remain constant.

	% change in currency rate 2013	Group Effect on profit 2013 $'000	Group Effect on comprehensive income 2013 $'000	Company Effect on profit 2013 $'000	Company Effect on comprehensive income 2013 $'000
Currency:					
JMD	1% Revaluation	(118)	-	(88)	-
GBP	1% Revaluation	44	-	-	-
USD	1% Revaluation	12,725	37	-	-
Other	1% Revaluation	221	-	-	-

	% change in currency rate 2013	Group Effect on profit 2013 $'000	Group Effect on comprehensive income 2013 $'000	Company Effect on profit 2013 $'000	Company Effect on comprehensive income 2013 $'000
Currency:					
JMD	10% Devaluation	(1,179)	-	(992)	-
GBP	10% Devaluation	(435)	-	-	-
USD	10% Devaluation	(127,255)	(327)	-	-
Other	10% Devaluation	(2,208)	-	-	-

	% change in currency rate 2012	Group Effect on profit 2012 $'000	Group Effect on comprehensive income 2012 $'000	Company Effect on profit 2012 $'000	Company Effect on comprehensive income 2012 $'000
Currency:					
JMD	1% Revaluation	(153)	145	(77)	-
GBP	1% Revaluation	2	-	-	-
TT	1% Revaluation	1,129	-	-	-
US$	1% Revaluation	9,588	145	-	-
Other	1% Revaluation	68	-	26	-

A devaluation would have had an equal and opposite effect to amounts shown above.

(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.

27. Financial risk management (cont'd)

(d) Market risk (cont'd):

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

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 Investments Management Committee sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by management and reported monthly to the Investment Management Committee.

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

Group

	2013						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest sensitive $'000	Total $'000
Assets:							
Cash and cash equivalents	-	-	-	-	-	3,558	3,558
Resale agreements	478	1,215	491	331	-	-	2,515
Investment securities	2,137	4,789	10,489	12,850	54,852	154	85,271
Loans receivable	277	1,116	3,964	4,804	5,917	-	16,078
Due from related party	-	-	-	-	-	25	25
Other	-	-	-	169	33	604	806
Total assets	2,892	7,120	14,944	18,154	60,802	4,341	108,253
Liabilities							
Repurchase agreements	16,948	6,945	2,190	332	4,955	-	31,370
Credit-linked notes	-	672	901	-	-	-	1,573
Owed to related parties	-	-	-	-	-	329	329
Notes payable	31,127	-	17,602	7,127	12	7,732	63,600
Preference shares	-	-	-	9,921	-	1	9,922
Other	-	-	-	-	-	381	381
	48,075	7,617	20,693	17,380	4,967	8,443	107,175
Interest rate sensitivity gap	(45,183)	(497)	(5,749)	774	55,835	(4,102)	1,078
Cumulative interest rate sensitivity gap	(45,183)	(45,680)	(51,429)	(50,655)	5,180	1,078	-

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2013

27. Financial risk management (cont'd)

(d) Market risk (cont'd):

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

	2012						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest sensitive $'000	Total $'000
Assets:							
Cash and cash equivalents	-	-	-	-	-	2,908	2,908
Resale agreements	291	330	261	-	-	-	882
Investment securities	2,215	2,034	7,697	3,614	52,219	31,747	99,526
Loans receivable	-	3,548	4,271	4,305	13,212	-	25,336
Other	-	-	-	-	-	942	942
Total assets	2,506	5,912	12,229	7,919	65,431	35,597	129,594
Liabilities:							
Bank overdraft	223	-	-	-	-	-	223
Repurchase agreements	8,463	12,372	14,221	288	-	-	35,344
Credit-linked notes	-	974	3,396	-	-	-	4,370
Owed to related parties	-	-	-	-	-	104	104
Notes payable	24,428	-	1,492	14,476	-	13,776	54,172
Preference shares	-	-	-	11,239	-	1	11,240
Other	-	-	-	-	-	1,274	1,274
	33,114	13,346	19,109	26,003	-	15,155	106,727
Interest rate sensitivity gap	(30,608)	(7,434)	(6,880)	(18,084)	65,431	20,442	22,867
Cumulative interest rate sensitivity gap	(30,608)	(38,042)	(44,922)	(63,006)	2,425	22,867	-

