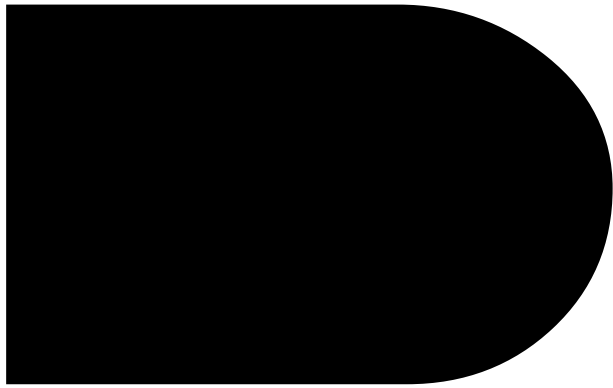


**THE INVESTMENT
MAGAZINE**

by: PROVEN Investments Limited

JUNE 2017 EDITION



MANAGEMENT DISCUSSION & ANALYSIS FOR THE QUARTER ENDED JUNE 30, 2017

PROVEN INVESTMENT LIMITED REPORTS UNAUDITED CONSOLIDATED FINANCIAL RESULTS

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

FINANCIAL HIGHLIGHTS

US\$1.13 million	—	• Net Profit attributable to shareholders
US\$0.0020	—	• Earnings Per Share
US\$598.7 million	—	• Consolidated Total Assets
6.60%	—	• Annualized Return on Equity
66.86%	—	• Efficiency Ratio
US\$0.0015 per share	—	• Proposed Dividend

FINANCIAL PERFORMANCE

PROVEN Investments Limited experienced growth in Net Revenue for the quarter ended June 30, 2017, with a 2.97% increase to US\$7.30 million compared to US\$7.09 million earned during the same period last year. Net Profit attributable to shareholders for the period amounted to US\$1.13 million. This represents a 42.53% decline from the US\$1.97 million earned in the same period last year, primarily as a result of a \$1.1 million decrease in net foreign exchange gains when compared with the same period last year.

1. Tradeable Securities

Spread income was the major contributor to revenue during the period, with a 22.78% improvement compared with the same period last year. Net interest income totalled US\$4.51 million compared to \$3.67 million in the quarter ending June 2016. Dividend income decreased by 34.51% to US\$0.24 million from US\$0.37 million reported for the same period last year, due to the realignment of the investment portfolio during the period.

Realized gains from the trading of securities for the period amounted to US\$0.46 million, representing an increase of 49.16% from the US\$0.31 million earned for the same period last year. Net foreign exchange gains decreased by 84.77%, to US\$0.20 million from US\$1.29 million reported for the period ending June 2016. This decline occurred as a result of the revaluation of 1.20%

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE QUARTER ENDED JUNE 30, 2017

of the Jamaican dollar versus the US dollar during the period, compared to a 3.61% devaluation for the period ending June 2016.

We continue to monitor the investment arena and strategically adjust our positioning to take advantage of opportunities that fit our risk-reward criteria diversifying our portfolio across fixed income sectors and non-bond sources of income with varied risk exposures to lower volatility, while enhancing our expected risk-adjusted returns

2. Private Equity

Private equity investments that fit our risk to reward objectives continue to be a strong area of focus as we explore vast opportunities throughout the region. Our current private equity holdings continue to boost our bottom-line:

PROVEN Wealth Limited

PROVEN Wealth Limited (PWL) net income totalled US\$0.14 million for the quarter. The firm continues its strategy to offer innovative investment products to clients, and reduce the issue of repurchase agreements the balance sheet experienced an overall 20.25% contraction compared to the same period last year. Total Assets for the company as at June 30, 2017 stood at US\$144.97 million.

PROVEN Fund Managers Limited

PROVEN Fund Managers Limited continues to be a formidable player in the Asset and Pension Fund Management and administration business. Profitability declined marginally compared to the same period last year, as Net profit for the quarter ended June 2017 was US\$0.13 million compared to US\$0.20 million for the period ended June 2016.