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2013

27. Financial risk management (cont'd)

(d) Market risk (cont'd):

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

Company

	2013						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest sensitive $'000	Total $'000
Assets:							
Cash and bank	-	-	-	-	-	2,021	2,021
Resale agreements	884	427	-	-	-	-	1,311
Investment securities	-	-	807	9,992	46,439	-	57,238
Loans receivable	-	-	478	4,750	-	-	5,228
Other assets	-	-	-	-	-	285	285
Owed by related party	-	-	-	-	-	155	155
Total assets	884	427	1,285	14,742	46,439	2,461	66,238
Liabilities							
Repurchase agreements	-	-	-	-	4,955	-	4,955
Owed to related parties	-	-	-	-	-	402	402
Preference share	-	-	-	9,921	-	1	9,922
Other liabilities	-	-	-	-	-	258	258
Notes payable	31,127	-	17,044	7,127	-	-	55,298
Total liabilities	31,127	-	17,044	17,048	4,955	661	70,835
Total interest rate sensitivity gap	(30,243)	427	(15,759)	(2,306)	41,484	1,800	(4,597)
Cumulative interest rate sensitivity gap	(30,243)	(29,816)	(45,575)	(47,881)	(6,397)	(4,597)	-

	2012						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest sensitive $'000	Total $'000
Assets:							
Cash and bank	-	-	-	-	-	28	28
Resale agreements	344	-	-	-	-	-	344
Investment securities	-		3,403	2187	24,778	-	30,368
Loans receivable	-	1,377	-	4,305	-	-	5,682
Other receivables	-	-	-	-	-	1,573	1,573
Total assets	344	1,377	3,403	6,492	24,778	1,601	37,995
Liabilities							
Bank overdraft	223	-	-	-	-	-	223
Owed to related parties	-	-	-	-	-	106	106
Preference share	-	-	-	-	11,239	1	11,240
Other liabilities	-	-	-	-		-159	159
Notes payable	24,428	-	1,492	12,374	-	-	38,294
Total liabilities	24,651	-	1,492	12,374	11,239	266	50,022
Total interest rate sensitivity gap	(24,307)	1,377	1,911	(5,882)	13,539	1,335	(12,027)
Cumulative interest rate sensitivity gap	(24,307)	(22,930)	(21,019)	(26,901)	(13,362)	(12,027)	-

PROVEN INVESTMENTS LIMITED

Notes to the Financial Statements (continued)
March 31, 2013

27. Financial risk management (cont'd)

(d) Market risk (cont'd):

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

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

	Group 2013				Company 2013			
	J$ %	US$ %	GBP %	Euro %	J$ %	US$ %	GBP %	Euro %
Assets								
Resale agreements	5.89	4.99	2.90	-	5.38	1.00	-	-
Investment securities	7.55	6.96	-	6.83		6.90	-	-
Loans receivable	-	4.73	-	-	10.39	-	-	-
Liabilities								
Repurchase agreements	4.99	2.36	-	-	-	2.25	-	-
Notes payable	6.11	4.04	-	-	6.11	4.04	-	-
Credit-linked notes	6.00	5.50	-	-	-	-	-	-
Preference shares	14.50	-	-	-	14.50	-	-	-

	Group 2012				Company 2012			
	J$ %	US$ %	GBP %	Euro %	J$ %	US$ %	GBP %	Euro %
Assets								
Resale agreements	6.31	-	3.50	-	4.50	-	-	-
Investment securities	8.41	7.94	-	10.84	11.00	8.00	-	-
Loans receivable	11.00	3.50	-	-	10.00	-	-	-
Other receivables	-	7.08	-	-	-	7.08	-	-
Liabilities								
Repurchase agreements	5.01	3.04	1.85	-	-	-	-	-
Notes payable	5.38	4.17	-	-	5.38	4.17	-	-
Credit-linked notes	6.15	4.83	-	-	-	3.50	-	-
Preference shares	14.50	-	-	-	14.50	-	-	-