Access Financial Services Limited

Access Financial Services Limited contributed considerably to the results of the Group during the quarter, producing net profits of US\$1.32 million for the quarter ended June 30, 2017, representing a 1.87% increase in US dollar terms compared to the same quarter last year. Access Financials' loan portfolio was US\$20.0 million as at June 30, 2017, representing a 10.30% increase compared to the same period last year.

“The only source
of knowledge
is experience.”

Albert Einstein

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MANAGEMENT DISCUSSION & ANALYSIS

FOR THE QUARTER ENDED JUNE 30, 2017

Private Equity - Continued

BOSLIL Bank Limited

Following the acquisition of BOSLIL Bank Limited (formerly Bank of St. Lucia International Limited) at the end of February 2017, we are proud to report that BOSLIL Bank Limited (BOSLIL) has performed as expected and has contributed positively to the Group's performance for the quarter ended June 30, 2017, with Net Profits of US\$0.84 million for the quarter. Total Assets for the company stood at US\$275.70 million as at June 30, 2017. International banking is historically a robust sector in the Eastern Caribbean, and BOSLIL has a strong team and an established track record in the sector. This acquisition will provide a solid platform for further growth for PROVEN Investments Limited.

3. Real Estate

REAL Properties Limited has successfully completed and sold its second residential development in Jamaica on Sullivan Avenue, Kingston 8 and is about to break ground on its third development on Millsborough Avenue in Kingston 6. The company is also in the process of completing the acquisition of two commercial properties also in Kingston. These properties will provide positive cashflows for the company going forward. The company continues to closely monitor the local and international real estate markets for new opportunities.

4. Operating Expenses

For the quarter ending June 30, 2017, consolidated operating expenses increased by 26.94% to US\$5.03 million from US\$3.96 million in the same period last year, mainly as a result of the inclusion of BOSLIL results in this quarter's financials. The Efficiency Ratio, including all income and expense items, increased to 68.86% compared to 55.87% for the same period last year. Expense management and consolidation has been a key focus of management as we seek to reduce our efficiency ratio closer to the established target of 50%.

5. Net Profit

Net Profit attributable to shareholders totalled US\$1.13 million or 20 cents per share versus US\$1.97 million or 36 cents per share in the quarter ended June 2016. This represents an annualized Return on Equity of 6.60% for the quarter ending June 30, 2017.

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

–Lorriane Hutchinson, Nurse



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MANAGEMENT DISCUSSION & ANALYSIS

FOR THE QUARTER ENDED JUNE 30, 2017

6. Balance Sheet

Total assets amounted to US\$598.73 million as of June 30, 2017, a 65.04% increase from US\$362.77 million as at June 30, 2016. Total liabilities increased to US\$509.45 million as at June 30, 2017 from US\$283.86 million for the same period last year, primarily as a result of an acquired total of US\$261.38 million in customer bank deposits subsequent to the purchase of BOSLIL. Other liabilities were significantly reduced by 59.90% to US\$8.81 million from US\$22.00 million reported for the same period last year.

7. Shareholder's Equity

Shareholder's Equity attributable to the owners of the company increased by 7.47% from US\$65.98 million as of June 30, 2016 to US\$70.91 million as of June 30, 2017 in line with an increase in Retained Earnings and a positive change in the Investment Revaluation Reserve during the period, following a slight recovery in the bond market.

8. Dividend Payment

The Board of Directors has approved an interim dividend payment of US\$0.0015 per share to all ordinary shareholders on record as August 11, 2017 and be paid on August 25, 2017. This represents an annualized tax-free dividend yield of 2.14% based on the average share price of US\$0.28 for the quarter ended June 30, 2017.

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

PROVEN

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MANAGEMENT DISCUSSION & ANALYSIS

FOR THE QUARTER ENDED JUNE 30, 2017

OPERATING ENVIRONMENT

The International Monetary Fund raised its 2017 global growth forecast in April due to manufacturing and trade gains in Europe, Japan, and China. The global economy is projected to grow by 3.5% in 2017, up from its previous forecast of 3.4% in January. However, risks to the global outlook may come from a faster-than-expected pace of interest rate hikes in the United States, which could trigger a sharp rise in the dollar and disruptive capital outflows from emerging markets.

The continued expansion in global activity provided a steady backdrop for asset markets. This steady economic backdrop, combined with ample global monetary accommodation, supported a relatively low financial market volatility over the quarter. Returns were strong across asset classes, however one lagging asset class was commodities due to the ongoing supply glut of oil. The price of crude oil (WTI) closed June at \$46.02 per barrel, down from its beginning value of \$50.99 in April. As a result, energy has been the worst performing sector in the S&P 500, with a decline of 9.7% over the last quarter.

The S&P 500 recorded a total return of 3.1% over the quarter as U.S. stocks set record highs during the quarter on stronger corporate earnings and improving economic. Non-U.S. stocks were bolstered by the weaker dollar and thus led the global stock market rally for the second quarter in a row. In fixed income, most categories posted low single-digit positive returns for the quarter. Falling commodity prices dampened inflation expectations and boosted longer-duration bonds. The yield curve flattened modestly as shorter-term interest rates rose, while tightening spreads again boosted the returns to corporate and other credit-bond categories.

Following its meeting in June, the Federal Open Market Committee raised the target range for the federal funds rate by 25 basis points to 1.00%-1.25%. This is the second interest rate hike in 2017, with the first coming in March. In support of its decision to raise interest rates, the Committee observed that economic activity has been rising moderately so far in 2017, business spending has continued to expand, and, while job gains have moderated, the unemployment rate has declined. Noting that inflation has slowed in the short term, the Committee expects inflation to stabilize around 2.0% over the medium term.

The European Central Bank and the Bank of Japan held rates steady, although ECB officials hinted at an eventual reduction in the bank's aggressive stimulus program. The euro and the pound rose against the dollar, while the yen declined during the quarter. Markets cheered Emmanuel Macron's victory in the French presidential election as the centrist leader pledged to keep France in the European Union. Investor sentiment decidedly improved with the defeat of populist candidate Marine Le Pen, who had campaigned on an anti-EU and anti-immigration platform. Japan was one of the top-returning developed markets in the second quarter, amid easing global political tensions and a more positive outlook for the domestic economy.

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MANAGEMENT DISCUSSION & ANALYSIS

FOR THE QUARTER ENDED JUNE 30, 2017

At the regional level, an economic recovery of 1.7% is projected for 2017. This is predicated on a return to positive growth in Trinidad and Tobago. High and rising levels of indebtedness remain a challenge for the Caribbean, with increasing debt service payments crowding out productive expenditure that is critically needed to stimulate growth. Only two of the fourteen independent Caribbean Community (CARICOM) countries currently has debt-to-GDP ratios under 60% - Guyana and Haiti. Consequently, there are now no remaining investment grade sovereigns in the Caribbean.

Notwithstanding persistent challenges, broad-based socio-economic progress continues apace in Jamaica as various reforms yield results. The IMF reported declining debt on a primary fiscal surplus over 7% of GDP for four consecutive years, rising international reserves, but unemployment remains high. The Central Bank of Jamaica (BOJ) lowered its policy rate by 25bps to 4.75% in April, although inflation increased to 4.78% (the highest since January 2015). BOJ expects inflation to remain within their 4-6% target range in FY 2017/18.

There are many economic indicators that could improve in July and for the remainder of the year. The stock market generally has been steady throughout the first half of 2017, despite domestic and global turmoil. Oil prices continue to tumble, driving down energy prices and inflation. The FOMC meets again in July following this year's second interest rate hike in June. If signs of deceleration are revealed in inflation and economic growth, it is likely the Fed will wait until it meets again in September to consider another rate increase.