Sensitivity to interest rate movements

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

Group

	2013	2012
J$ interest rates	Increase by 250 bps Decrease by 100 bps	Increase/decrease by 100 bps
US$ interest rates	Increase by 200 bps Decrease by 50 bps	Increase/decrease by 100 bps

	Effect on profit 2013 $'000	Effect on equity 2013 $'000	Effect on profit 2012 $'000	Effect on equity 2012 $'000
Change in basis points:				
Increase in interest rates	(649)	(17,200)	15,005	15,494
Decrease in interest rates	162	1,091	(15,005)	16,261

27. Financial risk management (cont'd)

(d) Market risk (cont'd):

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

Company

	2013		2012	
US$ interest rates	Increase by 200 bps Decrease by 50 bps		Increase/decrease by 100 bps	
	Effect on profit 2013 $'000	Effect on equity 2013 $'000	Effect on profit 2012 $'000	Effect on equity 2012 $'000
Change in basis points:				
Increase in interest rates	-	(4,486)	-	(1,733)
Decrease in interest rates	-	2,662	-	(1,594)

(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 $30,429,000 (2012: $33,085,000) for the Group and $29,150,000 (2012: $33,037,000) for the Company.

Sensitivity to equity price movements

A 10% increase in stock prices at March 31, 2013 would have increased other comprehensive income by $3,043,000 (2012: $3,308,000) for the Group and $2,915,000 (2012: $3,306,000) for the Company; an equal change in the opposite direction would have decreased profit by an equal but opposite amount.

27. Financial risk management (cont'd)

(e) Capital management:

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

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

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

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

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

The Commission requires each securities dealer to:

(i) Hold the level of the regulatory capital at no less than 50% of Tier 1 Capital; and

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

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

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

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

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

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 year under review:

	Group 2013 $'000	Group 2012 $'000
Tier 1 capital:		
Ordinary shares	779	779
Retained earnings and reserves	8,469	8,561
Total qualifying tier 1 capital	9,248	9,340
Tier 2 capital:		
Redeemable preference shares, being total qualifying tier 2 capital	390	390
Total regulatory capital	9,638	9,730
Total risk-weighted assets	40,681	52,416
Actual ratio of regulatory capital to risk-weighted assets	23.69%	18.56%
Required ratio of regulatory capital to risk-weighted assets	14.00%	14.00%

28. 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.

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

	2013			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Available-for-sale investment securities	-	108,578	-	108,578
Financial assets at fair value through profit or loss (equity securities)	167	-	-	167
	167	108,578	-	108,745

	2012			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Available-for-sale investment securities	1,432	102,019	-	103,451
Financial assets at fair value through profit or loss (equity securities)	18	-	-	18
	1,450	102,019	-	103,469

28. Fair value (cont'd)

Company

	2013 Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Available-for-sale investment securities	943	85,446	-	86,389

	2012 Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Available-for-sale investment securities	1,459	62,041	-	63,500

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:

	2013 Carrying value $'000	Fair value $'00
Financial assets		
Investment securities:		
Loans and receivables	4,347	4,250

	2012 Carrying value $'000	Fair value $'00
Financial assets		
Investment securities:		
Loans and receivables	6,786	6,788

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

29. Earnings per stock unit

Earning per stock unit ("EPS") is computed by dividing the profit attributable to stockholders of the parent, of $4,153,000 (2012: $3,294,000) by the number of ordinary stock units in issue during the year, numbering 294,951,884 (2012: 294,951,884).

30. Distribution to equity holders

	Group and Company	
	2013	2012
	$'000	$'000
Distribution to ordinary shareholders at $0.89 (2012: $0.93) per share	2,628	2,745

31. Lease commitments

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

	Group and Company	
	2013	2012
	$'000	$'000
Within one year	36	43
Subsequent years	42	78
	78	121