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE QUARTER ENDED JUNE 30, 2017

UN-AUDITED CONSOLIDATED STATEMENT OF INCOME			
FOR THE QUARTER ENDED JUNE 30, 2017			
	Quarter Ended June 2017	Quarter ended June 2016	Audited March 2017
	US\$	US\$	US\$
INCOME			
Interest Income	6,873,922	6,355,906	24,149,636
Interest expense	(2,361,775)	(2,681,031)	(9,646,474)
Net Interest income	<u>4,512,147</u>	<u>3,674,875</u>	<u>14,503,162</u>
Other income			
Gains on securities trading	455,561	305,416	1,719,742
Dividend Income	243,075	371,174	1,356,988
Pension Management Income	538,798	456,896	1,966,478
Fees & Commissions	1,213,699	583,513	2,368,195
Foreign exchange translation gains/(losses)	196,048	1,287,351	1,901,699
Other Income/(Loss)	139,009	408,283	443,088
	<u>2,786,190</u>	<u>3,412,633</u>	<u>9,756,190</u>
NET REVENUE	7,298,337	7,087,508	24,259,352
OPERATING EXPENSES			
Preference dividend	148,431	489,113	2,184,273
Depreciation and Ammortization of Intangibles	363,087	321,043	1,343,600
Impairment of Investment	-	-	(920,616)
Administrative and General Expenses	4,514,476	3,149,339	14,019,228
	<u>5,025,994</u>	<u>3,959,495</u>	<u>16,626,485</u>
OPERATING PROFIT	2,272,343	3,128,013	7,632,866
Extra Ordinary Activities			
Gain on purchase of subsidiary	-	-	8,030,111
Extra ordinary Share based payment	-	-	(3,243,680)
	<u>-</u>	<u>-</u>	<u>4,786,431</u>
Profit before income tax	2,272,343	3,128,013	12,419,297
Income tax	(287,184)	(575,683)	(956,318)
NET PROFIT AFTER TAX	<u>1,985,159</u>	<u>2,552,330</u>	<u>11,462,979</u>
Less income attributable to non-controlling interest	(855,442)	(586,441)	(2,741,672)
Profit attributable to owners of the company	<u>1,129,717</u>	<u>1,965,889</u>	<u>8,721,307</u>
EARNINGS PER STOCK UNIT - US cents	0.20	0.36	1.58

UN-AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
FOR THE QUARTER ENDED JUNE 30, 2017			
	Quarter Ended June 2017	Quarter ended June 2016	Audited March 2017
	US\$	US\$	US\$
NET PROFIT	1,985,159	2,552,330	11,462,979
OTHER COMPREHENSIVE INCOME			
Items that are or may be reclassified to profit or loss:			
Unrealised Gain/(loss) on available-for-sale investments	1,127,597	6,346,082	8,892,357
Foreign exchange translation reserve	(112,203)	(1,431,655)	(1,755,267)
Total Comprehensive income	<u>3,000,553</u>	<u>7,466,757</u>	<u>18,600,069</u>

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE QUARTER ENDED JUNE 30, 2017

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

	June 2017 US\$	June 2016 US\$	March 2017 US\$
ASSETS			
Cash and cash equivalents	113,105,543	8,570,087	151,313,632
Available-for-sale investments	404,507,886	294,319,443	400,757,783
Investment in Associates	-	-	-
Loans Receivable	40,771,863	24,093,144	39,421,035
Other Receivables	8,889,977	8,308,816	10,764,181
Related Company	-	-	-
Property Development In Progress	2,003,523	615,767	1,652,665
Investment Property	7,584,354	6,531,156	6,348,277
Intangible Assets	20,586,571	19,709,817	21,190,094
Property, plant and equipment	1,278,375	623,144	966,008
Total Assets	598,728,092	362,771,374	632,413,675
LIABILITIES			
Client liabilities	130,716,096	163,234,230	142,998,901
Related company	63,736	1,099,394	949,419
Notes Payable	92,482,313	89,867,070	94,434,537
Preference shares	15,999,728	7,692,315	15,976,954
Other liabilities	8,810,687	21,971,207	19,059,363
Due to Customers	261,375,999	-	270,054,879
Total Liabilities	509,448,559	283,864,216	543,474,053
SHARE HOLDERS' EQUITY			
Share capital	69,248,762	69,248,762	69,248,762
Investment revaluation reserve	(3,169,803)	(6,843,675)	(4,297,400)
Foreign exchange translation	(7,676,474)	(7,240,659)	(7,564,271)
Retained earnings	12,505,465	10,817,767	13,693,002
Total Shareholder's Equity	70,907,950	65,982,195	71,080,093
Minority Interest	18,371,583	12,924,963	17,859,529
Total Shareholder's Equity and Liabilities	598,728,092	362,771,374	632,413,675

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



Director



Director

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE QUARTER ENDED JUNE 30, 2017

UN-AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED JUNE 30 2017

	Period Ended June 2017	Period ended June 2016	Audited March 2017
	US\$	US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	1,129,717	1,965,889	8,721,307
Foreign Exchange Translation	(112,203)	(1,156,426)	(1,755,267)
Depreciation and Ammortization	363,087	321,043	1,343,600
Income Tax Charge	287,184	575,683	956,318
Operating cashflow before movements in working capital	1,667,785	1,706,189	9,265,958
Changes in operating assets and liabilities			
Receivables	543,785	(396,811)	574,557
Client Liabilities	11,283,814	10,593,310	270,324,149
Payables	(21,948,414)	2,573,487	(16,795,350)
Related company	(885,683)	178,389	1,287,419
Net cash provided by operating activities	(9,338,713)	14,654,564	264,656,733
CASH FLOWS FROM INVESTING ACTIVITIES:			
Loans	(1,350,828)	(540,791)	(14,427,682)
Investments in subsidiary	-	-	(68,006)
Purchase of property ,plant and equipment	(422,790)	(97,910)	(4,596,507)
Investments	(23,361,108)	(15,777,464)	(120,218,715)
Cash used in investing activities	(25,134,726)	(16,416,165)	(139,310,910)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Notes payable	(1,952,224)	(1,923,514)	3,409,952
Issue of Preference Shares	22,774	(285,368)	7,999,271
Minority Interest	512,054	262,330	5,197,529
Dividend Paid	(2,317,254)	(547,469)	(4,359,651)
Issue of Ordinary Shares	-	-	-
Net cash provided by/ (used in) financing activities	(3,734,650)	(2,494,021)	12,247,101
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(38,208,089)	(4,255,622)	137,592,924
Cash and cash equivalents at beginning of period	151,313,632	12,825,709	13,720,709
CASH AND CASH EQUIVALENTS AT END OF PERIOD	113,105,543	8,570,087	151,313,632

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE QUARTER ENDED JUNE 30, 2017

UN-AUDITED CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL EQUITY JUNE 30, 2017

	Share capital	Minority Interest	Fair value reserves	Foreign exchange translation	Retained earnings	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at April 1, 2017	69,248,761	17,859,529	(4,297,400)	(7,564,271)	13,693,002	88,939,622
Total Comprehensive Income for the period		855,442	1,127,597	(112,203)	1,129,717	3,000,553
Dividends to equity holders		(343,388)			(2,317,254)	(2,660,642)
Balance at June 30, 2017	<u>69,248,761</u>	<u>18,371,583</u>	<u>(3,169,803)</u>	<u>(7,676,474)</u>	<u>12,505,465</u>	<u>89,279,533</u>

UN-AUDITED CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL EQUITY JUNE 30, 2016

	Share capital	Minority Interest	Fair value reserves	Foreign exchange translation	Retained earnings	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at April 1, 2016	69,248,761	12,661,999	(13,189,757)	(5,809,004)	9,399,347	72,311,346
Total Comprehensive Income for the period		586,441	6,346,082	(1,431,655)	1,965,889	7,466,757
Issue of Shares	-					-
Adjustment to acquisition in Subsidiary					-	-
Adjustment to NCI without a change in control		(150,000)				(150,000)
Dividends to equity holders		(173,477)			(547,468)	(720,945)
Balance at June 30, 2016	<u>69,248,761</u>	<u>12,924,963</u>	<u>(6,843,675)</u>	<u>(7,240,659)</u>	<u>10,817,768</u>	<u>78,907,159</u>

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE QUARTER ENDED JUNE 30, 2017

NOTES TO FINANCIAL STATEMENTS

June 2017

1. Identification

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

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

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

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE QUARTER ENDED JUNE 30, 2017

2. Statement of compliance and basis of preparation

Interim financial reporting

The condensed consolidated interim financial statements for the three months ended June 30, 2017 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended March 31, 2017 which have been prepared in accordance with International Financial Reporting Standards (IFRS).

There have been no changes in accounting policies since the most recent audited accounts as at March 31, 2017.

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, applicable to its operations. The nature and effects of the changes are as follows:

- Amendment to IAS 1, Presentation of Financial Statements, entitled "IAS 1, Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income", which led to the following changes in the financial statements:
- Items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future are presented separately from those that would never be reclassified to profit or loss.

Basis of measurement:

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

Functional and presentation currency:

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

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE QUARTER ENDED JUNE 30, 2017

Accounting estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the period then ended. Actual amounts could differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting policies

3. Basis of consolidation:

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

3(a). Subsidiaries:

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

3(b). Transactions eliminated on consolidation:

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

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE QUARTER ENDED JUNE 30, 2017

4. Investments:

Available-for-sale financial assets:

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

Investments at fair value through profit or loss:

The Group carries some investment securities at fair value through profit or loss if they are held for trading or designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market, and that the Group does not intend to sell immediately or in the near term. Loans and receivables are measured at amortized cost using the effective interest method, except when the Group chooses to designate the loans and receivables at fair value through profit or loss.

5. Resale agreements

The company purchases government and corporate securities and agrees to resell them at a specified date at a specified price. On making payment the company takes delivery of the securities from the vendor although title is not transferred unless the company does not resell the securities on the specified date or other conditions are not honoured. Resale agreements result in credit exposure, in that the counterparty to the transaction may be unable to fulfil its contractual obligations.

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE QUARTER ENDED JUNE 30, 2017

6. Interest income:

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

7. Interest expense:

Interest expense is recognised in profit or loss on the accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability to its carrying amount. The effective interest rate is established on initial recognition of the financial liability and not revised subsequently. Interest expense includes coupons paid on fixed rate liabilities and accretion of discount or amortization of premium on instruments issued at other than par.

8. Share capital:

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

- i. equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary; in such a case, dividends thereon are recognised as distributions within equity;
- ii. liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary; in such a case dividends thereon are recognised as interest in profit or loss.

The Group's preference shares bear contractual entitlements to dividends that are cumulative, and not at the discretion of the directors. Accordingly, they are presented as a financial liability.

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

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE QUARTER ENDED JUNE 30, 2017

9. Earnings per Stock Unit

PROVEN Investments Limited's Earning per Stock Unit "EPS" is computed by dividing the profit attributable to stockholders of the parent of US\$1,129,717 by the weighted average number of ordinary stock units in issue during the reporting period numbering 551,595,777 shares.

PROVEN

Investments Limited

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

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



Director



Director

Are your
dividend
returns
PROVEN?

Listed on the Jamaica Stock Exchange

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